

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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AUDITOR'S REPORT

De Shi Bao (Shen) Zi (22) No. P02569
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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 2021, 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 2021, 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 (VIII) 13 to the consolidated financial statements, on 31 December 2021, the book value of China Merchants Port Group's long-term equity investment in associates amounted to RMB 61,813,448,065.88, accounting for 55.67% of the total shareholder's equity. In 2021, the investment income from associates recognized by the equity method amounts to RMB 6,048,315,587.10, accounting for 79.01% 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.

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) 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 (VIII) 22 to the consolidated financial statements, as at 31 December 2021, the goodwill in the consolidated financial statements of the Company was RMB 6,024,160,942.07. 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.

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 2021 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

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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

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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 (22) No. P02569
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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)

Xu Xiangzhao

Chinese Certified Public Accountant

Pi Dehan

30 March 2022

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 2021

Consolidated Balance Sheet

RMB

Item	Notes	Closing balance	Opening balance (Restated)
Current Assets:			
Cash and bank balances	(VIII)1	12,772,349,406.77	11,918,423,758.71
Held-for-trading financial assets	(VIII)2	6,921,831,502.55	850,165,448.59
Notes receivable	(VIII)3	6,081,611.95	5,391,994.84
Accounts receivable	(VIII)4	1,320,577,577.81	1,393,349,417.02
Receivables financing	(VIII)5	238,429,402.71	217,449,966.41
Prepayments	(VIII)6	51,606,794.20	51,217,870.43
Other receivables	(VIII)7	696,276,595.87	3,561,292,313.98
Inventories	(VIII)8	194,920,136.12	214,823,976.30
Assets held for sale	(VIII)9	337,442,757.28	337,442,757.28
Non-current assets due within one year	(VIII)10	102,356,461.97	67,692,473.44
Other current assets	(VIII)11	339,684,297.41	434,074,085.16
Total current assets		22,981,556,544.64	19,051,324,062.16
Non-current Assets:			
Long-term receivables	(VIII)12	6,162,713,861.02	3,887,949,993.10
Long-term equity investments	(VIII)13	70,353,451,824.52	66,242,411,222.90
Investments in other equity instruments	(VIII)14	180,251,798.43	181,467,057.74
Other non-current financial assets	(VIII)15	809,515,244.87	910,807,452.56
Investment properties	(VIII)16	5,298,238,414.88	5,558,755,275.21
Fixed assets	(VIII)17	31,710,513,230.29	29,479,755,159.21
Construction in progress	(VIII)18	2,557,584,953.92	5,381,430,606.18
Right-of-use assets	(VIII)19	8,743,077,542.19	9,087,741,812.94
Intangible assets	(VIII)20	18,475,412,380.93	18,772,180,542.10
Development expenditure	(VIII)21	82,391,225.85	64,237,735.23
Goodwill	(VIII)22	6,024,160,942.07	6,675,939,930.13
Long-term prepaid expenses	(VIII)23	975,994,541.52	874,999,735.91
Deferred tax assets	(VIII)24	398,145,710.84	420,857,076.76
Other non-current assets	(VIII)25	1,231,092,952.69	2,138,468,683.64
Total non-current assets		153,002,544,624.02	149,677,002,283.61
TOTAL ASSETS		175,984,101,168.66	168,728,326,345.77

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 31 DECEMBER 2021

Consolidated Balance Sheet - continued

RMB

Item	Notes	Closing balance	Opening balance (Restated)
Current liabilities:			
Short-term borrowings	(VIII)26	13,651,452,805.36	10,483,775,548.93
Notes payable	(VIII)27	1,895,987.17	7,081,772.32
Accounts payable	(VIII)28	843,820,438.51	607,972,699.59
Receipts in advance	(VIII)29	9,313,166.01	39,510,127.90
Contract liabilities	(VIII)30	196,784,525.26	157,442,109.67
Employee benefits payable	(VIII)31	820,416,415.47	726,897,125.42
Taxes payable	(VIII)32	2,162,719,251.68	2,370,258,689.99
Other payables	(VIII)33	2,140,108,341.08	2,481,217,568.40
Non-current liabilities due within one year	(VIII)34	8,268,209,284.17	3,564,587,701.07
Other current liabilities	(VIII)35	2,158,497,775.85	2,383,668,985.94
Total current liabilities		30,253,217,990.56	22,822,412,329.23
Non-current Liabilities:			
Long-term borrowings	(VIII)36	7,144,839,870.89	7,406,322,693.81
Bonds payable	(VIII)37	16,670,872,414.14	21,090,545,845.56
Including: Preferred shares			-
Perpetual bonds			-
Lease liabilities	(VIII)38	1,055,194,906.09	1,327,850,984.08
Long-term payables	(VIII)39	3,422,179,366.40	1,228,461,573.69
Long-term employee benefits payable	(VIII)40	588,681,492.63	507,714,699.46
Provisions	(VIII)41	24,247,302.42	100,406,745.66
Deferred income	(VIII)42	1,075,957,884.91	1,113,180,823.99
Deferred tax liabilities	(VIII)24	4,550,417,470.61	4,347,553,142.73
Other non-current liabilities	(VIII)43	163,065,578.53	2,982,220,894.03
Total non-current liabilities		34,695,456,286.62	40,104,257,403.01
TOTAL LIABILITIES		64,948,674,277.18	62,926,669,732.24
Shareholders' equity:			
Share capital	(VIII)44	1,922,365,124.00	1,922,365,124.00
Capital reserve	(VIII)45	23,592,702,758.70	22,839,598,324.56
Other comprehensive income	(VIII)46	-890,125,318.18	-826,697,303.06
Special reserve	(VIII)47	9,184,429.12	10,201,178.30
Surplus reserve	(VIII)48	961,182,562.00	890,690,322.28
Unappropriated profit	(VIII)49	14,205,879,106.49	12,329,120,098.70
Total shareholders' equity attributable to shareholders of the parent		39,801,188,662.13	37,165,277,744.78
Minority interests		71,234,238,229.35	68,636,378,868.75
TOTAL SHAREHOLDERS' EQUITY		111,035,426,891.48	105,801,656,613.53
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		175,984,101,168.66	168,728,326,345.77

The accompanying notes form part of the financial statements.

