

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

CHINA MERCHANTS PORT GROUP CO., LTD.

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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AUDITOR'S REPORT

De Shi Bao (Shen) Zi (21) No. P02174
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To all the shareholders of China Merchants Port Group Co., Ltd.,

I. Audit Opinion

We have audited the accompanying financial statements of China Merchants Port Group Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2020, and the consolidated and company's income statements, the consolidated and company's cash flow statements and the consolidated and company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and company's financial position as of 31 December 2020, the consolidated and company's results of operations and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

II. Basis for the Opinion

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

III. Key Audit Matters

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

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

As disclosed in Notes (V) 13 to the consolidated financial statements, on December 31, 2020, the book value of China Merchants Port Group's long-term equity investment in associates amounted to RMB 57,371,179,717.36, accounting for 54% of the total shareholder's equity. In 2020, the investment income from associates recognized by the equity method amounts to RMB 3,630,921,407.38, accounting for 66% of the consolidated net profit. Since the amount of investment income recognized by China Merchants Port Group for associates this year is significant, and its correctness depends on the financial status and operating results of the investee, we determine the above-mentioned subsequent measurement of the long-term equity investment in associates as a merger key audit matters of financial statements.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (21) No. P02174
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III. Key Audit Matters - continued

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

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

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

2. Goodwill impairment

As disclosed in Notes (V) 22 to the consolidated financial statements, as at 31 December 2020, the goodwill in the consolidated financial statements of the Company was RMB 6,675,939,930.13. The management of the Company used the net amount of fair value less costs of disposal or the present value of the estimated future cash flows to determine the recoverable amount of the relevant asset group when testing the goodwill for impairment, of which the fair value assessment is based on the market approach, and the forecast of future cash flows and the calculation of the present value included key assumptions, such as income growth rate, gross profit margin, discount rate, etc. We identified the goodwill impairment as a key audit matter of the consolidated financial statements due to the significant amount of goodwill and that the management needs to make significant judgments and estimates when conducting goodwill impairment testing.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (21) No. P02174
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III. Key Audit Matters - continued

2. Goodwill impairment - continued

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

- (1) Assessed reasonability of division of asset group and combination of asset group management made by management;
- (2) Referred to industry practice to assess whether the management's approach in cash flows forecast is appropriate and whether the assumptions used are reasonable;
- (3) Compared the data used in cash flow forecast with historical data and budget data approved by the management, and assessed the reasonableness of the data used;
- (4) Compared the growth rate of the business volume in the forecast period with the growth rate of the historical business volume and evaluated its appropriateness.
- (5) Understood the basis for management to determine the growth rate of the business in the subsequent forecast period and assessed its appropriateness;
- (6) Assessed the appropriateness of the discount rate adopted by the management in combination with market risk-free interest rates, risk factors, etc.;
- (7) Use the work of internal evaluation experts to evaluate the appropriateness of management's assessment method of the recoverable amount of the asset group, and evaluate the reasonableness of the discount rate used by the management in predicting the present value of the cash flow and the growth rate of the subsequent forecast period.
- (8) Reviewed whether the calculation of the present value of future cash flows was correct.
- (9) Reviewed whether the method used to assess the fair value less costs of disposal was appropriate.
- (10) Assess the adequacy and appropriateness of the disclosure of the goodwill impairment test.

IV. Other Information

The Company is responsible for the other information. The other information comprises the information included in the 2020 annual report, but does not include the consolidated financial statements and our auditor's report.

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

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (21) No. P02174
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IV. Other Information - continued

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

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

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

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

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

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

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

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

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

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (21) No. P02174
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VI. Auditor's Responsibilities for the Audit of the Financial Statements - continued

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

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (21) No. P02174
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VI. Auditor's Responsibilities for the Audit of the Financial Statements - continued

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant
(Engagement Partner)

Li Weihua

Chinese Certified Public Accountant

Zhang Min

30 March 2021

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. 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. In case the English version does not conform to the Chinese version, the Chinese version prevails.

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 31 DECEMBER 2020

Consolidated Balance Sheet

RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash and bank balances	(V) 1	11,791,424,734.63	7,734,948,210.26
Held-for-trading financial assets	(V) 2	850,165,448.59	-
Notes receivable	(V) 3	3,891,994.84	38,192,250.02
Accounts receivable	(V) 4	1,372,650,236.16	1,356,460,129.90
Receivables financing	(V) 5	217,449,966.41	260,760,537.45
Prepayments	(V) 6	49,220,850.11	55,034,019.81
Other receivables	(V) 7	3,557,195,461.26	2,129,378,252.50
Inventories	(V) 8	211,366,458.88	163,980,192.08
Assets held for sale	(V) 9	337,442,757.28	188,404,228.34
Non-current assets due within one year	(V) 10	67,692,473.44	808,893,013.06
Other current assets	(V) 11	433,666,201.42	2,298,792,661.70
Total current assets		18,892,166,583.02	15,034,843,495.12
Non-current Assets:			
Long-term receivables	(V) 12	3,887,949,993.10	1,098,831,799.90
Long-term equity investments	(V) 13	66,231,923,423.45	57,916,539,383.26
Investments in other equity instruments	(V) 14	181,467,057.74	163,561,272.00
Other non-current financial assets	(V) 15	910,807,452.56	2,385,363,537.39
Investment properties	(V) 16	5,558,755,275.21	5,760,262,674.40
Fixed assets	(V) 17	29,471,583,624.56	27,519,962,529.29
Construction in progress	(V) 18	5,381,430,606.18	6,334,141,441.88
Right-of-use assets	(V) 19	9,087,215,717.60	9,633,325,390.46
Intangible assets	(V) 20	18,766,092,163.81	19,693,715,554.10
Development expenditure	(V) 21	64,237,735.23	37,399,092.28
Goodwill	(V) 22	6,675,939,930.13	8,023,659,694.81
Long-term prepaid expenses	(V) 23	874,842,472.68	711,911,011.67
Deferred tax assets	(V) 24	420,731,058.30	300,435,502.27
Other non-current assets	(V) 25	2,138,468,683.64	2,082,965,467.04
Total non-current assets		149,651,445,194.19	141,662,074,350.75
TOTAL ASSETS		168,543,611,777.21	156,696,917,845.87

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 31 DECEMBER 2020

Consolidated Balance Sheet - continued

RMB

Item	Notes	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	(V) 26	10,483,775,548.93	9,439,099,793.47
Notes payable	(V) 27	7,081,772.32	76,455,949.01
Accounts payable	(V) 28	599,112,028.98	591,112,466.39
Receipts in advance	(V) 29	39,510,127.90	28,826,687.37
Contract liabilities	(V) 30	148,044,541.70	85,831,002.52
Employee benefits payable	(V) 31	712,085,622.15	634,718,784.64
Taxes payable	(V) 32	2,368,662,556.37	1,898,076,342.74
Other payables	(V) 33	2,456,700,897.60	2,223,754,677.96
Non-current liabilities due within one year	(V) 34	3,564,465,137.37	6,104,339,856.79
Other current liabilities	(V) 35	2,383,668,985.94	885,956,581.63
Total current liabilities		22,763,107,219.26	21,968,172,142.52
Non-current Liabilities:			
Long-term borrowings	(V) 36	7,406,322,693.80	6,313,735,540.33
Bonds payable	(V) 37	21,090,545,845.56	20,930,681,967.19
Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities	(V) 38	1,327,423,748.05	1,647,129,968.61
Long-term payables	(V) 39	1,228,461,573.69	1,935,245,003.21
Long-term employee benefits payable	(V) 40	507,714,699.46	471,482,138.63
Provisions	(V) 41	100,406,745.66	76,242,559.95
Deferred income	(V) 42	1,112,887,683.90	1,147,752,857.17
Deferred tax liabilities	(V) 24	4,347,553,142.73	3,961,752,749.17
Other non-current liabilities	(V) 43	2,982,220,894.03	3,254,515,306.85
Total non-current liabilities		40,103,537,026.88	39,738,538,091.11
TOTAL LIABILITIES		62,866,644,246.14	61,706,710,233.63
Shareholders' equity:			
Share capital	(V) 44	1,922,365,124.00	1,922,365,124.00
Capital reserve	(V) 45	22,805,069,335.49	22,296,485,467.35
Other comprehensive income	(V) 46	-826,697,303.06	-355,944,565.91
Special reserve	(V) 47	10,201,178.30	12,386,734.70
Surplus reserve	(V) 48	890,690,322.28	630,345,307.43
Unappropriated profit	(V) 49	12,316,177,395.17	11,467,166,351.85
Total shareholders' equity attributable to shareholders of the parent		37,117,806,052.18	35,972,804,419.42
Minority interests		68,559,161,478.89	59,017,403,192.82
TOTAL SHAREHOLDERS' EQUITY		105,676,967,531.07	94,990,207,612.24
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		168,543,611,777.21	156,696,917,845.87

The accompanying notes form part of the financial statements.

The financial statements on pages 7 to 176 were signed by the following:

Bai Jingtao

Lu Yongxin

Sun Ligan

Legal Representative

Chief Financial Officer

Head of Accounting Department

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 31 DECEMBER 2020

Balance Sheet of the Company

RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash and bank balances		753,590,556.77	690,685,211.42
Held-for-trading financial assets		800,000,000.00	-
Prepayments		32,236.27	-
Other receivables	(XV) 1	1,102,712,752.04	805,534,763.27
Other current assets		2,574,148.83	1,107,292,458.33
Total current assets		2,658,909,693.91	2,603,512,433.02
Non-current Assets:			
Long-term receivables		8,667,950.38	61,004,284.75
Long-term equity investments	(XV) 2	37,236,798,123.55	30,266,376,582.23
Investments in other equity instruments		155,610,830.00	155,688,635.00
Other non-current financial assets		-	-
Fixed assets		748,147.75	672,842.27
Construction in progress		3,502,416.12	5,803,169.37
Intangible assets		56,760,723.98	54,692,581.18
Long-term prepaid expenses		1,572,660.89	-
Deferred tax assets		1,846,793.34	928,465.21
Total non-current assets		37,465,507,646.01	30,545,166,560.01
TOTAL ASSETS		40,124,417,339.92	33,148,678,993.03

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 31 DECEMBER 2020

Balance Sheet of the Company - continued

RMB

Item	Notes	Closing balance	Opening balance
Current Liabilities:			
Short-term borrowings		2,174,486,432.93	300,378,812.50
Employee benefits payable		27,085,844.52	6,000,000.00
Taxes payable		208,459,425.46	209,282,889.78
Other payables		460,457,238.16	628,013,119.77
Non-current liabilities due within one year		33,040,000.00	35,832,000.00
Other current liabilities		2,224,519,555.57	715,766,708.20
Total current liabilities		5,128,048,496.64	1,895,273,530.25
Non-current Liabilities:			
Bonds payable		2,000,000,000.00	-
Deferred tax liabilities		43,419,526.51	35,164,858.75
Total non-current liabilities		2,043,419,526.51	35,164,858.75
TOTAL LIABILITIES		7,171,468,023.15	1,930,438,389.00
SHAREHOLDERS' EQUITY			
Share capital		1,922,365,124.00	1,922,365,124.00
Capital reserve		27,591,847,402.73	27,576,242,527.73
Other comprehensive income		105,536,222.50	105,594,576.25
Surplus reserve		890,690,322.28	630,345,307.43
Unappropriated profit		2,442,510,245.26	983,693,068.62
TOTAL SHAREHOLDERS' EQUITY		32,952,949,316.77	31,218,240,604.03
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,124,417,339.92	33,148,678,993.03

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated Income Statement

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Operating income	(V) 50	12,618,529,996.02	12,123,829,423.74
Less: Operating costs	(V) 50	7,873,749,854.85	7,648,920,919.71
Taxes and surcharges	(V) 51	151,196,943.57	172,556,579.92
Administrative expenses	(V) 52	1,584,882,935.02	1,509,520,581.66
Research and development expenses		156,024,113.54	123,853,344.29
Financial expenses	(V) 53	1,232,729,624.82	1,936,269,737.53
Including: Interest expense		1,949,882,376.69	2,089,837,594.54
Interest income		325,387,744.56	252,060,018.58
Add: Other income	(V) 54	204,965,113.28	162,101,113.10
Investment income	(V) 55	4,905,975,438.22	4,619,173,755.42
Including: Income from investments in associates and joint ventures	(V) 55	3,988,916,963.08	3,727,850,763.22
Gains from changes in fair value (Loss is marked with "-")	(V) 56	-411,508,773.58	66,483,266.48
Gains from impairment of credit (Loss is marked with "-")	(V) 57	-458,595,661.31	-50,249,409.77
Gains from impairment of assets (Loss is marked with "-")	(V) 58	-551,370,042.53	25,051.16
Gains on disposal of assets (Loss is marked with "-")	(V) 59	1,489,206,502.32	4,794,562,782.79
II. Operating profit		6,798,619,100.62	10,324,804,819.81
Add: Non-operating income	(V) 60	81,639,060.54	553,103,360.41
Less: Non-operating expenses	(V) 61	79,003,740.77	70,452,012.40
III. Gross profit		6,801,254,420.39	10,807,456,167.82
Less: Income tax expenses	(V) 62	1,275,686,369.83	2,640,538,894.62
IV. Net profit		5,525,568,050.56	8,166,917,273.20
(I) Categorization by continuity of operation			
1. Net profit from continuing operation		5,525,568,050.56	8,166,917,273.20
2. Net profit from discontinued operation		-	-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the parent		2,065,322,969.66	2,898,192,168.84
2. Profit or loss attributable to minority shareholders		3,460,245,080.90	5,268,725,104.36
V. Other comprehensive income, net of tax	(V) 64	-1,849,656,940.86	-1,096,285,894.51
Other comprehensive income attributable to owners of the parent, net of tax		-470,752,737.15	-443,076,984.15
(I) Other comprehensive income that will not be reclassified to profit or loss		-1,552,867.01	9,090,184.52
1. Changes from remeasurement of the defined benefit plan		10,248,546.35	1,069,722.83
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-11,817,008.06	4,830,921.62
3. Fair value changes of investments in other equity instruments		15,594.70	3,189,540.07
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-469,199,870.14	-452,167,168.67
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		90,675,445.06	-59,050,164.54
2. Translation differences of financial statements denominated in foreign currencies		-559,875,315.20	-393,117,004.13
Other comprehensive income attributable to minority interests, net of tax		-1,378,904,203.71	-653,208,910.36
VI. Total comprehensive income attributable to:		3,675,911,109.70	7,070,631,378.69
Shareholders of the parent		1,594,570,232.51	2,455,115,184.69
Minority shareholders		2,081,340,877.19	4,615,516,194.00
VII. Earnings per share			
(I) Basic earnings per share		1.07	1.59
(II) Diluted earnings per share		1.07	1.59

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Income Statement of the Company

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Operating income	(XV) 3	6,653,002.66	92,042,598.05
Less: Operating costs	(XV) 3	2,265,959.64	76,084,023.73
Taxes and surcharges		2,520,271.63	1,839,217.71
Administrative expenses		133,748,040.20	60,487,851.03
Financial expenses		59,313,221.11	41,936,976.49
Including: Interest expense		87,576,683.75	42,810,942.02
Interest income		38,511,845.95	15,909,363.66
Add: Other income		355,292.70	955,987.32
Investment income	(XV) 4	2,975,643,847.56	1,306,222,961.66
Including: Income from investments in associates and joint ventures	(XV) 4	57,647,049.81	70,092,131.84
Gains (losses) from changes in fair value		33,096,476.05	-
II. Operating profit		2,817,901,126.39	1,218,873,478.07
Add: Non-operating income		5,001.83	57,049.23
Less: Non-operating expenses		-	81,092.18
III. Gross profit		2,817,906,128.22	1,218,849,435.12
Less: Income tax expenses		214,455,979.69	187,155,447.57
IV. Net profit		2,603,450,148.53	1,031,693,987.55
V. Other comprehensive income, net of tax		-58,353.75	2,956,451.25
(I) Other comprehensive income that cannot be reclassified to profit or loss		-58,353.75	2,956,451.25
1. Changes from remeasurement of the defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
3. Fair value changes of investments in other equity instruments		-58,353.75	2,956,451.25
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		-	-
2. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		2,603,391,794.78	1,034,650,438.80

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated Cash Flow Statement

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		12,701,740,372.72	12,294,529,982.73
Receipts of tax refunds		42,485,481.75	23,569,265.92
Other cash receipts relating to operating activities	(V) 65(1)	815,916,787.26	1,165,710,845.18
Sub-total of cash inflows		13,560,142,641.73	13,483,810,093.83
Cash payments for goods purchased and services received		3,470,983,798.59	3,593,786,248.69
Cash payments to and on behalf of employees		2,778,912,137.24	2,621,068,087.09
Payments of various types of taxes		1,062,476,005.92	957,382,790.97
Other cash payments relating to operating activities	(V) 65(2)	751,969,782.97	809,699,551.14
Sub-total of cash outflows		8,064,341,724.72	7,981,936,677.89
Net Cash Flows from Operating Activities	(V) 66(1)	5,495,800,917.01	5,501,873,415.94
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		9,137,020,345.82	-
Cash receipts from investments income		1,551,111,503.37	1,804,725,809.65
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		389,937,931.20	6,274,482,747.66
Net cash receipts from disposal of subsidiaries and other operating units		-	1,000,000.00
Other cash receipts relating to investing activities	(V) 65(3)	1,453,513,215.71	3,535,967,030.93
Sub-total of cash inflows		12,531,582,996.10	11,616,175,588.24
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,728,598,026.38	3,515,540,735.97
Cash payments to acquire investments		13,686,331,715.60	7,898,674,384.09
Net cash payments for acquisitions of subsidiaries and other business units	(V) 65(4)	-	-
Other cash payments relating to investing activities	(V) 65(5)	3,009,770,350.62	2,138,951,129.78
Sub-total of cash outflows		19,424,700,092.60	13,553,166,249.84
Net Cash Flows from Investing Activities		-6,893,117,096.50	-1,936,990,661.60
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		5,347,041,408.13	2,213,530,171.90
Including: Cash receipts from capital contributions from Minority shareholder of subsidiary		5,347,041,408.13	27,255,000.00
Cash receipts from borrowings		24,095,846,198.30	14,306,287,000.87
Cash receipts from issue of bonds		6,197,833,243.33	-
Other cash receipts relating to financing activities	(V) 65(6)	1,937,954,936.36	1,713,327,483.01
Sub-total of cash inflows		37,578,675,786.12	18,233,144,655.78
Cash repayments of borrowings		26,923,924,070.90	15,402,220,794.12
Cash payments for distribution of dividends or profits or settlement of interest expenses		4,417,717,782.78	4,022,043,402.10
Including: Payments for distribution of dividends or profits to Minority shareholder of subsidiary		1,586,039,122.85	1,745,724,195.29
Other cash payments relating to financing activities	(V) 65(7)	842,561,469.96	42,583,797.55
Sub-total of cash outflows		32,184,203,323.64	19,466,847,993.77
Net Cash Flows from Financing Activities		5,394,472,462.48	-1,233,703,337.99
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		60,305,024.35	9,697,074.77
V. Net Increase in Cash and Cash Equivalents		4,057,461,307.34	2,340,876,491.12
Add: Opening balance of Cash and Cash Equivalents	(V) 66(2)	7,714,157,995.87	5,373,281,504.75
VI. Closing Balance of Cash and Cash Equivalents	(V) 66(2)	11,771,619,303.21	7,714,157,995.87

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Cash Flow Statement of the Company

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		-	104,722,961.87
Other cash receipts relating to operating activities		88,581,495.56	246,055,628.30
Sub-total of cash inflows		88,581,495.56	350,778,590.17
Cash payments for goods purchased and services received		-	36,211,750.68
Cash payments to and on behalf of employees		56,294,477.30	85,120,511.18
Payments of various types of taxes		211,434,912.21	20,158,391.66
Other cash payments relating to operating activities		61,598,017.83	53,795,218.14
Sub-total of cash outflows		329,327,407.34	195,285,871.66
Net Cash Flows from Operating Activities		-240,745,911.78	155,492,718.51
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		2,950,000,000.00	-
Cash receipts from investment income		1,530,980,750.04	57,727,526.33
Other cash receipts relating to investing activities		297,303,477.07	612,722,414.48
Sub-total of cash inflows		4,778,284,227.11	670,449,940.81
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,526,872.01	8,035,563.48
Cash payments to acquire investments		5,567,604,695.27	8,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units		3,006,793,109.07	386,159,390.00
Other cash payments relating to investing activities		436,450,231.63	2,060,171,330.96
Sub-total of cash outflows		9,012,374,907.98	2,462,366,284.44
Net Cash Flows from Investing Activities		-4,234,090,680.87	-1,791,916,343.63
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		-	2,186,275,171.90
Cash receipts from borrowings		2,372,563,339.18	2,160,000,000.00
Cash receipts from issue of bonds		6,197,833,243.33	-
Other cash receipts relating to financing activities		544,400,000.00	-
Sub-total of cash inflows		9,114,796,582.51	4,346,275,171.90
Cash repayments of borrowings		3,233,786,000.00	2,167,116,843.58
Cash payments for distribution of dividends or profits or settlement of interest expenses		905,286,543.64	239,800,502.62
Other cash payments relating to financing activities		437,554,375.82	1,593,549.44
Sub-total of cash outflows		4,576,626,919.46	2,408,510,895.64
Net Cash Flows from Financing Activities		4,538,169,663.05	1,937,764,276.26
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-427,725.05	-497,294.65
V. Net Increase in Cash and Cash Equivalents		62,905,345.35	300,843,356.49
Add: Opening Balance of Cash and Cash Equivalents		690,685,211.42	389,841,854.93
VI. Closing Balance of Cash and Cash Equivalents		753,590,556.77	690,685,211.42

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated Statement of Changes in Shareholders' Equity

RMB

Item	2020							
	Equity attributable to shareholders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit		
I. Closing balance of the preceding year	1,922,365,124.00	22,296,485,467.35	-355,944,565.91	12,386,734.70	630,345,307.43	11,467,166,351.85	59,017,403,192.82	94,990,207,612.24
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the year	1,922,365,124.00	22,296,485,467.35	-355,944,565.91	12,386,734.70	630,345,307.43	11,467,166,351.85	59,017,403,192.82	94,990,207,612.24
III. Changes for the year	-	508,583,868.14	-470,752,737.15	-2,185,556.40	260,345,014.85	849,011,043.32	9,541,758,286.07	10,686,759,918.83
(I) Total comprehensive income	-	-	-470,752,737.15	-	-	2,065,322,969.66	2,081,340,877.19	3,675,911,109.70
(II) Owners' contributions and reduction in capital	-	508,583,868.14	-	-	-	-	9,813,153,124.68	10,321,736,992.82
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	5,347,041,408.13	5,347,041,408.13
3. Share-based payment recognized in shareholders' equity	-	10,096,607.62	-	-	-	-	9,116,783.96	19,213,391.58
4. Others	-	498,487,260.52	-	-	-	-	4,456,994,932.59	4,955,482,193.11
(III) Profit distribution	-	-	-	-	260,345,014.85	-1,217,861,842.98	-2,342,313,102.40	-3,299,829,930.53
1. Transfer to surplus reserve	-	-	-	-	260,345,014.85	-260,345,014.85	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-884,287,957.04	-2,241,431,859.76	-3,125,719,816.80
4. Others	-	-	-	-	-	-73,228,871.09	-100,881,242.64	-174,110,113.73
(IV) Transfers within shareholders' equity	-	-	-	-1,549,916.64	-	1,549,916.64	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Others	-	-	-	-1,549,916.64	-	1,549,916.64	-	-
(V) Special reserve	-	-	-	-635,639.76	-	-	-10,422,613.40	-11,058,253.16
1. Transfer to special reserve in the period	-	-	-	57,538,524.86	-	-	49,446,114.15	106,984,639.01
2. Amount utilized in the period	-	-	-	-58,174,164.62	-	-	-59,868,727.55	-118,042,892.17
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	22,805,069,335.49	-826,697,303.06	10,201,178.30	890,690,322.28	12,316,177,395.17	68,559,161,478.89	105,676,967,531.07

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated Statement of Changes in Shareholders' Equity - continued

RMB

Item	2019							
	Equity attributable to shareholders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit		
I. Closing balance of the preceding year	1,793,412,378.00	19,426,912,957.05	88,925,978.57	8,231,080.43	527,175,908.67	8,915,817,110.21	49,656,450,459.88	80,416,925,872.81
Add: Changes in accounting policies	-	-	-	-	-	-41,018,077.68	-80,367,183.77	-121,385,261.45
Corrections of prior period errors	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the year	1,793,412,378.00	19,426,912,957.05	88,925,978.57	8,231,080.43	527,175,908.67	8,874,799,032.53	49,576,083,276.11	80,295,540,611.36
III. Changes for the year	128,952,746.00	2,869,572,510.30	-444,870,544.48	4,155,654.27	103,169,398.76	2,592,367,319.32	9,441,319,916.71	14,694,667,000.88
(I) Total comprehensive income	-	-	-443,076,984.15	-	-	2,898,192,168.84	4,615,516,194.00	7,070,631,378.69
(II) Owners' contributions and reduction in capital	128,952,746.00	2,869,572,510.30	-	-	-	-	6,867,048,857.78	9,865,574,114.08
1. Ordinary shares contributed by shareholders	128,952,746.00	2,058,595,347.69	-	-	-	-	27,255,000.00	2,214,803,093.69
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-
4. Others	-	810,977,162.61	-	-	-	-	6,839,793,857.78	7,650,771,020.39
(III) Profit distribution	-	-	-	-	103,169,398.76	-307,618,409.85	-2,040,721,489.06	-2,245,170,500.15
1. Transfer to surplus reserve	-	-	-	-	103,169,398.76	-103,169,398.76	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-204,449,011.09	-2,040,721,489.06	-2,245,170,500.15
4. Others	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-1,793,560.33	-	-	1,793,560.33	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Others	-	-	-1,793,560.33	-	-	1,793,560.33	-	-
(V) Special reserve	-	-	-	4,155,654.27	-	-	-523,646.01	3,632,008.26
1. Transfer to special reserve in the period	-	-	-	108,062,435.41	-	-	115,436,394.98	223,498,830.39
2. Amount utilized in the period	-	-	-	-103,906,781.14	-	-	-115,960,040.99	-219,866,822.13
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	22,296,485,467.35	-355,944,565.91	12,386,734.70	630,345,307.43	11,467,166,351.85	59,017,403,192.82	94,990,207,612.24

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of Changes in Shareholders' Equity of the Company

RMB

Item	2020						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	
I. Closing balance of the preceding year	1,922,365,124.00	27,576,242,527.73	105,594,576.25	-	630,345,307.43	983,693,068.62	31,218,240,604.03
Add: Changes in accounting policies	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	1,922,365,124.00	27,576,242,527.73	105,594,576.25	-	630,345,307.43	983,693,068.62	31,218,240,604.03
III. Changes for the year	-	15,604,875.00	-58,353.75	-	260,345,014.85	1,458,817,176.64	1,734,708,712.74
(I) Total comprehensive income	-	-	-58,353.75	-	-	2,603,450,148.53	2,603,391,794.78
(II) Owners' contributions and reduction in capital	-	15,604,875.00	-	-	-	-	15,604,875.00
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders' equity	-	15,604,875.00	-	-	-	-	15,604,875.00
3. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	260,345,014.85	-1,144,632,971.89	-884,287,957.04
1. Transfer to surplus reserve	-	-	-	-	260,345,014.85	-260,345,014.85	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-884,287,957.04	-884,287,957.04
4. Others	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
1. Transfer to special reserve in the period	-	-	-	-	-	-	-
2. Amount utilized in the period	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	27,591,847,402.73	105,536,222.50	-	890,690,322.28	2,442,510,245.26	32,952,949,316.77

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

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

RMB

Item	2019						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	
I. Closing balance of the preceding year	1,793,412,378.00	25,517,647,180.04	102,638,125.00	470,465.59	527,175,908.67	259,943,085.16	28,201,287,142.46
Add: Changes in accounting policies	-	-	-	-	-	-325,594.24	-325,594.24
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	1,793,412,378.00	25,517,647,180.04	102,638,125.00	470,465.59	527,175,908.67	259,617,490.92	28,200,961,548.22
III. Changes for the year	128,952,746.00	2,058,595,347.69	2,956,451.25	-470,465.59	103,169,398.76	724,075,577.70	3,017,279,055.81
(I) Total comprehensive income	-	-	2,956,451.25	-	-	1,031,693,987.55	1,034,650,438.80
(II) Owners' contributions and reduction in capital	128,952,746.00	2,058,595,347.69	-	-	-	-	2,187,548,093.69
1. Ordinary shares contributed by shareholders	128,952,746.00	2,058,595,347.69	-	-	-	-	2,187,548,093.69
2. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	103,169,398.76	-307,618,409.85	-204,449,011.09
1. Transfer to surplus reserve	-	-	-	-	103,169,398.76	-103,169,398.76	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-204,449,011.09	-204,449,011.09
4. Others	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-470,465.59	-	-	-470,465.59
1. Transfer to special reserve in the period	-	-	-	919,167.67	-	-	919,167.67
2. Amount utilized in the period	-	-	-	-1,389,633.26	-	-	-1,389,633.26
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	27,576,242,527.73	105,594,576.25	-	630,345,307.43	983,693,068.62	31,218,240,604.03

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(I) GENERAL INFORMATION OF THE COMPANY

China Merchants Port Group Company Limited was a stock limited company incorporated in Shenzhen, Guangdong Province, on 16 January 1993.

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

The Company's and consolidated financial statements have been approved by the Board of Directors on 29 March 2021.

See Notes (VII) "Equity in Other Entities" for details of the scope of consolidated financial statements in the current year. See Note (VI) "Changes in Scope of Consolidation" for details of changes in the scope of consolidated financial statements in the current period.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

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

Going concern

As at 31 December 2020, the Group had total current liabilities in excess of total current assets of RMB 3,870,940,636.24. On 31 December 2020, the Group had available and unused line of credit amounting to RMB 45,605,365,637.62, which is greater than the balance of the net current liabilities. The Group can obtain financial support from the available line of credit when needed. Therefore, the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement - continued

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

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

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

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2020, and the Company's and consolidated results of operations, the Company's and consolidated shareholders' equity 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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

3. Operating cycle

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

4. Functional currency

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

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

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.

When a business combination contract provides for the acquirer's recovery of consideration previously paid contingent on one or multiple future event(s), the Group recognises the contingent consideration provided in the contract as an asset, as part of the consideration transferred in the business combination, and includes it in the cost of business combination at the fair value at the acquisition date. Within 12 months after the acquisition, where the contingent consideration needs to be adjusted as new or further evidences are obtained in respect of the circumstances existed at the acquisition date, the adjustment shall be recognised and the amount originally recognised in goodwill or non-operating income shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be accounted for in accordance with Accounting Standard for Business Enterprise No. 22 - Financial Instruments: Recognition and Measurement and Accounting Standard for Business Enterprises No. 13 - Contingencies. Any change or adjustment is included in profit or loss for the current period.

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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

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

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognises and measures the combination using those provisional values. Any adjustments to those provisional values within twelve months after the acquisition date are treated as if they had been recognised and measured on the acquisition date.

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 method of consolidated financial statements

6.1 Preparation method of consolidated financial statements

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

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

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

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation method of consolidated financial statements - continued

6.1 Preparation method of consolidated financial statements - continued

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

Where the accounting policies / accounting periods adopted by subsidiaries are inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies of the Company.

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

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation method of consolidated financial statements - continued

6.1 Preparation method of consolidated financial statements - continued

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

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

7. Classification of joint arrangements and the accounting treatments of joint operations

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

Investments in joint ventures are accounted for using the equity method by the Group, which is detailed in Notes (III) 16.3.2, "Long-term equity investments accounted for using the equity method".

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Classification of joint arrangements and the accounting treatments of joint operations - continued

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

8. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (generally due within 3 months since the acquisition date), 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. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

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

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies - 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 as other comprehensive income.

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for unappropriated profit are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the average exchange rates of the accounting period of the consolidated financial statements; the opening balance of unappropriated profit is the translated closing balance of the previous year's unappropriated profit; the closing balance of unappropriated profit is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

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

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies - continued

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

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

10. Financial instruments

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

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

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

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

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

10.1 Classification, recognition and measurement of financial assets

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

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortized cost, which include cash and bank balances, notes receivable, accounts receivable, other receivables, debt investments, and long-term receivables and etc.

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

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

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

- It has been acquired principally for the purpose of selling in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

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

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

Financial assets at FVTPL assets other than derivative financial assets are presented as "held-for-trading financial assets". Such financial assets at FVTPL which may fall due more than one year (or without fixed term) since the balance sheet date and will be held more than one year are presented as other non-current financial assets.

10.1.1 Financial assets measured at amortized cost

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

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

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

10.1.2 Financial assets at FVTOCI

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

10.1.2 Financial assets at FVTOCI - continued

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

10.1.3 Financial assets at FVTPL

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

10.2 Impairment of financial instruments

The Group makes accounting treatment on impairment and recognizes loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost, financial assets classified as at FVTOCI, lease receivables, contract assets, loan commitments that are not financial liabilities at FVTPL, financial liabilities not measured at FVTPL, financial guarantee contracts arising from transfer of financial assets which does not satisfy derecognition criteria or continuing involvement of transferred financial assets.

The Group makes a loss allowance against amount of lifetime ECL of the contract assets, notes receivable and accounts receivable arising from transactions adopting the Revenue Standard as well as lease receivables arising from transactions adopting *ASBE No. 21- Leases*.

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

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

10.2.1 Significant increase of credit risk

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

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.1 Significant increase of credit risk - continued

- (10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the debtor's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- (11) Significant changes in circumstances expected to reduce the debtor's economic incentive to make scheduled contractual payments;
- (12) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the financial instrument;
- (13) Significant changes in the expected performance and behavior of the debtor;
- (14) Changes in the entity's credit management approach in relation to the financial instrument;
- (15) Past due of contract payment.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have lower credit risk at the balance sheet date. A financial instrument is determined to have lower credit risk if: i) it has a lower risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

10.2.2 Credit-impaired financial assets

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.3 Determination of expected credit loss

Lease receivables are assessed for ECL individually by the Group. In addition, the Group uses provision matrix to calculate ECL for notes receivable, accounts receivable, other receivables, contract assets, debt investments and other debt investments based on a portfolio basis. The Group classifies financial instruments into different groups based on common risk characteristics. Common credit risk characteristics include credit risk rating, the date of initial recognition, remaining contractual maturity, industry of borrower and geographical location of the borrower etc.

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

- For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For a lease receivable, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For undrawn loan commitments (refer to Note III, 10.4.1.3 for the detail of accounting policies), the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down. The Group's estimation of the ECL for loan commitments is consistent with its expectation of the loan commitments drawn down.
- For a financial guarantee contract (refer to Note III, 10.4.1.3 for the detail of accounting policies), the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- For a financial asset with credit-impaired at the balance sheet date, but not purchased or originated credit-impaired, a credit losses is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.4 Write-down of financial assets

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

10.3 Transfer of financial assets

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

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability. The Group will measure relevant liabilities as follows:

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.3 Transfer of financial assets - continued

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

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

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognized as a liability upon receipts.

10.4 Classification of financial liabilities and equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Financial liabilities at FVTPL

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Classification of financial liabilities and equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities- continued

10.4.1.1 Financial liabilities at FVTPL- continued

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

- It has been acquired principally for the purpose of repurchasing in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

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

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

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

Financial liabilities are measured at FVTPL when the financial liabilities is arising from contingent consideration recognized by the Group as an acquirer in a business combination not involving enterprises under common control.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Classification of financial liabilities and equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities- continued

10.4.1.2 Other financial liabilities

Except for financial liabilities, financial guarantee contracts and loan commitments arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

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

10.4.1.3 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss or financial liabilities arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, and loan commitments to provide a loan at a below-market interest rate, which are not designated at fair value through profit or loss, are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognized less cumulative amortization amount determined based on the revenue standard.

10.4.2 Derecognition of financial liabilities

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Classification of financial liabilities and equity instruments - continued

10.4.2 Derecognition of financial liabilities - continued

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

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Changes of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

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

10.5 Derivatives and embedded derivatives

Derivatives include forward exchange contracts, currency swaps, interest rate swaps and foreign exchange options, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value.

Derivatives embedded in hybrid contracts with a financial asset host are not separated by the Group. The hybrid contract shall apply to the relevant accounting standards regarding the classification of financial assets as a whole.

Derivatives embedded in hybrid contracts with hosts that are not financial assets are separated and treated as separate derivatives by the Group when they meet the following conditions:

- (1) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- (2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- (3) the hybrid contracts are not measured at fair value through profit or loss.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.5 Derivatives and embedded derivatives - continued

For the embedded derivative separated from the host contracts, the Group accounts for the host contracts in the hybrid contracts with applicable accounting standards. When the embedded derivatives whose fair value cannot be measured reliably by the Group according to the terms and conditions of the embedded derivatives, the fair value of such derivatives are measured at the difference between the fair value of the hybrid contracts and the fair value of the host contracts. By adopting the above method, if the embedded derivative cannot be measured on a stand-alone basis at the time when acquired or at subsequent balance sheet dates, the hybrid instrument is designated as financial instruments at fair value through profit or loss as a whole.

10.6 Offsetting financial assets and financial liabilities

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

10.7 Reclassification of financial instruments

When the Group changes the business model to manage the financial assets, the financial assets affected will be reclassified and no financial liabilities will be reclassified.

The financial assets are reclassified by the Group and are accounted for prospectively since the date of reclassification (i.e. the first date of the initial reporting period after the business model of which the financial assets are reclassified by the enterprise is changed).

Where a financial asset at amortised cost is reclassified as a financial assets at fair value through profit or loss ("FVTPL") by the Group, such financial asset is measured at fair value at the date of reclassification and the difference between the original carrying amount and the fair value is recognized in profit or loss for the period.

Where a financial asset at amortised cost is reclassified as a financial asset at fair value through other comprehensive income ("FVTOCI") by the Group, such financial asset is measured at the fair value at the date of reclassification, and the difference between the original amount and the fair value is recognized in other comprehensive income.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**10. Financial instruments - continued***10.7 Reclassification of financial instruments-* continued

Where a financial asset at FVTOCI is reclassified as a financial asset at amortised cost by the Group, the accumulated gains or losses previously recognized in other comprehensive income are transferred out and the fair value is adjusted as the fair value at the date of reclassification. The adjusted fair value is recognized as the new carrying amount, as if the financial asset had been measured at amortised cost.

Where a financial asset at FVTOCI is reclassified as a financial asset at FVTPL by the Group, such financial asset continues to be accounted for at fair value. At the same time, the accumulated gains or losses previously recognized in other comprehensive income are transferred to profit or loss for the period.

Where a financial asset at FVTPL is reclassified as a financial asset at amortised cost by the Group, the fair value at the date of reclassification is recognized as the new account balance.

Where a financial asset at FVTPL is reclassified as a financial asset at FVTOCI by the Group, such financial asset continues to be measured at fair value.

Where a financial asset at FVTPL is reclassified, the effective interest rate is determined on the basis of the fair value of the financial asset at the date of reclassification.

11. Accounts receivable

The Group makes internal credit ratings on customers and determines expected losses rate of notes receivable, accounts receivable and other receivables. Basis for determining ratings and the expected losses rates are as follows:

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Receivables financing

Notes receivable classified to hedging instruments for the purpose of hedging, should be listed as receivables financing within one year (including one year). If the term above one year, it should be listed as other investment on bonds. Related accounting policies refer to Note III, 10.

13. Inventories

13.1 Categories of inventories

Inventories include raw materials, merchandise and others. 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.

13.2 Valuation method of inventories upon delivery

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

13.3 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.

13.4 Inventory count system

The perpetual inventory system is maintained for stock system.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Inventories - continued

13.5 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.

14. Contract assets

14.1 Recognition and criteria of contract assets

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, and such right depends on factors other than the passage of time. The Group's unconditional right (only the passage of time is required) to consideration from the customer is separately presented as "accounts receivable".

14.2 Determination and accounting treatments of expected credit losses ("ECL") for contract assets

Refer to Note III,10.2 "Impairment of financial instruments" for determination and accounting treatments of expected credit losses for contract assets.

15. Assets held for sale

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

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

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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Assets held for sale - continued

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. Asset impairment losses recognized before such assets are classified as held for sale will not be reversed.

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.

If an asset or a disposal group has been classified as held for sale but the recognition criteria for non-current assets held for sale are no longer met, the Group shall cease to classify the asset or disposal group as held for sale. It shall be measured at the lower of (1) the carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale; and (2) the recoverable amount at the date of the decision not to sell.

For equity investments in associates or joint ventures that are classified as held for sale but the recognition for non-current assets held for sale are no longer met, such investments are accounted for retrospectively using the equity method from the date when they classified as held for sale. The financial statements for the held-for-sale period are adjusted accordingly.

16. Long-term equity investments

16.1 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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.2 Determination of initial 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. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the initial investment cost of the long-term equity investment is the share of book value of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between the initial investment cost and the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Other comprehensive income recognized for the previously held equity investments by accounting treatment of equity method or available-for-sale financial assets is not subject to accounting treatment temporarily.

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 (ASBE No. 22) and the additional investment cost.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.3 Subsequent measurement and recognition of profit or loss

16.3.1 Long-term equity investments 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.

16.3.2 Long-term equity investments accounted for using the equity method

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.3 Subsequent measurement and recognition of profit or loss - continued

16.3.2 Long-term equity investments accounted for using the equity method - continued

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

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

16.4 Disposal of long-term equity investments

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.4 Disposal of long-term equity investments - continued

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

17. 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.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

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.

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(Unless otherwise specified, the monetary unit shall be RMB.)

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**18. Fixed assets***18.1 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.

18.2 Depreciation method

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

Category	Estimated useful lives	Estimated residual value (%)	Annual depreciation rate (%)
Port and terminal facilities	5-50 years	5.00	1.90-19.00
Buildings and structures	10-50 years	5.00	1.90-9.50
Machinery and equipment, furniture and fixture and other equipment	3-20 years	5.00	4.75-31.67
Motor vehicles and cargo ships	5-25 years	5.00	3.80-19.00

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

18.3 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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. 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.

20. 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.

21. Intangible assets

21.1 Valuation method and useful life of intangible assets

An intangible asset is measured initially at cost. Upon being restructured into a stock company, the intangible assets initially contributed by the state-owned shareholders are recognized based on the valuation amounts confirmed by the state-owned assets administration department. Except for port operation rights, when an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life. The terminal operating rights are amortized using the output method, that is, amortized through periods according to the ratio of the estimated minimum guaranteed throughput to the estimated minimum guaranteed total throughput during the operation period. When the estimated minimum guaranteed throughput cannot be measured reliably, the straight-line method will be used for amortization. An intangible asset with uncertain useful life will not be amortized. The amortization method, useful life and estimated net residual value of various intangible assets are as follows:

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**21. Intangible assets - continued***21.1 Valuation method and useful life of intangible assets - continued*

Category	Amortization Method	Useful Life (year)	Residual value (%)
Land use rights	Straight-line method	40-50	-
Terminal operating right	Output/Straight-line method	30-35	-
Others	Straight-line method	5-50	-

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

21.2 Internal research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period. The costs of intangible assets generated by the internal research only include the total expenditure incurred for the period from the time point of capitalization to the intangible assets are ready for intended use. For the identical intangible asset, the expenditures recorded as expenses before they qualify for capitalization during the development process are not adjusted.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. 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, right-of-use 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.

23. 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.

24. Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits

25.1 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.

25.2 Accounting treatment of post-employment benefits

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

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

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.2 *Accounting treatment of post-employment benefits* - continued

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

25.3 *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.

26. 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.

27. Revenue

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue - continued

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

If one of the following criteria is met and it is a performance obligation performed over time, the Group recognizes the revenue within a certain period of time according to the progress of the performance: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the customer is able to control the goods under construction in the course of the Group's performance; (3) the goods produced by the Group during the performance of the contract are irreplaceable and the Group has the right to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group recognizes revenue at a certain point in time when "control" of the goods or services is transferred to the customer.

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

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

For contracts that contain variable consideration (e.g. sales discount), the Group estimates the amount of consideration using either the expected value or the most likely amount. The transaction price that includes variable consideration is only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty is subsequently resolved. At the end of each reporting period, the Group reevaluates the variable consideration included in the transaction price.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue - continued

For non-cash consideration from customer, the Group recognizes the transaction price based on the fair value of the non-cash consideration. Where the fair value of the non-cash consideration cannot be reasonably estimated, the Group recognizes the transaction price indirectly by reference to the stand-alone price of the promised goods or services promised transferred to the customer.

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

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

Where payment is received in advance, the advance payment received shall be recorded as a liability and recognized as revenue when the relevant performance obligation is satisfied. The above amount will be recognized as revenue proportionately in accordance with the model of contractual rights exercised by the customer if (1) the Group's advance payment does not need to be returned, (2) the customer may waive all or part of its contractual rights, and (3) the Group expects to be entitled to the amount related to the contractual rights waived by the customer. Otherwise, the balance of the liabilities is recognized as revenue by the Group only when the possibility of the customer requesting the satisfaction of the remaining performance obligations is extremely remote.

28. Contract costs

28.1 Costs to fulfill a contract

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Contract costs - continued

28.2 Impairment of contract costs

In determination of impairment losses of assets related to contract costs, firstly impairment losses of other assets related to the contract recognized based on other relevant accounting standards; secondly, the Group shall recognized an impairment loss to the extent that the carrying amount of an asset exceeds: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; (2) the estimated costs that relate to providing those goods or services.

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

29. Types and accounting treatments of 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.

29.1 Accounting treatment of government grants related to assets

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

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

29.2 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.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

29. Types and accounting treatments of government grants - continued

29.2 Accounting treatment of government grants related to income - continued

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.

30. Deferred tax assets/ deferred tax liabilities

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

30.1 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.

30.2 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, which is not a business combination that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Deferred tax assets/ deferred tax liabilities - continued

30.2 Deferred tax assets and deferred tax liabilities - continued

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.

30.3 Income tax offsetting

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.

31. Leases

Lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

For contracts that are signed or modified after the date of initial application, at inception/modification of the contracts, the Group assesses whether the contract is, or contains, a lease. Unless the terms and conditions of the contract are changed, the Group does not reassess whether a contract is, or contains, a lease.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee

31.1.1 Separating components of a lease

If a contract contains a lease component and one or more non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.

31.1.2 Right-of-use assets

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group recognises a right-of-use assets. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated by the Group in accordance with the ASBE No.4 Fixed Assets. If the Group is reasonably certain, that the lease will transfer ownership of the underlying asset to the Group by the end of the lease term, the right-of-use assets is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use assets is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Group applies ASBE No. 8 Impairment of Assets, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

31.1.3 Lease liabilities

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. If the interest rate implicit in the lease cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lease payments comprise the following payments by the Group for the right to use the underlying asset during the lease term:

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.3 Lease liabilities - continued

- fixed payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease;
- amounts expected to be payable by the Group under residual value guarantees.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date. Variable lease payments not included in the measurement of the lease liabilities, are recognised in profit or loss, or in the cost of relevant assets, in the period of those payments.

Interest on the lease liabilities in each period during the lease term is calculated by a constant periodic rate of interest on the remaining balance of the lease liabilities and recognized in the current profit and loss or the cost of the relevant assets.

After the commencement date, if one of the following occurs, the lease liability is remeasured by the Group with the adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the remaining remeasurement should be recognized in profit or loss.

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, the Group remeasures the lease liabilities, on the basis of the revised lease term and the revised discount rate;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities, on the basis of the revised lease payments and the unchanged discount rate, unless the change in the lease payments results from a change in floating interest rates, in which case a revised discount is applied to the present value.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.4 Short-term leases and leases for which the underlying asset is of low value

The Group elects not to recognise right-of-use assets or lease liabilities for short-term leases and leases for which the underlying asset is of low value, i.e. port and terminal facilities, buildings, machinery and equipment, furniture and fixture and other equipment, motor vehicles and cargo ships, other short-term leases and leases for which the underlying asset is of low value. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. A lease for which the underlying asset is of low value is that, the value of the underlying asset is low when it is new. For short-term leases and leases for which the underlying asset is of low value, the Group recognises the lease payments associated with those leases as an expense or cost of relevant asset on a straight-line basis over the lease term.

31.1.5 Lease modifications

A lease modification should be accounted for as a separate lease if both of the following apply:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price according to the circumstances of the particular contract

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group should allocate the consideration in the modified contract, determine the lease term of the modified lease and remeasure the lease liability by discounting the revised payments using a revised discount rate.

For lease modifications that decrease the scope of the lease or narrow the term of the lease, the Group should decrease the carrying amount of the right-of-use asset with any gain or loss relating to the partial or full termination of the lease should be recognized in profit or loss. For remeasurement of lease liabilities from all other lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

31.2.1 Separating components of a lease

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.2 Classification of leases

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

31.2.2.1 The Group as lessor under operating leases

The Group recognises lease payments from operating leases as income on a straight-line basis. The Group capitalises initial direct costs incurred in obtaining an operating lease and recognises those costs as an expense over the lease term on the same basis as the lease income.

Variable lease receipts relating to an operating lease not included in the lease receipts are recognized in profit or loss by the Group when incurred.

31.2.2.2 The Group as lessor under finance leases

At the commencement date, the Group recognizes a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognized. The net investment in the lease is the sum of any unguaranteed residual value and lease payments receivable from the commencement date, discounted at the interest rate implicit in the lease.

The amount of the lease payments receivable refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the lessee exercises the amount to be paid for the termination of the lease option, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.2 Classification of leases - continued

31.2.2.2 The Group as lessor under finance leases - continued

Variable payments receivable not included in the net investment in the lease are recognized in profit or loss when they arise.

Interest income for each period over the lease term is recognized by the Group at the fixed periodic rate.

31.2.3 Subleases

As a lessor of the sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

31.2.4 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any lease advances or receivables relating to the original lease as the lease receipts for the new lease.

The Group should account for a modification to a finance lease as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope with any appropriate adjustment to that stand-alone price

For a modification to a finance lease that is not accounted for as a separate lease, the Group should account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group should account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as an operating lease if the modification had been in effect at the inception date, the Group should apply the requirements of contract modification and renegotiation under the *ASBE No. 22 Financial Instruments: Recognition and Measurement*.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.5 Sale and leaseback transactions

31.2.5.1 The Group as the seller-lessee

The Group applies the requirements of the revenue standard to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset does not constitute a sale, the Group should continue to recognize the transferred assets and should recognize a financial liability equal to the transfer proceeds applying *ASBE No. 22 Financial Instruments: Recognition and Measurement*. If the transfer of an asset is a sale, the Group should measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use, and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

32. Exchange of Non-Monetary Assets

Where a non-monetary assets transaction satisfies the following conditions at the same time, it should be calculated based on fair value. The transaction is commercial in nature and the fair value of the assets received or surrendered can be measured reliably. The fair value of the assets surrendered and relevant payable taxes shall be regarded as the transaction cost of the assets received. For assets surrendered, the difference between the fair value and the carrying value of the asset surrendered shall be recorded into the profit or loss of the current period. If any exact evidence showing that the fair value of the assets received is more reliable, the cost of assets received and surrendered shall be calculated as a different way. For assets received, its cost shall be calculated based on fair value of assets received and relevant payable taxes. For the assets surrendered, the difference between the fair value of the assets received and the carrying value of the asset surrendered shall be recorded into the profit or loss of the current period.

Where a non-monetary assets transaction does not meet the conditions as prescribed, the carrying value and relevant payable taxes of the assets surrendered shall be the cost of the assets received and no profit or loss is recognized.

33. Discontinued Operation

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

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Discontinued Operation - continued

Profits or losses from discontinued operations are presented separately in the income statement from continuing operations. Profits and losses from operations or disposals (e.g. impairment losses and reversals of discontinued operations) are presented under discontinued operations. For discontinued operations presented in the current period, the information previously under continuing operations is presented under discontinued operations by the Group in the financial statements for the comparable accounting period.

34. 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.

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

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

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

Goodwill impairment

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

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

Recognition of deferred income tax

The Group calculates and makes provision for deferred 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 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.

(1) Changes in accounting estimates and reasons

The Proposal on the Change in Accounting Estimates of Depreciation Periods of Certain Fixed Assets is deliberated and adopted at the 7th session of the 9th Board of Directors and the 7th session of the 9th Board of Supervisor held on 14 April 2020. The Company has reviewed the estimated useful lives of fixed assets based on their current performance and usage conditions. In order to more objectively and fairly reflect the Group's financial position and results of operations, the Company has decided to change the accounting estimates for the depreciation periods of certain fixed assets, with the main adjustments as follows:

- 1) The depreciation period of port and channel facilities in port and terminal facilities is changed from 40 years to 40-50 years, and the depreciation period of railway lines is changed from 50 years to 40 years.
- 2) The depreciation period of civil support facilities in houses and buildings is changed from 10 years to 25 years.
- 3) The depreciation period of electromechanical equipment in machinery equipment, furniture & fixtures and other equipment is changed from 5 years to 5 years, 8 years or 10 years.
- 4) The depreciation period of special operation ships in motor vehicles and cargo ships is changed from 20 years to 18 years, and that of special operation auxiliary ships is changed from 20 years to 20 years.

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(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

Recognition of deferred income tax - continued

(2) Impact of changes in accounting estimates

The above adjustments to depreciation periods of fixed assets are implemented from 1 April 2020.

According to "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Corrections of Errors", the adjustment to the depreciation periods of fixed assets is a change in accounting estimate, which should be dealt with using the prospective application method without retrospective adjustment and will not have any impact on the financial position and results of operations of the Group in previous years.

As a result of the above change in accounting estimates, the Group's depreciation expense of fixed assets increased by RMB20.29 million, net profit attributable to the parent company decreased by RMB5.19 million and shareholders' equity attributable to the parent company decreased by RMB5.19 million for the year 2020. The above changes in accounting estimates have no impact on the Company.

36. Changes in significant accounting estimates

(1) Changes in accounting estimates and reasons

The Proposal on the Change in Accounting Estimates of Depreciation Periods of Certain Fixed Assets is deliberated and adopted at the 7th session of the 9th Board of Directors and the 7th session of the 9th Board of Supervisor held on 14 April 2020. The Company has reviewed the estimated useful lives of fixed assets based on their current performance and usage conditions. In order to more objectively and fairly reflect the Group's financial position and results of operations, the Company has decided to change the accounting estimates for the depreciation periods of certain fixed assets, with the main adjustments as follows:

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- 2) The depreciation period of civil support facilities in houses and buildings is changed from 10 years to 25 years.
- 3) The depreciation period of electromechanical equipment in machinery equipment, furniture & fixtures and other equipment is changed from 5 years to 5 years, 8 years or 10 years.
- 4) The depreciation period of special operation ships in motor vehicles and cargo ships is changed from 20 years to 18 years, and that of special operation auxiliary ships is changed from 20 years to 20 years.

The above changes in the depreciation periods of fixed assets are within the scope of the Group's accounting policy on depreciation of fixed assets.

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(Unless otherwise specified, the monetary unit shall be RMB.)

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

36. Changes in significant accounting estimates - continued

(2) Financial impact of changes in accounting estimates

The above adjustments to depreciation periods of fixed assets are implemented from 1 April 2020.

According to "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Corrections of Errors", the adjustment to the depreciation periods of fixed assets is a change in accounting estimate, which should be dealt with using the prospective application method without retrospective adjustment and will not have any impact on the financial position and results of operations of the Group in previous years.

As a result of the above change in accounting estimates, the Group's depreciation expense of fixed assets increased by RMB20.29 million, net profit attributable to the parent company decreased by RMB5.19 million and shareholders' equity attributable to the parent company decreased by RMB5.19 million for the year 2020. The above changes in accounting estimates have no impact on the Company.

37. Changes in significant accounting policies

(1) Interpretation of the Accounting Standards for Business Enterprises No. 13

On 10 December 2019, the Ministry of Finance issued Interpretation of the Accounting Standards for Business Enterprises No. 13 in Cai Kuai [2019] File No. 21 (hereinafter referred to as "Interpretation No. 13"). Question 1 of Interpretation No. 13 further supplemented the Accounting Standards for Business Enterprises No. 36- Related Party Disclosure and clarified that the following constitute related parties: (1) An enterprise and the joint venture or associated enterprise of any other member unit of the enterprise group to which the enterprise is affiliated (including the parent company and subsidiaries); (2) An enterprise's joint venture and the enterprise's any other joint venture or associated enterprise. Question 2 of Interpretation No. 13 modified the Accounting Standards for Business Enterprises No. 20 - Business Combinations, which provided the definition of business and added guidance on whether the processing process is material, and introduced an optional concentration test to simplify the assessment purpose. The aforesaid provisions have no significant impact on the financial statements of the Group and the Company for 2020.

NOTES TO THE FINANCIAL STATEMENTS

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(Unless otherwise specified, the monetary unit shall be RMB.)

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**37. Changes in significant accounting policies - continued****(2) Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions**

On 19 June 2020, the Ministry of Finance issued Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions in Cai Kuai [2020] File No.10 (hereinafter referred to as "File No.10"). It's specified in File No. 10 that, for rental concessions, provided that certain conditions are satisfied, an enterprise can conduct accounting treatment according to Accounting Standards for Business Enterprises No. 21—Leases, or adopt the simplified method specified in File No.10. Where the enterprise adopts the simplified method, it's unnecessary to assess whether there is lease changes or re-assess the lease classifications. The enterprise shall apply the option to all the similar lease contracts and shall not change it arbitrarily.

The Group determined to adopt the simplified method for all the rental concessions that fall into the applicable scope. The relevant rental concessions handled with the simplified method have no impact on the Company's profits and losses in the current period of 2020, and it's impact on the Group's profits or losses of 2020 is shown as below:

		RMB
Item	2020	
Operating income	-22,310,378.46	
Operating cost	-293,348.62	
Administrative expenses	-85,515.23	
Non-operating income	-4,940,601.35	
Income tax expenses	-6,320,851.75	
Net profit	-20,551,264.21	
Total comprehensive income	-20,551,264.21	

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

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%-34% (Note 1)
	Dividend income tax	5%,10%,25% (Note 2)
Value-added Tax ("VAT") (Note 3)	Income from sale of goods	9%-13%
	Income from transportation, loading and unloading business and part of modern service industries	6%
	Income from sale of real estate, property management, real estate lease, etc.	5%
Social contribution tax (Note 4)	Income	0.65%-7.6%
Deed tax	Land use right and property transfer amount	3%-5%
Property tax	70% of cost of property or rental income	1.2% or 12%
City maintenance and construction tax	VAT paid	1%-7%
Education surtax	VAT paid	3%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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(IV) TAXES - continued

1. Major taxes and tax rates - continued

Note 1: The Group's enterprise income tax is calculated based on the current tax rate stipulated by local tax laws. Among them, the Company are subject to an enterprise income tax rate of 25%, the subsidiaries set up in Hong Kong are subject to an enterprise income tax rate of 16.5%, the majority of subsidiaries set up in China are subject to an enterprise income tax rate of 25% and certain others are subject to the preferential tax rate for small and micro enterprises of 20%, and the other overseas subsidiaries are subject to enterprise income tax rates between 28% and 34%.

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

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

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

Note 4: The social contribution tax is the tax paid by the overseas subsidiaries of the Group to the local government.

2. Tax preference

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

The Company and some of its subsidiaries were exempted from paying house property tax and urban land use tax, etc. for the first quarter of 2020 in accordance with the Notice on the Issuance of Several Measures to Respond to the COVID-19 Pandemic and Support Enterprises in Weathering Hard Times issued by local people's governments.

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

1. Cash and bank balances

Item	Closing balance	Opening balance
Cash	570,307.93	331,305.65
RMB	31,555.69	122,990.39
USD	146,078.94	55,429.82
HKD	24,653.41	28,354.40
BRL	5,997.01	8,872.81
Others	362,022.88	115,658.23
Bank deposit (Note1)	11,420,083,598.40	7,423,112,193.18
RMB	7,458,567,108.92	4,868,888,181.56
USD	817,495,062.65	1,597,545,919.28
EUR	770,193,517.95	528,103,576.51
BRL	273,701,827.77	310,275,686.79
HKD	2,076,664,153.73	76,041,665.91
AUD	557,797.36	-
Others	22,904,130.02	42,257,163.13
Other cash and bank balances (Note 2)	370,770,828.30	311,504,711.43
RMB	370,726,535.43	311,504,711.43
HKD	44,292.87	-
Total	11,791,424,734.63	7,734,948,210.26
Including: The total amount of funds deposited overseas	5,313,591,920.43	3,511,266,717.03

Note 1: The bank deposits of the Group deposited overseas and restricted for remittance to China at the end of the year totalled nil (at the end of the previous year: nil).

Note 2: The structured deposits in other cash and bank balances that can be readily withdrawn on demand at the end of the year totalled RMB 357,120,261.94, the restricted deposit totalled RMB 11,528,570.90, and the balance of the securities margin account was RMB 2,121,995.46.

2. Held-for-trading financial assets

Item	Closing balance	Opening balance
Financial assets at FVTPL	850,165,448.59	-
Including: Debt investment instruments	-	-
Equity investment instruments	165,448.59	-
Structural deposits	850,000,000.00	-
Total	850,165,448.59	-

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

3. Notes receivable

(1) Category of notes receivable

Category	Closing balance	Opening balance
Bank acceptance	745,000.16	13,290,478.02
Commercial acceptance	3,146,994.68	24,901,772.00
Total	3,891,994.84	38,192,250.02
Less: Provision for credit losses (Note)	-	-
Carrying amount	3,891,994.84	38,192,250.02

Note: The Group believes that the acceptor of its bank acceptance and commercial acceptance have high credit ratings with no significant credit risks; therefore, no provision for credit loss is made.

(2) As at 31 December 2020, there are no notes receivable pledged.

(3) As at 31 December 2020, there are no notes receivable endorsed or discounted which are not yet due at the balance sheet date.

(4) As at 31 December 2020, there are no notes reclassified to accounts receivable due to the drawers' inability to settle the note.

(5) The Group has no notes receivable written off in 2020.

4. Accounts receivable

(1) Accounts receivable disclosed by aging

Aging	Closing balance		
	Accounts receivable	Provision for credit loss	Proportion (%)
Within 1 year	1,329,489,121.52	18,744,736.21	1.41
More than 1 year but not exceeding 2 years	75,815,966.83	16,737,219.64	22.08
More than 2 years but not exceeding 3 years	2,782,945.61	474,387.92	17.05
More than 3 years	39,639,520.65	39,120,974.68	98.69
Total	1,447,727,554.61	75,077,318.45	

(2) Disclosure of accounts receivable by categories

Credit rating	Expected credit loss rate (%)	Closing balance			Opening balance		
		Carrying amount	Provision for credit loss	Book value	Carrying amount	Provision for credit loss	Book value
A	0.00-0.10	659,544,396.52	301,903.39	659,242,493.13	552,947,162.60	236,251.00	552,710,911.60
B	0.10-0.30	520,087,318.71	639,654.91	519,447,663.80	730,397,420.98	2,106,455.92	728,290,965.06
C	0.30-50.00	207,630,761.65	23,911,382.65	183,719,379.00	70,292,155.38	1,703,501.79	68,588,653.59
D	50.00-100.00	60,465,077.73	50,224,377.50	10,240,700.23	101,658,746.76	94,789,147.11	6,869,599.65
Total		1,447,727,554.61	75,077,318.45	1,372,650,236.16	1,455,295,485.72	98,835,355.82	1,356,460,129.90

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

4. Accounts receivable - continued

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

Item	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
At 1 January 2020	4,046,208.71	94,789,147.11	98,835,355.82
Carrying amount of accounts receivable at 1 January 2020			
-- Transferred to credit-impaired accounts receivables	-	-	-
-- Reversed to not credit-impaired accounts receivable	-	-	-
Provision for the year	22,198,343.29	12,592,586.51	34,790,929.80
Reversal for the year	-870,975.22	-53,139,001.51	-54,009,976.73
Transfer-out from derecognition of financial assets(including direct write-down)	-	-3,287,015.26	-3,287,015.26
Other changes	-520,635.83	-731,339.35	-1,251,975.18
At 31 December 2020	24,852,940.95	50,224,377.50	75,077,318.45

(4) Accounts receivable written off in the year

Item	Written-off amount
Yantai Jinquan International Shipping Agency LLC Shenzhen Branch	289,193.50
Shandong Province Yantai International Marine Shipping Company Shenzhen Branch	2,997,821.76
Total	3,287,015.26

(5) The top five balances of accounts receivable at the end of the year classified by debtor

Name of entity	Closing balance	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision for credit loss
Client A	213,605,473.08	Within 1 year, more than 1 year but not exceeding 2 years, more than 2 year but not exceeding 3 years, more than 3 years	14.75	213,605.47
Client B	78,767,592.24	Within 2 years	5.44	13,358,983.64
Client C	63,238,786.43	Within 1 year	4.37	63,238.79
Client D	56,326,325.71	Within 1 year	3.89	56,326.33
Client E	34,581,743.22	Within 2 years	2.39	5,865,063.65
Total	446,519,920.68		30.84	19,557,217.88

5. Receivables financing

(1) Receivables financing classification

Items	Closing balance	Opening balance
Bank acceptance measured by fair value	217,449,966.41	260,760,537.45

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

5. Receivables financing - continued

- (2) On 31 December 2020, the Group has no pledged receivables financing.
- (3) On 31 December 2020, The Group has endorsed or discounted and has not yet matured the financing of receivables on the balance sheet date.

Item	Closing balance		Opening balance	
	Derecognized	Recognized	Derecognized	Recognized
Bank acceptance measured by fair value	129,866,604.18	-	129,391,886.08	-

6. Prepayments

- (1) Aging analysis of prepayment

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	48,508,252.83	98.55	50,341,341.46	91.47
More than 1 year but not exceeding 2 years	581,084.82	1.18	4,533,596.99	8.24
More than 2 years but not exceeding 3 years	-	-	-	-
More than 3 years	131,512.46	0.27	159,081.36	0.29
Total	49,220,850.11	100.00	55,034,019.81	100.00

- (2) As at 31 December 2020, the Group has no significant prepayments aged more than one year.
- (3) The top five balances of prepayments at the end of the year classified by entities

Name of entity	Relationship with the Company	31 December 2020	Proportion of the closing balance to the total prepayments (%)
Saham Assurance Togo S.A.	Non-related party	11,437,000.52	23.23
Chubb Seguros Brasil S.A.	Non-related party	2,671,202.65	5.43
Uptime Group	Non-related party	1,997,591.63	4.06
Fairfax Brasil Seguros Corporativos S.A.	Non-related party	1,964,254.53	3.99
CCCC First Harbour Consultants Co., Ltd.	Non-related party	1,614,912.75	3.28
Total		19,684,962.08	39.99

7. Other receivables

7.1 Summary of other receivables

Item	Closing balance	Opening balance
Interest receivable	-	159,794.48
Dividend receivable	258,137,208.69	459,352,522.24
Other receivables	3,299,058,252.57	1,669,865,935.78
Total	3,557,195,461.26	2,129,378,252.50

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

7. Other receivables - continued

7.2 Interest receivable

(1) Classification of interest receivable

Item	Closing balance	Opening balance
Interest receivable from related parties	-	159,954.43
Total	-	159,954.43
Less: Provision for credit loss	-	159.95
Book value	-	159,794.48

(2) As at 31 December 2020, the Group has no significant overdue interest.

7.3 Dividend receivable

(1) Presentation of dividend receivable

Name of investee	Closing balance	Opening balance
China Nanshan Development (Group) Incorporation ("Nanshan Group")	210,831,000.00	313,435,420.00
Tin-Can Island Container Terminal Ltd	33,289,037.77	82,625,546.31
Qingdao Qianwan United Container Terminal Co., Ltd.	-	50,000,000.00
Others	14,275,566.52	13,751,368.26
Total	258,395,604.29	459,812,334.57
Less: Provision for credit loss	258,395.60	459,812.33
Book value	258,137,208.69	459,352,522.24

(2) Significant dividend receivable aged more than 1 year

Name of investee	Closing balance	Aging	Why unrecovered	Closing balance of provision for credit losses
Nanshan Group	140,554,000.00	More than 1 year but not exceeding 2 years	Undergoing relevant formalities and expected to be recovered at the end of 2021	140,554.00

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

7. Other receivables - continued

7.3 Dividend receivable - continued

(3) Changes in provision for credit loss of dividends receivable

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2020	459,812.33	-	-	459,812.33
Carrying amount of dividends receivable at 1 January 2020				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	-	-	-	-
Reversal for the year	-201,416.73	-	-	-201,416.73
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2020	258,395.60	-	-	258,395.60

7.4 Other receivables

(1) Other receivables disclosed by aging

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion (%)
Within 1 year	2,490,939,969.22	833.00	-
More than 1 year but not exceeding 2 years	966,120,027.06	306,461,787.82	31.72
More than 2 years but not exceeding 3 years	13,122,683.91	81,664.02	0.62
More than 3 years	350,606,928.00	215,187,070.78	61.38
Total	3,820,789,608.19	521,731,355.62	

(2) Disclosure of other receivables by nature

Item	Closing balance	Opening balance
Land compensation (Note 1)	2,742,032,000.00	521,246,000.00
Operation compensation (Note 2)	687,057,815.03	669,121,539.36
Temporary payments	159,559,495.82	334,617,193.32
Compensation for profit or loss on transition	38,312,376.24	35,317,035.66
Deposits	20,162,834.12	21,309,320.77
Others	173,665,086.98	124,618,962.15
Total	3,820,789,608.19	1,706,230,051.26
Less: Provision for credit loss	521,731,355.62	36,364,115.48
Book value	3,299,058,252.57	1,669,865,935.78

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

7. Other receivables - continued

7.4 Other receivables - continued

(2) Disclosure of other receivables by nature - continued

Note 1: On 5 November 2019, Shantou China Merchants Port Group Co., Ltd. (hereinafter referred to as "Shantou Port") entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Shantou Land Reserve Center. Pursuant to the contract, the land and attached buildings of approximately 370.96 mu located in Zhuchi Deepwater Port on the south of Zhongshan East Road of Shantou should be returned to Shantou Land Reserve Center by Shantou Port, which is amounting to RMB1,558,032,000.00. Among them, 183.63 mu of land have been transferred in 2020 and attached buildings were transferred in 2019, and the remaining 187.33 mu of land and attached buildings has been transferred in 2020, with the carrying amount of RMB188,404,228.34 and the consideration of compensation of approximately RMB786,786,000.00. After deduction of transaction costs, the gains on compensation were recognized in RMB561,650,519.31. As at 31 December 2020, the land compensation totalling RMB1,208,032,000.00 has not yet been recovered.

On 21 August 2020, Shantou Port entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Land Reserve Center of Shantou Haojiang District. Pursuant to the contract, the land and attached buildings of approximately 152.34 mu located in Yutianwen, Queshi, Haojiang District, Shantou, should be returned to Land Reserve Center of Shantou Haojiang District by Shantou Port, which is amounting to RMB250,000,000.00. The transfer of above-mentioned land and attached buildings was completed before 31 December 2020, with the net book value of RMB163,735,397.39. After deduction of transaction costs, the gains on compensation were recognized in RMB57,521,085.00. As at 31 December 2020, the land compensation totalling RMB200,000,000.00 has not yet been recovered.