The financial statements were signed by the following:

Wang Xiufeng
Legal Representative

Tu Xiaoping
Chief Financial Officer

Tu Xiaoping
Head of Accounting Department

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 31 DECEMBER 2021

Balance Sheet of the Company

RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash and bank balances		2,913,761,567.31	753,590,556.77
Held-for-trading financial assets		4,355,978,026.30	800,000,000.00
Prepayments		-	32,236.27
Other receivables	(XVIII) 1	1,256,742,971.01	1,102,712,752.04
Other current assets		3,799,849.79	2,574,148.83
Total current assets		8,530,282,414.41	2,658,909,693.91
Non-current Assets:			
Long-term receivables		8,447,395.74	8,667,950.38
Long-term equity investments	(XVIII) 2	38,632,541,293.73	37,236,798,123.55
Investments in other equity instruments		154,017,984.69	155,610,830.00
Fixed assets		1,684,450.22	748,147.75
Construction in progress		8,714,886.98	3,502,416.12
Intangible assets		53,886,017.45	56,760,723.98
Long-term prepaid expenses		1,223,180.69	1,572,660.89
Deferred tax assets		1,846,793.34	1,846,793.34
Total non-current assets		38,862,362,002.84	37,465,507,646.01
TOTAL ASSETS		47,392,644,417.25	40,124,417,339.92
Current Liabilities:			
Short-term borrowings		6,606,500,555.58	2,174,486,432.93
Employee benefits payable		36,196,999.78	27,085,844.52
Taxes payable		166,072,684.93	208,459,425.46
Other payables		1,136,030,015.25	460,457,238.16
Non-current liabilities due within one year		82,735,342.45	33,040,000.00
Other current liabilities		2,007,042,725.30	2,224,519,555.57
Total current liabilities		10,034,578,323.29	5,128,048,496.64
Non-current Liabilities:			
Bonds payable		4,000,000,000.00	2,000,000,000.00
Provisions		1,003,584.24	-
Deferred tax liabilities		44,515,821.76	43,419,526.51
Total non-current liabilities		4,045,519,406.00	2,043,419,526.51
TOTAL LIABILITIES		14,080,097,729.29	7,171,468,023.15
SHAREHOLDERS' EQUITY			
Share capital		1,922,365,124.00	1,922,365,124.00
Capital reserve		27,594,079,596.13	27,591,847,402.73
Other comprehensive income		105,412,294.52	105,536,222.50
Surplus reserve		961,182,562.00	890,690,322.28
Unappropriated profit		2,729,507,111.31	2,442,510,245.26
TOTAL SHAREHOLDERS' EQUITY		33,312,546,687.96	32,952,949,316.77
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		47,392,644,417.25	40,124,417,339.92

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

Consolidated Income Statement

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period (Restated)
I. Operating income	(VIII)50	15,283,808,174.60	12,756,744,317.91
Less: Operating costs	(VIII)50	9,046,836,182.49	7,961,938,835.40
Taxes and surcharges	(VIII)51	191,974,244.31	151,930,002.18
Administrative expenses	(VIII)52	1,729,160,558.50	1,605,655,465.25
Research and development expenses		217,905,635.67	168,787,774.86
Financial expenses	(VIII)53	1,545,338,597.29	1,231,930,503.70
Including: Interest expense		1,909,848,615.00	1,949,912,922.21
Interest income		377,563,874.49	326,239,184.34
Add: Other income	(VIII)54	363,245,161.08	207,726,827.70
Investment income	(VIII)55	6,636,949,510.91	4,909,830,592.83
Including: Income from investments in associates and joint ventures	(VIII)55	6,290,957,480.59	3,992,772,117.69
Gains from changes in fair value (Loss is marked with "-")	(VIII)56	221,242,275.17	-411,508,773.58
Gains from impairment of credit (Loss is marked with "-")	(VIII)57	-252,953,617.50	-457,301,295.35
Gains from impairment of assets (Loss is marked with "-")	(VIII)58	-420,492,515.75	-551,370,042.53
Gains on disposal of assets (Loss is marked with "-")	(VIII)59	35,576,459.42	1,489,206,502.32
II. Operating profit		9,136,160,229.67	6,823,085,547.91
Add: Non-operating income	(VIII)60	43,467,537.50	81,715,412.68
Less: Non-operating expenses	(VIII)61	95,528,693.11	79,003,740.77
III. Gross profit		9,084,099,074.06	6,825,797,219.82
Less: Income tax expenses	(VIII)62	1,429,093,084.31	1,277,021,844.62
IV. Net profit		7,655,005,989.75	5,548,775,375.20
(I) Categorization by continuity of operation			
1. Net profit from continuing operation		7,655,005,989.75	5,548,775,375.20
2. Net profit from discontinued operation			-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the parent		2,685,829,204.07	2,073,844,409.04
2. Profit or loss attributable to minority shareholders		4,969,176,785.68	3,474,930,966.16
V. Other comprehensive income, net of tax	(VIII) 64	-711,791,683.91	-1,849,656,940.86
Other comprehensive income attributable to owners of the parent, net of tax		-61,106,763.50	-470,752,737.15
(I) Other comprehensive income that will not be reclassified to profit or loss		-316,112.17	-1,552,867.01
1. Changes from remeasurement of the defined benefit plan		-8,714,853.33	10,248,546.35
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		9,495,957.95	-11,817,008.06
3. Fair value changes of investments in other equity instruments		-1,097,216.79	15,594.70
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-60,790,651.33	-469,199,870.14
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		20,160,707.37	90,675,445.06
2. Translation differences of financial statements denominated in foreign currencies		-80,951,358.70	-559,875,315.20
Other comprehensive income attributable to minority interests, net of tax		-650,684,920.41	-1,378,904,203.71
VI. Total comprehensive income attributable to:		6,943,214,305.84	3,699,118,434.34
Shareholders of the parent		2,624,722,440.57	1,603,091,671.89
Minority shareholders		4,318,491,865.27	2,096,026,762.45
VII. Earnings per share			
(I) Basic earnings per share		1.40	1.08
(II) Diluted earnings per share		1.40	1.08

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

Income Statement of the Company

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Operating income	(XVIII) 3	2,642,001.75	6,653,002.66
Less: Operating costs	(XVIII) 3	2,265,959.45	2,265,959.64
Taxes and surcharges		844,763.45	2,520,271.63
Administrative expenses		149,779,423.73	133,748,040.20
Financial expenses		197,780,513.57	59,313,221.11
Including: Interest expense		247,594,446.06	87,576,683.75
Interest income		58,523,130.29	38,511,845.95
Add: Other income		129,405.22	355,292.70
Investment income	(XVIII) 4	1,596,809,225.29	2,975,643,847.56
Including: Income from investments in associates and joint ventures	(XVIII) 4	226,225,111.65	57,647,049.81
Gains (losses) from changes in fair value		5,978,026.30	33,096,476.05
II. Operating profit		1,254,887,998.36	2,817,901,126.39
Add: Non-operating income		430,740.39	5,001.83
III. Gross profit		1,255,318,738.75	2,817,906,128.22
Less: Income tax expenses		168,246,527.86	214,455,979.69
IV. Net profit		1,087,072,210.89	2,603,450,148.53
V. Other comprehensive income, net of tax		-123,927.98	-58,353.75
(I) Other comprehensive income that cannot be reclassified to profit or loss		-2,225,208.98	-58,353.75
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		-1,030,575.00	-
3. Fair value changes of investments in other equity instruments		-1,194,633.98	-58,353.75
(II) Other comprehensive income that will be reclassified to profit or loss		2,101,281.00	-
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		2,101,281.00	-
2. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		1,086,948,282.91	2,603,391,794.78

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

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		15,567,101,995.95	12,878,256,705.27
Receipts of tax refunds		142,122,022.96	43,190,041.64
Other cash receipts relating to operating activities	(VIII) 65(1)	1,023,728,271.31	912,282,370.53
Sub-total of cash inflows		16,732,952,290.22	13,833,729,117.44
Cash payments for goods purchased and services received		4,395,758,133.61	3,526,421,961.61
Cash payments to and on behalf of employees		3,313,989,844.94	2,842,897,173.86
Payments of various types of taxes		1,637,763,934.22	1,073,013,338.43
Other cash payments relating to operating activities	(VIII) 65(2)	875,113,806.97	840,107,630.53
Sub-total of cash outflows		10,222,625,719.74	8,282,440,104.43
Net Cash Flows from Operating Activities	(VIII) 66(1)	6,510,326,570.48	5,551,289,013.01
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		17,047,342,468.86	9,137,020,345.82
Cash receipts from investments income		2,956,256,663.23	1,552,583,683.37
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		76,761,096.56	389,937,931.20
Other cash receipts relating to investing activities	(VIII) 65(3)	437,156,571.09	1,453,513,215.71
Sub-total of cash inflows		20,517,516,799.74	12,533,055,176.10
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,235,972,958.53	2,730,742,008.88
Cash payments to acquire investments		22,831,319,242.28	13,686,331,715.60
Other cash payments relating to investing activities	(VIII) 65(4)	22,232,300.95	3,009,770,350.62
Sub-total of cash outflows		25,089,524,501.76	19,426,844,075.10
Net Cash Flows from Investing Activities		-4,572,007,702.02	-6,893,788,899.00
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		1,960,000.00	5,347,041,408.13
Including: Cash receipts from capital contributions from Minority shareholder of subsidiary		1,960,000.00	5,347,041,408.13
Cash receipts from borrowings		17,088,797,909.66	24,095,846,198.30
Cash receipts from issue of bonds		9,797,840,000.00	6,197,833,243.33
Other cash receipts relating to financing activities	(VIII) 65(5)	-	1,937,954,936.36
Sub-total of cash inflows		26,888,597,909.66	37,578,675,786.12
Cash repayments of borrowings		23,334,671,577.97	26,544,628,012.33
Cash payments for distribution of dividends or profits or settlement of interest expenses		4,000,078,191.43	4,326,228,539.60
Including: Payments for distribution of dividends or profits to Minority shareholder of subsidiary		1,600,821,550.56	1,586,039,122.85
Other cash payments relating to financing activities	(VIII) 65(6)	503,530,516.74	1,314,676,771.71
Sub-total of cash outflows		27,838,280,286.14	32,185,533,323.64
Net Cash Flows from Financing Activities		-949,682,376.48	5,393,142,462.48
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-159,899,580.91	60,305,024.35
V. Net Increase in Cash and Cash Equivalents		828,736,911.07	4,110,947,600.84
Add: Opening balance of Cash and Cash Equivalents	(VIII) 66(2)	11,898,618,327.29	7,787,670,726.45
VI. Closing Balance of Cash and Cash Equivalents	(VIII) 66(2)	12,727,355,238.36	11,898,618,327.29

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

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		979,698.05	-
Other cash receipts relating to operating activities		235,966,260.63	88,581,495.56
Sub-total of cash inflows		236,945,958.68	88,581,495.56
Cash payments for goods purchased and services received		40,000.00	-
Cash payments to and on behalf of employees		97,250,483.46	56,294,477.30
Payments of various types of taxes		210,087,464.31	211,434,912.21
Other cash payments relating to operating activities		258,672,489.54	61,598,017.83
Sub-total of cash outflows		566,050,437.31	329,327,407.34
Net Cash Flows from Operating Activities		-329,104,478.63	-240,745,911.78
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		10,580,000,000.00	2,950,000,000.00
Cash receipts from investment income		617,411,256.40	1,530,980,750.04
Other cash receipts relating to investing activities		340,000,000.00	297,303,477.07
Sub-total of cash inflows		11,537,411,256.40	4,778,284,227.11
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		7,311,253.87	1,526,872.01
Cash payments to acquire investments		14,416,331,314.09	5,567,604,695.27
Net cash payments for acquisitions of subsidiaries and other business units		-	3,006,793,109.07
Other cash payments relating to investing activities		588,583,691.07	436,450,231.63
Sub-total of cash outflows		15,012,226,259.03	9,012,374,907.98
Net Cash Flows from Investing Activities		-3,474,815,002.63	-4,234,090,680.87
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		7,600,000,000.00	2,372,563,339.18
Cash receipts from issue of bonds		9,797,840,000.00	6,197,833,243.33
Other cash receipts relating to financing activities		915,000,000.00	544,400,000.00
Sub-total of cash inflows		18,312,840,000.00	9,114,796,582.51
Cash repayments of borrowings		11,381,742,457.36	3,233,786,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		965,552,501.17	905,286,543.64
Other cash payments relating to financing activities		1,274,938.84	437,554,375.82
Sub-total of cash outflows		12,348,569,897.37	4,576,626,919.46
Net Cash Flows from Financing Activities		5,964,270,102.63	4,538,169,663.05
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-179,610.83	-427,725.05
V. Net Increase in Cash and Cash Equivalents		2,160,171,010.54	62,905,345.35
Add: Opening Balance of Cash and Cash Equivalents		753,590,556.77	690,685,211.42
VI. Closing Balance of Cash and Cash Equivalents		2,913,761,567.31	753,590,556.77