On 22 December 2020, Shantou Port entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Shantou Land Reserve Center. Pursuant to the contract, the land and attached buildings of approximately 648.78 mu located in Zhuchi Deepwater Port of Shantou should be returned to Shantou Land Reserve Center by Shantou Port, which is amounting to RMB2,724,876,000.00. Among them, 320 mu of land and attached buildings were transferred by 31 December 2020, with the carrying amount of RMB356,612,428.85 and the consideration of compensation is RMB1,344,000,000.00. After deduction of transaction costs, the gains on compensation were recognized in RMB912,690,740.68. As at 31 December 2020, the land compensation totalling RMB1,334,000,000.00 has not yet been recovered, and the remaining 328.78 mu of land and attached buildings have not been transferred, which are presented as assets held for sale by the Group.

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

7. Other receivables - continued

7.4 Other receivables - continued

(2) Disclosure of other receivables by nature - continued

Note 2: It is the operation compensation amounting to RMB687,057,815.03 that the subsidiaries of the Company should collect from the holding companies of minority shareholders. The aforesaid amount has been overdue. Therefore, the Group made a corresponding credit impairment loss of RMB477,037,952.97.

(3) Provision for credit loss on other receivables

As part of the Group's credit risk management, the Group conducts internal credit ratings for its customers and determines the expected loss rate for other receivables for each rating. Such expected average loss rates are based on actual historical impairments and taking into account the current and future economic conditions.

CHINA MERCHANTS PORT GROUP CO., LTD.

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

7. Other receivables - continued

7.4 Other receivables - continued

(3) Provision for credit loss on other receivables - continued

As at 31 December 2020, the credit risk and expected credit loss of other receivables of each category of customers are presented as below:

Credit rating	Expected credit loss rate (%)	Closing balance				Opening balance			
		Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
A	0.00-0.10	3,098,532,380.95	-	-	3,098,532,380.95	1,669,968,696.05	-	-	1,669,968,696.05
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	722,257,227.24	722,257,227.24	-	-	36,261,355.21	36,261,355.21
Account balance		3,098,532,380.95	-	722,257,227.24	3,820,789,608.19	1,669,968,696.05	-	36,261,355.21	1,706,230,051.26
Provision for credit loss		95,128.38	-	521,636,227.24	521,731,355.62	102,760.27	-	36,261,355.21	36,364,115.48
Book value		3,098,437,252.57	-	200,621,000.00	3,299,058,252.57	1,669,865,935.78	-	-	1,669,865,935.78

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

7. Other receivables - continued

7.4 Other receivables - continued

(4) Changes in provision for credit loss of other receivables

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2020	102,760.27	-	36,261,355.21	36,364,115.48
Carrying amount of other receivables at 1 January 2020				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-17,528.45	-	17,528.45	-
--Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	66,893.25	-	477,037,952.97	477,104,846.22
Reversal for the year	-56,996.69	-	-1,081,532.21	-1,138,528.90
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	9,400,922.82	9,400,922.82
At 31 December 2020	95,128.38	-	521,636,227.24	521,731,355.62

(5) In the period from 1 January 2020 to 31 December 2020, the Group has no other receivables written off.

(6) The top five balances of other receivables at the end of the year classified by debtor

Name of entity	Nature	Closing balance	Aging	Proportion of the amount to the other receivable (%)	Provision for credit loss at the end of the year
Entity 1	Land compensation	2,542,032,000.00	Within 1 year, more than 1 year but not exceeding 2 years	66.53	39,052.09
Entity 2	Operation compensation	687,057,815.03	more than 1 year but not exceeding 2 years, more than 3 years	17.98	486,432,815.03
Entity 3	Land compensation	200,000,000.00	Within 1 year	5.23	3072.51
Entity 4	Temporary payments	57,607,520.00	More than 3 years	1.51	5,760.75
Entity 5	Temporary payments	43,551,875.85	More than 5 years	1.14	4,355.19
Total		3,530,249,210.88		92.39	486,485,055.57

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

8. Inventories

(1) Categories of inventories

Item	Closing balance			Opening Balance		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	168,127,613.81	884,061.15	167,243,552.66	147,548,980.01	1,918,890.33	145,630,089.68
Finished goods	31,606,387.22	-	31,606,387.22	4,944,593.66	-	4,944,593.66
Revolving materials	-	-	-	-	-	-
Others	12,516,519.00	-	12,516,519.00	13,405,508.74	-	13,405,508.74
Total	212,250,520.03	884,061.15	211,366,458.88	165,899,082.41	1,918,890.33	163,980,192.08

(2) Provision for decline in value of inventories

Item	1 January 2020	Provision	Decrease		31 December 2020
			Reversal	Write-off	
Raw materials	1,918,890.33	-	947,694.12	87,135.06	884,061.15

(3) As at 31 December 2020, the Group has no capitalized borrowing cost in the balance of inventories.

9. Assets held for sale

Item	Carrying amount at closing balance	Fair value at closing balance	Estimated disposal expenses	Schedule
Long-term assets held for sale	337,442,757.28	1,380,876,000.00	5,608,306.69	Before 30 June 2021
Less: Provision for impairment of assets held for sale	-			
Carrying amount	337,442,757.28			

Note: Refer to Note (V) 7.4(2) for details.

10. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	67,760,233.67	809,702,715.78
Less: Provision for credit loss	67,760.23	809,702.72
Carrying amount	67,692,473.44	808,893,013.06

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

11. Other current assets

(1) Categories of other current assets

Item	Closing balance	Opening balance
Structural deposits	102,749,431.10	2,000,298,176.18
Including: Principal	100,000,000.00	1,991,000,000.00
Interest receivable	2,749,431.10	9,298,176.18
Prepaid taxes	47,556,756.97	31,612,381.68
Others(Note)	283,360,013.35	266,882,103.84
Total	433,666,201.42	2,298,792,661.70
Less: Provision for credit loss	-	-
Book value	433,666,201.42	2,298,792,661.70

Note: It's mainly the VAT credits of domestic subsidiaries.

12. Long-term receivables

(1) Details of long-term receivables

Item	Closing balance			Opening balance		
	Account balance	Provision for credit loss	Book value	Account balance	Provision for credit loss	Book value
Principal and interest of receivables for cooperation	286,330,144.62	286,330.14	286,043,814.48	1,025,631,435.87	1,025,631.44	1,024,605,804.43
Advances to shareholders (Note)	3,663,271,923.98	3,663,271.92	3,659,608,652.06	869,503,011.54	869,503.01	868,633,508.53
Financing lease deposits	10,000,000.00	10,000.00	9,990,000.00	14,500,000.00	14,500.00	14,485,500.00
Total	3,959,602,068.60	3,959,602.06	3,955,642,466.54	1,909,634,447.41	1,909,634.45	1,907,724,812.96
Less: Long-term receivables due within 1 year	67,760,233.67	67,760.23	67,692,473.44	809,702,715.78	809,702.72	808,893,013.06
Long-term receivables due over 1 year	3,891,841,834.93	3,891,841.83	3,887,949,993.10	1,099,931,731.63	1,099,931.73	1,098,831,799.90

Note: The addition this year is mainly the payment made by Direct Achieve Investments Limited, a subsidiary of the Company, for the acquisition of the terminal, on the behalf of its associate, Terminal Link SAS. As at 31 December 2020, the total principal and interest are equivalent to RMB2,797,354,060.41, please refer to Note (V) 13 for details.

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

12. Long-term receivables - continued

(2) Provision for credit loss on long-term receivables

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit- impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2020	1,909,634.45	-	-	1,909,634.45
Carrying amount of other current assets at 1 January 2020				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	2,791,910.10	-	-	2,791,910.10
Reversal for the year	-741,942.49	-	-	-741,942.49
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2020	3,959,602.06	-	-	3,959,602.06

- (3) As at 31 December 2020, there are no long-term receivables derecognized due to the transfer of financial assets.
- (4) There are no assets and liabilities arising from the transfer or continuing involvement of long-term receivables at 31 December 2020.

CHINA MERCHANTS PORT GROUP CO., LTD.

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

13. Long-term equity investments

Investees	Accounting method	1 January 2020	Changes for the year									31 December 2020	Closing balance of provision for impairment
			Increase	Decrease	Investment profit under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Others	Provision for impairment	Effect of translation of financial statements denominated in foreign currencies		
I. Joint ventures													
Euro-Asia Oceangate S. à r.l.	Equity method	2,635,767,875.28	-	-	71,938,690.26	-	-	-	-	-	-174,410,003.58	2,533,296,561.96	-
Port of Newcastle	Equity method	2,199,996,246.66	-	-	-7,767,864.73	5,561,700.43	-	-106,920,517.08	-	-	58,179,379.39	2,149,048,944.67	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,504,764,906.58	-	-	102,594,175.95	-	-	-100,000,000.00	-	-	-	1,507,359,082.53	-
Ningbo Daxie Merchants International Terminals Co., Ltd. (hereinafter referred to as "Ningbo Daxie") (Note 1)	Equity method	853,995,291.23	-	-	112,101,331.18	-	3,703,504.36	-	-969,800,126.77	-	-	-	-
Yantai Port Group Laizhou Port Co., Ltd. (formerly known as "China Overseas Harbour Affairs (Laizhou) Co., Ltd.")	Equity method	792,062,228.58	-	-	24,750,032.44	-	-	-33,980,174.52	-	-	-	782,832,086.50	-
Fujian Zhaohang Logistics Management Partnership (limited partnership) ("Zhaohang Logistics") (Note 2)	Equity method	-	450,000,000.00	-	2,283,105.00	-	-	-	-	-	-	452,283,105.00	-
Others	Equity method	1,405,640,017.89	-	-	52,096,085.60	19,869,062.92	-1,978.10	-20,835,178.59	-	-	-20,844,084.29	1,435,923,925.43	-
Subtotal		9,392,226,566.22	450,000,000.00	-	357,995,555.70	25,430,763.35	3,701,526.26	-261,735,870.19	-969,800,126.77	-	-137,074,708.48	8,860,743,706.09	-
II. Associates													
Shanghai International Port (Group) Co., Ltd.	Equity method	23,918,042,867.55	-	-	2,234,593,249.98	142,216,652.43	-37,597,358.33	-899,371,516.97	-	-	3,899,286.75	25,361,783,181.41	-
Nanshan Group	Equity method	5,090,137,515.66	-	-	424,745,838.41	-18,284,905.75	-31,623,552.67	-74,028,000.00	-	-	-	5,390,946,895.65	-
Terminal Link SAS(Note 3)	Equity method	4,212,404,575.41	2,746,841,398.03	-	312,427,210.29	-33,697,616.56	-	-	-	-	-434,422,522.26	6,803,553,044.91	-
Liaoning Port Co., Ltd. (formerly known as "Dalian Port (PDA) Company Limited" and renamed on 28 January 2021)	Equity method	3,293,260,555.78	-	-	169,692,898.03	2,865,701.41	7,108,981.80	-57,009,456.00	-	-	40,045,832.60	3,455,964,513.62	621,818,684.80
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	Equity method	6,841,066,224.12	-	-	335,639,784.43	-	-	-	-	-	-	7,176,706,008.55	-
Ningbo Zhoushan Port Company Limited (Note 4)	Equity method	-	-	-	-	-	-	-	3,098,292,286.95	-	-	3,098,292,286.95	-
China Merchants Northeast Asia Development & Investment Co., Ltd. (Note 5)	Equity method	-	1,000,000,000.00	-	7,786,285.71	-	-	-	-	-	-	1,007,786,285.71	-
Others	Equity method	5,169,401,078.52	70,665,700.00	-92,584,800.00	146,036,140.53	70,804,284.42	72,409,190.38	-75,291,321.55	-	-	-285,292,771.74	5,076,147,500.56	-
Subtotal		48,524,312,817.04	3,817,507,098.03	-92,584,800.00	3,630,921,407.38	163,904,115.95	10,297,261.18	-1,105,700,294.52	3,098,292,286.95	-	-675,770,174.65	57,371,179,717.36	621,818,684.80
Total		57,916,539,383.26	4,267,507,098.03	-92,584,800.00	3,988,916,963.08	189,334,879.30	13,998,787.44	-1,367,436,164.71	2,128,492,160.18	-	-812,844,883.13	66,231,923,423.45	621,818,684.80

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

13. Long-term equity investments - continued

Note 1: Refer to Note (VI) 1 for details.

Note 2: In September 2020, the Company entered into limited partnership agreements with AVIC Trust Co., Ltd., Quanzhou Transportation Development Property Investment Co., Ltd etc. Under these agreements, the Company invested RMB 450 million to participate in the establishment of Zhaohang Logistics. As a limited partner, the Company can appoint one of the five members of the management committee. According to the provisions of the limited partnership agreement, Zhaohang Logistics will be controlled by all the partners jointly.

Note 3: On 25 November 2019, the subsidiary of the Company, China Merchants Port Holdings Company ("CMPort") has signed the shareholders' agreement with the associate Terminal Link SAS and its shareholder CMA CGM S.A. According to this agreement, CMPort intends to subscribe for mandatory convertible bonds of USD468 million and grant a loan facility of USD500 million to Terminal Link SAS in order to support Terminal Link SAS' acquisition plan of 10 target terminals. On 26 March 2020, the Company subscribed mandatory convertible bonds, equivalent to RMB2,746,841,398.03. Meanwhile, Direct Achieve Investments Limited, a subsidiary of the Company, provided a long-term loan to Terminal Link SAS for the terminal acquisition project and charged interest to Terminal Link SAS at an interest rate of 6%. As of 31 December 2020, the Company's long-term receivable of aggregate principal and interest from Terminal Link SAS, equivalent to RMB2,797,354,060.41.

Note 4: The Company acquired 383 million shares of Ningbo Zhoushan Port Company Limited with its own funds through centralized bidding on the Shanghai Stock Exchange during the year. As of 31 December 2020, the Company and China Merchants International Terminals (Ningbo) Co., Ltd., a subsidiary of the Company, held a total of 5% equity interest in Ningbo Zhoushan Port Company Limited and could appoint one director among the 12 members of the board of directors. Therefore, the Company has significant influence on Ningbo Zhoushan Port Company Limited And the company would change its equity investment in Ningbo Zhoushan from other equity instrument investment to long-term equity investment in associates

Note 5: On 3 April 2020, the Company entered into a joint investment agreement with Liaoning Port Group Co., Ltd. and China Merchants Shekou Holdings Co., Ltd., pursuant to which the Company invested RMB1 billion to participate in the establishment of China Merchants Northeast Asia Development & Investment Co., Ltd., with a 22.22% shareholding, and may appoint one director among the five members of the board of directors.

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

14. Investments in other equity instruments

(1) Details of investments in other equity instruments

Investees	Closing balance	Opening balance
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	144,424,830.00	144,069,435.00
Others	37,042,227.74	19,491,837.00
Total	181,467,057.74	163,561,272.00

(2) Details of non-trading equity instruments

Item	Dividends income recognized for the year	Accumulated gains/losses	Amounts transferred to retained earnings from other comprehensive income	Why designated as FVTOIC	Why transferred to retained earnings from other comprehensive income
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	7,891,500.00	130,914,830.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Others	676,750.21	9,199,796.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Total	8,568,250.21	140,114,626.00	-		

15. Other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at FVTPL	910,807,452.56	2,385,363,537.39
Including: Investments in equity instruments	910,807,452.56	2,385,363,537.39
Including: Ningbo Zhoushan Port Co., Ltd. (Note)	-	1,548,914,671.20
Qingdao Port International Co., Ltd.	886,385,139.77	820,263,917.11
Others	24,422,312.79	16,184,949.08

Note: Refer to Note (V) 13 for details.

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

16. Investment properties

(1) Investment properties measured under cost method

Item	Land use rights	Buildings and structures	Total
I. Total original carrying amount			
1. Balance at 1 January 2020	105,727,492.82	6,291,738,452.02	6,397,465,944.84
2. Increase for the year	-	206,574.38	206,574.38
(1) Purchase	-	206,574.38	206,574.38
3. Decrease for the year	-	13,724,755.35	13,724,755.35
(1) Disposal	-	1,071,645.35	1,071,645.35
(2) Transfer to held-for-sale	-	12,653,110.00	12,653,110.00
4. Balance at 31 December 2020	105,727,492.82	6,278,220,271.05	6,383,947,763.87
II. Accumulated depreciation and amortisation			
1. Balance at 1 January 2020	31,252,512.29	605,950,758.15	637,203,270.44
2. Increase for the year	2,282,103.95	187,672,206.29	189,954,310.24
(1) Provision for the year	2,282,103.95	187,672,206.29	189,954,310.24
3. Decrease for the year	-	1,965,092.02	1,965,092.02
(1) Disposal	-	489,845.42	489,845.42
(2) Transfer to held-for-sale	-	1,475,246.60	1,475,246.60
4. Balance at 1 January 2020	33,534,616.24	791,657,872.42	825,192,488.66
III. Impairment provision			
1. Balance at 1 January 2020	-	-	-
2. Increase for the year	-	-	-
3. Decrease for the year	-	-	-
4. Balance at 31 December 2020	-	-	-
IV. Book value			
1. At 31 December 2020	72,192,876.58	5,486,562,398.63	5,558,755,275.21
2. At 1 January 2020	74,474,980.53	5,685,787,693.87	5,760,262,674.40

(2) Investment properties without ownership certificates

Item	Closing balance	Opening balance
Buildings, structures, and land use rights	19,256,400.05	40,255,588.09

17. Fixed assets

17.1 Summary of fixed assets

Item	Closing balance	Opening balance
Fixed assets	29,469,832,876.56	27,519,109,906.41
Disposal of fixed assets	1,750,748.00	852,622.88
Total	29,471,583,624.56	27,519,962,529.29

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FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

17. Fixed assets - continued

17.2 Fixed assets

(1) Details of fixed assets

Item	Port and terminal facilities	Buildings and structures	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Total
I. Total original carrying amount					
1. Balance at 1 January 2020	26,835,227,578.81	1,619,692,941.54	13,688,077,920.51	2,039,216,861.04	44,182,215,301.90
2. Increase for the year	4,524,798,470.75	369,350,604.72	2,213,225,703.62	164,937,079.91	7,272,311,859.00
(1) Purchase	71,684,688.10	700,802.12	114,357,577.13	13,029,518.26	199,772,585.61
(2) Transfer from development expenditure	1,408,916.16	-	-	-	1,408,916.16
(3) Transfer from construction in progress	1,754,888,222.69	142,301,793.67	476,726,701.65	106,199,438.61	2,480,116,156.62
(4) Transfer from right-of-use assets	-	-	307,458,506.08	38,350,000.00	345,808,506.08
(5) Effect of changes in the scope of consolidation	2,696,816,643.80	226,348,008.93	1,314,682,918.76	7,358,123.04	4,245,205,694.53
3. Decrease for the year	718,395,304.50	47,101,576.44	380,761,375.46	28,965,159.53	1,175,223,415.93
(1) Disposal or retirement	445,859,279.24	15,456,387.45	295,286,035.68	28,965,159.53	785,566,861.90
(2) Transfer to construction in progress	50,622,456.67	31,645,188.99	83,619,288.11	-	165,886,933.77
(3) Transfer to held for sale assets (Note)	221,913,568.59	-	1,856,051.67	-	223,769,620.26
4. Reclassification	33,350,877.05	-84,290,946.10	50,940,069.05	-	-
5. Effect of changes in foreign exchange	-817,227,476.73	-11,017,342.84	-340,786,841.33	-44,002,772.02	-1,213,034,432.92
6. Balance at 31 December 2020	29,857,754,145.38	1,846,633,680.88	15,230,695,476.39	2,131,186,009.40	49,066,269,312.05
II. Accumulated depreciation					
1. Balance at 1 January 2020	7,595,730,173.47	398,455,580.82	7,776,172,621.82	835,082,151.24	16,605,440,527.35
2. Increase for the year	1,717,137,050.23	112,325,736.21	1,917,530,741.07	141,926,361.56	3,888,919,889.07
(1) Provision	834,686,032.22	66,028,685.87	803,408,657.69	107,037,420.27	1,811,160,796.05
(2) Transfer from right-of-use assets	-	-	170,414,913.99	29,164,345.13	199,579,259.12
(3) Effect of changes in the scope of consolidation	882,451,018.01	46,297,050.34	943,707,169.39	5,724,596.16	1,878,179,833.90
3. Decrease for the year	344,308,285.21	23,249,291.57	259,760,512.01	27,358,236.10	654,676,324.89
(1) Disposal or retirement	211,350,460.07	4,417,031.71	258,199,762.47	27,358,236.10	501,325,490.35
(2) Transfer to construction in progress	24,461,742.42	18,832,259.86	-	-	43,294,002.28
(3) Transfer to held for sale assets (Note)	108,496,082.72	-	1,560,749.54	-	110,056,832.26
4. Reclassification	-5,413,861.57	-17,320,060.74	22,733,922.31	-	-
5. Effect of changes in foreign exchange	-130,349,585.98	-2,208,633.67	-158,886,817.90	-9,330,036.71	-300,775,074.26
6. Balance at 31 December 2020	883,2795,490.94	468,003,331.05	9,297,789,955.29	940,320,239.99	19,538,909,017.27
III. Impairment provision					
1. Balance at 1 January 2020	57,419,468.96	-	245,399.18	-	57,664,868.14
2. Increase for the year	-	-	-	-	-
3. Disposal or retirement for the year	-	-	-137,449.92	-	-137,449.92
4. Reclassified amount for the year	-	63,906.47	-63,906.47	-	-
5. Balance at 31 December 2020	57,419,468.96	63,906.47	44,042.79	-	57,527,418.22
IV. Book value					
1. Book value at 31 December 2020	20,967,539,185.48	1,378,566,443.36	5,932,861,478.31	1,190,865,769.41	29,469,832,876.56
2. Book value at 1 January 2020	19,182,077,936.38	1,221,237,360.72	5,911,659,899.51	1,204,134,709.80	27,519,109,906.41

Note: Refer to Note (V) 7.4 for details.

(2) The Group has no fixed assets that are temporarily idle as at 31 December 2020.

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FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

17. Fixed assets - continued

17.2 Fixed assets - continued

(3) Fixed assets leased out under operating leases

Item	Book value at 31 December 2020	Book value at 31 December 2019
Buildings and structures	291,567,507.17	312,602,129.37
Port and terminal facilities	79,578,478.13	12,233,139.52
Machinery and equipment, furniture and fixture and other equipment	8,646,797.33	63,964.98
Commercial housing	4,757,652.18	-
Motor vehicles and cargo ships	-	17,754.72
Total	384,550,434.81	324,916,988.59

(4) Fixed assets without ownership certificates

Item	Book value at 31 December 2020	Book value at 31 December 2019
Buildings, structures, port and terminal facilities	1,751,680,587.08	1,652,483,135.07

(5) Other issues

Item	Amount	Remark
Cost of fixed assets fully depreciated but still in use at the end of the year	3,939,760,874.98	
Cost of fixed assets temporarily idle at the end of the year	-	
Fixed assets disposed and retired in the year		
Cost of fixed assets disposed and retired in the year	785,566,861.90	
Net value of fixed assets disposed and retired in the year	284,103,921.63	
Loss on disposal or retirement of fixed assets in the year	-45,180,168.60	

17.3 Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery and equipment, furniture and fixture and other equipment	1,216,187.48	848,410.93
Motor vehicles and cargo ships	17,000.05	4,211.95
Port and terminal facilities	517,560.47	-
Total	1,750,748.00	852,622.88

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

18. Construction in progress

18.1 Summary of construction in progress

Item	Closing balance	Opening balance
Construction in progress	5,366,181,331.72	6,318,389,715.70
Materials for construction of fixed assets	15,249,274.46	15,751,726.18
Total	5,381,430,606.18	6,334,141,441.88

18.2 Construction in progress

(1) Details of construction in progress

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Port and terminal facilities	4,662,213,617.98	-	4,662,213,617.98	5,713,564,853.28	787,181.96	5,712,777,671.32
Berths and yards	336,353,712.35	-	336,353,712.35	296,933,093.52	-	296,933,093.52
Infrastructure	197,699,601.64	-	197,699,601.64	175,423,610.37	-	175,423,610.37
Ship under construction	58,674,526.32	-	58,674,526.32	80,042,167.50	-	80,042,167.50
Others	111,239,873.43	-	111,239,873.43	53,213,172.99	-	53,213,172.99
Total	5,366,181,331.72	-	5,366,181,331.72	6,319,176,897.66	787,181.96	6,318,389,715.70

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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(Unless otherwise specified, the monetary unit shall be RMB.)

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

18. Construction in progress - continued

18.2 Construction in progress - continued

(2) The top ten balances of construction in progress

Item	Budget amount	1 January 2020	Increase for the year	Transfer to fixed assets	Other decreases for the year	Effect of changes in foreign exchange	31 December 2020	Proportion of accumulated construction investment in budget (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the year	Interest capitalization rate for the current year (%)	Capital source
Reconstruction project of container, oil terminal and tank area, HIPG	2,851,020,136.97	1,058,989,758.99	485,237,057.61	-	-	-	1,544,226,816.60	54.16	54.16	40,818,524.04	35,011,773.08	4.13	Self-funding and loan
Hydraulic structure engineering for the reconstruction project of Berth 1# - 4#, Haixing Terminal	2,639,607,386.75	1,407,055,802.30	143,384,534.55	85,936,753.07	405,379,918.39	-72,157,673.43	986,965,991.96	56.00	56.00	537,530.59	537,530.59	2.55	Self-funding and loan
Phase III project for the bulk grain warehouses at Berth 2# and 3#, Mayong Port Area	620,000,000.00	321,198,858.46	165,851,858.79	-	-	-	487,050,717.25	78.56	78.56	2,552,884.46	2,535,928.90	4.38	Self-funding and loan
General cargo terminal project at Donghai Island Port Area of Zhanjiang Port	737,792,300.00	234,308,909.02	230,330,096.08	-	-	-	464,639,005.10	62.98	62.98	14,018,717.36	11,153,244.13	4.79	Self-funding and loan
Universal terminal project at Xiashan Port Area of Zhanjiang Port	905,348,400.00	254,545,729.28	112,037,664.03	-	-	-	366,583,393.31	40.49	40.49	31,484,883.79	10,995,102.59	4.79	Self-funding and loan
Phase I reconstruction project for the old tank area of the Petrochemical Department of Zhanjiang Port	218,378,500.00	178,983,632.92	3,485,964.32	-	-	-	182,469,597.24	83.56	83.56	5,024,262.73	-	-	Self-funding and loan
Phase I expansion project for the container terminal at Baoman Port Area, Zhanjiang Port	2,412,810,000.00	155,695,498.79	316,981.13	-	-	-	156,012,479.92	6.47	6.47	964,740.46	-	-	Self-funding and loan
Phase I project for the stuffing and destuffing service area of Baoman Port Area, Zhanjiang Port	606,521,505.83	134,029,761.00	3,045,453.56	-	-	-	137,075,214.56	22.60	22.60	16,689,500.56	-	-	Self-funding and loan
Reconstruction project for Yard 16# of the bulk cargo terminal, Zhanjiang Port	120,120,000.00	1,492,394.31	97,845,222.36	-	-	-	99,337,616.67	82.70	82.70	-	-	-	Self-funding
Berth #1 project for Shantou Guang'ao Port Area	190,000,000.00	-	68,846,809.70	-	-	-	68,846,809.70	36.24	36.24	298,799.22	298,799.22	4.79	Self-funding and loan
Total	11,301,598,229.55	3,746,300,345.07	1,310,381,642.13	85,936,753.07	405,379,918.39	-72,157,673.43	4,493,207,642.31			112,389,843.21	60,532,378.51		

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

18. Construction in progress - continued

18.3 Materials for construction of fixed assets

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Materials for construction of fixed assets	15,249,274.46	-	15,249,274.46	15,751,726.18	-	15,751,726.18

19. Right-of-use assets

(1) Details of right-of-use assets

Item	Port and terminal facilities	Buildings and structures	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Others	Total
I. Cost						
1. Balance at 1 January 2020	6,689,402,526.61	186,206,419.38	767,725,299.95	45,970,740.24	2,846,079,467.04	10,535,384,453.22
2. Increase for the year	484,770,470.31	11,433,840.25	7,672,321.67	-	2,673,929.81	506,550,562.04
(1) Purchase	484,770,470.31	11,433,840.25	7,672,321.67	-	2,673,929.81	506,550,562.04
3. Decrease for the year	23,874,770.86	28,210,371.94	309,391,492.48	38,350,000.00	4,302,156.07	404,128,791.35
(1) Termination of lease	23,874,770.86	28,210,371.94	309,391,492.48	38,350,000.00	4,302,156.07	404,128,791.35
4. Effect of changes in foreign exchange	-377,928,574.94	-8,767,271.15	2,616.89	-	-182,308,916.92	-569,002,146.12
5. Balance at 31 December 2020	6,772,369,651.12	160,662,616.54	466,008,746.03	7,620,740.24	2,662,142,323.86	10,068,804,077.79
II. Accumulated depreciation						
1. Balance at 1 January 2020	378,840,364.31	36,980,701.16	231,571,742.64	30,948,956.19	223,717,298.46	902,059,062.76
2. Increase for the year	238,125,255.25	19,582,502.81	50,762,871.87	1,958,694.54	45,315,531.18	355,744,855.65
(1) Provision	238,125,255.25	19,582,502.81	50,762,871.87	1,958,694.54	45,315,531.18	355,744,855.65
3. Decrease for the year	7,197,030.47	25,070,374.43	172,347,900.39	29,164,345.13	4,159,351.13	237,939,001.55
(1) Termination of lease	7,197,030.47	25,070,374.43	172,347,900.39	29,164,345.13	4,159,351.13	237,939,001.55
4. Effect of changes in foreign exchange	-21,008,481.15	-1,077,275.10	-682,790.90	-	-15,508,009.52	-38,276,556.67
5. Balance at 31 December 2020	588,760,107.94	30,415,554.44	109,303,923.22	3,743,305.60	249,365,468.99	981,588,360.19
III. Impairment provision						
1. Balance at 1 January 2020	-	-	-	-	-	-
2. Increase for the year	-	-	-	-	-	-
3. Decrease for the year	-	-	-	-	-	-
4. Balance at 31 December 2020	-	-	-	-	-	-
IV. Book value						
1. Book value at 31 December 2020	6,183,609,543.18	130,247,062.10	356,704,822.81	3,877,434.64	2,412,776,854.87	9,087,215,717.60
2. Book value at 1 January 2020	6,310,562,162.30	149,225,718.22	536,153,557.31	15,021,784.05	2,622,362,168.58	9,633,325,390.46

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FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

19. Right-of-use assets - continued

(2) Amount recognized in profit or loss

Category	Amount incurred in the year
Depreciation expenses of right-of-use assets (Note 1)	355,744,855.65
Interest expenses on lease liabilities (Note 2)	99,173,836.07
Expenses for short-term leases	63,007,327.53
Expenses for leases of low value assets	139,397.25
Variable lease payments not included in the measurement of lease liabilities (Note 3)	-
Revenue from sublease of right-of-use assets	19,006,077.17

Note 1: In 2020, no depreciation expenses of right-of-use assets is capitalized.

Note 2: In 2020, no interest expenses of lease liabilities are capitalized.

Note 3: In 2020, no variable lease payments were included in the measurement of lease liabilities.

(3) The total cash outflows in relation to leases for the current year amount to RMB 512,864,681.32.

(4) The lease terms of the lease assets of the Group are as follows:

Category	Lease term
Port and terminal facilities	1-99 years
Buildings and structures	1-5 years
Machinery and equipment, furniture and fixture and other equipment	1-6 years
Motor vehicles and cargo ships	5 years
Others	1-35 years

(5) The Group has an option to purchase port and terminal facilities, machinery and equipment and cargo ships at the end of the extension period at a rate that is below market rates.

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

20. Intangible assets

(1) Details of intangible assets

Items	Land use rights (Note 2)	Terminal management rights	Others	Total
I. Total original carrying amount				
1. Balance at 1 January 2020	13,324,673,654.68	10,223,755,868.87	1,148,257,126.44	24,696,686,649.99
2. Increase for the year	1,242,316,513.14	103,112,803.75	121,314,553.21	1,466,743,870.10
(1) Purchase	588,985.17	103,112,803.75	61,993,003.31	165,694,792.23
(2) Effect of changes in the scope of consolidation	1,241,727,527.97	-	46,191,467.18	1,287,918,995.15
(3) Other increase	-	-	13,130,082.72	13,130,082.72
3. Decrease for the year	621,368,889.28	7,368,180.44	2,304,520.38	631,041,590.10
(1) Disposal	376,891,493.94	-	2,165,163.07	379,056,657.01
(2) Transfer to held-for-sale assets (Note 1)	243,458,641.73	-	-	243,458,641.73
(3) Other decrease	1,018,753.61	7,368,180.44	139,357.31	8,526,291.36
4. Effect of changes in foreign exchange	-20,217,599.85	-1,323,287,930.95	-166,921,137.02	-1,510,426,667.82
5. Balance at 31 December 2020	13,925,403,678.69	8,996,212,561.23	1,100,346,022.25	24,021,962,262.17
II. Accumulated amortization				
1. Balance at 1 January 2020	3,161,151,683.32	1,481,484,521.65	360,334,890.92	5,002,971,095.89
2. Increase for the year	326,872,826.32	230,075,828.24	94,373,946.52	651,322,601.08
(1) Provision	310,861,507.98	230,075,828.24	68,603,128.84	609,540,465.06
(2) Effect of changes in the scope of consolidation	16,011,318.34	-	25,770,817.68	41,782,136.02
(3) Other increase	-	-	-	-
3. Decrease for the year	79,084,466.90	-	2,220,063.91	81,304,530.81
(1) Disposal	47,911,526.84	-	2,165,163.07	50,076,689.91
(2) Transfer to held-for-sale assets (Note 1)	30,906,535.82	-	-	30,906,535.82
(3) Other decrease	266,404.24	-	54,900.84	321,305.08
4. Effect of changes in foreign exchange	-9,473,349.26	-267,559,789.29	-40,085,929.25	-317,119,067.80
5. Balance at 31 December 2020	3,399,466,693.48	1,444,000,560.60	412,402,844.28	5,255,870,098.36
III. Impairment provision				
1. Balance at 1 January 2020	-	-	-	-
2. Increase for the year	-	-	-	-
3. Decrease for the year	-	-	-	-
4. Balance at 31 December 2020	-	-	-	-
IV. Book value				
1. Book value at 31 December 2020	10,525,936,985.21	7,552,212,000.63	687,943,177.97	18,766,092,163.81
2. Book value at 1 January 2020	10,163,521,971.36	8,742,271,347.22	787,922,235.52	19,693,715,554.10

Note 1: Refer to Note (V) 7.4 for details.

Note 2: The Group obtained the land use rights of berths and yards covering an area of 1,049,946.00 m² in Chiwan Port Area from Nanshan Group (the plot is within Chiwan watershed, including a land of 2.2 km² invested by the shareholder of Nanshan Group--Shenzhen Investment Holdings Co., Ltd. in Nanshan Group as its contribution, and the plot formed from marine reclamation by Nanshan Group), whose original cost is RMB 1,400,288,984.00 and useful life is 20-50 years. Among them, the land use rights for an area of 270,692.00 m² (whose original cost is RMB 122,623,476.00) were invested Nanshan Group in the Company as its contribution and the rest land use rights were acquired by the Group from Nanshan Group through long-term lease.

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

20. Intangible assets - continued

(1) Details of intangible assets - continued

Note 2: - continued

At present, since Nanshan Group haven't obtained the land use rights of the land within the Chiwan watershed, including the land provided by Nanshan Group through investment contribution and lease, the Group cannot obtain the ownership certificates for the relevant land and the buildings and structures on the aforesaid land.

On 20 March 2001, 18 June 2003, 29 September 2004, and 2 July 2020, Nanshan Group made the following commitments for all the land use rights that it had obtained on the dates: Nanshan Group will irrevocably and unconditionally agree that, such land use rights belong to the Group. If the Group suffer any loss, or shall bear expenses and liabilities, or is subject to any claim for compensation, or is involved in any lawsuit due to any actual or potential illegality and unenforceability of any land use agreement that is signed or will be signed by the Group, Nanshan Group undertakes that, the transferees of such land use rights and their successors shall be sufficiently held harmless. Therefore, the management of the Company holds that the relevant assets have no significant impairment risk although the relevant ownership certificates are not obtained and the Group will not have any major contingent liabilities because of that.

The management of the Company has been aware of that Nanshan Group is actively negotiating with the relevant government authorities about the outstanding issues of the related land. Currently, the date when the Group can obtain the ownership certificates for the relevant land and buildings and structures on the land cannot be reliably estimated.

As at 31 December 2020, the lease agreement for the land use rights of 194,293.90 m² land among the aforesaid land (the original cost of which is RMB137,749,984.16) has expired.

(2) Land use rights without ownership certificates on 31 December 2020:

Item	Book value at this year end	Book value at last year end
Land use rights	1,051,555,795.12	1,163,098,978.96

CHINA MERCHANTS PORT GROUP CO., LTD.

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

21. Development expenses

Item	1/1/2020	Increase in the current year	Decrease in the current year			31.12/2020
			Transfer to intangible assets	Transfer to fixed assets	Transfer to profit or loss for the year	
CTOS upgrading	-	71,725,843.56	-	-	71,725,843.56	-
Development and application of automatic control systems for heavy oil, diesel, gasoline, and methanol processes	4,834,850.03	14,855,085.10	-	-	-	19,689,935.13
"China Merchants Chip" ICT integrated R&D for the automatic and semi-automatic container terminal (subsystem of the Haixing Project)	-	14,440,326.99	-	-	14,440,326.99	-
Customs Clearance Platform for Combined Ports of Shenzhen	-	16,886,500.00	-	-	16,886,500.00	-
The R&D and implementation project for the "China Merchants Chip" Cloud Smart Platform V1.0 (for bulk cargos)	-	5,021,649.98	-	-	5,021,649.98	-
Key technical research for the device used to load crude oil to a train	15,830,956.74	4,825,168.41	-	-	-	20,656,125.15
Dust suppression device for bulk grains (RD201904)	-	3,152,932.65	-	-	3,152,932.65	-
Others	16,733,285.51	53,364,165.96	-	1,408,916.16	44,796,860.36	23,891,674.95
Total	37,399,092.28	184,271,672.65	-	1,408,916.16	156,024,113.54	64,237,735.23

22. Goodwill

(1) Carrying amount of goodwill

Investee	1/1/2020	Increase	Decrease	Amount of changes in foreign exchange	31/12/2020
TCP Participações S.A. ("TCP")	3,546,466,476.18	-	-	-983,899,222.44	2,562,567,253.74
Mega Shekou Container Terminals Limited	1,815,509,322.42	-	-	-	1,815,509,322.42
China Merchants Port Holdings	993,992,000.00	-	-	-	993,992,000.00
Shantou Port	552,317,736.65	-	-	-	552,317,736.65
Zhanjiang Port (Group) Co., Ltd. ("Zhanjiang Port")	418,345,307.68	-	-	-	418,345,307.68
Shenzhen Mawan Project	408,773,001.00	-	-	-	408,773,001.00
Ningbo Daxie (Note)	-	188,497,194.41	-	-	188,497,194.41
Others	288,255,850.88	-	-	-	288,255,850.88
Total	8,023,659,694.81	188,497,194.41	-	-983,899,222.44	7,228,257,666.78

Note: The addition in this year represents the goodwill arising from the Group's acquisition of Ningbo Daxie not under common control in November 2020, as detailed in Note (VI) 1.

(2) Provisions for goodwill impairments

Investee	1/1/2020	Increase	Decrease	Effect of changes in foreign exchange	31/12/2020
Shantou Port	-	552,317,736.65	-	-	552,317,736.65

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

22. Goodwill - continued

(3) Information of assets group or portfolio of assets group to which the goodwill belongs

The Group takes the ability to independently generate cash inflows, manage the way of production and operation activities (mainly by geographic areas) and unified decision on the use and disposal of the assets as the criteria to determine assets group or portfolio of assets group, and performs impairment test of goodwill for the assets group or portfolio of assets group as determined. As at 31 December 2020, the assets group or portfolio of assets group determined by the Group include: TCP; Mega Shekou Container Terminals Limited, including Shekou Container Terminals Ltd., Shenzhen Lianyungjie Container Terminals Co., Ltd., Anxunjie Container Terminals (Shenzhen) Co., Ltd.; CMPort; Shantou Port; Zhanjiang port; Shenzhen Mawan Project, including Shenzhen Mawan Port Waterway Co., Ltd., Shenzhen Magang Godown & Wharf Co., Ltd. (hereinafter referred to as "Magang Godown & Wharf"); Ningbo Daxie.

(4) Impairment test of goodwill and key parameters

When testing the goodwill for impairment, the Group compares the carrying amount of related assets group and portfolio of assets group (including goodwill) with the recoverable amount. If the recoverable amount is less than the carrying amount, the difference is included in profit or loss for the period. The Group determines the recoverable amount of the assets group and portfolio of assets group that generate goodwill at fair value less cost of disposal or at present value of expected future cash flows. The fair value is determined using market approach. The present value of cash flows is estimated based on the forecast of cash flows for 5 years to 28 years detailed forecast period and subsequent forecast period. The estimated future cash flows for the detailed forecast period are based on the business plan established by the management; the expected future cash flows for the subsequent forecast period are determined in conjunction with the level of the final year of the detailed forecast period, combined with the Group's business plans, industry trends and inflation rates. The growth rate adopted will not exceed the long-term average growth rate of the country where the assets group and portfolio of assets group are located. The key assumptions used by the Group in estimating the present value of future cash flows include growth rate and discount rate etc. The pre-tax discount rate and the growth rate for subsequent forecasted period adopted in 2020 are around 11.19% - 16.78% and 2.7%-3.0% respectively. The parameters of key assumptions determined by the Group's management are in line with the Group's historical experience or external source of information.

(5) Effect of impairment test of goodwill

During the year, the Group assessed the recoverable amount of the asset group or set of asset groups which including the goodwill and determined that the goodwill of Shantou Port was impaired by an amount of RMB552,317,736.65.

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

23. Long-term prepaid expenses

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase for the year	Amortization in the year	Other changes	31/12/2020
Tonggu channel widening project (Note 1)	525,516,089.84	-	-	23,656,287.85	-10,012,815.00	491,846,986.99
Relocation project of Nanhai Rescue Bureau	39,049,767.97	-	1,780,994.09	1,061,913.76	-	39,768,848.30
Expenditures for the improvement of leased fixed assets	17,778,884.18	-	1,255,355.00	1,555,016.15	-	17,479,223.03
West public channel widening project, West port area (Note 2)	80,470,088.60	-	161,697,157.65	2,965,546.15	10,012,815.00	249,214,515.10
Others	49,096,181.08	9,924,686.56	34,146,022.07	16,243,578.85	-390,411.60	76,532,899.26
Total	711,911,011.67	9,924,686.56	198,879,528.81	45,482,342.76	-390,411.60	874,842,472.68

Note 1: This represent the Group's actual expenses on the Shenzhen Western Port Area Tonggu Channel 210-270 Meters Widening Project. According to relevant resolutions of Shenzhen Municipal Government, the expenses incurred for the 210-240M widening project are born by the enterprise and government on 60% to 40% principle, and the expenses incurred for the 240-270M widening project are born by the enterprise and government on 50% to 50% principle. The Company's subsidiary has included the expenses on deepening the channel in the item of "long-term prepaid expenses", and amortized such expenses over the expected useful lives of two widening projects of 35 and 40 years using straight-line method since the completion of each project in 2008 and 2019, respectively.

Note 2: This represent the Group's actual expenses on the Shenzhen Western Port Area Public Channel Widening Project, of which the widening of 240-270 meters in the first section was completed on 1 June 2019 and the widening of 240-270 meters in the second and third sections was completed on 5 November 2020. According to relevant resolutions of Shenzhen Municipal Government, the expenses incurred for the project are born by the enterprise and government on 50% to 50% principle. The Company's subsidiary has included the expenses on deepening the channel in the item of "long-term prepaid expenses", and amortized such expenses over the expected useful life of 40 years using straight-line method since the completion of each section of the channel widening project.

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

24. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit	782,637,004.71	190,978,844.60	805,528,482.59	196,545,362.77
Depreciation of fixed assets	121,474,197.24	30,363,658.82	108,244,052.41	27,227,981.18
Deductible losses	375,133,696.59	121,834,055.80	79,034,267.56	19,758,566.89
Provision for credit loss	43,779,732.38	11,029,547.41	71,636,378.50	17,881,386.96
Provisions	83,415,919.34	22,408,962.33	60,976,862.88	16,601,394.38
Deferred income	40,760,480.40	9,289,713.04	40,272,757.15	9,737,699.40
Amortization of computer software	11,007,022.11	2,751,755.53	13,630,227.66	3,407,556.91
Organization costs	8,436,714.76	2,109,178.68	10,905,997.08	2,726,499.27
Provision for impairment losses of assets	884,061.15	221,015.29	1,918,890.31	479,722.58
Others	121,790,935.17	29,744,326.80	29,120,031.36	6,069,331.93
Total	1,589,319,763.85	420,731,058.30	1,221,267,947.50	300,435,502.27

(2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding dividend income tax	28,188,540,389.01	1,925,457,143.90	24,219,415,080.67	1,735,339,232.65
Fair value adjustment of assets acquired by business combination	8,566,522,113.13	1,925,197,755.69	7,989,044,772.81	1,812,240,254.17
Changes in fair value of other non-current financial assets	1,625,996,080.95	225,877,441.96	1,434,338,833.65	186,123,245.82
Depreciation of fixed assets	826,231,081.71	217,461,491.73	731,584,120.16	166,830,773.03
Changes in fair value of investments in other equity instruments	140,581,630.00	35,145,407.50	140,659,435.00	35,164,858.75
Others	87,206,887.29	18,413,901.95	110,838,382.96	26,054,384.75
Total	39,435,078,182.09	4,347,553,142.73	34,625,880,625.25	3,961,752,749.17

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

Item	Offset amount of deferred tax assets and liabilities at the end of the year	Balance of deferred tax assets or liabilities after offsetting at the end of this year	Offset amount of deferred tax assets and liabilities at the end of last year	Balance of deferred tax assets or liabilities after offsetting at the end of last year
Deferred tax assets	-	420,731,058.30	-	300,435,502.27
Deferred tax liabilities	-	4,347,553,142.73	-	3,961,752,749.17

(4) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	428,572,235.55	503,037,805.60
Deductible losses	2,512,461,574.84	2,289,500,649.57
Total	2,941,033,810.39	2,792,538,455.17

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

24. Deferred tax assets and deferred tax liabilities - continued

(4) Details of unrecognized deferred tax assets - continued

The Group recognizes deferred income tax assets to the extent of future taxable income that is likely to be obtained to offset the deductible temporary differences and deductible losses. For the excess of deductible temporary differences and deductible losses over future taxable income, no deferred tax assets is recognized.

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

Year	Closing balance	Opening balance
2020	-	182,809,604.33
2021	244,394,853.17	244,394,853.17
2022	628,805,890.89	615,440,669.35
2023	793,817,471.45	745,889,729.49
2024	507,534,486.68	500,926,253.51
2025	337,871,725.27	-
No expiration date	37,147.38	39,539.72
Total	2,512,461,574.84	2,289,500,649.57

25. Other non-current assets

Item	Closing balance	Opening balance
Dachanwan port area Phase II land replacement payment (Note 1)	916,884,222.49	916,884,222.49
Advances for the channel project (Note 2)	940,472,488.75	896,848,920.76
Prepayments for land use rights	132,334,704.86	132,334,704.86
Prepayments for fixed assets	32,623,333.85	90,186,071.12
Prepayments for terminal franchise	31,113,113.10	30,356,842.78
Others	85,040,820.59	16,354,705.03
Total	2,138,468,683.64	2,082,965,467.04

Note 1: It is the lands located in Shenzhen Qianhaiwan Logistics Park which has been returned to government in 2019 by the Company's subsidiaries Antongjie Terminal Services (Shenzhen) Co., Ltd. ("ATJ") and Ansuji Terminal Services (Shenzhen) Co., Ltd. ("ASJ"). Qianhai Administration replaces 55% land and corresponding shoreline (with a land area of approximately 531,300 square meters) included in the total areas of T102-0166 and T102-0167 held by ATJ and ASJ to Dachanwan Port Area Phase II. As at 31 December 2020, the change of land use rights of Dachanwan Port Area Phase II has not been completed.

Note 2: This represent that the Company's subsidiary Zhanjiang Port, upon its reorganization into a joint stock company in 2007, signed the Channel Arrangement Agreement with State-owned Assets Supervision and Administration Commission of Zhanjiang ("Zhanjiang SASAC") and China Merchants International Terminal (Zhanjiang) Co., Ltd. According to the agreement, the channel belongs to Zhanjiang SASAC, therefore the Group included the advances of channel project that should be repaid by Zhanjiang SASAC in other non-current assets.

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

26. Short-term borrowings

(1) Classification of short-term borrowings

Item	Closing balance	Opening balance
Credit loan	8,976,788,882.26	9,439,099,793.47
Guaranteed loan (Note 1)	1,506,986,666.67	-
Total	10,483,775,548.93	9,439,099,793.47

Note 1: The Company provided guarantee for the loan.

(2) At 31 December 2020, the Group has no short-term borrowings that were overdue.

27. Notes payable

Category	Closing balance	Opening balance
Bank acceptance	1,600,100.00	2,529,389.61
Commercial acceptance	5,481,672.32	73,926,559.40
Total	7,081,772.32	76,455,949.01

28. Accounts payable

(1) Details of accounts payable are as follows:

Item	Closing balance	Opening balance
Service fee	146,212,519.71	133,134,547.67
Construction fee	114,557,864.74	173,811,112.97
Material purchase	144,277,086.08	146,969,853.48
Rental fee	7,494,989.48	13,897,329.66
Equipment payments	16,905,379.88	15,947,499.80
Others	169,664,189.09	107,352,122.81
Total	599,112,028.98	591,112,466.39

(2) Significant accounts payable aged more than one year

Name	Carrying amount at the end of the year	Reason for outstanding or carry-forward
Shenzhen Land and Resources Bureau	21,642,795.50	The government planning project has not been completed, and the ownership certificate is not handled

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

29. Receipts in advance

(1) Summary of receipts in advance

Item	Closing balance	Opening balance
Equity transfer fee received in advance	20,492,849.00	-
Management fee received in advance	10,350,161.96	-
Ship transfer fee received in advance	3,450,560.00	-
Rental fee received in advance	2,715,835.65	13,409,679.80
Service fee received in advance	-	10,500,836.06
Others	2,500,721.29	4,916,171.51
Total	39,510,127.90	28,826,687.37

(2) There is no significant receipts in advance aged more than one year at the end of the year

30. Contract liabilities

(1) Summary of contract liabilities

Item	Closing balance	Opening balance
Port charges received in advance	78,789,466.29	63,954,147.44
Warehousing fee received in advance	18,460,680.90	-
Service fee received in advance	48,813,245.81	17,396,130.82
Others	1,981,148.70	4,480,724.26
Total	148,044,541.70	85,831,002.52

(2) There was no significant change in the book value of contract liabilities during the year.

(3) There is no significant contract liabilities aged more than one year at the end of the year.

(4) Qualitative and quantitative analysis of contract liabilities

The contract liability mainly represents the amount received by the Group to provide port services to customers. The payment is collected according to the contractual payment time. The Group recognizes contract revenue based on the progress of the contract. The contract liabilities will be recognized as income after the Group fulfills its performance obligations.

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

30. Contract liabilities - continued

- (5) Revenue recognized in the year and included in the carrying amount of contract liabilities at the beginning of the year

An amount of RMB 70,660,631.25 included in the book value of contract liabilities at the beginning of 2020 has been recognized as revenue in the current year, including contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of service fee in advance amounting to RMB 5,296,400.84, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of port charges in advance amounting to RMB 61,515,581.17, and contract liabilities arising from settled but unfinished construction resulting from other contracts amounting to RMB 3,848,649.24.

31. Employee benefits payable

- (1) Employee benefits payable

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2020
1. Short-term benefits	630,356,614.44	42,603,096.98	2,683,167,538.71	2,649,640,006.43	706,487,243.70
2. Post-employment benefits - defined contribution plan	5,015,323.78	1,908,108.13	165,280,891.31	165,986,638.38	6,217,684.84
3. Termination benefits	-	-	24,658,398.01	24,658,398.01	-
4. Other benefits due within a year	-	-	4,387,916.25	4,387,916.25	-
5. Others	-653,153.58	-3,982.30	4,751,405.94	4,713,576.45	-619,306.39
Total	634,718,784.64	44,507,222.81	2,882,246,150.22	2,849,386,535.52	712,085,622.15

- (2) Short-term benefits

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2020
I. Wages and salaries, bonuses, allowances and subsidies	604,864,369.83	39,288,352.03	2,221,370,860.93	2,191,143,734.26	674,379,848.53
II. Staff welfare	-	-	126,699,782.20	126,699,782.20	-
III. Social insurance charges	9,636,773.03	2,788,350.45	129,801,742.05	126,132,738.79	16,094,126.74
Including: Medical insurance	8,317,044.95	2,750,575.62	105,632,132.49	101,834,602.65	14,865,150.41
Work injury insurance	-	6,287.60	9,007,542.06	9,007,571.52	6,258.14
Maternity insurance	-	31,487.23	6,094,575.77	6,095,261.41	30,801.59
Others	1,319,728.08	-	9,067,491.73	9,195,303.21	1,191,916.60
IV. Housing funds	-	-454,068.00	156,097,308.32	156,133,562.21	-490,321.89
V. Labor union and employee education funds	15,855,471.56	980,462.50	40,068,412.17	40,400,755.91	16,503,590.32
VI. Other short-term benefits	0.02	-	9,129,433.04	9,129,433.06	-
Total	630,356,614.44	42,603,096.98	2,683,167,538.71	2,649,640,006.43	706,487,243.70

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

31. Employee benefits payable - continued

(3) Defined contribution plan - continued

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2020
I. Basic pension	4,900,268.87	1,912,600.29	82,978,065.44	83,677,975.96	6,112,958.64
II. Unemployment insurance	0.01	64,354.90	1,260,949.37	1,261,276.04	64,028.24
III. Enterprise annuity	115,054.90	-68,847.06	81,041,876.50	81,047,386.38	40,697.96
Total	5,015,323.78	1,908,108.13	165,280,891.31	165,986,638.38	6,217,684.84

The Company and its subsidiaries participates in the social security contributions and the unemployment insurance plan established by government institutions as required. According to such plans, the Group contributes in proportion to the local government. Except for the above-mentioned deposit fees, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan. The corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

32. Taxes payable

Item	Closing balance	Opening balance
Enterprise income tax	2,319,560,340.66	1,843,381,355.01
VAT	12,385,746.69	11,377,223.08
Other taxes	36,716,469.02	43,317,764.65
Total	2,368,662,556.37	1,898,076,342.74

33. Other payables

(1) Summary of other payables

Item	Closing balance	Opening balance
Interest payable	-	-
Dividends payable	54,255,854.79	150,286,550.81
Other payables	2,402,445,042.81	2,073,468,127.15
Total	2,456,700,897.60	2,223,754,677.96

(2) Dividends payable

Item	Closing balance	Opening balance
Ordinary share dividends	54,255,854.79	150,286,550.81
Including: Sri Lanka Ports Authority	34,255,854.79	31,392,997.47
China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	-
Yihai Kerry Golden Arowana Cereals, Oils and Foodstuffs Co., Ltd.	-	37,402,426.09
Soifer Participações Societárias S.A.	-	14,141,088.03
Pattac Empreendimentos e Participações S.A.	-	4,597,020.40
Tuc Participações Portuárias S.A.	-	4,597,018.82
Modern Terminals Limited	-	58,156,000.00

As at 31 December 2020, the Group has no dividend payable with aging over one year.

CHINA MERCHANTS PORT GROUP CO., LTD.

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

33. Other payables - continued

(3) Other payables

(a) Disclosure of other payables by nature

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	1,044,197,364.04	1,053,340,753.66
Deposits	359,957,933.44	162,460,889.01
Customer discount	119,368,121.44	117,736,418.62
Prepaid expenses	229,817,005.45	110,741,377.48
Port construction and security fee	55,085,280.96	58,732,330.62
Balance of land use rights transfer	11,295,700.00	14,538,738.00
Others	582,723,637.48	555,917,619.76
Total	2,402,445,042.81	2,073,468,127.15

(b) Significant other payables with aging over 1 year

Company name	Closing balance	Reason for outstanding or carry-forward
Transport Commission of Shenzhen Municipality	60,152,353.49	To be paid upon confirmation by both parties
China First Metallurgical Group Co., Ltd.	47,280,549.63	The contracted settlement condition has not been reached
Wuxi Huadong Heavy Machinery Co., Ltd.	44,295,045.47	To be paid upon confirmation by both parties
Shanghai Zhenhua Heavy Industries Co., Ltd.	35,382,190.55	To be paid upon confirmation by both parties
CCCC Fourth Harbor Engineering Co., Ltd.	34,845,078.73	The contracted settlement condition has not been reached
Shantou Transportation Bureau	31,358,355.47	To be paid upon confirmation by both parties
CCCC-FHDI Engineering Co., Ltd.	21,878,790.74	The contracted settlement condition has not been reached
Qingdao Maritime Bureau	20,713,982.12	To be paid upon confirmation by both parties
Zhanjiang Transportation Bureau	17,524,972.24	To be paid upon confirmation by both parties
Suhua Construction Group Co., Ltd.	14,483,683.52	The contracted settlement condition has not been reached
China Merchants Real Estate (Shenzhen) Co., Ltd.	14,305,122.78	Quality warranty, the contracted settlement condition has not been reached
CCCC Third Harbor Engineering Co., Ltd.	12,663,285.33	The contracted settlement condition has not been reached
Shenzhen Municipal Special Fund for Development of Bulk Cement	12,238,226.14	To be paid upon confirmation by both parties
Shantou Finance Bureau	10,000,000.00	To be paid upon confirmation by both parties
Jiangmen Southern Transport Machinery Engineering Co., Ltd.	7,890,163.70	The contracted settlement condition has not been reached
Harman Technology (Shenzhen) Co., Ltd.	5,917,392.48	The contracted settlement condition has not been reached
Total	390,929,192.39	

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

34. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	2,074,906,728.26	2,954,701,198.90
Including: Credit loan	749,046,479.86	1,294,054,756.85
Guaranteed loan	739,805,701.02	1,119,153,332.94
Mortgage loan	586,054,547.38	541,493,109.11
Bonds payable due within one year	1,042,773,072.37	1,889,505,167.46
Long-term payable due within one year	3,562,994.44	61,107,722.82
Long-term employee benefits payable due within one year	36,811,951.00	31,950,000.00
Lease liabilities due within one year	322,827,694.67	341,240,327.95
Other non-current liabilities due within one year	83,582,696.63	825,835,439.66
Total	3,564,465,137.37	6,104,339,856.79

35. Other current liabilities

Item	Closing balance	Opening balance
Short-term bonds payable	2,215,478,001.40	712,345,315.07
Accrued professional agency fee	138,158,158.51	143,346,356.53
Others	30,032,826.03	30,264,910.03
Total	2,383,668,985.94	885,956,581.63

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

35. Other current liabilities - continued

Changes of short-term bonds payable:

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	1/1/2020	Amount issued in the current year	Interest accrued based on par value	Amortization of premiums or discounts	Repayment in the current year	31/12/2020
1.50% RMB 1.3 billion Super & Short-term Commercial Paper	1,300,000,000.00	29/4/2020	180 days	1,300,000,000.00	-	1,300,000,000.00	9,616,438.36	-	1,309,616,438.36	-
1.99% RMB1 billion Super & Short-term Commercial Paper	1,000,000,000.00	5/6/2020	270 days	1,000,000,000.00	-	1,000,000,000.00	11,418,032.80	-	-	1,011,418,032.80
2.50% RMB700 million Super & Short-term Commercial Paper	700,000,000.00	26/2/2020	266 days	700,000,000.00	-	700,000,000.00	12,718,579.23	-	712,718,579.23	-
3.08% RMB700 million Super & Short-term Commercial Paper	700,000,000.00	4/6/2019	270 days	700,000,000.00	712,345,315.07	-	3,559,602.96	-	715,904,918.03	-
2.50% RMB1.2 billion Super & Short-term Commercial Paper	1,200,000,000.00	13/11/2020	180 days	1,200,000,000.00	-	1,200,000,000.00	4,059,968.60	-	-	1,204,059,968.60
Total	4,900,000,000.00			4,900,000,000.00	712,345,315.07	4,200,000,000.00	41,372,621.95	-	2,738,239,935.62	2,215,478,001.40

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FOR THE YEAR ENDED 31 DECEMBER 2020

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

36. Long-term borrowings

(1) Classification of long-term borrowings

Item	Closing balance	Opening balance
Credit borrowings	5,258,127,800.86	3,368,772,302.71
Guaranteed borrowings (Note 1)	1,629,960,889.64	2,857,916,427.60
Mortgage borrowings (Note 2)	2,593,140,731.56	3,041,748,008.91
Total	9,481,229,422.06	9,268,436,739.22
Less: Long-term borrowings due within one year	2,074,906,728.26	2,954,701,198.89
Including: Credit borrowings	749,046,479.86	1,294,054,756.85
Guaranteed borrowings	739,805,701.02	1,119,153,332.93
Mortgage borrowings	586,054,547.38	541,493,109.11
Long-term borrowings due after one year	7,406,322,693.80	6,313,735,540.33

During the year, the annual interest rate of the borrowing ranges from 1.20% to 5.78%.

Note 1: The loan was guaranteed by Shenzhen Magang Godown & Wharf Co., Ltd., China Merchants Port Service (Shenzhen) Co., Ltd, and CMPort.

Note 2: As at 31 December 2020, the Group obtained the long-term loan of RMB 2,593,140,731.56 (31 December 2019: RMB 3,041,748,008.91) with its entire equity in Colombo International Container Terminals Limited (hereinafter referred to as "CICT"), and the entire equity in Thesar Maritime Limited, (hereinafter referred to as "TML"), and the land use rights, fixed assets and construction in progress held by Guangdong Yide Port Co., Ltd. (hereinafter referred to as "Yide Port"), the land use rights of Shenzhen Haixing Harbor Development Co., Ltd. (hereinafter referred to as "Shenzhen Haixing"), as well as the sea area use rights of Dongguan Chiwan Port Service Co., Ltd. (hereinafter referred to as "Chiwan Port"), mortgaged as collaterals.

Details of mortgage borrowings are as follows:

Company name	Closing balance	Opening balance	Collateral
China Development Bank Corporation	1,027,981,472.96	1,358,129,654.07	The Group's entire equity in Colombo International Container Terminals Limited
International Finance Corporation	364,480,624.59	449,103,214.20	The Group's entire equity in Thesar Maritime Limited
African Development Bank	167,372,490.13	206,294,203.06	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	137,905,387.30	169,887,745.22	
The Opec Fund For International Development	118,146,703.89	145,656,886.91	
Societe de Promotion et de Participation pour la Cooperation Economique S.A.	118,218,277.06	145,613,216.49	
Deutsche Investitions-und Entwicklungsgesellschaft MBH	98,452,963.64	121,392,394.29	Land use rights of Shenzhen Haixing Harbor Development Co., Ltd (see note (V) 63)
Bank of China Qianhai Shekou Branch	241,370,822.05	241,388,867.03	
China Construction Bank Shunde Branch	210,178,757.55	184,264,872.07	Land use rights, fixed assets and construction in progress of Yide Port (see note (V) 63)
China Merchants Bank Dongguan Branch	109,033,232.39	20,016,955.57	Sea area use rights of Dongguan Chiwan Warf Co., Ltd. (see note (V) 63)
Total	2,593,140,731.56	3,041,748,008.91	

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

37. Bonds payable

(1) Bonds payable

Item	Closing balance	Opening balance
4.375%, USD 900 million corporate bond	5,948,107,858.02	6,349,018,876.27
5.000%, USD 600 million corporate bond	3,950,488,734.13	4,218,874,981.43
4.750%, USD 500 million corporate bond	3,314,305,348.22	3,541,255,065.51
5.000%, USD 500 million corporate bond	3,280,606,167.04	3,500,281,169.59
4.890% RMB 2.5 billion corporate bond	2,585,407,534.25	2,585,072,602.74
3.360% RMB 2 billion corporate bond	2,033,040,000.00	-
IPCA + 7.8164% BRL428 million corporate bond	620,162,618.74	810,150,534.24
4.980% RMB 400 million corporate bond	401,200,657.53	401,200,657.53
3.500% USD 200 million corporate bond	-	1,414,333,247.34
Total	22,133,318,917.93	22,820,187,134.65
Less: Bonds payable due within one year	1,042,773,072.37	1,889,505,167.46
Bonds payable due after one year	21,090,545,845.56	20,930,681,967.19

CHINA MERCHANTS PORT GROUP CO., LTD.

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

37. Bonds payable - continued

(2) Changes of bonds payable

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	1/1/2020	Amount issued in the current year	Interest accrued based on par value	Amortization of premiums or discounts	Repayment in the current year	Effect of changes in foreign exchange	31/12/2020
4.375%, USD 900 million corporate bond	USD 900,000,000.00	2018-8-6	5 years	USD 900,000,000.00	6,349,018,876.27	-	271,646,628.75	10,416,483.30	271,646,628.75	-411,327,501.55	5,948,107,858.02
5.000%, USD 600 million corporate bond	USD 600,000,000.00	2018-8-6	10 years	USD 600,000,000.00	4,218,874,981.43	-	206,968,860.00	4,815,463.94	206,968,860.00	-273,201,711.24	3,950,488,734.13
4.750%, USD 500 million corporate bond	USD 500,000,000.00	2015-8-3	10 years	USD 500,000,000.00	3,541,255,065.51	-	163,850,347.57	2,259,134.10	163,850,347.50	-229,208,851.46	3,314,305,348.22
5.000%, USD 500 million corporate bond	USD 500,000,000.00	2012-5-4	10 years	USD 500,000,000.00	3,500,281,169.59	-	172,474,050.00	6,760,030.70	172,474,050.00	-226,435,033.25	3,280,606,167.04
4.890% RMB 2.5 billion corporate bond	RMB 2,500,000,000.00	2017-4-21	5 years	RMB 2,500,000,000.00	2,585,072,602.74	-	122,584,931.51	-	122,250,000.00	-	2,585,407,534.25
3.360% RMB2 billion corporate bond	RMB 2,000,000,000.00	2020-7-8	3 years	RMB 2,000,000,000.00	-	2,000,000,000.00	33,040,000.00	-	-	-	2,033,040,000.00
IPCA + 7.8164% BRL428 million corporate bond	BRL 428,047,000.00	2016-11-7	5 years/6 years	BRL 428,047,000.00	810,150,534.24	-	88,607,823.56	9,446,052.30	56,605,942.56	-231,435,848.80	620,162,618.74
4.980% RMB 400 million corporate bond	RMB 400,000,000.00	2018-12-10	3 years	RMB 400,000,000.00	401,200,657.53	-	19,920,000.00	-	19,920,000.00	-	401,200,657.53
3.500% USD 200 million corporate bond	USD 200,000,000.00	2015-8-3	5 years	USD 200,000,000.00	1,414,333,247.34	-	28,573,196.35	1,230,286.37	1,428,085,134.00	-16,051,596.06	-
Total					22,820,187,134.65	2,000,000,000.00	1,107,665,837.74	34,927,450.71	2,441,800,962.81	-1,387,660,542.36	22,133,318,917.93
Less: Bonds payable due within one year					1,889,505,167.46						1,042,773,072.37
Bonds payable due after one year					20,930,681,967.19						21,090,545,845.56

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

38. Lease liabilities

Category	Closing balance	Opening balance
Lease payment	2,452,042,889.87	2,934,104,267.67
Unrecognized financing cost	-801,791,447.15	-945,733,971.11
Total	1,650,251,442.72	1,988,370,296.56
Less: Lease liabilities due within one year	322,827,694.67	341,240,327.95
Lease liabilities due after one year	1,327,423,748.05	1,647,129,968.61

39. Long-term payables

(1) Summary of long-term payables

Item	Closing balance	Opening balance
Long-term payables	1,192,028,415.01	1,447,802,228.74
Special payables	39,996,153.12	548,550,497.29
Total	1,232,024,568.13	1,996,352,726.03
Less: Long-term payables due within one year	3,562,994.44	61,107,722.82
Long-term payables due after one year	1,228,461,573.69	1,935,245,003.21

(2) Long-term payables

Item	Closing balance	Opening balance
Terminal management rights (Note 1)	749,658,074.16	881,239,309.85
Payable to Minority shareholder of subsidiary (Note 2)	437,238,325.33	407,092,971.69
Borrowings from related parties (Note 3)	-	150,000,000.00
Others	5,132,015.52	9,469,947.20
Total	1,192,028,415.01	1,447,802,228.74
Less: Long-term payables due within one year	3,562,994.44	61,107,722.82
Long-term payables due after one year	1,188,465,420.57	1,386,694,505.92

Note 1: As at 12 August 2011, the Group reached a 35-year building, operation and transfer agreement through the subsidiary Colombo International Container Terminals Limited and the Sri Lanka Port Authority on the building, operation, management and development of the Colombo Port South Container Terminal (hereinafter referred to as for "BOT"). The above-mentioned terminal operating rights purchase amount is determined by discounting the amount to be paid in the future using the prevailing market interest rate according to the BOT agreement. As at 31 December 2020, the amount is RMB 749,658,074.16.

Note 2: It is an unsecured loan from minority shareholder of Thesar Maritime Limited, a subsidiary of the Company, with an annual interest rate of 4.65%.

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

39. Long-term payables - continued

(2) Long-term payables - continued

Note 3: At 9 December 2019, Xiamen Bay Port Affairs (hereinafter referred to as "ZCMG"), a subsidiary of the Company, and China Merchants Finance Lease (Tianjin) Co., Ltd. entered into a 72-month sale-and-leaseback agreement in respect of the sale-and-leaseback assets, with a consideration of RMB 150,000,000.00. ZCMG is the seller and lessee of the leased assets. As China Merchants Finance Lease (Tianjin) Co., Ltd. has no control over the leased assets, the transfer of assets in the sale-and-leaseback transaction is not a sale and the cash receipts are accounted for as financial liabilities, i.e. borrowings from related parties. According to the agreement, the interest rate for the borrowings is 4.75% and the borrowing period is 72 months. ZCMG have repaid the aforesaid borrowings in July 2020.

(3) Special payables

Item	1/1/2020	Increase in the current year	Effect of changes in the scope of consolidation	Decrease in the current year	31/12/2020	Reason
Refunds of port construction fee	545,346,468.32	-	-	511,074,910.02	34,271,558.30	Note 1
Employee housing fund	3,204,028.97	648,796.63	-	-	3,852,825.60	Note 2
Innovation workshop for model workers	-	773,274.28	1,098,494.94	-	1,871,769.22	
Total	548,550,497.29	1,422,070.91	1,098,494.94	511,074,910.02	39,996,153.12	

Note 1: This represents the refund of the construction fee received by the Group from the Ministry of Transport, Shenzhen Municipal Transportation Bureau. According to the "Port Construction Fee Management Measures" promulgated by the Ministry of Finance, this payment is dedicated to the construction of water transport infrastructure. The decrease in the year is mainly caused by the transfer of port construction fee refund for the Company's subsidiary Zhanjiang Port, amounting to RMB510,107,118.35, to capital reserve.