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

Consolidated Statement of Changes in Shareholders' Equity

RMB

Item	2021							
	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	22,805,069,335.49	-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
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	34,528,989.07	-	-	-	12,942,703.53	77,217,389.86	124,689,082.46
Others	-	-	-	-	-	-	-	-
II. Opening balance of the year	1,922,365,124.00	22,839,598,324.56	-826,697,303.06	10,201,178.30	890,690,322.28	12,329,120,098.70	68,636,378,868.75	105,801,656,613.53
III. Changes for the year	-	753,104,434.14	-63,428,015.12	-1,016,749.18	70,492,239.72	1,876,759,007.79	2,597,859,360.60	5,233,770,277.95
(I) Total comprehensive income	-	-	-61,106,763.50	-	-	2,685,829,204.07	4,318,491,865.27	6,943,214,305.84
(II) Owners' contributions and reduction in capital	-	753,104,434.14	-1,033,518.86	-	-	-1,588,932.52	143,222,332.57	893,704,315.33
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payment recognized in shareholders' equity	-	-139,669.02	-	-	-	-	-656,323.25	-795,992.27
4. Others	-	753,244,103.16	-1,033,518.86	-	-	-1,588,932.52	143,878,655.82	894,500,307.60
(III) Profit distribution	-	-	-	-	70,492,239.72	-808,768,996.52	-1,864,400,984.46	-2,602,677,741.26
1. Transfer to surplus reserve	-	-	-	-	70,492,239.72	-70,492,239.72	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-730,498,747.12	-1,678,821,128.83	-2,409,319,875.95
4. Others	-	-	-	-	-	-7,778,009.68	-185,579,855.63	-193,357,865.31
(IV) Transfers within shareholders' equity	-	-	-1,287,732.76	-	-	1,287,732.76	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Others	-	-	-1,287,732.76	-	-	1,287,732.76	-	-
(V) Special reserve	-	-	-	-1,016,749.18	-	-	546,147.22	-470,601.96
1. Transfer to special reserve in the period	-	-	-	48,296,277.57	-	-	52,595,662.54	100,891,940.11
2. Amount utilized in the period	-	-	-	-49,313,026.75	-	-	-52,049,515.32	-101,362,542.07
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	23,592,702,758.70	-890,125,318.18	9,184,429.12	961,182,562.00	14,205,879,106.49	71,234,238,229.35	111,035,426,891.48

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

Consolidated Statement of Changes in Shareholders' Equity - continued

RMB

Item	2020(Restated)							
	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	-	34,528,989.07	-	-	-	4,421,264.15	62,531,504.60	101,481,757.82
Others	-	-	-	-	-	-	-	-
II. Opening balance of the year	1,922,365,124.00	22,331,014,456.42	-355,944,565.91	12,386,734.70	630,345,307.43	11,471,587,616.00	59,079,934,697.42	95,091,689,370.06
III. Changes for the year	-	508,583,868.14	-470,752,737.15	-2,185,556.40	260,345,014.85	857,532,482.70	9,556,444,171.33	10,709,967,243.47
(I) Total comprehensive income	-	-	-470,752,737.15	-	-	2,073,844,409.04	2,096,026,762.45	3,699,118,434.34
(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	22,839,598,324.56	-826,697,303.06	10,201,178.30	890,690,322.28	12,329,120,098.70	68,636,378,868.75	105,801,656,613.53

The accompanying notes form part of the financial statements.

Statement of Changes in Shareholders' Equity of the Company

RMB

Item	2021						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
I. Closing balance of the preceding 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
Add: Changes in accounting policies	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening 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
III. Changes for the year	-	2,232,193.40	-123,927.98	-	70,492,239.72	286,996,866.05	359,597,371.19
(I) Total comprehensive income	-	-	-123,927.98	-	-	1,087,072,210.89	1,086,948,282.91
(II) Owners' contributions and reduction in capital	-	2,232,193.40	-	-	-	915,642.00	3,147,835.40
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders' equity	-	-581,972.50	-	-	-	-	-581,972.50
3. Others	-	2,814,165.90	-	-	-	915,642.00	3,729,807.90
(III) Profit distribution	-	-	-	-	70,492,239.72	-800,990,986.84	-730,498,747.12
1. Transfer to surplus reserve	-	-	-	-	70,492,239.72	-70,492,239.72	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-730,498,747.12	-730,498,747.12
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	27,594,079,596.13	105,412,294.52	-	961,182,562.00	2,729,507,111.31	33,312,546,687.96

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2021

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

RMB

Item	2020						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
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

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Unless otherwise specified, the monetary unit shall be RMB.)

(I) GENERAL INFORMATION OF THE COMPANY

China Merchants Port Group Company Limited (hereinafter referred to as the "Company") 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 2022.

See Notes (X) "Equity in Other Entities" for details of the scope of consolidated financial statements in the current year. See Note (IX) "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 2021, the Group had total current liabilities in excess of total current assets of RMB 7,271,661,445.92. On 31 December 2021, the Group had available and unused line of credit amounting to RMB 54,220,580,229.33, 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.

(III) STATEMENT OF COMPLIANCE WITH THE ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2021, and the Company's and consolidated results of operations and cash flows for the year then ended.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Unless otherwise specified, the monetary unit shall be RMB.)

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

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

2. 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.

3. 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.

4. Basis of accounting and principle of measurement

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

4. Basis of accounting and principle of measurement - continued

For financial assets which are transferred at transaction price upon initial recognition and a valuation technique that unobservable input is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

5. Business combinations

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. Business combinations - 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. Business combinations - 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.