Note 2: This represent the repairing fund for public areas and public facilities and equipment established after the Group's selling the public-owned house on the collectively allocated land to employees. The fund is contributed by all the employees having ownership of the house according to the rules, and is specially managed and used for specific purpose.

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

40. Long-term employee benefits payable

(1) Long-term employee benefits payable

Item	Closing balance	Opening balance
Post-employment benefits - net liabilities of defined benefits plan	429,830,989.42	454,383,940.25
Termination benefits	40,939,305.56	49,048,198.38
Others (Note)	73,756,355.48	-
Total	544,526,650.46	503,432,138.63
Less: Long-term employee benefits payable due within one year	36,811,951.00	31,950,000.00
Long-term employee benefits payable due after one year	507,714,699.46	471,482,138.63

Note: It's the employee setting cost of the Company's subsidiary Shantou Port in connection with land acquisition and reservation.

(2) Changes of defined benefits plan

Present value of defined benefits plan obligation:

Item	2020	2019
I. Opening balance	454,383,940.25	385,323,310.21
II. Defined benefits cost included in profit or loss for the period	35,512,520.40	25,714,051.83
1. Current service cost	19,803,282.73	10,244,780.50
2. Past service cost	-	-180,000.00
3. Interest adjustment	15,709,237.67	15,649,271.33
III. Defined benefits cost included in other comprehensive income	-35,245,220.38	-1,513,131.31
1. Actuarial gains (losses)	-35,016,155.14	-1,552,580.61
2. Effect of exchange rate changes	-229,065.24	39,449.30
IV. Other changes	-24,820,250.85	44,859,709.52
1. Benefits paid	-24,820,250.85	-31,910,290.48
2. Changes in the scope of consolidation	-	76,770,000.00
V. Closing balance	429,830,989.42	454,383,940.25

The Company's subsidiaries provide the registered retirees and in-service staff with supplementary post-employment benefit plans.

The Group hired a third-party actuary to estimate the present value of its above-mentioned retirement benefit plan obligations in an actuarial manner based on the expected cumulative welfare unit method. The Group recognizes the Group's liabilities based on the actuarial results. The relevant actuarial gains or losses are included in other comprehensive income and cannot be reclassified into profit or loss in the future. Past service costs are recognized in profit or loss for the period in which the plan is revised. The net interest is determined by multiplying the defined benefit plan net debt or net assets by the appropriate discount rate.

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

41. Provisions

Item	Closing balance	Opening balance	Reason
Estimated expenses on land acquisition and reservation for Shangtou Port	66,138,336.08	45,897,100.00	
Pending litigation (Note)	17,277,583.26	15,079,762.88	Note
Sales discount	16,990,826.32	15,265,697.07	
Total	100,406,745.66	76,242,559.95	

Note: This represent the estimated compensation amount that the Company's subsidiary TCP may need to pay due to the pending litigation.

42. Deferred income

Item	1/1/2020	Increase in the current year	Decrease in the current year	31/12/2020
Government grants	1,146,325,779.95	5,015,833.38	39,362,069.29	1,111,979,544.04
Unrealized sale-and-leaseback income	1,427,077.22	-	518,937.36	908,139.86
Total	1,147,752,857.17	5,015,833.38	39,881,006.65	1,112,887,683.90

Items involving government grants are as follows:

Liabilities	1/1/2020	New subsidies	Recognized in other income	31/12/2020	Related to assets /related to income
Refund from marine reclamation land	375,169,820.39	-	19,349,167.92	355,820,652.47	Related to assets
Channel widening project	493,050,681.48	-	9,577,456.38	483,473,225.10	Related to assets
Special subsidies for facilities and equipment	245,274,225.80	1,440,000.00	6,486,652.82	240,227,572.98	Related to assets
Government subsidies for intelligent system	13,171,314.54	3,575,833.38	2,236,545.82	14,510,602.10	Related to assets
Refund of land transfer charges	6,680,000.00	-	111,333.35	6,568,666.65	Related to assets
Green low carbon port project	982,730.02	-	421,170.00	561,560.02	Related to assets
Others	11,997,007.72	-	1,179,743.00	10,817,264.72	Related to assets
Total	1,146,325,779.95	5,015,833.38	39,362,069.29	1,111,979,544.04	

43. Other non-current liabilities

Item	Closing balance	Opening balance
TCP operating rights liability (Note 1)	2,888,395,641.53	3,326,952,857.86
Actuarial cost for the calculation of pension benefits difference for the public security bureau staff (Note 2)	162,810,000.00	-
Berth priority call right (Note 3)	14,597,949.13	20,664,537.64
Obligation to minority shareholders due to acquisition	-	732,733,351.01
Total	3,065,803,590.66	4,080,350,746.51
Less: Other non-current liabilities due within one year	83,582,696.63	825,835,439.66
Including: TCP operating rights liability	67,272,696.63	93,102,088.65
Actuarial cost for the calculation of pension benefits difference for the public security bureau staff (Note 2)	16,310,000.00	-
Obligation to minority shareholders due to acquisition	-	732,733,351.01
Other non-current liabilities due after one year	2,982,220,894.03	3,254,515,306.85

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

43. Other non-current liabilities - continued

Note 1: As at 23 February 2018, CMPort, a subsidiary of the Company, acquired a 90% stake in TCP and incorporate it into the consolidated financial statements of the Group. TCP has operation right the port of Paranagua up to 2048. At 31 December 2020, the payment to acquire the port operation rights is calculated based on local comprehensive price index.

Note 2: Refer to Note (V) 49 for details.

Note 3: This represents the berth priority call right as agreed in the contract entered into with the clients in 2003, with total amount of USD 14 million. The Group must give priority to the berthing requirements of the contracted customers during the contract period. The Group amortized the berth priority right within 20 years using straight-line method. In 2020, the amount included in operating income is RMB 6,066,588.51.

44. Share capital

Item	Opening balance	Changes for the year					Closing balance
		New issue of share (note)	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
2020							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	128,952,746.00	-	-	-	-128,952,746.00	128,952,746.00	-
3. Other domestic shares	169,602.00	-	-	-	-160,106.00	-160,106.00	9,496.00
4. Foreign shares	1,148,648,648.00	-	-	-	-	-	1,148,648,648.00
Total restricted tradable shares	1,277,770,996.00	-	-	-	-129,112,852.00	129,112,852.00	1,148,658,144.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,858,324.00	-	-	-	128,961,746.00	128,961,746.00	593,820,070.00
2. Foreign capital shares listed domestically	179,735,804.00	-	-	-	151,106.00	151,106.00	179,886,910.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,594,128.00	-	-	-	129,112,852.00	129,112,852.00	773,706,980.00
III. Total shares	1,922,365,124.00	-	-	-	-	-	1,922,365,124.00

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

44. Share capital - continued

Item	Opening balance	Changes for the year					Closing balance
		New issue of share (note)	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
2019							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	128,952,746.00	-	-	-	128,952,746.00	128,952,746.00
3. Other domestic shares	212,156.00	-	-	-	-42,554.00	-42,554.00	169,602.00
4. Foreign shares	1,148,648,648.00	-	-	-	-	-	1,148,648,648.00
Total restricted tradable shares	1,148,860,804.00	128,952,746.00	-	-	-42,554.00	128,910,192.00	1,277,770,996.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,855,324.00	-	-	-	3,000.00	3,000.00	464,858,324.00
2. Foreign capital shares listed domestically	179,696,250.00	-	-	-	39,554.00	39,554.00	179,735,804.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,551,574.00	-	-	-	42,554.00	42,554.00	644,594,128.00
III. Total shares	1,793,412,378.00	128,952,746.00	-	-	-	128,952,746.00	1,922,365,124.00

45. Capital Reserve

Item	Opening balance	Increase	Decrease	Closing balance
2020				
Capital premium	22,183,597,895.33	731,489,964.17	218,667,827.13	22,696,420,032.37
Including: Capital contributed by investors	7,012,992,483.94	-	-	7,012,992,483.94
Differences arising from business combination involving enterprises under common control	13,311,099,845.41	-	-	13,311,099,845.41
Differences arising from acquisition of minority interests (Note 1)	419,130,116.03	514,196,692.81	218,667,827.13	714,658,981.71
Others (Note 2)	1,440,375,449.95	217,293,271.36	-	1,657,668,721.31
Other capital Reserve	112,887,572.02	10,096,607.62	14,334,876.52	108,649,303.12
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Unexercised share-based payment	-	10,096,607.62	-	10,096,607.62
Other changes of owners' equity of the investee under equity method other than changes in net profit or loss, profit distribution and other comprehensive income	115,668,705.02	-	14,334,876.52	101,333,828.50
Total	22,296,485,467.35	741,586,571.79	233,002,703.65	22,805,069,335.49
2019				
Capital premium	19,429,694,090.05	2,770,861,727.22	16,957,921.94	22,183,597,895.33
Including: Capital contributed by investors	4,954,397,136.25	2,058,595,347.69	-	7,012,992,483.94
Differences arising from business combination involving enterprises under common control	13,311,099,845.41	-	-	13,311,099,845.41
Others	1,164,197,108.39	712,266,379.53	16,957,921.94	1,859,505,565.98
Other capital Reserve	-2,781,133.00	129,059,971.90	13,391,266.88	112,887,572.02
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Other changes of owners' equity of the investee under equity method other than changes in net profit or loss, profit distribution and other comprehensive income	-	129,059,971.90	13,391,266.88	115,668,705.02
Total	19,426,912,957.05	2,899,921,699.12	30,349,188.82	22,296,485,467.35

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

45. Capital Reserve - continued

Note 1: Changes for the year include:

- (1) The Company chose to acquire the dividends attributable to CMPort in lieu of shares, which increased the capital reserve by RMB376,103,644.71. Refer to Note (VII) 2 for details.
- (2) The Company's subsidiary CMPort acquired 10% of the equity of TCP through its controlling subsidiary Kong Rise Development Limited. The difference of the payment made for the equity acquisition after deducting the share of the subsidiary's net assets calculated by the acquired proportion of equity and the fair value of the relevant put options and their changes was RMB534,509,477.23. The Company reduced its capital reserve according to its shareholding in CMPort by RMB218,667,827.13. Refer to Note (VII) 2 for details.
- (3) The Company's subsidiary CMPort transferred 23.5294% of the equity of its subsidiary Gainpro Resources Limited (hereinafter referred to as "Gainpro") to Fujian Transportation Maritime Silk Road Investment and Management Co. Limited (hereinafter referred to as "Fujian Transportation Maritime Silk Road"). The difference of the received cash consideration after deducting the share of the subsidiary's net assets calculated by the proportion of transferred equity was RMB 332,114,112.80. The Company increased its capital reserve according to its shareholding in CMPort by RMB138,093,048.10. Refer to Note (VII) 2 for details.

Note 2: The increase for the year is mainly the transfer of the refunded port construction fund of the Company's subsidiary Zhanjiang Port from the special payables to the capital reserve. The Company increased its capital reserve according to its shareholding in the subsidiary by RMB216,138,382.34.

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

46. Other comprehensive income

Item	Opening balance	2020					Less: Other comprehensive income carried forward to retained earnings	Closing balance
		Pre-tax amount for the year	Less: Amount included in other comprehensive income in the prior periods transferred to profit or loss in this period	Less: Income tax expense	Post-tax income attributable to the parent company owner	Post-tax income attributable to minority shareholders		
2020								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	82,969,758.27	6,911,190.88	-	-33,528.75	-1,552,867.01	8,497,586.64	-	81,416,891.26
Including: Changes arising from remeasurement of defined benefits plan	1,069,722.83	35,016,155.14	-	-	10,248,546.35	24,767,608.79	-	11,318,269.18
Other comprehensive income that can't be transferred to profit or loss under equity method	4,830,921.62	-28,307,578.26	-	-	-11,817,008.06	-16,490,570.20	-	-6,986,086.44
Changes in fair value of other equity instruments	77,069,113.82	202,614.00	-	-33,528.75	15,594.70	220,548.05	-	77,084,708.52
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-438,914,324.18	-1,856,601,660.49	-	-	-469,199,870.14	-1,387,401,790.35	-	-908,114,194.32
Including: Other comprehensive income that may be transferred to profit or loss under equity method	-58,950,164.54	217,642,457.56	-	-	90,675,445.06	126,967,012.50	-	31,725,280.52
Translation differences of financial statements denominated in foreign currencies	-379,964,159.64	-2,074,244,118.05	-	-	-559,875,315.20	-1,514,368,802.85	-	-939,839,474.84
Total other comprehensive income	-355,944,565.91	-1,849,690,469.61	-	-33,528.75	-470,752,737.15	-1,378,904,203.71	-	-826,697,303.06

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

46. Other comprehensive income - continued

Item	Opening balance	2019					Less: Other comprehensive income carried forward to retained earnings	Closing balance
		Pre-tax amount for the year	Less: Amount included in other comprehensive income in the prior periods transferred to profit or loss in this period	Less: Income tax expense	Post-tax income attributable to the parent company owner	Post-tax income attributable to minority shareholders		
2019								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	75,673,134.08	19,605,662.56	-	985,483.75	9,090,184.52	9,529,994.29	1,793,560.33	82,969,758.27
Including: Changes arising from remeasurement of defined benefits plan	-	1,552,580.61	-	-	1,069,722.83	482,857.78	-	1,069,722.83
Other comprehensive income that can't be transferred to profit or loss under equity method	-	13,161,546.95	-	-	4,830,921.62	8,330,625.33	-	4,830,921.62
Changes in fair value of other equity instruments	75,673,134.08	4,891,535.00	-	985,483.75	3,189,540.07	716,511.18	1,793,560.33	77,069,113.82
II. Other comprehensive income that will be reclassified subsequently to profit or loss	13,252,844.49	-1,114,906,073.32	-	-	-452,167,168.67	-662,738,904.65	-	-438,914,324.18
Including: Other comprehensive income that may be transferred to profit or loss under equity method	100,000.00	-146,982,017.86	-	-	-59,050,164.54	-87,931,853.32	-	-58,950,164.54
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	-967,924,055.46	-	-	-393,117,004.13	-574,807,051.33	-	-379,964,159.64
Total other comprehensive income	88,925,978.57	-1,095,300,410.76	-	985,483.75	-443,076,984.15	-653,208,910.36	1,793,560.33	-355,944,565.91

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

47. Special reserve

Item	Opening balance	Increase	Decrease	Closing balance
2020				
Production safety reserve	12,386,734.70	57,538,524.86	59,724,081.26	10,201,178.30
2019				
Production safety reserve	8,231,080.43	108,062,435.41	103,906,781.14	12,386,734.70

48. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
2020				
Statutory surplus reserve	630,345,307.43	260,345,014.85	-	890,690,322.28
2019				
Statutory surplus reserve	527,175,908.67	103,169,398.76	-	630,345,307.43

49. Unappropriated profit

Item	Amount	Proportion of appropriation or allocation
2020		
Unappropriated profit at the end of last year	11,467,166,351.85	
Add: Net profit of the year attributable to shareholders of the parent	2,065,322,969.66	
Pension Benefits	-73,228,871.09	Note 1
Others	1,549,916.64	
Less: Appropriation to statutory surplus reserve	260,345,014.85	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	884,287,957.04	Note 2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	12,316,177,395.17	

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

49. Unappropriated profit - continued

Item	Amount	Proportion of appropriation or allocation
2019		
Unappropriated profit at the end of prior year before adjustment	8,915,817,110.21	
Adjustment of total unappropriated profit at the beginning of year	-41,018,077.68	
Unappropriated profit at the beginning of year after adjustment	8,874,799,032.53	
Add: Net profit attributable to shareholders of the Company for the year	2,898,192,168.84	
Others	1,793,560.33	
Less: Appropriation to statutory surplus reserve	103,169,398.76	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	204,449,011.09	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	11,467,166,351.85	

Note 1: In accordance with the Notice on Issuing the Plan for Deeping Administration System Reform of Port & Channel Public Security Authorities (No.327 [2017], State Commission Office of Public Sectors Reform) and the Notice on Issuing the Implementation Plan for Deeping Administration System Reform of Port & Channel Public Security Authorities (No.221 [2018], Guangdong Commission Office of Public Sectors Reform), in 2020, Zhanjiang Port, a subsidiary of the Company, transferred the Zhanjiang Port Public Security Bureau to Zhanjiang Municipal Government, which are fully taken over by the Zhanjiang Municipal Public Security Bureau. The relevant assets of the former Zhanjiang Port Public Security Bureau, totalling RMB11,372,339.22, were transferred to Zhanjiang Municipal Government, the police in-service were transitioned to civil servants in accordance with national regulations, the retired police were included in the jurisdiction of the pension insurance of state organs and public institutions, and the difference between the original standard of pension benefits and the retirement benefits of the Zhanjiang municipal police (hereinafter referred to as the "pension benefits difference") shall be borne by Zhanjiang Port. Zhanjiang Port engaged Towers Watson Consulting (Shenzhen) Co., Ltd. to perform actuarial calculations on the difference in pension benefits of retired police, and accrued relevant liabilities of RMB162,810,000.00 on the actuarial results. In accordance with Notice by the Ministry of Finance on Financial Management Issues Relating to the Separation of Social Functions of Enterprises (No. 62 [2005], Cai Qi), the above-mentioned matters resulted in a total elimination of RMB174,110,113.73 from the unappropriated profit of Zhanjiang Port for the year, and a corresponding elimination of RMB73,228,871.09 from the unappropriated profit of the Company in proportion to the Company's equity interest in Zhanjiang Port.

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(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**49. Unappropriated profit - continued**

Note 2: According to the resolution of shareholders meeting on 22 May 2020, the Company distributes cash dividends of RMB 4.60 (inclusive of tax) for every 10 shares, totalling to RMB884,287,957.04 on the basis of the total shares of 1,922,365,124 shares at the end of 2019.

Note 3: Profit distribution after the balance sheet date

According to the profit distribution plan for 2020, approved by the [10th] board of directors at the [3th] meeting on 29/03/2021, the Company, based on the total shares of 1,922,365,124 on the 31 December 2020, would distribute cash dividends at an amount of RMB730,498,747.12. The above profit distribution plan has yet been approved by shareholders meeting.

50. Operating income and operating costs**(1) Operating income and operating costs**

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Principal operation	12,465,115,944.45	7,652,480,534.91	11,958,482,255.05	7,425,898,430.33
Other operations	153,414,051.57	221,269,319.94	165,347,168.69	223,022,489.38
Total	12,618,529,996.02	7,873,749,854.85	12,123,829,423.74	7,648,920,919.71

(2) Revenue from contracts

Categories of contracts	Ports operation	Bonded logistics operation	Other operations	Total
Mainland China, Hong Kong and Taiwan area	8,572,810,408.71	391,346,440.50	153,414,051.57	9,117,570,900.78
- Pearl River Delta	5,103,018,820.66	266,096,953.36	153,414,051.57	5,522,529,825.59
- Yangtze River Delta	73,413,401.10	-	-	73,413,401.10
- Bohai Rim	62,661,236.23	125,249,487.14	-	187,910,723.37
- Other areas	3,333,716,950.72	-	-	3,333,716,950.72
Other countries	3,474,914,093.88	26,045,001.36	-	3,500,959,095.24
Total	12,047,724,502.59	417,391,441.86	153,414,051.57	12,618,529,996.02

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(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**50. Operating income and operating costs - continued****(3) Description of performance obligations**

The Group provides wharf service, bonded logistics service and other services. These services are obligations performed over a period of time. For wharf services, as the handling time for containers and bulk cargos is short, the management believes that it is not necessary to recognize revenue according to the progress towards the completion of contract and it is an appropriate method to recognize the fulfilment of performance obligation and revenue upon the completion of the service. For bonded logistics service and other services, the customers evenly obtains and consumes the economic benefits from the Group's performance of contract, meanwhile the charging rules as agreed in the contract terms usually adopt daily/month/yearly basis. During the process of rendering services, the Group recognizes revenue using straight-line method. Part of the Group's handling contracts are established with discount terms, i.e. the customers whose business volume reaches agreed level, are granted with preferential charge rate or discount. At the end of the year, as the business quantity finally realized within the contract period is uncertain, the contract consideration is subject to variable factors. The management included this part of discount in provisions. Details are set out in Note (V) 41. The Group's revenue contract does not have significant financing components.

- (4) At the end of the year, the variable consideration of RMB16,990,826.32 (31 December 2019: RMB15,265,697.07) arising from sales discount is not included in the transaction price due to the restriction requirements relating to variable considerations.

51. Taxes and surcharges

Item	Amount incurred in the current period	Amount incurred in the prior period
Property tax	57,039,293.40	45,998,786.01
Land use tax	33,997,061.02	32,116,936.18
Stamp duty	7,540,714.68	4,948,743.36
City construction and maintenance tax	6,960,172.96	6,188,074.98
Education surcharges and local education surcharges	5,198,771.63	4,866,915.60
Others (Note)	40,460,929.88	78,437,123.79
Total	151,196,943.57	172,556,579.92

Note: Others mainly represent (1) Program of Social Integration and Contribution for the Financing of Social Security (tax on enterprise income) and Tax on Services (tax based on services rendered) borne by TCP, a subsidiary of the Company, totalled BRL23,076,661.64 (equivalent to RMB34,531,567.04) for the year. (2) The environmental protection tax borne by Zhanjiang Port, a subsidiary of the Company, amounted to RMB5,357,096.48 for the year.

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

52. Administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee's salary	1,089,142,762.24	980,074,507.53
Depreciation expenses	83,029,752.43	74,954,306.82
Fees paid to agencies	72,867,327.15	55,258,915.07
Amortization of intangible assets	63,903,389.47	58,414,351.33
Others	275,939,703.73	340,818,500.91
Total	1,584,882,935.02	1,509,520,581.66

53. Financial expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expense	1,915,963,616.06	2,018,175,947.65
Less: Capitalized interest expenses	65,255,075.44	35,175,196.89
Less: Interest income	325,387,744.56	252,060,018.58
Exchange differences	99,173,836.07	106,836,843.78
Handling fee	19,293,388.81	56,876,221.78
Others	-415,864,228.16	37,236,030.34
Interest expenses of lease liabilities	4,805,832.04	4,379,909.45
Total	1,232,729,624.82	1,936,269,737.53

54. Other income

Item	Amount incurred in the current period	Amount incurred in the prior period
Central special financial fund for the development of the rental housing market	73,356,900.00	-
Transferred from allocation of deferred income	39,362,069.29	37,903,296.88
Additional deduction of VAT	17,977,697.02	13,268,318.27
Government subsidies for business development	16,666,657.00	71,492,270.22
Refund of unemployment insurance premium	13,701,836.63	-
Special fund for innovation	11,662,568.44	9,802,600.00
Subsidies for preventing epidemics	6,670,018.69	-
Facility construction fund	5,799,000.00	5,448,613.20
Special fund for operation	4,530,545.00	8,402,815.28
Steady post subsidies	4,286,036.86	1,985,363.23
Refund of withholding taxes	2,655,040.88	6,903,526.71
Air environment quality improvement subsidy	1,544,768.00	-
Value-added tax levied and immediately returned for software products	1,438,961.78	-
Special fund for promoting high-quality development of economy	-	1,000,000.00
Others	5,313,013.69	5,894,309.31
Total	204,965,113.28	162,101,113.10

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

55. Investment income (loss is marked with "-")

(1) Details of investment income:

Item	Amount incurred in the current period	Amount incurred in the prior period
Long-term equity investments income under equity method	3,988,916,963.08	3,727,850,763.22
Including: Long-term equity investments income of associates under equity model	3,630,921,407.38	3,259,151,741.65
Including: Long-term equity investments income of joint venture under equity model	357,995,555.70	468,699,021.57
Gains from remeasurement of previously held equity at fair value upon obtaining the control(Note)	753,988,749.80	845,432,476.22
Investment income on held-for-trading financial assets	10,181,238.09	-
Investment income on other non-current financial assets	83,138,043.43	127,790,790.54
Investment income on disposal of other non-current financial assets (loss is marked with "-")	1,850,600.00	-407,903.18
Dividend income on other equity instruments	8,568,250.21	10,942,760.11
Interest income on debt investments	59,331,593.61	20,352,987.67
Others	-	-112,788,119.16
Total	4,905,975,438.22	4,619,173,755.42

Note: Refer to Note (VI) 1 for details.

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

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes
Shanghai International Port (Group) Co., Ltd.	2,234,593,249.98	2,425,921,985.71	Changes in net profit of investee
Nanshan Group	424,745,838.41	242,285,185.34	Changes in net profit of investee
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	335,639,784.43	-5,514,066.49	Changes in net profit of investee
Terminal Link SAS	312,427,210.29	280,560,341.83	Changes in net profit of investee
Liaoning Port Co., Ltd.	169,692,898.03	148,347,321.32	Changes in net profit of investee
Ningbo Daxie	112,101,331.18	120,498,548.83	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	102,594,175.95	142,602,575.17	Changes in net profit of investee
Modern Terminals Limited	79,503,339.53	65,866,911.57	Changes in net profit of investee
Euro-Asia Oceangate, S.a`r.l.	71,938,690.26	71,820,758.28	Changes in net profit of investee
Zhanjiang Merchants Port City Investment Co., Ltd.	47,450,708.28	-8,749,223.97	Changes in net profit of investee
Others	98,229,736.74	244,210,425.63	Changes in net profit of investee
Total	3,988,916,963.08	3,727,850,763.22	

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

56. Gains on changes in fair value (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period
Held-for-trading financial assets	-226,508.15	-
Other non-current financial assets	269,099,721.85	431,344,898.81
Including: Financial assets at fair value through profit or loss	269,099,721.85	431,344,898.81
Other non-current liabilities	-680,381,987.28	-364,861,632.33
Including: Financial liabilities at fair value through profit or loss	-680,381,987.28	-364,861,632.33
Total	-411,508,773.58	66,483,266.48

57. Gains on impairment of credit (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period
I. Gains on impairment of credit of accounts receivable (loss is marked with "-")	19,219,046.93	-51,878,244.38
II. Gains on impairment of credit of other receivables (loss is marked with "-")	-475,764,740.63	1,682,076.71
III. Gains on impairment of credit of long-term receivables (loss is marked with "-")	-2,049,967.61	-1,082,720.15
IV. Others	-	1,029,478.05
Total	-458,595,661.31	-50,249,409.77

58. Gains from impairment of assets (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from decline in value of inventories	947,694.12	25,051.16
Losses on goodwill impairments	-552,317,736.65	-
Total	-551,370,042.53	25,051.16

59. Gains on disposal of assets (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current year
Gains on disposal of non-current assets (Note)	1,489,206,502.32	4,794,562,782.79	1,489,206,502.32
Including: Gains on disposal of fixed assets (loss is marked with "-")	-50,184,379.22	6,759,787.47	-50,184,379.22
Gains on disposal of intangible assets	1,480,715,445.14	1,108,671,001.98	1,480,715,445.14
Gains on disposal of construction in progress	59,164,336.00	47,902,373.19	59,164,336.00
Others	-488,899.60	3,631,229,620.15	-488,899.60

Note: It mainly represents the compensation gains of RMB1,531,862,344.99 from land acquisition and reservation of Shantou Port, a subsidiary of the Company. Please refer to Note (V) 7 for details.

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

60. Non-operating income

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current year
Government subsidy	53,884,602.38	485,929.28	53,884,602.38
Insurance compensation received	3,548,709.63	-	3,548,709.63
Gains from the retirement of damaged non-current assets	3,272,216.69	3,431,545.27	3,272,216.69
Compensation received for contracts violation	3,074,739.23	14,444,165.81	3,074,739.23
Exempted account currents	2,603,213.36	2,026,044.81	2,603,213.36
Operation compensation	-	488,492,798.26	-
Others	15,255,579.25	44,222,876.98	15,255,579.25
Total	81,639,060.54	553,103,360.41	81,639,060.54

61. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Donations	29,768,154.87	31,344,046.81	29,768,154.87
Stability maintenance housing subsidy	13,500,000.00	-	13,500,000.00
Losses on retirement of non-current assets	11,905,789.11	24,459,845.75	11,905,789.11
Compensation, liquidated damages and penalties	9,131,029.28	5,574,036.67	9,131,029.28
Litigation loss	7,992,269.39	438,712.24	7,992,269.39
Others	6,706,498.12	8,635,370.93	6,706,498.12
Total	79,003,740.77	70,452,012.40	79,003,740.77

62. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Current income tax expenses	1,303,748,401.73	2,308,373,316.21
Deferred income tax expenses	-28,062,031.90	332,165,578.41
Total	1,275,686,369.83	2,640,538,894.62

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**62. Income tax expenses - continued**

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

Item	Amount incurred in the current period
Gross profit	6,801,254,420.39
Income tax expenses calculated at 25%	1,700,313,605.10
Effect of non-deductible cost, expenses and losses	452,645,594.53
Accrued income tax expenses	757,856,918.42
Effect of deductible temporary differences and deductible losses for which the deferred tax assets are not recognized in current period	79,218,381.58
Effect of tax-free income (Note)	-1,048,022,499.09
Effect of tax incentives and changes of tax rate	-309,332,989.66
Effect of different tax rates of subsidiaries operating in other jurisdictions	-262,775,668.86
Effect of utilizing deductible losses for which the deferred tax assets were not recognized in prior period	-33,602,540.09
Effect of adjustments to prior-year income tax	-22,647,137.52
Changes in the opening balance of deferred tax assets/ liabilities due to tax adjustments	-12,996,277.16
Others	-24,971,017.42
Income tax expenses	1,275,686,369.83

Note: This mainly represents the tax effect on investment income from joint venture and associates.

63. Assets with restricted ownership or use right

Item	Closing balance	Opening balance
Cash and bank balances (Note 1)	11,528,570.90	15,648,978.15
Equity investment in Colombo International Container Terminals Limited (Note 2)	1,626,554,439.58	1,591,452,920.23
Equity investment in Thesar Maritime Limited (Note 2)	859,148,327.98	799,684,707.77
Fixed assets (Note 3)	341,931,071.09	349,612,960.23
Intangible assets (Note 3)	218,825,477.36	345,131,760.52
Construction in progress (Note 3)	43,751,101.60	23,840,920.42
Total	3,101,738,988.51	3,125,372,247.32

Note 1: Details of restricted cash and bank balances are set out in Note (V) 1.

Note 2: Details of mortgaged equity and interests are set out in Note (V) 36.

Note 3: Yide Port mortgaged its land use rights, fixed assets and construction in progress to obtain bank borrowings; Shenzhen Haixing Harbor Development Co., Ltd. mortgaged its land use rights to obtain bank borrowings; Dongguan Chiwan Warf Co., Ltd. mortgaged its sea area use right to obtain bank borrowings. Details of mortgage borrowings are set out in Note (V) 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**64. Other comprehensive income**

Details are set out in Note (V) 46.

65. Items in cash flow statement

(1) Other cash receipts relating to operating activities:

Item	Amount incurred in the current period	Amount incurred in the prior period
Government grants	203,870,741.85	614,567,707.23
Interest income	196,435,428.56	212,679,224.25
Guarantees and deposits	64,688,970.41	30,791,091.36
Insurance indemnities	11,043,593.46	4,565,218.67
Rentals	10,735,793.35	16,310,934.86
Refund of port construction fee and service charges	1,660,916.38	2,803,216.00
Compensation from contracts	-	13,860,280.30
Others	327,481,343.25	270,133,172.51
Total	815,916,787.26	1,165,710,845.18

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Operating expenses such as operating costs and administration expense etc.	183,167,316.54	201,645,233.00
Advance payment	139,587,590.26	177,076,380.78
Guarantees and deposits	34,084,841.10	20,638,334.19
Rentals	23,217,510.11	31,228,253.07
Port construction fee	11,661,727.63	26,478,534.06
Port charges	7,481,400.21	8,187,025.59
Harbor dues on cargo	-	3,138,152.55
Others	352,769,397.12	341,307,637.90
Total	751,969,782.97	809,699,551.14

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

65. Items in cash flow statement - continued

(3) Other cash receipts relating to investing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Recovered principal for the advances of the project	825,670,000.00	-
Net cash receipts by acquiring subsidiaries and other business entities (Note)	317,470,188.12	845,457,228.45
Received compensation for the transition period of Zhanjiang Port	87,104,514.28	-
Recovered lendings	33,282,119.52	1,018,695,828.48
Zhanjiang Port Transition Compensation	3,803,477.07	-
Recovered restricted deposits in the acquisition of the Hambantota Port	-	1,001,472,400.00
Recovered principal of structural deposits that cannot be withdrawn at any time	-	314,000,000.00
Receipt from credit assignment	-	356,137,574.00
Others	186,182,916.72	204,000.00
Total	1,453,513,215.71	3,535,967,030.93

Note: Refer to Note (V) 65(4) for details.

(4) Net cash receipts for acquiring subsidiaries and other operating units

Item	Amount incurred in the current period
Cash and cash equivalents paid for business combination in the current year	-
Including: Ningbo Daxie	-
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	317,470,188.12
Including: Ningbo Daxie	317,470,188.12
Net cash payments for acquisition of subsidiaries	-317,470,188.12
Including: Ningbo Daxie	-317,470,188.12

(5) Other cash payments relating to investing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Structured deposit that is not readily for withdrawal	-	1,610,000,000.00
Debt transfer payment	-	356,137,574.00
Related party borrowings	3,009,744,121.38	104,390,000.00
Supplementary payment of tax on significant assets restructuring	-	68,423,555.78
Others	26,229.24	-
Total	3,009,770,350.62	2,138,951,129.78

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

65. Items in cash flow statement - continued

(6) Other cash receipts relating to financing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Proceeds of CMPort from disposal of part of equity of subsidiaries	1,851,325,647.36	1,713,327,483.01
Equity capital recovered from minority shareholders for Shantou Port	82,129,289.00	-
Recovered financing lease deposits	4,500,000.00	-
Total	1,937,954,936.36	1,713,327,483.01

(7) Other cash payments relating to financing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Amount paid by CMPort for the acquisition of minority shareholders' equities	755,398,999.97	-
Payments for the liquidation of Shantou Port's subsidiaries	82,129,289.00	-
Bonds issuance cost	-	6,600,000.00
Repayment of advances of shareholders	-	1,592,783.29
Others	5,033,180.99	34,391,014.26
Total	842,561,469.96	42,583,797.55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

66. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Amount incurred in the current period	Amount incurred in the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	5,525,568,050.56	8,166,917,273.20
Add: Provision for impairment losses of assets	551,370,042.53	-25,051.16
Provision for impairment losses of credit	458,595,661.31	50,249,409.77
Depreciation of fixed assets	1,811,160,796.05	1,681,007,226.50
Depreciation of investment property	189,954,310.24	190,418,170.86
Depreciation of right-of-use assets	355,744,855.65	328,886,210.72
Amortization of intangible assets	609,540,465.06	632,626,770.16
Amortization of long-term prepaid expenses	45,482,342.76	31,586,968.21
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is marked with "-")	-1,489,206,502.32	-4,794,562,782.79
Losses on retirement of fixed assets, intangible assets and other long-term assets	8,633,572.42	24,459,845.75
Losses on changes in fair value (gain is marked with "-")	411,508,773.58	-66,483,266.48
Financial expenses	1,305,513,925.66	2,127,073,624.88
Investment loss (gain is marked with "-")	-4,905,975,438.22	-4,619,173,755.42
Decrease in deferred tax assets (increase is marked with "-")	-120,295,556.03	-191,905,933.39
Increase in deferred tax liabilities	92,233,524.13	524,071,511.80
Decrease in inventories (increase is marked with "-")	-38,670,837.40	-11,704,381.63
Decrease in operating receivables (increase is marked with "-")	-449,965,094.91	-2,391,266,937.99
Increase in operating payables	1,134,608,025.94	3,819,698,512.95
Net cash flows from operating activities	5,495,800,917.01	5,501,873,415.94
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	11,771,619,303.21	7,714,157,995.87
Less: Opening balance of cash	7,714,157,995.87	5,373,281,504.75
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	4,057,461,307.34	2,340,876,491.12

(2) Cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	11,771,619,303.21	7,714,157,995.87
Including: Cash on hand	570,307.93	331,305.65
Bank deposits available for payment at any time	11,418,758,567.44	7,422,490,058.00
Other monetary funds available for payment at any time	352,290,427.84	291,336,632.22
II. Cash equivalents	-	-
III. Balance of cash and cash equivalents at the end of the year	11,771,619,303.21	7,714,157,995.87

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

67. Foreign currency monetary items

Item	Closing balance of foreign currency	Exchange rate	Closing amount in RMB
Cash and bank balances			1,905,475,474.78
Including: HKD	56,199,956.09	0.8416	47,297,883.05
USD	56,276,436.51	6.5249	367,198,120.58
EUR	45,659,283.84	8.0250	366,415,752.82
RMB	1,124,563,718.33	1.0000	1,124,563,718.33
Accounts receivable			203,448,369.46
Including: HKD	3,821,664.96	0.8416	3,216,313.23
USD	4,757,977.91	6.5249	31,045,330.06
EUR	21,082,458.09	8.0250	169,186,726.17
Other receivables			1,065,027,108.18
Including: HKD	30,806,619.51	0.8416	25,926,850.98
USD	9,905,236.96	6.5249	64,630,680.64
EUR	94,429,498.59	8.0250	757,796,726.18
RMB	216,672,850.38	1.0000	216,672,850.38
Non-current assets due within one year			51,286,674.10
Including: USD	7,860,147.14	6.5249	51,286,674.10
Long-term receivables			2,746,067,386.31
Including: USD	420,859,689.24	6.5249	2,746,067,386.31
Short-term borrowings			1,320,810,000.00
Including: HKD	200,000,000.00	0.8416	168,320,000.00
USD	100,000,000.00	6.5249	652,490,000.00
RMB	500,000,000.00	1.0000	500,000,000.00
Accounts payable			30,525,030.58
Including: HKD	4,562,063.34	0.8416	3,839,432.51
USD	31,136.44	6.5249	203,162.16
EUR	3,299,260.30	8.0250	26,476,563.91
RMB	5,872.00	1.0000	5,872.00
Other payables			766,503,180.60
Including: HKD	40,249,878.84	0.8416	33,874,298.03
USD	78,182,967.43	6.5249	510,136,044.18
EUR	16,901,281.16	8.0250	135,632,781.31
RMB	86,860,057.08	1.0000	86,860,057.08
Non-current liabilities due within one year			426,641,874.26
Including: USD	6,821,555.12	6.5249	44,509,965.01
EUR	36,975,000.00	8.0250	296,724,375.00
RMB	85,407,534.25	1.0000	85,407,534.25
Long-term borrowings			3,170,840,790.00
Including: USD	229,600,000.00	6.5249	1,498,117,040.00
EUR	124,950,000.00	8.0250	1,002,723,750.00
RMB	670,000,000.00	1.0000	670,000,000.00
Bonds payable			18,720,930,378.52
Including: USD	2,486,004,441.22	6.5249	16,220,930,378.52
RMB	2,500,000,000.00	1.0000	2,500,000,000.00
Long-term payables			1,188,465,420.57
Including: EUR	54,484,576.49	8.0250	437,238,325.33
USD	115,132,353.79	6.5249	751,227,095.24

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(Unless otherwise specified, the monetary unit shall be RMB.)

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

68. Government grants

Type	Amount	Item	Presentation account	Amount included in profit or loss for the period
Related to income	73,356,900.00	Special central budget for the development of the rental housing market	Other income	73,356,900.00
Related to income	52,970,000.00	Subsidiaries of introducing investment	Non-operating income	52,970,000.00
Related to income	16,666,657.00	Government subsidies for business development	Other income	16,666,657.00
Related to income	13,701,836.63	Refund of unemployment insurance premium	Other income	13,701,836.63
Related to income	11,662,568.44	Special fund for innovation	Other income	11,662,568.44
Related to income	6,670,018.69	Subsidies for preventing epidemics	Other income	6,670,018.69
Related to income	5,799,000.00	Subsidies for the construction of shore-to-ship power supply system	Other income	5,799,000.00
Related to income	5,015,833.38	Subsidies of intelligent system and facilities and equipment	Deferred income	-
Related to income	4,530,545.00	Special fund for operation	Other income	4,530,545.00
Related to income	4,286,036.86	Steady post subsidies	Other income	4,286,036.86
Related to income	1,544,768.00	Air environment quality improvement subsidy	Other income	1,544,768.00
Related to income	1,438,961.78	value-added tax levied and immediately returned for software products	Other income	1,438,961.78
Related to income	5,313,013.69	Others	Other income	5,313,013.69
Related to income	914,602.38	Others	Non-operating income	914,602.38
Total	203,870,741.85			198,854,908.47

69. Lease

Undiscounted lease receipts subsequent to the balance sheet date are as follows:

Maturity analysis of undiscounted lease receipts	31/12/2020
1 st year subsequent to the balance sheet date	286,233,247.28
2 nd year subsequent to the balance sheet date	136,732,886.83
3 rd year subsequent to the balance sheet date	95,628,740.71
4 th year subsequent to the balance sheet date	79,209,529.00
5 th year subsequent to the balance sheet date	72,940,772.30
Subsequent years	317,212,150.30
Total	987,957,326.42

Note 1: The operating leases where the Group as the lessor are related to port and terminal facilities, machinery equipment, vehicles, land and buildings, with lease terms ranging from 1 month to 50 years and option to renew the lease of port and terminal facilities, machinery equipment, land and buildings. The Group considers that as the leased assets are properly used, the unguaranteed balance of such assets does not constitutes material risk of the Group.

Note 2: For 2020, the revenue relating to operating lease amounts to RMB 366,100,557.24; there is no revenue relating to variable lease payment that is not included in lease receipts.

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(VI) CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination not involving enterprises under common control for the year

Name of acquiree	Date on which the investment is acquired	Acquisition cost	Proportion of equity acquired (%)	Acquisition method	Acquisition date	Basis for determining the acquisition date	Acquiree's income from acquisition date to the end of the year	Acquiree's net profit from acquisition date to the end of the year
Ningbo Daxie	19 November 2020	1,723,788,876.57	45.00	Concerted action agreement	19 November 2020	Transfer of de facto control	73,403,212.42	27,286,541.83

Note: On 19 November 2020, Cyber Chic Company Limited, the subsidiary of the Company and the other shareholders of Ningbo Daxie China Merchants International Terminals Co. Ltd. (Ningbo Zhoushan and CITIC Port Investment Co., Ltd) establish the Budget Committee through resolutions of shareholder meeting, and entered into a Cooperation Agreement with Ningbo Zhoushan Port Company Limited ("Ningbo Port"),

The Budget Committee consists of three directors, one nominated by each shareholder to be a member of the Budget Committee and the director nominated by Cyber Chic Company Limited to be the Chairman. The Budget Committee is mainly responsible for the examination and approval of Ningbo Daxie's annual business plan, annual financial budget and final accounts, and after-tax profit distribution plan. Any matter considered by the Budget Committee shall be approved by a two-thirds majority.

Pursuant to the cooperation agreement, Cyber Chic Company Limited and Ningbo Zhoushan will consult and communicate to reach a common action prior to the exercise of shareholder rights. If both parties fail to reach a consensus on the operation and management of Ningbo Daxie, it will be decided according to the opinion of Cyber Chic Company Limited. No consideration will be paid by either party under the Cooperation Agreement.

After the signing of the cooperation agreement, Cyber Chic Company Limited and Ningbo Zhoushan jointly own more than 50% of the shares of Ningbo Daxie. Therefore, as of November 19, 2020, the Group will include Ningbo Daxie into the consolidated scope of consolidated financial statements, Ningbo Daxie will also be transformed from a joint venture company of the Group into a subsidiary of the Group, with the same shareholding ratio.

2. Combination cost and goodwill

Combination cost	Ningbo Daxie
Cash	-
Fair value of previously held equity at acquisition date	1,723,788,876.57
Others	-
Total combination cost	1,723,788,876.57
Less: Share of fair value of net identifiable assets	1,535,291,682.16
Goodwill	188,497,194.41

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(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

3. Business combination not involving enterprises under common control

(1) Identifiable assets, liabilities of the acquiree at acquisition date

	Ningbo Daxie	
	Fair value at acquisition date	Carrying amount at acquisition date
Assets:		
Current assets	452,190,770.34	452,190,770.34
Investments in other equity instruments	17,689,094.74	17,744,912.00
Fixed assets	2,367,025,860.63	1,762,938,008.76
Construction in progress	22,262,821.75	22,262,821.75
Intangible assets	1,246,136,859.13	174,638,339.40
Long-term prepaid expenses	9,924,686.56	9,924,686.56
Liabilities:		
Current liabilities	283,489,650.27	283,489,650.27
Special payables	1,098,494.94	1,098,494.94
Deferred tax liabilities	418,882,654.24	-
Net assets	3,411,759,293.70	2,155,111,393.60
Less: Minority interests	-	-
Net assets acquired	3,411,759,293.70	2,155,111,393.60

(2) Operating results and net cash flows of the acquiree from the acquisition date to the end of the year of business combination

Item	Acquisition date to the end of the year of business combination
	Ningbo Daxie
Operating income	73,403,212.42
Operating cost and expenses	42,281,862.79
Gross profit	32,101,813.91
Net profit	27,286,541.83
Net cash flows from operating activities	36,940,631.77
Net cash flows from investing activities	-3,002,033.17
Net cash flows from financing activities	-117,688,708.33
Net increase in cash and cash equivalents (decrease is marked with "-")	-83,750,109.73

(3) Gains or losses from remeasurement of equity held prior to acquisition date at fair value

Name of the acquiree	Carrying amount of previously held equity at the acquisition date	Fair value of previously held equity at the acquisition date	Gains or losses from remeasurement of previously held equity at fair value	Method of determining the fair value of previously held equity at acquisition date and key assumptions	Amount transferred from other comprehensive income to investment income in respect of the equity held prior to the acquisition date
Ningbo Daxie	969,800,126.77	1,723,788,876.57	753,988,749.80	Asset-based valuation	-

CHINA MERCHANTS PORT GROUP CO., LTD.

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(VII) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered capital (RMB'0000, unless otherwise specified)	Proportion of ownership Interest (%)		Acquisition method
					Direct	Indirect	
Shenzhen Chiwan International Freight Agency Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	550	100.00	-	Established through investment
Chiwan Wharf Holdings (Hong Kong) Ltd.	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1,000,000	100.00	-	Established through investment
Dongguan Shenchuan Port Affairs Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	85.00	-	Established through investment
Dongguan Shenchuan Wharf Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	100.00	-	Established through investment
Shenzhen Chiwan Harbor Container Co. Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	28,820.00	100.00	-	Business combination involving enterprises under common control
Shenzhen Chiwan Port Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	1,500.00	100.00	-	Business combination involving enterprises under common control
Chiwan Container Terminal Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD95,300,000	55.00	20.00	Business combination involving enterprises under common control
Shenzhen Chiwan Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	2,400.00	100.00	-	Business combination involving enterprises under common control
Chiwan Shipping (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	Logistics support services	HKD80,000	100.00	-	Business combination involving enterprises under common control
CMPort(Note 1)	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD42,521,339,900	41.85	-	Business combination involving enterprises under common control
China Merchants Bonded Logistics Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	70,000.00	40.00	60.00	Business combination involving enterprises under common control
China Merchants Holdings (International) Information Technology Company Limited (hereinafter referred to as "International Information Technology Company")	Shenzhen, PRC	Shenzhen, PRC	IT services	5,000.00	23.16	76.84	Business combination involving enterprises under common control
China Merchants International (China) Investment Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment holding	USD30,000,000	-	100.00	Business combination involving enterprises under common control
China Merchants International Container Terminal (Qingdao) Co., Ltd.	Qingdao, PRC	Qingdao, PRC	Logistics support services	USD206,300,000	-	100.00	Business combination involving enterprises under common control
China Merchants Container Services Limited	Hong Kong, PRC	Hong Kong, PRC	Logistics support services	HKD500,000	-	100.00	Business combination involving enterprises under common control
China Merchants Port (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	55,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haiqin Project Management Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Project supervision services	300	-	100.00	Business combination involving enterprises under common control
ATJ	Shenzhen, PRC	Shenzhen, PRC	Preparation for the warehousing project	HKD100,000,000	-	100.00	Business combination involving enterprises under common control
ASJ	Shenzhen, PRC	Shenzhen, PRC	Preparation for the warehousing project	HKD1,000,000	-	100.00	Business combination involving enterprises under common control
China Merchants International Terminal (Qingdao) Co., Ltd.	Qingdao, PRC	Qingdao, PRC	Logistics support services	USD44,000,000	-	90.10	Business combination involving enterprises under common control
Colombo International Container Terminals Limited	Sri Lanka	Sri Lanka	Logistics support services	USD150,000,100	-	85.00	Business combination involving enterprises under common control
Magang Godown & Wharf (Note 2)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	33,500.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Mawan Port Services Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	-	100.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Tugboat Co., Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	1,500.00	-	100.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Port Co., Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	100,000.00	-	60.00	Business combination involving enterprises under common control
ZCMG (note 2)	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	44,450.00	-	31.00	Business combination involving enterprises under common control
Shekou Container Terminals Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	HKD618,201,200	-	100.00	Business combination involving enterprises under common control

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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered capital (RMB'0000, unless otherwise specified)	Proportion of ownership Interest (%)		Acquisition method
					Direct	Indirect	
Shenzhen Lianyungjie Container Terminals Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	60,854.90	-	100.00	Business combination involving enterprises under common control
Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	127,600.00	-	100.00	Business combination involving enterprises under common control
Anyunjie Port Warehousing Service (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Preparation for the warehousing project	6,060.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haixing Harbor Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	53,072.92	-	67.00	Business combination involving enterprises under common control
Shenzhen Lianyongtong Terminal Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD7,000,000	-	100.00	Business combination involving enterprises under common control
Yide Port	Foshan, PRC	Foshan, PRC	Logistics support services	21,600.00	-	51.00	Business combination involving enterprises under common control
Mega Shekou Container Terminals Limited	British Virgin	British Virgin	Investment holding	USD120.00	-	80.00	Business combination involving enterprises under common control
Thesar Maritime Limited	Cyprus	Cyprus	Investment holding	EUR5,000.00	-	100.00	Business combination involving enterprises under common control
Lome Container Terminal S.A.	The Republic of Togo	The Republic of Togo	Logistics support services	XOF200,000,000	-	100.00	Business combination involving enterprises under common control
Gainpro	British Virgin	British Virgin	Investment holding	USD1.00	-	76.47	Business combination involving enterprises under common control
Hambantota International Port Group (Private)Limited	Sri Lanka	Sri Lanka	Logistics support services	USD794,000,000	-	85.00	Business combination involving enterprises under common control
Shantou port	Shantou, PRC	Shantou, PRC	Logistics support services	12,500	-	60.00	Business combination involving enterprises under common control
JYRT	Shenzhen, PRC	Shenzhen, PRC	Property lease service, etc.	80,000	-	100.00	Business combination involving enterprises under common control
QHW	Shenzhen, PRC	Shenzhen, PRC	Property lease service, etc.	20,000	-	100.00	Business combination involving enterprises under common control
Juzhongzhi Investment (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment consultation	4,000	-	75.00	Business combination involving enterprises under common control
Shenzhen Lianda Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	200	-	60.29	Business combination involving enterprises under common control
China Ocean Shipping Tally Zhangzhou Co., Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	200	-	84.00	Business combination involving enterprises under common control
China Merchants Holdings (Djibouti) FZE	Djibouti	Djibouti	Logistics support services	USD38,140,000	-	100.00	Business combination involving enterprises under common control
Xinda Resources Limited (hereinafter referred to as "Xinda")	British Virgin	British Virgin	Investment holding	USD107,620,000	-	77.45	Business combination involving enterprises under common control
Kong Rise Development Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	USD107,620,000	-	100.00	Business combination involving enterprises under common control
TCP	Brazil	Brazil	Logistics support services	BRL 68,851,600	-	100.00	Business combination not involving enterprises under common control
Direcet Achieve Investments Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	USD814,781,300	-	100.00	Business combination involving enterprises under common control
CMPort (Zhoushan) RoRo Logistics Co., Ltd.	Zhoushan, PRC	Zhoushan, PRC	Logistics support services	17,307.86	51.00	-	Assets acquisition
Shenzhen Haixing Logistics Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	7,066.79	-	67.00	Assets acquisition
Zhanjiang Port	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	587,420.91	3.42	54.93	Business combination not involving enterprises under common control
Zhanjiang Port International Container Terminal Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	60,000.00	-	80.00	Business combination not involving enterprises under common control

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(Unless otherwise specified, the monetary unit shall be RMB.)

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered capital (RMB'0000, unless otherwise specified)	Proportion of ownership Interest (%)		Acquisition method
					Direct	Indirect	
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	18,000.00	-	50.00	Business combination not involving enterprises under common control
China Ocean Shipping Tally Co., Ltd., Zhanjiang	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	300	-	84.00	Business combination not involving enterprises under common control
Zhanjiang Port Donghaidao Bulk Cargo Terminal Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	5,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Bonded Service Co., Ltd., Guangdong	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	300	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Logistics Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	10,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Haichuan Trading Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	200	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	9,000.00	-	70.00	Business combination not involving enterprises under common control
Ningbo Daxie (Note 4)	Ningbo, PRC	Ningbo, PRC	Logistics support services	120,909.00	-	45.00	Business combination involving enterprises under common control
Shantou Harbor Towage Service Co., Ltd.	Shantou, PRC	Shantou, PRC	Logistics support services	1,000.00	-	100.00	Established through investment

Note 1: On 19 June 2018, the Company and China Merchants Group (Hong Kong) Co., Ltd. ("CMHK") entered into "Agreement of Concerted Action on China Merchants Port Holdings Company Limited". According to the agreement, CMHK unconditionally keeps consistent with the Company when voting for the matters discussed at the general shareholders meeting of CMPort in respect of its voting power of CMPort as entrusted, and performs the voting as per the Company's opinion.

For July and October 2020, CMPort respectively distributed 2019 dividends and 2020 interim dividends to shareholders. The shareholders may select to receive the dividends all in cash or shares, or receive the dividends part in cash and part in new shares. The Company and CMHK select to receive all its share of dividends from the shareholding in CMPort in the form of scrip dividends. Upon the completion of above distribution of CMPort, the Company's share in CMPort increased from 1,411,014,033 shares to 1,532,248,957 shares, accounting for 41.85% (previously 40.91%) of the total issued shares of CMPort. The proportion of shares held by CMHK changed from 21.86% to 22.36%. Therefore, the Company has total 64.21% voting power of CMPort and has control over CMPort.

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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Note 2: At the shareholders' meeting held on 17 July 2020, Magang Godown&Wharf a subsidiary of the Company, approved an absorption agreement with Shenzhen Mawan Port Services Co., Ltd., ("Mawan Port Services"), another subsidiary of the Company. According to the agreement, Mahaang Warehouse Code continues as a going concern by absorbing Mawan Port Services which was cancelled with the settlement date 30 November 2020.

On 22 July 2020, Magang Godown&Wharf and Mawan Port Services, subsidiaries of the Company, published separate announcements in Shenzhen Special Zone Daily to explain the debt settlement or debt guarantee of Magang Godown&Wharf and Mawan Port Services, and the debts of both parties before the merger will continue to be repaid by the existing Magang Godown&Wharf after the merger.

On 13 November 2020, the registration modification with the administration for industry and commerce of Magang Godown&Wharf and the registration cancellation with the administration for industry and commerce of Mawan Port Services, subsidiaries of the Company, were completed.

Note 3: The Group and China Merchants Zhangzhou Development Zone Co., Ltd. entered into "Equity Custody Agreement", according to which China Merchants Zhangzhou Development Zone Co., Ltd. entrusted its 29% equity of ZCMG to the Group for operation and management. Therefore, the Group has 60% voting power of ZCMG and includes it in the scope of consolidation of the consolidated financial statements.

Note 4: Details are set out in Note (VI) 1.

(2) Material non-wholly-owned subsidiaries

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders (%)	Profit or loss attributable to minority shareholders in the current year	Dividends distributed to minority shareholders in the current year	Balance of minority interests at the end of the year
CMPort	58.15	3,290,341,491.53	1,271,963,608.20	63,082,766,307.07

CHINA MERCHANTS PORT GROUP CO., LTD.

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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

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

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
CMPort	14,625,774,694.50	125,425,081,030.94	140,050,855,725.44	13,055,907,214.63	34,087,468,137.34	47,143,375,351.97	11,159,452,476.24	119,576,502,129.38	130,735,954,605.62	13,858,924,526.23	35,059,524,441.90	48,918,448,968.13

Name of the subsidiary	2020				2019			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CMPort	7,956,928,250.59	5,064,412,321.79	3,204,689,765.86	3,629,199,456.13	7,845,242,646.62	7,421,484,985.59	6,327,276,475.35	3,944,044,766.09

NOTES TO THE FINANCIAL STATEMENTS

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(VII) EQUITY IN OTHER ENTITIES - continued

2. Transactions resulting in changes in ownership interests in subsidiaries without losing control over the subsidiaries

(1) Description of changes in ownership interests in subsidiaries

During the year, the Group's ownership interests in CMPort changed from 40.91% to 41.85%. Details are set out in Note (VII) 1 (1).

In February 2018, China Merchants Port Holdings, a subsidiary of the Company, through its controlling subsidiary Kong Rise Development Limited, acquired a 90% equity interest in TCP. Under the agreement, the minority shareholder of TCP holds an option to sell its 10% equity interest in TCP to Kong Rise Development Limited, a subsidiary of the Group and the controlling shareholder of TCP, at the higher of the market price or BRL 320 million (the "Put Option"). On 23 February 2020, the minority shareholders of TCP gave notice of exercise to Kong Rise Development Limited, after which China Merchants Port Holdings increased its capital to Xinda, the wholly-owned controlling shareholder of Kong Rise Development Limited, by USD107 million, Xinda increased its capital to Kong Rise Development Limited by USD107 million, and Kong Rise Development Limited paid the minority shareholder of TCP the full amount of USD107 million for the equity acquisition of approximately RMB755,398,999.97. As of 31 December 2020, the relevant equity transaction has been completed. Upon completion of this transaction, the shareholding of Kong Rise Development Limited in TCP changed from 90% to 100% and the shareholding of China Merchants Port Holdings in Xinda changed from 74.9485% to 77.4536%.

In June 2020, China Merchants Port Holdings, a subsidiary of the Company, as seller, Fujian Transportation Maritime Silk Road, as buyer, and Fujian Provincial Transportation Group Co., Ltd., as guarantor, entered into the "Contract for Share Transfer of GAINPRO RESOURCES LIMITED", under which China Merchants Port Holdings transferred about 23.53% of equity in its wholly-owned subsidiary Gainpro and 23.53% of the shareholder loans it provided to Gainpro to Fujian Transportation Maritime Silk Road with a transaction consideration of USD268,000,000.00. As of 31 December 2020, the relevant equity transaction has been completed. After the completion of this transaction, the shareholding of China Merchants Port Holdings in Gainpro changed from 100% to 76.47%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(VII) EQUITY IN OTHER ENTITIES - continued

2. Transactions resulting in changes in ownership interests in subsidiaries without losing control over the subsidiaries - continued

(2) Effect of the transaction on minority interests and equity attributable to owners of the Company

	CMPort	TCP	Gainpro
Acquisition cost/disposal consideration			
- Cash	-	755,398,999.97	1,851,325,647.36
- Fair value of non-cash assets	974,063,967.07	-	-
Less: Fair value of put options recognized at the acquisition of TCP controlling interest	-	170,321,779.31	-
Less: Changes in the fair value of put options	-	65,259,562.57	-
Less: Shareholder loans transferred to Fujian Transportation Maritime Silk Road	-	-	1,587,526,138.69
Total acquisition cost and disposal consideration	974,063,967.07	519,817,658.09	263,799,508.67
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired to the equity disposed	1,350,167,611.78	-14,691,819.14	-68,314,604.13
Difference	-376,103,644.71	534,509,477.23	332,114,112.80
Including: Adjustment to capital Reserve	376,103,644.71	-534,509,477.23	332,114,112.80
Adjustment to surplus reserve	-	-	-
Adjustment to unappropriated profit	-	-	-

3. Interests in joint ventures and associates

(1) Material joint ventures or associates

Investee	Principal place of business	Place of registration	Nature of business	Proportion of ownership interests held by the Group (%)		Accounting method of investments in associates
				Direct	Indirect	
Associates						
Shanghai International Port (Group) Co., Ltd.	Shanghai, PRC	Shanghai, PRC	Port and container terminal business	-	26.77	Equity method

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(Unless otherwise specified, the monetary unit shall be RMB.)

(VII) EQUITY IN OTHER ENTITIES - continued

4. Key financial information of material associates

Item	Shanghai International Port (Group) Co., Ltd.	
	Closing balance / Amount incurred in the current period	Opening balance/ Amount incurred in the prior period
Current assets	43,653,716,114.59	40,399,631,516.67
Including: Cash and cash equivalents	20,689,734,592.59	17,900,365,675.69
Non-current assets	112,271,033,861.93	101,777,664,401.29
Total assets	155,924,749,976.52	142,177,295,917.96
Current liabilities	22,405,787,626.17	19,339,272,490.14
Non-current liabilities	37,539,362,699.55	32,049,165,771.78
Total liabilities	59,945,150,325.72	51,388,438,261.92
Minority interests	8,461,734,212.94	8,732,108,869.09
Equity attributable to shareholders of the parent company	87,517,865,437.86	82,056,748,786.95
Share of net assets calculated based on the proportion of ownership interests	23,428,532,577.72	21,966,591,650.27
Adjustments		
-Goodwill	2,076,585,747.12	2,076,585,747.12
-Others	-143,335,143.43	-125,134,529.84
Carrying amounts of equity investments in associates	25,361,783,181.41	23,918,042,867.55
Fair value of publicly quoted equity investments in associates	28,345,709,190.02	35,788,783,813.22
Operating income	26,119,460,820.07	36,101,631,985.21
Net profit	9,183,403,328.66	9,925,845,382.34
Other comprehensive income	657,555,565.18	-197,209,230.86
Total comprehensive income	9,840,958,893.84	9,728,636,151.48
Dividends received from associates in the current year	899,371,516.97	955,194,576.56

5. Summarized financial information of immaterial associates and joint ventures

Item	Closing balance/Amount accumulated in the year	Opening balance/ Amount accumulated last year
Joint ventures:		
Total carrying amount of investments	8,860,743,706.09	9,392,226,566.22
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	357,995,555.70	468,699,021.57
- Other comprehensive income	25,430,763.35	-18,718,479.76
- Total comprehensive income	383,426,319.05	449,980,541.81
Associates:		
Total carrying amount of investments	32,009,396,535.95	24,606,269,949.49
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	1,396,328,157.40	833,229,755.94
- Other comprehensive income	21,687,463.52	-71,060,470.70
- Total comprehensive income	1,418,015,620.92	762,169,285.24

6. The investees where the Group holds long-term equity investments are not restricted to transfer funds to the Group.

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(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**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 HKD, USD and EUR. Except for part of the purchases and sales, the Group's other principal activities are denominated and settled in RMB. As at 31 December 2020, the balance of the Group's assets and liabilities are both denominated in functional currency, except that the assets and liabilities set out below are recorded using foreign currency. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Item	Closing balance	Opening balance
Cash and bank balances	1,214,901,554.08	829,827,620.81
Accounts receivable	34,261,643.29	134,801,300.52
Other receivables	1,004,843,484.23	558,948,223.20
Long-term receivables	-	9,800,295.76
Short-term borrowings	668,320,000.00	1,304,398,148.00
Accounts payable	4,286,809.14	30,431,392.31
Other payables	201,395,071.52	261,684,252.87
Non-current liabilities due within one year	382,131,909.25	261,401,461.04
Long-term borrowings	670,000,000.00	976,546,725.00
Bonds payable	2,500,000,000.00	2,500,000,000.00
Long-term payables	440,659,667.97	431,361,402.17

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 it is unlikely that the exchange rate changes in the future one year will result in significant loss to the Group.

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 and shareholders' equity:

Item	Changes in exchange rate	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	-577,260.66	-577,260.66	-17,661,467.60	-17,661,467.60
All foreign currencies	5% decrease against RMB	577,260.66	577,260.66	17,661,467.60	17,661,467.60
All foreign currencies	5% increase against USD	1,578,468.63	1,578,468.63	-7,574,539.96	-7,574,539.96
All foreign currencies	5% decrease against USD	-1,578,468.63	-1,578,468.63	7,574,539.96	7,574,539.96
All foreign currencies	5% increase against HKD	-131,469,479.65	-131,469,186.05	-97,677,880.50	-97,677,880.50
All foreign currencies	5% decrease against HKD	131,469,479.65	131,469,186.05	97,677,880.50	97,677,880.50
All foreign currencies	5% increase against FCFA	-171,067.13	-171,067.13	-41,707,232.31	-41,707,232.31
All foreign currencies	5% decrease against FCFA	171,067.13	171,067.13	41,707,232.31	41,707,232.31

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(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**2. Interest rate risk - changes in cash flows**

Risk of changes in cash flows of financial instruments arising from interest rate changes is mainly related to bank loans with floating interest rate. (See Note (V) 26 and Note (V) 36). The Group continuously and closely monitors the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain these borrowings at floating rates. Presently, the Group has no arrangement such as interest rate swaps etc.

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 designated as hedging instrument, the fluctuations of market interest rate affect its fair value, and all interest rate hedging are expected to be highly effective;
- The changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discounting method by applying the market interest rate at balance sheet date.

On the basis of above assumptions, where the other variables held constant, the pre-tax effect of possible and reasonable changes in interest rate on the profit or loss for the period and shareholders' equity are as follows:

Item	Changes in interest rate	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings and long-term borrowings	1% increase	-133,940,312.35	-133,940,312.35	-126,905,885.92	-126,905,885.92
Short-term borrowings and long-term borrowings	1% decrease	133,940,312.35	133,940,312.35	126,905,885.92	126,905,885.92

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 utilisation of bank borrowings and ensures compliance with loan covenants.

As of 31 December 2020, the Group had total current liabilities in excess of total current assets of RMB3,870,940,636.24. As at 31 December 2020, the Group has available unutilized loan facility of RMB45,605,365,637.62 which is more than current liabilities. Therefore, the Group's management believes that the Group has no significant liquidity risk.

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(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

3. Liquidity risk - continued

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

Item	Carrying amount	Gross amount	Within 1 year	1 to 5 years	Over 5 years
Short-term borrowings	10,483,775,548.93	10,589,325,476.51	10,589,325,476.51	-	-
Notes payable	7,081,772.32	7,081,772.32	7,081,772.32	-	-
Accounts payable	599,112,028.98	599,112,028.98	599,112,028.98	-	-
Other payables	2,456,700,897.60	2,456,700,897.60	2,456,700,897.60	-	-
Non-current liabilities due within one year	3,511,343,186.37	4,990,744,868.69	4,990,744,868.69	-	-
Other current liabilities	2,383,668,985.94	2,397,840,643.47	2,397,840,643.47	-	-
Long-term borrowings	7,406,322,693.80	8,295,674,700.92	-	6,597,478,594.75	1,698,196,106.17
Bonds payable	21,090,545,845.56	23,576,837,902.76	-	19,195,987,479.27	4,380,850,423.49
Lease liabilities	1,327,423,748.05	2,054,269,999.66	-	804,396,870.36	1,249,873,129.30
Long-term payables	1,188,465,420.57	1,289,219,203.17	-	26,864,969.61	1,262,354,233.56
Other non-current liabilities	2,821,122,944.90	2,821,122,944.90	-	246,057,524.18	2,575,065,420.72

(IX) DISCLOSURE OF FAIR VALUE

1. Closing balance of assets and liabilities measured at fair value

Item	Fair value at the end of the year			Total
	Level 1 Measured at fair value	Level 2 Measured at fair value	Level 3 Measured at fair value	
Measurements at fair value continuously				
Held-for-trading financial assets	165,448.59	-	850,000,000.00	850,165,448.59
Receivables financing	-	217,449,966.41	-	217,449,966.41
Other equity instrument investments	10,786,800.00	-	170,680,257.74	181,467,057.74
Other non-current financial assets	886,385,139.77	-	24,422,312.79	910,807,452.56
Total assets measured at fair value continuously	897,337,388.36	217,449,966.41	1,045,102,570.53	2,159,889,925.30
Other non-current liabilities	-	-	2,888,395,641.53	2,888,395,641.53
Total liabilities measured at fair value continuously	-	-	2,888,395,641.53	2,888,395,641.53

2. Basis for determining the market price of items continuously measured at level 1 fair value

The market prices of other equity instrument investments and other non-current financial assets are determined at the closing price of the equity instrument at Shanghai Stock Exchange and Hong Kong Stock Exchange at 31 December 2020.

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(Unless otherwise specified, the monetary unit shall be RMB.)

(IX) DISCLOSURE OF FAIR VALUE - continued**3. Qualitative and quantitative information of valuation techniques and key parameters adopted for items continuously measured at level 2 fair value**

Item	Fair value at the end of this year	Valuation techniques	Inputs
Receivables financing	217,449,966.41	Cash flow discounting	Discount rate

The fair value of non-listed equity instruments included in equity instruments at fair value through profit or loss is determined using the valuation techniques such as listed company comparison approach etc. During the valuation, the Group needs to make estimates in respect of market volatility and relevance etc., select appropriate discount rate and take into consideration of adjustment of discount and premium.

4. Qualitative and quantitative information of valuation techniques and key parameters adopted for items continuously measured at level 3 fair value

Item	Fair value at the end of this year	Valuation techniques	Inputs
Held-for-trading financial assets	850,000,000.00	Cash flow discounting	Discount rate
Other equity instrument investments	170,680,257.74	Net worth method	Carrying amount
Other non-current financial assets	2,000,000.00	Cash flow discounting	Discount rate
Other non-current financial assets	667,822.80	Net worth method	Carrying amount
Other non-current financial assets	21,754,489.99	Listed company comparison approach	Share price
Other non-current liabilities	2,888,395,641.53	Cash flow discounting	Discount rate

The fair value of non-listed equity instruments included in equity instruments at fair value through profit or loss or other comprehensive income is determined using the valuation techniques such as cash flow discounting method, net worth method, listed company comparison approach etc. During the valuation, the Group needs to make estimates in respect of the future cash flows, credit risk, market volatility and relevance etc., select appropriate discount rate and take into consideration of adjustment of discount and premium.

5. Fair value of financial assets and financial liabilities not measured at fair value

The financial assets and liabilities not measured at fair value mainly include: notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, lease liabilities and long-term payables etc.

The Group's management believes that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

The fair value of bonds payable traded in active market is determined at the quoted price in the active market. The fair values of long-term borrowings, long-term payables and bonds payable not traded in active market are determined at the present value of contractual future cash flows discounted using the interest rate for providing nearly the same cash flows to entity with comparable credit rating under the same conditions.

CHINA MERCHANTS PORT GROUP CO., LTD.

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FOR THE YEAR ENDED 31 DECEMBER 2020

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Name of the parent	Related party relationship	Type of the entity	Place of registration	Nature of business	Issued share capital	Proportion of the Company's ownership interests held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Broadford Global Limited	Parent company	Private limited company (share limited)	Hong Kong	Investment holding	HKD 21,120,986,262	2.88	81.92 (Note)

Note: Broadford Global Limited directly holds 2.88% equity of the Company, and indirectly holds 19.29% and 59.75% equity of the Company through the subsidiaries China Merchants Gangtong Development (Shenzhen) Co., Ltd. and China Merchants Port Investment Development Company Limited (formerly known as China Merchants Investment Development Co., Ltd.) respectively. The ultimate controlling shareholder of the Company is China Merchants Group.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note (VII) 1.