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.

Recoverable amount is the higher of the fair value of an asset less cost of disposal and the present value of estimated future cash flows.

The impairment loss of goodwill is recognised in profit or loss for the period and does not reverse in subsequent periods.

6. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Unless otherwise specified, the monetary unit shall be RMB.)

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Consolidated financial statements - continued

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

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

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

Where the accounting policies and 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. The portion of comprehensive income of subsidiaries for the period attributable to minority interests is presented as "total comprehensive income attributable to minority shareholders" under the "total comprehensive income" in the consolidated income statement.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Consolidated financial statements - continued

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

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

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Joint arrangements

Joint arrangement refers to the arrangement jointly controlled by two or more than two participants. The Group's joint arrangements have the following characteristics: (1) all the participants are restricted by the arrangement; (2) the arrangement is jointly controlled by two or more than two participants. Any participant cannot control the arrangement separately and any participant to the joint control of the arrangement can stop other participants or the group of participants from the separate control over the arrangement.

Joint control refers to the joint control over an arrangement in accordance with relevant agreements and relevant activities of the arrangement shall be decided after the unanimous consent by participants sharing the controlling rights.

There are two types of joint arrangements - joint operations and joint ventures. 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.

8. 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.

(IV) 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

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

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

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items 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.

(IV) 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

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 other comprehensive income, to profit or loss in the period in which the disposal occurs.

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 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 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 for the period, 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 and notes 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

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

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

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.

Accounts receivable and notes receivable classified as FVTOCI at acquisition are presented as financing receivables, and those whose period within one year (inclusive) upon acquisition are presented as other current assets. Those whose period over one year upon acquisition are presented as other debt investment, those will fall due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

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.

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, 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.

(IV) 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

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.

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 instruments, 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

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.

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 and financial guarantee contracts, 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.

(IV) 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

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

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

(IV) 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

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.

Based on the Group's management of the internal credit risk, when the information recommended internally or obtained externally indicates that the debtors of the financial instruments are unable to make the full reimbursement to the creditors including the Group (not considering any guarantee obtained by the Group), the Group then considers there occurs the event of default.

(IV) 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 shall be 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 shall be 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 IV, 10.4.1.3 for the detail of accounting policies), the ECL shall be 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 IV, 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.

(IV) 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.

(IV) 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 at the derecognition date and (2) the sum of the consideration received from the transfer of the financial asset and the derecognition amount corresponding to 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 financial 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.

(IV) 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

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

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

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

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

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.

(IV) **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

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.

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.

(IV) 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

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

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

10.4.3 Equity instruments

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

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

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.

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(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.5 Derivatives and embedded derivatives - continued

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.

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 Compound instrument

For convertible bonds issued by the Group that contain both liabilities and conversion option that may convert the liabilities to its own equity instrument, upon initial recognition, the bonds are splitted into liabilities and conversion option which are separately recognized. Therein, the conversion option that exchanges a fixed amount of cash or other financial assets for a fixed amount of equity instruments is accounted for as an equity instrument.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.7 Compound instrument - continued

Upon initial recognition, the fair value of liability portion is determined based on the prevailing market price of the bonds containing no conversion option. The overall issue price of the convertible bonds net of the fair value of the liability portion is considered as the value of the conversion option that enables the bonds holder to convert the bonds to equity instruments, and is included in other equity instruments.

The liability portion of the convertible bonds is subsequently measured at amortized cost using effective interest method; the value of the conversion option classified as equity instrument remain in equity instrument. The expiry or conversion of convertible bonds will not result in loss or gain.

The transaction costs incurred for issuance of the convertible bonds are allocated between the liability portion and equity instrument portion in proportion to their respective fair value. The transaction cost relating to the equity instrument portion is directly included in equity instrument; while the transaction cost relating to the liability portion is included in the carrying amount of the liability, and amortized over the lifetime of the convertible bonds using effective interest method.

10.8 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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(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.8 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, other receivables and long-term 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

(IV) 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 IV, 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 and first-in-first-out 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Inventories - continued

13.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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 IV,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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Assets held for sale - continued

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

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments

16.1 Basis for determining joint control and significant influence over investee

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

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.2 Determination of initial investment cost - continued

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.

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.

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

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

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

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.

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.

The Group loses control on investee due to disposal of part of shares, during preparing separate financial statement, remaining shares after disposal can make joint control or significant influence on investee, are accounted under equity method, and adjusted as they are accounted under equity method since the acquisition date; If remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instruments, and the difference between fair value on date of losing control and book value is recognized in profit or loss of current period. Before the Group obtained controls over the investee, other comprehensive income recognized due to equity method or recognition and measurement of financial instruments, is accounted on the basis of related assets and liabilities, and recognized in profit or loss; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are recognized in profit or loss of current period. Remaining shares after disposal are accounted under equity method, other comprehensive income and other owners' equity are carried forward as proportion; remaining shares after disposal are accounted due to recognition and measurement of financial instruments other comprehensive income and other owners' equity are all carried forward

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.4 Disposal of long-term equity investments - continued

For the Group loses joint control or significant influence on investee after part disposal of shares, remaining shares after disposal are accounted according to recognition and measurement of financial instruments, the difference between fair value at the date of losing joint control or significant influence and book value is recognized in profit or loss of current period. Other comprehensive income recognized under equity method, is accounted on the basis of related assets or liabilities when stop using equity method, change of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in investment income of current period.

The Group loses control on subsidiaries through step by step transactions of disposal, if transactions are "package deal", all transactions are seemed as one transaction of disposal investment on subsidiaries, difference between amount of disposal and book value of long-term equity investment, is recognized as other comprehensive income, and recognized in income for the period when losing control.

17. Investment properties

Investment property is property held by the Group 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 withdraw 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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(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Fixed assets and depreciation

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.

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.

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.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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 Intangible assets

Intangible assets include land use rights, terminal operating rights and others.

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 under the output method are 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.

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(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Intangible assets - continued

21.1 Intangible assets - continued

The amortization method, useful life and estimated net residual value of various intangible assets are as follows:

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. Impairment of non-financial assets other than goodwill

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, intangible assets with a finite useful life and assets related to contract costs 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.