CHINA MERCHANTS PORT GROUP CO., LTD.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

3. Associates and joint ventures of the Company

Details of the Company's significant joint ventures and associates are set out in Note (VII) 3.

Other joint ventures or joint ventures that occurred related party transactions and formed balances with the Group this year are as follows:

Name of joint venture or associate	Relationship with the Company
Port of Newcastle and its subsidiaries	Joint venture
Guizhou East Land Port Operation Co., Ltd.	Joint venture
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Previously a joint venture (currently a subsidiary)
Ningbo Daxie (Note 1)	Previously a joint venture (currently a subsidiary)
Qingdao Qianwan United Container Terminal Co., Ltd.	Joint venture
Qingdao Qianwan West Port United Wharf Co., Ltd.	Joint venture
Qingdao Qianwan New United Container Terminal Co., Ltd.	Joint venture
COSCO Logistics (Zhanjiang) Co., Ltd.	Joint venture
China Merchants Antong Logistics Management Company	Joint venture
China Ocean Shipping Agency (Zhanjiang) Co., Ltd.	Joint venture
Yantai Port Group Laizhou Port Co., Ltd.	Joint venture
Qingdao Wutong Century Supply Chain Co., Ltd.	Joint venture
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	Joint venture
Doraleh Multi-purpose Port	Associate
Great Horn Development Company FZCo	Associate
International Djibouti Industrial Parks Operation FZCo	Associate
Port de Djibouti S.A.	Associate
Terminal Link SAS	Associate
Tin-Can Island Container Terminal Ltd	Associate
Guizhou Qiandongnan Continental Land Port Operation Co., Ltd.	Associate
Nanshan Group and its subsidiaries	Associate
Shanghai International Port (Group) Co., Ltd.	Associate
Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	Associate
Tianjin Haitian Bonded Logistics Co., Ltd.	Associate
Modern Terminals Limited	Associate
Zhanjiang CMHK Investment Co., Ltd.	Associate
Zhanjiang Xiagang United Development Co., Ltd.	Associate
Zhangzhou COSCO Shipping Agency Co., Ltd.	Associate
Chu Kong River Trade Terminal Co. Ltd.	Associate
Dalian Port Logistics Technology Co. Ltd.	Associate
China United Tally Co., Ltd. Shantou	Associate
Shantou International Container Terminals Limited	Associate
Shenzhen Bay Electricity Industry Co., Ltd.	Associate

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(Unless otherwise specified, the monetary unit shall be RMB.)

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
Yihai Kerry Golden Arowana Cereals, Oils and Foodstuffs Co., Ltd.	Minority shareholder of subsidiary
Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	Minority shareholder of subsidiary
Zhoushan Blue Ocean Investment Co., Ltd.	Minority shareholder of subsidiary
Sri Lanka Ports Authority	Minority shareholder of subsidiary
Antong Holdings Co., Ltd. and its subordinate companies (Note 2)	Same related natural person
China COSCO Shipping Group and its subsidiaries (Note 2)	Same related natural person
CMHK	Controlled by the same ultimate controlling shareholder
Sinotrans (NZ) Limited	Controlled by the same ultimate controlling shareholder
Sinotrans Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate controlling shareholder
South China Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
EuroAsia Dockyard Enterprise and Development Limited	Controlled by the same ultimate controlling shareholder
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
Penavico Shenzhen Warehousing Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Nanyou (Holdings) Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen West Port Security Service Company	Controlled by the same ultimate controlling shareholder
China Merchants Landmark (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Real Estate (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants (Shenzhen) Power Supply., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Property Management (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards (Shekou) Limited	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards Limited	Controlled by the same ultimate controlling shareholder
China Merchants Houlder Insurance Consulting Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants International Cold Chain (Shenzhen) Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Group Finance Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Port Investment Development Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Life Insurance Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Finance Lease (Tianjin) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchant Food (China) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Tongshang Finance Lease Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Logistics Group Qingdao Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Securities Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Traffic Import and Export Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company - continued

Name of other related parties	Relationship with the Company
China Merchants Healthcare (Qichun) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Tally Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Air Transportation Development Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Central China Co., Ltd.	Controlled by the same ultimate controlling shareholder
Portx.cn	Controlled by the same ultimate controlling shareholder
Sinotrans (HK) Shipping Limited	Controlled by the same ultimate controlling shareholder
Sinoway Shipping Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants (Liaoning) Port Development Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Shantou Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Holdings (Hong Kong) Company Limited	Controlled by the same ultimate controlling shareholder
Guangzhou Hangshang Int'l Shipping Agency Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen China Merchants Shekou Asset Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Yangtze Shipping Group Wuhan Real Estate Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Wanhai Mansion Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Godown, Wharf & Transportation Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants-Logistics Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Agency Shenzhen	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Ningbo Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Container Lines (Hong Kong) Company Limited	Controlled by the same ultimate controlling shareholder
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate controlling shareholder
Hoi Tung Innotek (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	Original controlled by the ultimate controlling shareholder
Khor Ambado FZCo	With significant influence from the ultimate controlling shareholder
Djibouti International Hotel Company	With significant influence from the ultimate controlling shareholder
China Merchant Bank Co., Ltd.	With significant influence from the ultimate controlling shareholder
Shenzhen China Merchants Port Trade Center for Sea-land Materials	With significant influence from the ultimate controlling shareholder

Note 1: Refer to Note (VI) 1. It's no longer a related party of the Group since 19 November 2020.

Note 2: The Company's former Chairman Fu Gangfeng (resigned on 31 January 2020) worked as the director and general manager of China COSCO Shipping Corporation Limited within 12 months after his departure. From 1 January 2020 to 27 March 2020, the Company's deputy general manager Zheng Shaoping worked both as the senior management personnel of the Company and as the Chairman of the Board of Antong Holding Co., Ltd. From September 25 to October 11, 2020, the Company's Deputy General Manager Zheng Shaoping worked as the Company's senior management and the member of board of directors of Antong Holdings Co., Ltd. From October 12, 2020 to December 31, 2020, the Company's Deputy General Manager Zheng Shaoping, served both as the senior management of the company and as the chairman of Antong Holding Co., Ltd. Therefore, the related party transactions and balances for the period in which the aforesaid two persons were the director, senior management personnel of China COSCO Shipping Corporation Limited and Antong Holdings Co., Ltd. and for the 12 months after such period are disclosed.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Rendering and receipt of service

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
Receipt of service:				
Nanshan Group and its subsidiaries	Service expenditure	Negotiation	29,612,136.31	59,399,028.43
Shenzhen Bay Electricity Industry Co., Ltd.	Service expenditure	Negotiation	29,148,667.42	-
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service expenditure	Negotiation	16,335,069.80	18,116,312.14
Hoi Tung (Shanghai) Company Limited	Service expenditure	Negotiation	9,886,142.11	1,472,835.51
Yiu Lian Dockyards Limited	Service expenditure	Negotiation	9,274,213.41	11,822,773.93
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	6,616,945.42	8,063,768.58
China Merchants Property Management (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	844,512.39	2,496,785.30
COSCO Logistics (Zhanjiang) Co., Ltd.	Service expenditure	Negotiation	5,078,367.51	5,302,779.67
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Service expenditure	Negotiation	4,548,046.20	5,050,730.12
Shenzhen West Port Security Service Company	Service expenditure	Negotiation	4,159,456.50	-
China Marine Shipping Agency Shenzhen Co., Ltd.	Service expenditure	Negotiation	2,403,262.96	2,998,142.60
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	2,201,965.59	1,887,287.74
Djibouti International Hotel Company	Service expenditure	Negotiation	2,028,556.99	-
China Marine Shipping Agency Guangdong Co., Ltd.	Service expenditure	Negotiation	1,994,707.90	98,489.92
China Merchants Life Insurance Company Limited	Service expenditure	Negotiation	1,828,798.25	1,674,762.08
China Merchant Food (China) Co., Ltd.	Service expenditure	Negotiation	1,790,459.66	7,720.06
China Merchants Logistics Group Qingdao Co., Ltd.	Service expenditure	Negotiation	1,506,882.06	4,291,294.93
China Merchants Healthcare (Qichun) Co., Ltd.	Service expenditure	Negotiation	1,473,607.08	-
China Ocean Shipping Tally Shenzhen Co., Ltd.	Service expenditure	Negotiation	1,208,224.86	1,168,331.49
Dalian Port Logistics Technology Co., Ltd.	Service expenditure	Negotiation	1,068,592.04	-
China Merchants Houlder Insurance Consulting Co., Ltd.	Service expenditure	Negotiation	273,247.88	2,475,979.40
China Traffic Import and Export Co., Ltd.	Service expenditure	Negotiation	224,342.82	1,076,783.22
Sinotrans Air Transportation Development Co., Ltd.	Service expenditure	Negotiation	-	1,178,932.56
China Merchants (Shenzhen) Power Supply Co., Ltd.	Service expenditure	Negotiation	-	2,611,504.71
Other related parties	Service expenditure	Negotiation	5,120,243.27	5,718,581.57
China Merchants Property Management (Shenzhen) Co., Ltd.	Property utilities	Negotiation	7,567,376.65	19,706,450.63
Nanshan Group and its subsidiaries	Property utilities	Negotiation	-	5,923,767.12
Other related parties	Property utilities	Negotiation	1,269,101.74	2,114,730.66
China Merchants Finance Lease (Tianjin) Co., Ltd.	Lease service fee	Negotiation	-	6,447,169.81
China Merchants Bank Co., Ltd.	Purchase of wealth management products	Negotiation	850,000,000.00	-
China Merchants Group Finance Company Limited	Interest expense	Negotiation	40,218,054.32	42,581,045.29
China Merchant Bank Co., Ltd.	Interest expense	Negotiation	2,820,905.00	3,618,321.05
Port de Djibouti S.A.	Interest expense	Negotiation	-	7,364,273.28
Total			1,040,501,886.14	224,668,581.80

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
Rendering of service:				
China COSCO Shipping Group and its subsidiaries	Service revenue	Negotiation	473,089,186.47	128,551,617.88
COSCO Logistics (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	138,294,236.96	142,786,686.45
Antong Holdings Co., Ltd. and its subordinate companies	Service revenue	Negotiation	127,713,616.40	30,031,214.77
China Marine Shipping Agency Guangdong Co., Ltd.	Service revenue	Negotiation	61,942,724.25	33,230,929.57
China Marine Shipping Agency Zhanjiang Co., Ltd.	Service revenue	Negotiation	53,774,870.23	48,467,968.01
Qingdao Qianwan United Container Terminal Co., Ltd.	Service revenue	Negotiation	49,104,741.77	54,976,948.20
Shantou International Container Terminals Limited	Service revenue	Negotiation	15,018,042.39	-
China Ocean Shipping Agency Shenzhen	Service revenue	Negotiation	11,872,191.59	22,026,784.26
Port de Djibouti S.A.	Service revenue	Negotiation	10,943,478.47	-
China Merchants Ocean Shipping Agency ShenZhen	Service revenue	Negotiation	10,407,471.90	5,516,336.45
Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	Service revenue	Negotiation	9,183,840.58	7,624,557.93
Yiu Lian Dockyards (Shekou) Limited	Service revenue	Negotiation	6,825,979.02	5,818,220.17
China Merchants International Cold Chain (Shenzhen) Company Limited	Service revenue	Negotiation	6,781,159.20	6,487,127.00
Penavico Shenzhen Warehousing Co., Ltd.	Service revenue	Negotiation	6,450,089.03	424,691.17
Sinotrans Container Lines Co., Ltd.	Service revenue	Negotiation	5,752,204.72	4,173,590.92
South China Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	5,730,351.44	3,574,103.34
Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	Service revenue	Negotiation	5,366,080.32	1,073,773.97
China Marine Shipping Agency Shenzhen Co., Ltd.	Service revenue	Negotiation	4,566,415.18	7,924,860.20
Ningbo Daxie	Service revenue	Negotiation	4,212,324.06	3,973,305.23
Portx.cn	Service revenue	Negotiation	3,627,717.89	-
Sinotrans (HK) Shipping Limited	Service revenue	Negotiation	3,516,284.75	-
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service revenue	Negotiation	3,403,438.43	9,297,044.19
Qingdao Qianwan United Container Terminal Co., Ltd.	Service revenue	Negotiation	3,147,064.19	3,165,271.40
China Marine Shipping Agency Guangdong Co., Ltd.	Service revenue	Negotiation	2,771,236.94	637,333.96
Sinoway Shipping Ltd.	Service revenue	Negotiation	2,380,557.22	101,246.40
Guizhou Qiongdongnan Continental Land Port Operation Co., Ltd.	Service revenue	Negotiation	2,006,774.37	4,995,026.14
China Merchants (Liaoning) Port Development Co., Ltd.	Service revenue	Negotiation	1,886,792.45	-
China Merchants Port Investment Development Company Limited	Service revenue	Negotiation	1,870,575.47	-
Guizhou East Land Port Operation Co., Ltd.	Service revenue	Negotiation	1,854,382.19	5,538,484.09
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Service revenue	Negotiation	1,777,701.97	1,855,239.95
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Service revenue	Negotiation	1,771,945.79	54,339.62
Shantou Zhonglian Tally Co., Ltd.	Service revenue	Negotiation	1,720,385.71	-
Shanghai International Port (Group) Co., Ltd.	Service revenue	Negotiation	1,631,054.72	1,588,035.85
Yantai Port Group Laizhou Port Co., Ltd.	Service revenue	Negotiation	1,448,756.38	1,775,122.48
Doraleh Multi-purpose Port	Service revenue	Negotiation	1,396,158.59	1,062,268.33
Zhanjiang CMHK Investment Co., Ltd.	Service revenue	Negotiation	1,226,801.94	-
International Djibouti Industrial Parks Operation FZCo	Service revenue	Negotiation	1,219,559.23	5,109,432.57
Terminal Link SAS	Service revenue	Negotiation	1,203,144.53	1,362,717.34
Zhangzhou COSCO Shipping Agency Co., Ltd.	Service revenue	Negotiation	1,171,144.27	2,465,482.40
Sinotrans Central China Co., Ltd.	Service revenue	Negotiation	1,097,750.34	-
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Service revenue	Negotiation	1,049,302.38	2,211,004.97
China Merchants-Logistics Shenzhen Co., Ltd.	Service revenue	Negotiation	1,007,155.73	1,267,111.56
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	902,612.31	1,643,202.86
Nanshan Group and its subsidiaries	Service revenue	Negotiation	822,683.39	1,000,829.05
Sinotrans Shantou Co., Ltd.	Service revenue	Negotiation	747,042.39	1,142,737.27
CMHK	Service revenue	Negotiation	126,500.00	1,412,000.00
Qingdao Wutong Century Supply Chain Co., Ltd.	Service revenue	Negotiation	99,572.06	2,061,301.86
Great Horn Development Company FZCo	Service revenue	Negotiation	-	2,492,673.00
Khor Ambado FZCo	Service revenue	Negotiation	-	13,593,100.08
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	Service revenue	Negotiation	-	1,200,615.17
Sinotrans (NZ) Limited	Service revenue	Negotiation	-	6,191,950.42

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(Unless otherwise specified, the monetary unit shall be RMB.)

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
Rendering of service:				
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Service revenue	Negotiation		4,250,943.39
Shenzhen China Merchants Shekou Asset Management Co., Ltd.	Service revenue	Negotiation	-	2,297,545.50
Shenzhen Zhaoqiang Sea and Land Material Trade Center	Service revenue	Negotiation	-	2,026,044.81
Other related parties	Service revenue	Negotiation	10,373,324.37	8,690,168.35
Port of Newcastle and its subsidiaries	Interest income	Negotiation	61,452,466.62	62,584,543.33
Zhanjiang CMHK Investment Co., Ltd.	Interest income	Negotiation	34,310,102.60	48,716,656.41
China Merchant Bank Co., Ltd.	Interest income	Negotiation	25,077,926.86	26,074,287.83
Terminal Link SAS	Interest income	Negotiation	130,683,767.31	56,993.75
China Merchants Group Finance Company Limited	Interest income	Negotiation	17,071,627.25	7,814,725.11
Tianjin Haitian Bonded Logistics Co., Ltd.	Interest income	Negotiation	1,507,141.63	1,394,695.28
Khoro Ambado FZCo	Interest income	Negotiation	-	18,187,714.88
Other related parties	Interest income	Negotiation	39,343.77	3,811.07
Total			1,334,428,800.02	761,984,416.19

(2) Leases with related parties

The Group as the lessor:

Name of the lessee	Type of leased assets	Pricing method and decision procedures of related transactions	Lease income recognized in the current year	Lease income recognized in the prior year
Qingdao Qianwan West Port United Wharf Co., Ltd.	Port and terminal facilities	Negotiation	9,530,634.40	4,571,984.36
Qingdao Bonded Logistics Park Sinotrans Warehousing & Logistics Co., Ltd.	Buildings and structures	Negotiation	5,246,389.08	3,816,263.45
China Merchant Food (China) Co., Ltd.	Buildings and structures	Negotiation	4,979,293.98	5,675,752.58
China Traffic Import and Export Co., Ltd.	Buildings and structures	Negotiation	4,791,084.02	3,943,926.21
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Buildings and structures	Negotiation	3,937,228.69	2,678,324.75
Yiu Lian Dockyards (Shekou) Limited	Buildings and structures	Negotiation	2,612,180.18	2,441,075.14
Nanshan Group and its subsidiaries	Buildings and structures	Negotiation	2,451,852.32	2,698,718.83
Qingdao Qianwan United Container Terminal Co., Ltd.	Buildings and structures	Negotiation	2,402,484.55	-
China Merchants Securities Co., Ltd.	Buildings and structures	Negotiation	2,364,578.34	2,330,741.02
Qingdao Wutong Century Supply Chain Co., Ltd.	Buildings and structures	Negotiation	960,707.68	1,082,330.31
Other related parties	Buildings and structures, land use rights	Negotiation	6,612,178.37	3,441,589.35
Total			45,888,611.61	32,680,706.00

CHINA MERCHANTS PORT GROUP CO., LTD.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties - continued

The Group as the lessee:

Name of the lessor	Type of leased assets	Rental (year)	Lease term (disclose the period covered by contract)	Other significant lease terms
China Merchants Finance Lease (Tianjin) Co., Ltd.	Port and terminal facilities	103,616,724.54	19 March 2018 -26 March 2024	N/A
China Merchants Finance Lease (Tianjin) Co., Ltd.	Machinery equipment, port and terminal facilities	63,602,263.89	30 November 2018 -30 November 2024	N/A
Nanshan Group and its subsidiaries	Buildings and structures	57,094,005.40	1 January 2019 - 31 December 2023	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	46,381,918.54	31 October 2017 -27 October 2023	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Port and terminal facilities	35,385,536.56	1 January 2020 - 31 December 2021	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	17,717,147.04	26 December 2016 -15 November 2022	N/A
EuroAsia Dockyard Enterprise and Development Limited	Port and terminal facilities	14,633,851.19	1 January 2020 - 31 December 2020	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Other	5,823,873.60	1 January 2020 - 31 December 2020	N/A
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Other	4,169,811.20	1 March 2020 - 31 December 2020	With progressively decreasing rent, and the lease terminated in September 2020
Nanshan Group and its subsidiaries	Other	3,198,846.84	1 January 2018 - 31 December 2018	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings and structures	3,101,220.22	1 January 2019 -31 December 2019	Attached with renewal option
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	2,632,960.86	1 January 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Other	2,619,047.62	1 May 2015 -30 April 2020	N/A
Shenzhen Nanyou (Holdings) Co., Ltd.	Other	1,995,553.20	1 January 2020 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Other	1,817,704.08	1 January 2016 - 31 December 2018	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings and structures	1,468,461.12	1 July 2019 - 31 December 2019	Attached with renewal option
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	1,339,191.69	1 January 2018 - 31 December 2020	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Port and terminal facilities	990,257.55	1 May 2018 – 30 April 2021	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	877,680.00	1 January 2018 - 31 December 2020.	Attached with renewal option
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings and structures	819,000.00	22 March 2020 -28 February 2021	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings and structures	777,000.00	22 March 2019 -21 March 2020	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	687,796.80	1 September 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Buildings and structures	639,738.84	1 January 2019 - 31 December 2023	Attached with renewal option
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Other	485,224.52	10 February 2020 -31 May 2020	N/A

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties - continued

The Group as the lessee: - continued

Name of the lessor	Type of leased assets	Rental (year)	Lease term (disclose the period covered by contract)	Other significant lease terms
Nanshan Group and its subsidiaries	Buildings and structures	352,656.00	1 May 2019 - 31 December 2019	Attached with renewal option
Nanshan Group and its subsidiaries	Other	346,575.86	1 January 2017 - 25 August 2021	N/A
China Yangtze Shipping Group Wuhan Real Estate Co., Ltd.	Buildings and structures	310,196.16	15 April 2019 - 14 January 2021	The contract has terminated
Nanshan Group and its subsidiaries	Other	230,502.86	1 January 2017 - 31 December 2020.	Attached with renewal option
Shenzhen Nanyou (Holdings) Co., Ltd.	Other	218,999.99	1 January 2020 - 31 July 2020	The contract has terminated
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	218,326.32	25 August 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Buildings and structures	147,490.74	1 May 2019 - 31 December 2019	Attached with renewal option
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Buildings and structures	133,680.00	1 January 2020 - 31 December 2020	N/A
Shenzhen Wanhai Mansion Management Co., Ltd.	Buildings and structures	101,620.00	15 June 2018 - 14 June 2021	Progressively increasing rent
China Merchants Landmark (Shenzhen) Co., Ltd.	Buildings and structures	101,620.00	15 June 2018 - 14 June 2021	Progressively increasing rent
China Merchants Godown, Wharf & Transportation Co., Ltd.	Motor vehicles and cargo ships	95,152.23	1 January 2020 - 28 February 2020	N/A
Nanshan Group and its subsidiaries	Port and terminal facilities	93,981.20	1 January 2019 - 31 December 2023	Attached with renewal option
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	76,421.87	25 August 2018 - 31 December 2020	N/A
China Merchants-Logistics Shenzhen Co., Ltd.	Buildings and structures	41,360.00	1 June 2019 - 30 April 2020	N/A
Nanshan Group and its subsidiaries	Buildings and structures	22,080.00	1 January 2015 - 31 December 2015	Attached with renewal option
Total		374,365,478.53		

(3) Related party guarantees

The Group as the guarantor

Secured party	Credit Line	Guaranteed amount	Commencement date	Maturity	The guarantee has been completed or not
2020					
Terminal Link SAS (Note 1)	71,003,968.05	71,003,968.05	1 June 2013	2033	No
Khor Ambado FZCo (Note 2)	187,917,834.24	113,125,755.69	24 May 2019	2032	No
Total	258,921,802.29	184,129,723.74			
2019					
Terminal Link SAS (Note 1)	24,982,114.97	12,241,236.33	1 June 2013	2019	Yes
Terminal Link SAS (Note 1)	80,305,197.15	80,305,197.15	1 June 2013	2033	No
Khor Ambado FZCo (Note 2)	200,914,560.00	118,398,397.00	24 May 2019	2032	No
Port de Djibouti S.A.	343,160,000.00	24,192,780.00	14 June 2016	14 June 2019	Yes
Total	649,361,872.12	235,137,610.48			

CHINA MERCHANTS PORT GROUP CO., LTD.

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(Unless otherwise specified, the monetary unit shall be RMB.)

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(3) Related party guarantees - continued

The Group as the guarantor - continued

Note 1: CMA CGM S.A. is another shareholder of Terminal Link SAS, an associate of the Group. The Group has made a commitment to CMA CGM S.A. that the Group will provides guarantee for its bank loan financing to the associate Terminal Link SAS and other liabilities to the extent of the Group's 49% ownership interest in the company. The actual guaranteed amount is RMB71,003,968.05 on 31 December 2020. If any guarantee liability occurs, the Group will compensate CMA CGM S.A.

Note 2: Khor Ambado FZCo is a related company of the Group's common ultimate controlling shareholder. The Group provides guarantee for its bank loans and other liabilities, the actual amount of which as at 31 December 2020 is RMB 113,125,755.69.

(4) Borrowings and loans with related parties

Related party	Amount	Commencement date	Maturity date	Description
2020				
Borrowings				
China Merchants Group Finance Company Limited	1,301,430,000.00	22 October 2020	21 October 2021	Fixed annual interest rate of 3.6000%
China Merchants Group Finance Company Limited	672,821,155.13	28 December 2020	27 January 2021	Fixed annual interest rate of 3.4500%
China Merchants Finance Lease (Tianjin) Co., Ltd.	200,235,277.84	14 April 2020	13 April 2024	Fixed annual interest rate of 4.0500%
China Merchants Group Finance Company Limited	200,235,277.78	25 September 2020	24 September 2021	Fixed annual interest rate of 3.8500%
China Merchants Group Finance Company Limited	192,039,573.34	30 December 2020	29 December 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	76,929,960.60	25 March 2020	12 March 2029	Fixed annual interest rate of 4.5050%
China Merchants Group Finance Company Limited	70,086,890.22	22 June 2020	21 June 2024	Fixed annual interest rate of 1.2000%
China Merchants Group Finance Company Limited	50,606,027.37	5 June 2020	2 March 2021	Fixed annual interest rate of 1.9900%
China Merchants Group Finance Company Limited	50,056,680.56	21 May 2020	20 May 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	40,000,000.00	20 December 2020	31 October 2023	Fixed annual interest rate of 1.2000%
China Merchants Group Finance Company Limited	47,000,000.00	6 January 2020	7 October 2024	Fixed annual interest rate of 4.5125%
China Merchants Group Finance Company Limited	30,035,291.66	4 December 2020	20 May 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	10,000,000.00	3 November 2020	12 May 2021	Fixed annual interest rate of 2.5000%
China Merchants Group Finance Company Limited	1,500,000.00	17 December 2020	10 December 2028	Fixed annual interest rate of 4.4100%
Total	2,942,976,134.50			
Lendings				
Terminal Link SAS	2,975,444,121.38	26 March 2020	26 March 2028	Fixed annual interest rate of 6.0000%
Port of Newcastle and its subsidiaries	815,144,304.00	30 May 2020	23 July 2023	Fixed annual interest rate of 8.0000%
Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	3 January 2020	2 January 2023	Fixed annual interest rate of 4.7500%
Total	3,824,888,425.38			
2019				
Borrowings				
China Merchants Group Finance Company Limited	300,378,812.51	2 December 2019	1 December 2020	Fixed annual interest rate of 4.1325%
China Merchants Group Finance Company Limited	270,548,281.28	22 April 2019	21 April 2020	Fixed annual interest rate of 4.3500%
China Merchants Financial Leasing (Tianjin) Co., Ltd.	150,000,000.00	23 December 2019	23 December 2025	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	150,000,000.00	27 August 2019	26 August 2020	Fixed annual interest rate of 4.1325%
China Merchants Group Finance Company Limited	56,483,984.71	1 July 2019	1 July 2034	Fixed annual interest rate of 4.6550%
China Merchants Group Finance Company Limited	50,061,625.00	4 June 2019	3 June 2020	Fixed annual interest rate of 4.3500%
China Merchants Group Finance Company Limited	50,000,000.00	29 July 2019	28 July 2022	Fixed annual interest rate of 4.5125%
China Merchants Group Finance Company Limited	47,000,000.00	14 October 2019	13 October 2024	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	33,052,804.00	22 July 2019	21 July 2020	Fixed annual interest rate of 4.3500%
China Merchants Group Finance Company Limited	29,000,000.00	18 October 2019	17 October 2023	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	28,000,000.00	15 January 2019	14 January 2024	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	23,000,000.00	10 June 2019	14 January 2024	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	10,000,000.00	28 December 2019	31 October 2023	Fixed annual interest rate of 1.2000%
China Merchants Group Finance Company Limited	6,000,000.00	22 July 2019	21 July 2020	Fixed annual interest rate of 4.3500%
China Merchants Group Finance Company Limited	1,000,000.00	24 December 2019	23 December 2020	Fixed annual interest rate of 4.3500%
Total	1,204,525,507.50			
Lendings				
China Merchants Antong Logistics Management Company	50,000,000.00	24 September 2019	24 September 2021	Fixed interest rate of 8.5000%

CHINA MERCHANTS PORT GROUP CO., LTD.

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FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(5) Asset transfer from related parties

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount accumulated in the current period	Amount accumulated in the prior period
Hoi Tung (Shanghai) Company Limited	Machinery equipment	Negotiation	8,202,477.87	5,891,378.30
Hoi Tung Innotek (Shenzhen) Co., Ltd.	Machinery equipment	Negotiation	1,946,000.00	738,053.10
China Merchants Property Management (Shenzhen) Co., Ltd.	Ordinary office equipment	Negotiation	-	710,229.95
Khor Ambado FZCo	Intangible assets	Negotiation	-	190,885,258.20
Other related parties	Ordinary office equipment	Negotiation	83,584.00	330,810.79
Total			10,232,061.87	198,555,730.34

(6) Compensation for key management personnel

Item	Amount incurred in the current period	Amount incurred in the prior period
Compensation for key management personnel	20,552,276.50	26,856,013.14

6. Amounts due from/to related parties

(1) Amounts due from related parties

Item	Related party	Closing balance	Opening balance
Cash and bank balances	China Merchant Bank Co., Ltd.	1,899,970,131.14	1,451,996,464.50
	China Merchants Group Finance Company Limited	1,568,924,175.58	890,065,186.36
	Total	3,468,894,306.72	2,342,061,650.86
Held-for-trading financial assets	China Merchant Bank Co., Ltd.	850,000,000.00	-
Accounts receivable	China COSCO Shipping Group and its subsidiaries	120,615,548.37	60,545,437.55
	Antong Holdings Co., Ltd. and its subordinate companies	10,508,254.42	60,112,564.13
	China Marine Shipping Agency Guangdong Co., Ltd.	7,777,640.18	3,583,505.77
	China Marine Shipping Agency Ningbo Co., Ltd.	7,773,568.86	-
	COSCO Logistics (Zhanjiang) Co., Ltd.	4,326,223.02	7,728,194.66
	Guizhou East Land Port Operation Co., Ltd.	3,612,221.02	4,043,600.57
	Khor Ambado FZCo	2,774,015.84	3,113,788.09
	Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	2,641,391.12	4,643,545.31
	Qingdao Qianwan West Port United Wharf Co., Ltd.	2,007,669.18	2,986,271.27
	Port de Djibouti S.A.	1,497,611.83	1,689,447.85
	Great Horn Development Company FZCo	1,427,020.52	2,771,510.50
	Sinotrans Container Lines Co., Ltd.	1,148,569.75	1,746,120.89
	Guizhou Qiandongnan Continental Land Port Operation Co., Ltd.	1,061,604.20	2,010,137.38
	South China Sinotrans Supply Chain Management Co., Ltd.	1,035,675.13	1,808,219.75
	China Ocean Shipping Agency Shenzhen	843,054.75	5,609,630.60
	China Marine Shipping Agency Shenzhen Co., Ltd.	322,016.25	1,058,089.50
	Yantai Port Group Laizhou Port Co., Ltd.	-	1,853,183.12
	Zhanjiang CMHK Investment Co., Ltd.	-	1,536,503.45
	Qingdao Qianwan United Container Terminal Co., Ltd.	-	4,424,422.68
	Other related parties	8,041,402.85	5,130,480.00
	Total	177,413,487.29	176,394,653.07

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(1) Amounts due from related parties - continued

Item	Related party	Closing balance	Opening balance
Other receivables	Nanshan Group and its subsidiaries	210,831,000.00	313,724,861.31
	Chu Kong River Trade Terminal Co., Ltd.	57,607,520.00	61,317,510.00
	Tin-Can Island Container Terminal Ltd	33,289,037.77	82,625,546.31
	Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	31,513,558.59	31,513,558.59
	Port de Djibouti S.A.	23,248,597.69	24,832,398.83
	COSCO Logistics (Zhanjiang) Co., Ltd.	13,378,666.52	13,751,368.26
	Zhoushan Blue Ocean Investment Co., Ltd.	4,996,989.39	-
	Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	4,000,000.00	-
	China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	2,899,163.95	2,899,163.95
	China Merchants (Liaoning) Port Development Co., Ltd.	2,000,000.00	-
	EuroAsia Dockyard Enterprise and Development Limited	1,422,660.84	1,514,281.82
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	1,068,658.39	1,068,658.39
	Sinotrans Guangdong Co., Ltd.	-	3,803,477.07
	Tianjin Haitian Bonded Logistics Co., Ltd.	220,500.00	33,282,119.52
	Qingdao Qianwan United Container Terminal Co., Ltd.	-	50,000,000.00
	Other related parties	3,961,060.53	4,199,662.93
	Total	390,437,413.67	624,532,606.98
Prepayments	Other related parties	244,729.25	1,414,261.04
Other current assets	China Merchant Bank Co., Ltd.	-	1,528,851,492.46
Non-current assets due within one year	Terminal Link SAS	51,286,674.10	-
	Port of Newcastle and its subsidiaries	16,473,559.57	809,702,715.78
	Total	67,760,233.67	809,702,715.78
Long-term receivables	Terminal Link SAS	2,746,067,386.31	9,800,295.76
	Port of Newcastle and its subsidiaries	815,144,304.00	-
	Zhanjiang CMHK Investment Co., Ltd.	286,330,144.62	1,025,631,435.87
	China Merchants Finance Lease (Tianjin) Co., Ltd.	10,000,000.00	14,500,000.00
	China Merchants Antong Logistics Management Company	-	50,000,000.00
	Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	-
	Total	3,891,841,834.93	1,099,931,731.63

(2) Amounts due to related parties

Item	Related party	Closing balance	Opening balance
Short-term borrowings	China Merchants Group Finance Company Limited	2,646,853,256.33	841,079,404.24
	China Merchant Bank Co., Ltd.	-	70,093,041.67
	Total	2,646,853,256.33	911,172,445.91
Other current liabilities	China Merchants Group Finance Company Limited	60,606,027.37	-
Accounts payable	Nanshan Group and its subsidiaries	9,220,434.36	10,747,794.44
	Qingdao Qianwan West Port United Wharf Co., Ltd.	6,381,033.57	7,641,839.79
	EuroAsia Dockyard Enterprise and Development Limited	2,994,548.16	2,974,168.52
	Yiu Lian Dockyards Limited	2,271,520.48	1,676,082.11
	China Marine Shipping Agency Shenzhen Co., Ltd.	1,264,544.50	535,279.71
	China Merchants Logistics Group Qingdao Co., Ltd.	21,834.03	1,006,844.56
	Other related parties	558,566.85	3,078,887.88
	Total	22,712,481.95	27,660,897.01
Receipts in advance	Port de Djibouti S.A.	10,350,122.63	-
	Other related parties	606,631.45	600,535.85
	Total	10,956,754.08	600,535.85
Contract liabilities	Antong Holdings Co., Ltd. and its subordinate companies	6,774,086.39	521,882.13
	China Marine Shipping Agency Guangdong Co., Ltd.	2,304,015.01	3,577,148.00
	Other related parties	3,264,592.40	1,932,142.96
	Total	12,342,693.80	6,031,173.09

CHINA MERCHANTS PORT GROUP CO., LTD.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties - continued

Item	Related party	Closing balance	Opening balance
Other payables	Port de Djibouti S.A.	175,497,252.70	-
	Terminal Link SAS	89,905,681.62	88,978,919.98
	Sri Lanka Ports Authority	34,255,854.79	31,392,997.47
	China Merchants Port Investment Development Company Limited	26,418,918.90	-
	China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	-
	China Merchants Real Estate (Shenzhen) Co., Ltd.	14,305,122.78	20,762,053.30
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	8,447,512.23	8,947,256.82
	China Merchants Investment and Development Co., Ltd.	2,910,544.27	-
	Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	2,634,014.09	199,894.69
	Zhanjiang Xiangang United Development Co., Ltd.	1,433,730.78	1,433,990.57
	China Merchant Food (China) Co., Ltd.	1,161,179.14	1,264,171.10
	Penavico Shenzhen Warehousing Co., Ltd.	1,127,339.68	554,335.48
	Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	1,013,738.40	492,259.78
	China Merchants Property Management (Shenzhen) Co., Ltd.	223,640.00	9,264,823.90
	COSCO Logistics (Zhanjiang) Co., Ltd.	101,708.65	1,258,811.65
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	10,000.00	11,305,700.00
	Modern Terminals Limited	-	59,038,373.05
	China Merchants Finance Lease (Tianjin) Co., Ltd.	-	11,250,000.00
	Yihai Kerry Golden Arowana Cereals, Oils and Foodstuffs Co., Ltd.	-	37,402,426.09
	Other related parties	6,457,095.12	28,926,796.51
	Total	385,903,333.15	312,472,810.39
Non-current liabilities due within one year	China Merchants Finance Lease (Tianjin) Co., Ltd.	138,409,402.75	145,861,850.10
	China Merchants Tongshang Finance Lease Co., Ltd.	58,348,704.99	56,146,040.22
	Nanshan Group and its subsidiaries	54,030,933.00	52,656,827.70
	EuroAsia Dockyard Enterprise and Development Limited	13,406,128.42	14,269,498.38
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	39,512,425.01	5,454,253.54
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	-	5,579,040.25
	China Merchants Landmark (Shenzhen) Co., Ltd.	-	1,242,022.25
	Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.		3,263,992.11
	China Merchants Group Finance Company Limited	51,423,306.47	-
	Other related parties	348,523.44	1,770,041.27
	Total	355,479,424.08	286,243,565.82
Other non-current liabilities	Nanshan Group and its subsidiaries	944,011.06	1,564,380.59
Long-term borrowings	China Merchants Group Finance Company Limited	426,100,835.53	376,483,984.71
	China Merchant Bank Co., Ltd.	109,033,232.39	20,000,000.00
	Total	535,134,067.92	396,483,984.71
Long-term payables	China Merchants Finance Lease (Tianjin) Co., Ltd.	-	144,000,000.00
	Total	-	144,000,000.00
Lease liabilities	China Merchants Finance Lease (Tianjin) Co., Ltd.	358,333,616.46	491,666,949.79
	Nanshan Group and its subsidiaries	114,304,842.23	167,685,128.23
	China Merchants Tongshang Finance Lease Co., Ltd.	104,616,135.92	161,829,816.02
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	-	5,691,513.57
	Other related parties	-	1,880,637.25
	Total	577,254,594.61	828,754,044.86

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(XI) SHARE-BASED PAYMENTS**1. Overall share-based payments**

Total equity instruments granted by the Company in the year	17,198,000
Total equity instruments exercised by the Company in the year	None
Total equity instruments of the Company that became invalid in the year	None
The range of the exercise price of the stock options externally issued by the Company at the end of the year and the remaining term of the contract	Exercise price: RMB17.80; The remaining term of the contract: 73 months
The range of the exercise price of the other equity instruments externally issued by the Company at the end of the year and the remaining term of the contract	None

2. Share-based payments settled by equity

The method used to determine the fair value of equity instruments on the day of granting	The cost of granted stock options was estimated using the Black Scholes Model.
The basis for determining the number of exercisable equity instruments	On each balance sheet date in the waiting period, the best estimate was made and the estimated number of exercisable equity instruments was modified according to the latest changes in the number of employees who can exercise the rights and other subsequent information.
Reasons for the significant difference between the estimates of this year and the estimates of last year	N/A
The aggregate amount of share-based payments settled by equity that is included in the capital reserve	10,096,607.62
Total expenses recognized for the share-based payments settled by equity in the year	19,213,391.58

Pursuant to the Official Reply on the Implementation of the Stock Option Incentive Plan of China Merchants Port Group Co., Ltd. by State-owned Assets Supervision and Administration Commission of the State Council, (No. 748 [2019], SASAC), and which was deliberated and approved by the 1st Extraordinary General Meeting of the Company in 2020 on 3 February 2020, the Company implemented a stock option plan with effect from 3 February 2020 to grant 238 incentive recipients 17,198,000 stock options with an exercise price of RMB17.80 per share; subject to the fulfilment of the exercise conditions, 40% of the stock options will be exercisable two years after the grant date, 30% will be exercisable three years after the grant date and 30% will be exercisable four years after the grant date, and can be exercised to subscribe for shares of the Company within one year, one year and three years from the exercise date, respectively; each stock option entitles the holder to subscribe for one common share of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(XII) COMMITMENTS AND CONTINGENCIES**1. Significant commitments**

Item	31/12/2020	31/12/2019
Commitments that have been entered into but have not been recognized in the financial statements		
- Commitment to make contributions to the investees	11,500,000.00	-
- Commitment to acquire and construct long-term assets	2,682,977,514.73	3,767,236,258.74
- Commitment to invest port construction	1,004,960,692.18	6,758,563,544.21
- Others	20,831,652.14	354,959,845.19
Total	3,720,269,859.05	10,880,759,648.14

2. Contingencies

Item	31/12/2020	31/12/2019
Contingent liabilities brought by external litigations (Note 1)	213,109,668.45	274,299,826.26
Guarantee for borrowings of related parties (Note 2)	184,129,723.74	198,703,594.15
Total	397,239,392.19	473,003,420.41

Note 1: This represents the significant contingent liabilities arising from the litigations between TCP and its subsidiaries and local tax authority, employee or former employee of TCP and its subsidiaries in Brazil at as the year end. According to the latest estimates of the Group's management, the possible compensation is RMB213,109,668.45 but it is not likely to cause outflow of economic benefits from the Group. Therefore, the contingent liabilities arising from the above pending litigations are not recognized as provisions. The counter-bonification where the Group as the beneficiary will be executed by the former TCP shareholder that disposed the shares. According to the counter-bonification agreement, the former TCP shareholder need to make counter-bonification to the Group in respect of the above contingent liabilities, with the compensation amount not exceeding pre-determined amount and specified period.

Note 2: Till December 31, 2020, the guarantees provided by the Group for related parties are detailed in Note X, 5(3).

On December 31, 2020, the directors of the Group evaluated the default risks of related companies on the above-mentioned loan financing and other liabilities, and believed that the risks were not significant and the possibility of guaranteed payments was very small.

Except for the above-mentioned contingencies, as of December 31, 2020, the Group had no other major guarantees and other contingencies that need to be explained.

(XIII) EVENTS AFTER THE BALANCE SHEET

1. Coronavirus Disease 2019

Since the outbreak of coronavirus disease 2019 ("COVID-19") in China in January 2020, the control and prevention of COVID-19 have been carried out throughout the country. The Group actively responded and implemented the regulations and requirements on COVID-19 of the government.

It is expected that COVID-19 and control measures will still have temporary influence on the Group's production and management in 2021. However, the impact of COVID-19 on economy depends on the progress, effectiveness and duration of our pandemic prevention and control work.

The Group continues to pay close attention to the development of COVID-19, assesses the impact on the financial position and operating results of the Group. The Group will strengthen the prevention and control of the pandemic and carry out normal business operations proactively and orderly.

2. Capital increase for International Information Technology Company

On 18 December 2020, the Company and China Merchants Port Holdings, a subsidiary of the Company, China Merchants Holdings (International) Information Technology Company Limited ("CMHIT"), a subsidiary of the Company, Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics"), Dalian Port Container Development Co., Ltd. ("Dalian Port Container") and Yingkou Port Group Corporation (hereinafter referred to as "Yingkou Port Group") entered into the "Agreement on Equity Subscription and Capital Increase" for CMHIT.

According to the "Agreement on Equity Subscription and Capital Increase", Jifa Logistics and Dalian Port Container respectively used their shares in Dalian Port Logistics Network Co., Ltd. (hereinafter referred to as "DPN"), making up 29.40% and 49.63%, and Yingkou Port Group used 100% shares of Yingkou Gangxin Technology Co., Ltd. (hereinafter referred to as "Gangxin Technology") in its possession to increase the capital of CMHIT. Before and after the combination, CMHIT, DPN, and Gangxin Technology were all under the ultimate control of the Company's ultimate controlling shareholder China Merchants Group and such control was not temporary.

The aforesaid capital increase has been completed on 9 February 2021. After the increase, the Company, China Merchants Port Holdings, Jifa Logistics, Dalian Port Container, and Yingkou Port Group respective held 13.18%, 43.74%, 13.26%, 22.38% and 7.44% of the shares of CMHIT. CMHIT is still a holding subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(XIII) EVENTS AFTER THE BALANCE SHEET - continued

3. Liaoning Port Co., Ltd.'s merger of Yingkou Port Liability Co., Ltd. by absorption

On 6 January 2021, the merger of Yingkou Port Liability Co., Ltd. by the Company's associate Liaoning Port Co., Ltd. by absorption was approved by the CSRC in the Reply on Approving the Merger of Yingkou Port Liability Co., Ltd. by Liaoning Port Co., Ltd. by absorption and the Supporting Fund Raising (No. 3690 [2020], CSRC). On 29 January 2021, Shanghai Securities Exchange terminated the listing of the shares of Yingkou Port Liability Co., Ltd. and the new A shares of Liaoning Port Co., Ltd. issued to the previous shareholders of Yingkou Port Liability Co., Ltd. were listed for circulation on 9 February 2021. After the completion of the aforesaid transaction, the shareholding of the Group in Liaoning Port Co., Ltd. is diluted from 21.05% to 12.00%, but Liaoning Port Co., Ltd. is still an associate of the Group, while the Group can designate 2 candidates out of the 9 members of the board of directors of Liaoning Port Co., Ltd.

(XIV) OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) Basis for determining reporting segments and accounting policies

The key management team of the Company is regarded as the CODM, who reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM manages the Group's operations by divisions from both business and geographic perspectives.

In respect of business segments, management assesses the performance of the Group's business operations including ports operation, bonded logistics operation and other operations.

Ports operation

Ports operation includes container terminal operation, bulk and general cargo terminal operation operated by the Group and its associates and joint ventures. The Group's reportable segments of the ports operation are as follows:

(a) Mainland China, Hong Kong and Taiwan

- Pearl River Delta
- Yangtze River Delta
- Bohai Rim
- Others

(b) Other locations outside of Mainland China, Hong Kong and Taiwan

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(1) Basis for determining reporting segments and accounting policies - continued

Bonded logistics operation

Bonded logistics operation includes logistics park operation, ports transportation and airport cargo handling operated by the Group and its associates and joint ventures.

Other operations

Other operations mainly include property development and investment and construction of modular housing operated by the Group's associates, property investment operated by the Group and corporate function.

Each of the segments under ports operation include the operations of a number of ports in various locations within one geographic location, each of which is considered as a separate operating segment by the CODM. For the purpose of segment reporting, these individual operating segments have been aggregated into reportable segments on geographic basis in order to present a more systematic and structured segment information. To give details of each of the operating segments, in the opinion of the directors of the Company, would result in particulars of excessive length.

Bonded logistics operation and other operations include a number of different operations, each of which is considered as a separate but insignificant operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated according to the natures of their operations to give rise to more meaningful presentation.

There are no material sales or other transactions between the segments.

As at 31 December 2020, around 73% of the Group's non-current assets other than financial instruments and deferred tax assets are located in Chinese Mainland.

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Unless otherwise specified, the monetary unit shall be RMB.)

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information

Segment financial information for 2020 is as follows:

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	5,103,018,820.66	73,413,401.10	62,661,236.23	3,333,716,950.72	3,474,914,093.88	12,047,724,502.59	417,391,441.86	153,414,051.57	-	12,618,529,996.02
Operating cost	2,868,604,331.58	40,965,225.12	48,645,796.45	2,681,846,267.01	1,767,068,217.21	7,407,129,837.37	245,350,697.54	221,269,319.94	-	7,873,749,854.85
Segment operating profit (loss is marked with "-")	2,234,414,489.08	32,448,175.98	14,015,439.78	651,870,683.71	1,707,845,876.67	4,640,594,665.22	172,040,744.32	-67,855,268.37	-	4,744,780,141.17
Adjustments:										
Taxes and surcharges	26,848,292.01	1,525,681.36	1,155,694.87	48,249,699.24	34,531,713.98	112,311,081.46	20,652,317.30	18,092,487.86	141,056.95	151,196,943.57
Administrative expense	480,217,540.48	14,189,057.25	9,379,082.71	473,751,196.10	249,846,408.69	1,227,383,285.23	42,007,434.87	1,093,821.55	314,398,393.37	1,584,882,935.02
R&D expenses	134,862,028.30	3,968,928.76	-	15,724,656.48	-	154,555,613.54	-	-	1,468,500.00	156,024,113.54
Financial expenses	144,531,069.38	-14,347,282.70	-9,466,114.16	133,937,742.90	44,368,823.84	299,024,239.26	16,272,850.96	19,152,258.84	898,280,275.76	1,232,729,624.82
Other income	68,057,789.94	1,752,751.59	33,397.31	51,406,035.35	-	121,249,974.19	10,173,062.64	73,365,149.56	176,926.89	204,965,113.28
Investment income	206,990,240.85	3,122,680,492.45	351,638,093.79	103,533,080.19	357,882,216.11	4,142,724,123.39	19,641,031.91	743,610,282.92	-	4,905,975,438.22
Gains from changes in fair value (loss is marked with "-")	33,063,464.71	150,747,337.90	77,018,544.18	8,043,866.90	-680,381,987.27	-411,508,773.58	-	-	-	-411,508,773.58
Impairment gains of credit (loss is marked with "-")	-6,981,966.51	1,020,000.00	-	28,130,653.65	-477,897,709.00	-455,729,021.86	-2,866,639.45	-	-	-458,595,661.31
Impairment gains of assets (loss is marked with "-")	947,694.12	-	-	-552,317,736.65	-	-551,370,042.53	-	-	-	-551,370,042.53
Gains from disposal of assets (loss is marked with "-")	5,187,792.01	507,040.19	-1,441.50	1,600,635,718.61	311,438.49	1,606,640,547.80	305,861.36	-117,707,200.00	-32,706.84	1,489,206,502.32
Operating profit (loss is marked with "-")	1,755,220,574.03	3,303,819,413.44	441,635,370.14	1,219,639,007.04	579,012,888.49	7,299,327,253.14	120,361,457.65	593,074,395.86	-1,214,144,006.03	6,798,619,100.62

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Unless otherwise specified, the monetary unit shall be RMB.)

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for 2020 is as follows: - continued

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	43,255,084.67	43,196.21	440,831.36	31,641,529.53	1,889,443.67	77,270,085.44	198,116.16	1,391,661.99	2,779,196.95	81,639,060.54
Non-operating expenses	2,960,035.34	813,550.98	25,948.75	22,767,505.78	25,707,516.11	52,274,556.96	42,000.00	-	26,687,183.81	79,003,740.77
Gross profit (loss is marked with "-")	1,795,515,623.36	3,303,049,058.67	442,050,252.75	1,228,513,030.79	555,194,816.05	7,324,322,781.62	120,517,573.81	594,466,057.85	-1,238,051,992.89	6,801,254,420.39
Income tax expenses	601,626,798.98	169,174,798.29	62,114,619.13	493,406,817.80	-52,337,554.93	1,273,985,479.27	15,094,962.21	15,750,266.73	-29,144,338.38	1,275,686,369.83
Net profit (loss is marked with "-")	1,193,888,824.38	3,133,874,260.38	379,935,633.62	735,106,212.99	607,532,370.98	6,050,337,302.35	105,422,611.60	578,715,791.12	-1,208,907,654.51	5,525,568,050.56
Segment assets	29,429,571,613.29	31,908,794,260.42	7,246,173,514.37	28,817,067,046.45	44,448,666,487.24	141,850,272,921.77	3,315,494,460.32	18,756,757,172.64	4,621,087,222.48	168,543,611,777.21
Total assets in the financial statements										168,543,611,777.21
Segment liabilities	14,603,582,775.85	1,603,641,824.41	143,181,803.40	8,354,597,807.60	9,659,518,990.29	34,364,523,201.55	583,644,968.76	1,372,383,302.75	26,546,092,773.08	62,866,644,246.14
Total liabilities in the financial statements										62,866,644,246.14
Supplementary information:										
Depreciation and Amortization	868,406,726.45	16,840,576.77	2,019,814.39	986,324,667.31	843,174,817.50	2,716,766,602.42	97,449,874.10	175,099,107.40	22,567,185.84	3,011,882,769.76
Interest income	40,043,816.95	2,611,662.90	2,863,089.15	61,729,133.61	203,403,087.34	310,650,789.95	1,372,300.78	1,105,725.59	12,258,928.24	325,387,744.56
Interest expense	205,070,654.67	2,716,578.54	-	194,085,313.44	312,694,424.90	714,566,971.55	20,355,642.89	34,988,377.32	1,179,971,384.93	1,949,882,376.69
Investment income from long-term equity investment under equity method	136,557,365.02	2,329,321,018.47	321,168,422.22	80,736,626.43	357,882,216.11	3,225,665,648.25	19,641,031.91	743,610,282.92	-	3,988,916,963.08
Long-term equity investment under equity method	4,141,735,655.77	28,460,075,468.21	6,275,998,231.07	604,585,694.21	13,303,915,012.11	52,786,310,061.37	736,196,163.40	12,709,417,198.68	-	66,231,923,423.45
Non-current assets other than long-term equity investment	21,716,318,098.15	4,256,897,677.23	24,886,574.80	19,427,332,228.33	24,705,573,985.43	70,131,008,563.94	2,226,903,590.34	5,238,035,244.36	422,618,810.40	78,018,566,209.04

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(Unless otherwise specified, the monetary unit shall be RMB.)

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for 2019 is as follows:

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	5,196,613,368.06	-	65,287,182.79	3,048,109,069.32	3,237,062,565.69	11,547,072,185.86	411,410,069.19	165,347,168.69	-	12,123,829,423.74
Operating cost	3,008,092,503.04	-	54,620,318.87	2,442,406,257.78	1,680,548,644.03	7,185,667,723.72	240,230,706.61	223,022,489.38	-	7,648,920,919.71
Segment operating profit (loss is marked with "-")	2,188,520,865.02	-	10,666,863.92	605,702,811.54	1,556,513,921.66	4,361,404,462.14	171,179,362.58	-57,675,320.69	-	4,474,908,504.03
Adjustments:										
Taxes and surcharges	28,208,048.74	902,080.83	1,226,820.81	41,913,977.40	74,183,581.47	146,434,509.25	10,405,578.38	15,266,911.26	449,581.03	172,556,579.92
Administrative expense	367,421,172.07	14,629,856.34	11,286,215.13	427,071,045.26	240,768,795.97	1,061,177,084.77	40,794,239.92	1,086,063.41	406,463,193.56	1,509,520,581.66
R&D expenses	119,506,939.75	-	-	4,346,404.54	-	123,853,344.29	-	-	-	123,853,344.29
Financial expenses	186,473,966.41	3,557,959.06	-1,031,714.93	140,511,147.67	343,853,815.52	673,365,173.73	27,521,546.75	43,602,750.59	1,191,780,266.46	1,936,269,737.53
Other income	74,072,845.73	1,224,999.96	136,812.67	53,835,650.36	-	129,270,308.72	22,545,823.25	6,361.40	10,278,619.73	162,101,113.10
Investment income	160,825,470.54	2,569,882,989.42	415,798,097.77	772,742,553.30	439,240,848.69	4,358,489,959.72	23,454,651.74	237,229,143.96	-	4,619,173,755.42
Gains from changes in fair value (loss is marked with "-")	10,933.07	154,574,350.85	297,972,325.74	-21,212,710.87	-364,861,632.31	66,483,266.48	-	-	-	66,483,266.48
Impairment gains of credit (loss is marked with "-")	-2,704,122.79	-	96,054.01	-47,117,070.21	-510,363.77	-50,235,502.76	-13,907.01	-	-	-50,249,409.77
Impairment gains of assets (loss is marked with "-")	25,051.16	-	-	-	-	25,051.16	-	-	-	25,051.16
Gains from disposal of assets (loss is marked with "-")	4,172,962,308.96	-	13,069.99	620,155,605.55	764,083.94	4,793,895,068.44	-3,047.02	-	670,761.37	4,794,562,782.79
Operating profit (loss is marked with "-")	5,892,103,224.72	2,706,592,444.00	713,201,903.09	1,370,264,264.80	972,340,665.25	11,654,502,501.86	138,441,518.49	119,604,459.41	-1,587,743,659.95	10,324,804,819.81

CHINA MERCHANTS PORT GROUP CO., LTD.

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(Unless otherwise specified, the monetary unit shall be RMB.)

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for 2019 is as follows: - continued

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	15,167,367.31	-	920,329.94	19,125,548.43	512,078,201.39	547,291,447.07	458,318.63	1,086,658.83	4,266,935.88	553,103,360.41
Non-operating expenses	13,328,509.27	4,069.14	8,922.44	25,023,662.84	14,345,696.95	52,710,860.64	57,151.76	50,000.00	17,634,000.00	70,452,012.40
Gross profit (loss is marked with "-")	5,893,942,082.76	2,706,588,374.86	714,113,310.59	1,364,366,150.39	1,470,073,169.69	12,149,083,088.29	138,842,685.36	120,641,118.24	-1,601,110,724.07	10,807,456,167.82
Income tax expenses	1,922,260,744.88	134,247,591.99	91,985,992.66	224,620,829.53	92,650,917.92	2,465,766,076.98	31,835,647.68	13,078,333.18	129,858,836.78	2,640,538,894.62
Net profit (loss is marked with "-")	3,971,681,337.88	2,572,340,782.87	622,127,317.93	1,139,745,320.86	1,377,422,251.77	9,683,317,011.31	107,007,037.68	107,562,785.06	-1,730,969,560.85	8,166,917,273.20
Segment assets	29,586,087,542.86	26,729,937,567.14	7,140,466,913.27	26,167,362,772.28	43,499,664,358.95	133,123,519,154.50	3,343,718,019.81	17,831,744,436.63	2,397,936,234.93	156,696,917,845.87
Total assets in the financial statements										156,696,917,845.87
Segment liabilities	10,648,908,871.15	700,175,249.44	140,580,616.21	9,017,491,838.33	11,995,283,584.80	32,502,440,159.93	757,665,748.51	1,010,340,736.41	27,436,263,588.78	61,706,710,233.63
Total liabilities in the financial statements										61,706,710,233.63
Supplementary information:										
Depreciation and Amortization	900,796,294.39	-	2,052,884.92	878,442,775.96	796,377,578.73	2,577,669,534.00	92,199,834.15	174,521,673.45	20,134,304.85	2,864,525,346.45
Interest income	42,470,222.92	257,234.76	1,203,144.96	70,701,815.50	83,372,904.82	198,005,322.96	1,266,345.18	1,469,124.45	51,319,225.99	252,060,018.58
Interest expense	183,085,034.75	2,926,671.54	-	203,657,696.95	392,724,564.47	782,393,967.71	28,245,233.91	38,016,163.44	1,241,182,229.48	2,089,837,594.54
Investment income from long-term equity investment under equity method	129,628,862.78	2,530,919,159.03	347,650,565.12	19,727,531.90	439,240,848.69	3,467,166,967.52	23,454,651.74	237,229,143.96	-	3,727,850,763.22
Long-term equity investment under equity method	2,592,565,388.68	24,772,038,158.14	6,078,963,750.12	640,212,907.12	11,061,215,279.18	45,144,995,483.24	768,727,807.74	12,002,816,092.28	-	57,916,539,383.26
Non-current assets other than long-term equity investment	21,153,911,773.00	294,462,264.01	27,181,862.66	21,955,658,532.67	28,203,528,560.52	71,634,742,992.86	2,302,277,585.20	5,405,248,897.19	455,073,380.68	79,797,342,855.93

NOTES TO THE FINANCIAL STATEMENTS
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(Unless otherwise specified, the monetary unit shall be RMB.)

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

The Group's revenue by geographical areas of operations and information about its non-current assets other than financial instruments and deferred tax assets presented based on the geographical areas in which the assets are located as follows:

Revenue from external transactions	Amount incurred in the current period	Amount incurred in the prior period
Mainland China, Hong Kong and Taiwan	9,117,570,900.78	8,872,027,132.24
Pearl River Delta	5,522,529,825.59	5,629,472,123.72
Yangtze River Delta	73,413,401.10	-
Bohai Rim	187,910,723.37	194,445,939.20
Others	3,333,716,950.72	3,048,109,069.32
Other locations	3,500,959,095.24	3,251,802,291.50
Total	12,618,529,996.02	12,123,829,423.74

Total non-current assets	Closing balance	Opening balance
Mainland China, Hong Kong and Taiwan	105,086,211,442.75	96,489,027,270.44
Pearl River Delta	45,433,724,023.01	43,196,515,110.55
Yangtze River Delta	32,716,973,145.44	25,066,500,422.16
Bohai Rim	6,903,596,351.63	6,686,470,964.43
Others	20,031,917,922.67	21,539,540,773.30
Other locations	39,164,278,189.74	41,224,854,968.75
Total	144,250,489,632.49	137,713,882,239.19

(3) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 3,455,856,420.54, accounting for 27.39% of the Group's total operating income.

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

1. Other receivables

1.1 Summary of other receivables

Item	Closing balance	Opening balance
Interest receivable	-	-
Dividends receivable	311,297,793.86	207,259,421.40
Other receivables	791,414,958.18	598,275,341.87
Total	1,102,712,752.04	805,534,763.27

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

1. Other receivables - continued

1.2 Dividends receivable

(1) Disclosure of dividends receivable

Company name	Closing balance	Opening balance
Dongguan Shenchewan Port Affairs Co., Ltd.	-	103,355,370.74
Dongguan Shenchewan Wharf Co., Ltd.	147,233,909.98	88,196,930.66
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	15,707,120.00
Chiwan Wharf Holdings (Hong Kong) Ltd.	147,680,363.88	-
Jiangsu Expressway Company Limited	460,000.00	-
Shenzhen Petrochemical Industry (Group) Co., Ltd.	216,400.00	-
Total	311,297,793.86	207,259,421.40
Less: Provision for credit loss	-	-
Carrying amount	311,297,793.86	207,259,421.40

(2) Significant dividends receivable with aging over 1 year

Item	Closing balance	Reason for outstanding	Impaired or not
Dongguan Shenchewan Wharf Co., Ltd.	147,233,909.98	In processing and expected to be received in 2021	No
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	In processing and expected to be received in 2021	No.
Total	162,941,029.98		

1.3 Other receivables

(1) Disclosure of other receivables by aging

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion of provision (%)
Within 1 year	463,637,726.23	-	-
1 to 2 years	327,777,231.95	-	-
2 to 3 years	-	-	-
Over 3 years	383,456.60	383,456.60	100.00
Total	791,798,414.78	383,456.60	

(2) Provision for credit loss of other receivables

As part of the Company's credit risk management, the Company performs internal credit rating on customers, and determines the expected loss ratio of other receivables under each credit rating. Such expected average loss ratio is based on historical actual impairment and taking into consideration of current and expected future economic conditions.

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Unless otherwise specified, the monetary unit shall be RMB.)

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

1. Other receivables - continued

1.3 Other receivables - continued

(2) Provision for credit loss of other receivables - continued

At 31 December 2020, the credit risk and expected credit loss of other receivables by categories of customers are as follows:

Credit rating	Expected credit loss ratio (%)	Closing balance				Opening balance			
		12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
A	0.00-0.10	791,414,958.18	-	-	791,414,958.18	598,275,341.87	-	-	598,275,341.87
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Carrying amount		791,414,958.18	-	383,456.60	791,798,414.78	598,275,341.87	-	383,456.60	598,658,798.47
Provision for credit loss		-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Book value		791,414,958.18	-	-	791,414,958.18	598,275,341.87	-	-	598,275,341.87

(3) Changes in provision for credit loss of other receivables

Item	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2020	-	-	383,456.60	383,456.60
Carrying amount of other receivables at 1 January 2020				
-- transfer to stage II	-	-	-	-
-- transfer to stage III	-	-	-	-
-- transfer back to stage II	-	-	-	-
-- transfer back to stage I	-	-	-	-
Provision for the year	-	-	-	-
Reversal	-	-	-	-
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Balance at 31 December 2020	-	-	383,456.60	383,456.60

(4) Other receivables by nature

Item	Closing balance	Opening balance
Amounts due from related parties	785,752,325.78	571,663,096.21
Advances	3,862,191.69	26,283,930.19
Deposits	-	-
Others	2,183,897.31	711,772.07
Total	791,798,414.78	598,658,798.47
Less: Provision for credit loss	383,456.60	383,456.60
Book value	791,414,958.18	598,275,341.87

(5) There is no other receivables write-off during this year.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

1. Other receivables - continued

(6) The top five balances of other receivables classified by debtor

Company name	Nature	Closing balance	Aging	Proportion of the amount to the closing balance of other receivables (%)	Closing balance of provision for credit loss
Shenzhen Haixing Harbor Development Co., Ltd.	Loan to related parties	785,752,325.78	Within 2 years	99.24	-
China Merchants (Liaoning) Port Development Co., Ltd.	Advance payments for account current	2,000,000.00	Within 1 year	0.25	-
Shenzhen Shekou Local Taxation Bureau	Other	711,772.07	Above 3 years	0.09	383,456.60
Broadford (Shenzhen) Port Development Co., Ltd.	Advance payments for account current	89,862.49	Within 1 year	0.01	-
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Advance payments for account current	14,068.00	Within 1 year	-	-
Total		788,568,028.34		99.59	383,456.60

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

2. Long-term equity investments

Investee	1/1/2020	Changes for the year								31/12/2020	Closing balance of impairment provision
		Increase	Decrease	Investment income under equity method	Reconciling items from other comprehensive income	Other equity movements	Announced distribution of cash dividends or profit	Impairment provision	Others		
I. Subsidiary											
Shenzhen Chiwan International Freight Agency Co., Ltd.	5,500,000.00	-	-	-	-	-	-	-	-	5,500,000.00	-
Shenzhen Chiwan Harbor Container Co. Ltd.	250,920,000.00	-	-	-	-	-	-	-	-	250,920,000.00	-
Shenzhen Chiwan Port Development Co., Ltd.	206,283,811.09	-	-	-	-	-	-	-	-	206,283,811.09	-
CWHK	1,070,000.00	-	-	-	-	-	-	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Co., Ltd.	24,000,000.00	-	-	-	-	-	-	-	-	24,000,000.00	-
Chiwan Container Terminal Co., Ltd.	421,023,199.85	-	-	-	-	-	-	-	-	421,023,199.85	-
Dongguan Shenchuan Port Affairs Co., Ltd.	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00	-
Dongguan Shenchuan Wharf Co., Ltd.	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00	-
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	-	-	-	-	-	-	1,051,789.43	-
CMPort (Note 1)	27,286,943,610.42	985,995,529.57	-	-	-	-	-	-	-	28,272,939,139.99	-
CMPort (Zhoushan) RoRo Logistics Co., Ltd.	149,709,800.00	-	-	-	-	-	-	-	-	149,709,800.00	-
Zhanjiang port (Note 2)	371,530,912.93	3,010,294,615.59	-	-	-	-	-	-	-	3,381,825,528.52	-
Subtotal	29,079,558,123.72	3,996,290,145.16	-	-	-	-	-	-	-	33,075,848,268.88	-
II. Associate											
International Information Technology Company	20,643,611.18	-	-	3,190,099.79	-	-	-	-	-	23,833,710.97	-
China Merchants Bonded Logistics Co., Ltd.	365,855,724.95	-	-	18,791,432.65	-	-	-	-	-	384,647,157.60	-
China Merchants Northeast Asia Development & Investment Company(Note 3)	-	1,000,000,000.00	-	7,786,285.71	-	-	-	-	-	1,007,786,285.71	-
Ningbo Zhoushan Port Company Limited(Note 3)	-	-	-	-	-	-	-	-	1,500,464,520.87	1,500,464,520.87	-
Subtotal	386,499,336.13	1,000,000,000.00	-	29,767,818.15	-	-	-	-	1,500,464,520.87	2,916,731,675.15	-
III. Joint venture											
Yantai Port Group Laizhou Port Co., Ltd.	792,062,228.58	-	-	24,750,032.44	-	-	-33,980,174.52	-	-	782,832,086.50	-
China Merchants Antong Logistics Management Company	8,256,893.80	-	-	846,094.22	-	-	-	-	-	9,102,988.02	-
Fujian Zhaohang Logistics Management Partnership (Limited Partnership)(Note 3)	-	450,000,000.00	-	2,283,105.00	-	-	-	-	-	452,283,105.00	-
Subtotal	800,319,122.38	450,000,000.00	-	27,879,231.66	-	-	-33,980,174.52	-	-	1,244,218,179.52	-
Total	30,266,376,582.23	5,446,290,145.16	-	57,647,049.81	-	-	-33,980,174.52	-	1,500,464,520.87	37,236,798,123.55	-

Note 1: Details are set out in Note (VII) 1.

Note 2: In 2020, the Company acquired 27.35% of the shares of Zhanjiang Port, which was previously held by its subsidiary Chiwan Wharf Holdings (Hong Kong) Ltd.

Note 3: Details are set out in Note (V) 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Unless otherwise specified, the monetary unit shall be RMB.)

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

3. Operating income and operating costs

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Principal operating	-	-	75,207,466.30	75,438,994.71
Other operating	6,653,002.66	2,265,959.64	16,835,131.75	645,029.02
Total	6,653,002.66	2,265,959.64	92,042,598.05	76,084,023.73

4. Investment income

(1) Details of investment income

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under cost method	2,871,566,529.89	1,221,470,436.60
Long-term equity investments income under equity method	57,647,049.81	70,092,131.84
Income from other equity instruments investments	8,567,900.00	10,822,585.00
Income from held-for-trading financial assets	13,161,408.95	-
Income from debt investments	24,700,958.91	3,837,808.22
Total	2,975,643,847.56	1,306,222,961.66

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

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes comparing with prior year
CWHK	1,347,680,363.88	-	Changes in profit distribution of investee
CMPort	982,379,582.35	1,116,334,395.76	Changes in profit distribution of investee
Chiwan Container Terminal Co., Ltd.	275,313,936.56	105,136,040.84	Changes in profit distribution of investee
Shenzhen Chiwan Harbor Container Co. Ltd.	121,071,884.15	-	Changes in profit distribution of investee
Dongguan Shenchiwian Port Affairs Co., Ltd.	60,234,278.79	-	Changes in profit distribution of investee
Dongguan Shenchiwian Wharf Co., Ltd.	59,036,979.32	-	Changes in profit distribution of investee
Shenzhen Chiwan Tugboat Co., Ltd.	25,604,356.23	-	Changes in profit distribution of investee
Shenzhen Chiwan International Freight Agency Co., Ltd.	245,148.61	-	Changes in profit distribution of investee
Total	2,871,566,529.89	1,221,470,436.60	

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	Amount	Remarks
Losses on disposal of non-current assets	1,480,572,929.90	
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)	238,216,977.76	
Money lending income earned from non-financial institutions in profit or loss	232,906,880.87	
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	-	
Gains or losses arising from contingencies other than those related to normal operating business	-	
Gains from changes of fair value of held-for-trading financial assets, derivative financial assets, other non-current financial assets, held-for-trading financial liabilities, derivative financial liabilities other than effective hedging operation relating to the Company's normal operations, and the investment income from disposal of the above held-for-trading financial assets/financial liabilities and other debt investments	-409,658,173.58	
Reversal of provision for accounts receivable that are tested for credit loss individually	46,709,066.77	
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	1,886,792.45	
Other non-operating income or expenses other than above	-42,615,710.20	
Other profit or loss that meets the definition of non-recurring profit or loss (note)	753,988,749.80	
Tax effects	-241,651,237.66	
Effects of minority interest (after tax)	-1,257,863,869.71	
Total	802,492,406.40	

Note: This mainly represents the gains from remeasurement of previously held equity at fair value upon the Group's acquisition of Ningbo Daxie.

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.

Item	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	5.6628	1.0744	1.0744
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	3.4625	0.6569	0.6569