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

In determining the impairment losses of assets related to contract costs, the Group first determines the impairment losses of other assets related to contracts recognized in accordance with other relevant ASBEs; then, for assets related to contract costs, if the carrying amount of the assets is higher than the difference between: (1) the remaining consideration that the Group expects to obtain for the transfer of the goods or services related to the asset; and (2) the estimated costs to be incurred for the transfer of the related goods or services, any excess is provided for impairment and recognized as impairment loss of assets.

Except for impairment loss of assets related to contract costs, the above impairment loss is recognized, it cannot be reversed in the subsequent accounting periods. After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognized in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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.

25. Employee benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

25.1 Short-term employee benefits

Short-term benefits refer to the employee benefits that the Group is required to make the full payments to within the 12 months after the annual reporting period during which relevant services are provided by the employees is ended, except the post-employment benefits and termination benefits. Specifically, the short-term benefits include: employee salaries, bonuses, allowances and subsidies, employee benefits, social insurance contributions such as the medical insurance, the work injury insurance and the maternity insurance, housing funds, trade union funds and employee education funds, short-term paid absence, short-term profit sharing plan, non-monetary welfare and other short-term benefits.

Short-term employee benefits payable 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.2 Post-employment benefits

Post-employment benefits refer to the rewards and benefits of various forms provided by the Group after the employees have been retired or terminated the labor relationship with the enterprises for the services rendered by the employees, except the short-term salaries and the termination benefits. The post-employment benefits consist of the pension insurance, the annuity, the unemployment insurance and other post-employment benefits.

Post-employment benefit plans are classified by the Group into defined contribution plans and defined benefit plans. The post-employment benefit plan refers to agreements the Group entered into with the employees on the post-employment benefits or the regulations or measures established by the Group for provisions of the post-employee benefits, among which the defined contribution plan refers to the post-employment benefits plan under which the Group shall no longer undertake any obligations of payments after paying fixed expenses to independent funds; the defined benefit plans refer to the post-employment benefit plans other than the defined contribution plans. During the accounting period when employees render services to the Group, the amounts payable calculated based on the defined contribution plan are recognized as liabilities and included to the profit or loss for the period or relevant 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.

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.

The deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.3 Termination benefits

Termination benefits refer to the compensations the Group pay to the employees for terminating the employment relationship with employees before the expiry of the employment contracts or encouraging employees to accept voluntary redundancy. 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.

25.4 Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except for short-term benefits, post-employment benefits, and termination benefits.

Other long-term employee benefits that qualify as defined contribution plans are treated in accordance with the relevant provisions of the defined contribution plans mentioned above, except that the net liability or net asset for other long-term employee benefits is recognized and measured in accordance with the relevant provisions of the defined benefit plans. At the end of the reporting period, employee compensation costs arising from other long-term employee benefits are recognized as three components: service cost, net interest on the net liability or net asset for other long-term employee benefits, and changes resulting from the remeasurement of the net liability or net asset for other long-term employee benefits. The total net amount of these items is included in profit or loss for the period or in the cost of the related assets.

The Group provides internal retirement benefits to employees accepting the internal retirement arrangements. Internal retirement benefits refer to the payments of salaries and social security contributions for employees who reach at the retirement age regulated by the country and are approved to quit the job voluntarily. For internal retirement benefits, the internal retirement benefits the Group is expected to pay during the period from the date when employees stop providing services to the date of normal retirement are recognized as liabilities at the present value and included to the profit or loss for the period when relevant recognition requirements of the internal retirement benefits are met.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Provisions - continued

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 recognition

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.

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.

It is a performance obligation satisfied during a period of time if one of the following conditions is met in accordance with New revenue standards: (i) the customer obtains and consumes economic benefits at the same time of the Company's performance; (ii) the customer is able to control goods in progress during the Company's performance; (iii) goods or services generated during the Company's performance have irreplaceable utilization, and the Company is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, the Company will recognize revenue at the point in time when the customer obtains control over relative goods or services.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue recognition - continued

Contract asset refers to the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. Accounting policies relating to contract asset are specified in Note IV, 10. The Company's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities refer to the Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer.

Contract assets and contract liabilities under the same contract are presented at net amount.

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.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue recognition - continued

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 of obtaining a contract

If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognizes it as an asset 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. If the amortization period of the asset does not exceed one year, it is recognized in profit or loss for the period in which it occurs. Other expenses incurred by the Group for obtaining the contract are recognized in profit or loss for the period in which it occurs, except as expressly borne by the customer.

28.2 Costs to fulfil 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 fulfil 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

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. A government grant measured at a nominal amount is recognized immediately in profit or loss in the current period. Where the relevant asset is sold, transferred, scrapped or damaged prior to the end of its useful life, the related undistributed deferred income is transferred to the profit or loss of the disposal period.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income and recognized in profit or loss over the periods in which the related costs or losses are recognized; If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss.

For government grants both related to asset and income, different parts should be distinguished for accounting treatment; if it is difficult to distinguish, it as a whole should be classified as government grants related to income.

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant is not related to the Group's daily activities is recognized in non-operating income.

30. Income tax

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Deferred tax assets/ deferred tax liabilities - continued

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.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Deferred tax assets/ deferred tax liabilities - continued

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.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee - continued

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 recognizes 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.3 Lease liabilities - continued

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

- 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.

(IV) 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 less than RMB50,000 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.
- 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 The Group as Lessor

31.2.1 Separating components of a lease

Where the contract contains both the lease and non-lease parts, the Group shall apportion the contract consideration in accordance with the provisions of the revenue standard on the apportionment of the transaction price, based on the separate prices of the lease part and the non-lease part.

(IV) 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.

(IV) 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 a finance 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*.

(IV) 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.

31.2.5.2 The Group as the buyer-lessor

If the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Group does not recognize the transferred asset, but recognizes a financial liability equal to the transfer proceeds in accordance with the *ASBE No. 22 Financial Instruments: Recognition and Measurement*. If the transfer of an asset constitutes a sale, the Group accounts for the purchase of the asset in accordance with other applicable ASBEs and accounts for the lease of the asset.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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.

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. Share-based payments

A share-based payment is a transaction which the Group grants equity instruments, in return for services rendered by employees or other parties. The Group's share-based payments include equity-settled share-based payments.

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognized as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest; as related costs or expenses at the grant date, if the equity instruments vest immediately, with a corresponding increase in capital reserves.

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

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

Goodwill impairment

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

Recognition of deferred 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.

(V) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

Estimated useful lives and residual values of fixed assets and intangible assets

The Group assesses the estimated useful lives and residual values of its fixed assets and intangible assets. Such assessment is made by reference to the historical experience of actual useful lives and residual values of fixed assets and intangible assets of a similar nature and function, and may subject to significant changes due to technical innovation and fierce industry competition. Where the estimated useful lives and residual values of fixed assets and intangible assets are less than the previous estimates, the Group will increase the depreciation and amortisation, or write off or eliminate the technically obsolete fixed assets or intangible assets.

(VI) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Significant changes in accounting policies

1.1 Interpretation No.14 of the Accounting Standards for Business Enterprises

The Ministry of Finance issued the Interpretation No. 14 of the Accounting Standards for Business Enterprises (hereinafter referred to as the "Interpretation No.14") on 26 January 2021, which stipulates the accounting treatment for the changes in the basis for determining the contractual cash flows as a result of contracts on PPP projects the benchmark interest rate reform. The Interpretation is effective from the date of issue.

Accounting Treatment for Public-Private-Partnership (PPP) Project Contracts

"Contracts on PPP projects" can be defined as the contracts concluded by and between the social capital and the government for collaborating in PPP projects in accordance with laws and regulations, which shall concurrently meet the following features: (1) The social capital uses the PPP project assets to provide public products and services on behalf of the government during the operation period as agreed in the contract; (2) The social capital receives compensation for the rendering of public products and services during the period as agreed in the contract. Contracts on PPP projects shall concurrently meet the following conditions: (1) The government controls or regulates the types, objects and prices of public products and services required to be provided by the social capital in using the PPP project assets; (2) When a contract on PPP project is terminated, the government controls the significant residual equity of the PPP project assets by ownership, usufruct or other forms.

In accordance with the Interpretation No. 14, the Group accounts for the new PPP projects for the period from 1 January 2021 to the effective date of the Interpretation No. 14 in accordance with the provisions of Interpretation No. 14. For contracts on PPP projects that commenced before 31 December 2020 and have not been completed by the effective date of the Interpretation No. 14, retroactive adjustments should be made. The Group assessed that the application of the provisions does not have a material impact on the Group's financial statements.

(VI) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

1. Significant changes in accounting policies - continued

1.1 Interpretation No.14 of the Accounting Standards for Business Enterprises - continued

Accounting treatment of changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform, if and only if the basis for determining the contractual cash flows of a financial asset or liability for which the interest income or expense is determined by using the effective interest rate method changes as a direct consequence of the interest rate benchmark reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the effective interest rate is updated based on the revised future cash flows only resulted from the benchmark interest rate reform by reference to the accounting treatment of floating rate changes and makes accounting treatments on this basis subsequently.

In addition to the above changes, for other changes made to financial assets or financial liabilities for which interest income or expense is determined by using the effective interest rate method, the changes required by the interest rate benchmark reform in accordance with the above requirements are accounted for firstly, and then assesses whether the such other changes result in derecognition of the financial assets or financial liabilities in accordance with the requirements of ASBE No.22 - "Recognition and Measurement of Financial Instruments".

According to the Interpretation No.14, the new businesses related to the benchmark interest rate reform starting from 1 January 2021 to the effective date of the Interpretation No. 14 should be treated in accordance with the provisions of Interpretation No. 14. Businesses related to the benchmark interest rate reform occurring before 31 December, 2020 shall be retroactively adjusted, except where retroactive adjustment is not practicable. The Group assessed that the adoption of such provisions does not have a material impact on the Group's financial statements.

1.2 Interpretation No.15 of the Accounting Standards for Business Enterprises

The Ministry of Finance issued the Interpretation No.15 of the Accounting Standards for Business Enterprises (hereinafter referred to as the "Interpretation No.15") on 30 December 2021, which stipulates the presentation related to centralized management of funds. The Interpretation No. 15 shall go into effect on the date of issue. The Group maintains consistency with the provisions of Interpretation No. 15 for the presentation related to centralized management of funds before 30 December 2020, and therefore, the Group considers that the adoption of such provisions does not have a material impact on the Group's financial statements.

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(VII) TAXES

1. Major taxes and tax rates

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	15%-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%
Land use tax	Land area actually occupied	RMB 2.4-12 per square meter

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%, certain domestic subsidiaries are subject to the preferential tax rate for high-tech enterprises or encouraged industrial enterprises in the region of 15%, 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.

CHINA MERCHANTS PORT GROUP CO., LTD.

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(VII) TAXES - continued

1. Major taxes and tax rates - continued

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 subsidiary of the Group, TCP Participações S.A. (hereinafter referred to as "TCP"), 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.

From 1 January 2020 to 31 December 2022, the urban land use tax for the Group's some domestic subsidiaries on the land for bulk commodity storage facilities is levied at the reduced rate of 50% of the tax amount applicable to the grade of the land.

(VIII) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	Closing balance	Opening balance (Restated)
Cash	501,446.73	575,797.26
RMB	20,504.26	37,045.02
USD	105,169.96	146,078.94
HKD	23,918.14	24,653.41
BRL	5,600.44	5,997.01
Others	346,253.93	362,022.88
Bank deposit (Note 1)	12,367,010,853.19	11,547,077,133.15
RMB	8,311,399,392.65	7,585,560,643.67
USD	1,481,370,545.88	817,495,062.65
EUR	708,753,319.34	770,193,517.95
BRL	273,845,734.48	273,701,827.77
HKD	1,567,048,304.98	2,076,664,153.73
AUD	3,805,872.65	557,797.36
Others	20,787,683.21	22,904,130.02
Other cash and bank balances (Note 2)	404,837,106.85	370,770,828.30
RMB	404,810,610.86	370,726,535.43
HKD	26,495.99	44,292.87
Total	12,772,349,406.77	11,918,423,758.71
Including: The total amount of funds deposited overseas	4,261,299,895.41	5,313,591,920.43

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

1. Cash and bank balances - continued

Note 1: The balance of interest receivable in bank deposits was RMB 13,906,450.61, and the bank deposits of the Group deposited overseas and restricted for remittance to China at the end of the year totalled nil.

Note 2: The balance of the securities margin account totalled RMB 23,749,389.05 in other cash and bank balances at the end of the year, the principal of the time certificate of deposit in other cash and bank balances that can be readily withdrawn on demand at the end of the year totalled RMB 350,000,000.00, the interest of the time certificate of deposit totalled RMB 18,257,505.47, the restricted deposit totalled RMB 12,818,212.33, and the frozen funds of ETC card business totalled RMB 12,000.00.

2. Held-for-trading financial assets

Item	Closing balance	Opening balance
Financial assets at FVTPL	6,921,831,502.55	850,165,448.59
Including: Debt investment instruments	-	-
Equity investment instruments	157,196.79	165,448.59
Structural deposits	6,921,674,305.76	850,000,000.00
Total	6,921,831,502.55	850,165,448.59

3. Notes receivable

(1) Category of notes receivable

Category	Closing balance	Opening balance (Restated)
Bank acceptance	6,081,611.95	2,245,000.16
Commercial acceptance	-	3,146,994.68
Total	6,081,611.95	5,391,994.84
Less: Provision for credit losses (Note)	-	-
Carrying amount	6,081,611.95	5,391,994.84

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 2021, there are no notes receivable pledged.

(3) As at 31 December 2021, there are no notes reclassified to accounts receivable due to the drawers' inability to settle the note.

(4) The Group has no notes receivable written off in 2021.

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

4. Accounts receivable

(1) Accounts receivable disclosed by aging

Aging	Closing balance		
	Accounts receivable	Provision for credit loss	Proportion (%)
Within 1 year	1,322,013,727.29	24,895,951.15	1.88
More than 1 year but not exceeding 2 years	31,413,062.01	14,678,423.40	46.73
More than 2 years but not exceeding 3 years	13,345,543.00	7,436,597.03	55.72
More than 3 years	40,455,237.18	39,639,020.09	97.98
Total	1,407,227,569.48	86,649,991.67	

(2) Disclosure of accounts receivable by categories

Credit rating	Expected credit loss rate (%)	Closing balance			Opening balance (Restated)		
		Carrying amount	Provision for credit loss	Book value	Carrying amount	Provision for credit loss	Book value
A	0.00-0.10	768,959,184.29	195,963.28	768,763,221.01	680,599,675.12	658,001.13	679,941,673.99
B	0.10-0.30	436,073,607.05	1,088,792.71	434,984,814.34	520,087,318.71	639,654.91	519,447,663.80
C	0.30-50.00	146,604,738.15	32,286,595.88	114,318,142.27	207,630,761.65	23,911,382.65	183,719,379.00
D	50.00-100.00	55,590,039.99	53,078,639.80	2,511,400.19	60,465,077.73	50,224,377.50	10,240,700.23
Total		1,407,227,569.48	86,649,991.67	1,320,577,577.81	1,468,782,833.21	75,433,416.19	1,393,349,417.02

(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 2021(Restated)	25,209,038.69	50,224,377.50	75,433,416.19
Carrying amount of accounts receivable at 1 January 2021			
-- Transferred to credit-impaired accounts receivables	-	-	-
-- Reversed to not credit-impaired accounts receivable	-	-	-
Provision for the year	9,124,422.59	5,507,719.66	14,632,142.25
Reversal for the year	-133,502.86	-823,698.12	-957,200.98
Transfer-out from derecognition of financial assets(including direct write-down)	-	-2,018,967.31	-2,018,967.31
Other changes	-628,606.55	189,208.07	-439,398.48
At 31 December 2021	33,571,351.87	53,078,639.80	86,649,991.67

(4) Accounts receivable written off in the year

Item	Nature	Write-offs	Reasons for write-off	Performance performed	Arising from related party transactions?
Entity 1	Handling charges	1,109,799.16	The company is in bankruptcy and liquidation	Yes	No
Entity 2	Handling charges	610,541.77	The company was dissolved	Yes	No
Entity 3	Handling charges	159,580.12	The company was dissolved	Yes	No
Entity 4	Handling charges	124,998.00	The company was dissolved	Yes	No
Entity 5	Stowage	14,048.26	The company has been liquidated and deregistered	Yes	Yes
Total		2,018,967.31			

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(VIII) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**4. Accounts receivable - continued**

(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 1	203,845,734.90	Within 1 year, more than 1 year but not exceeding 2 years, more than 2 years but not exceeding 3 years, more than 3 years	14.49	203,845.73
Client 2	92,424,169.37	Within 1 year, more than 1 year but not exceeding 2 years	6.57	29,501,794.87
Client 3	65,068,263.10	Within 1 year, more than 1 year but not exceeding 2 years	4.62	224.00
Client 4	54,244,407.04	Within 1 year	3.85	-
Client 5	41,612,049.62	Within 1 year	2.96	-
Total	457,194,624.03		32.49	29,705,864.60

5. Receivables financing

(1) Classification of receivables financing

Items	Closing balance	Opening balance
Bank acceptance measured by fair value	238,429,402.71	217,449,966.41

(2) On 31 December 2021, the Group has no pledged receivables financing.

(3) On 31 December 2021, 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 (Restated)	
	Derecognized	Recognized	Derecognized	Recognized
Bank acceptance measured by fair value	153,044,339.75	-	129,866,604.18	-

6. Prepayments

(1) Aging analysis of prepayment

Aging	Closing balance			Opening balance (Restated)		
	Amount	Proportion (%)	Provision for impairment	Amount	Proportion (%)	Impairment provision
Within 1 year	51,121,689.93	99.06	-	50,438,796.50	98.48	-
More than 1 year but not exceeding 2 years	351,693.15	0.68	-	585,435.07	1.14	-
More than 2 years but not exceeding 3 years	109,329.76	0.21	-	-	-	-
More than 3 years	24,081.36	0.05	-	193,638.86	0.38	-
Total	51,606,794.20	100.00	-	51,217,870.43	100.00	-

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

6. Prepayments - continued

- (2) As at 31 December 2021, 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 2021	Aging	Proportion of the closing balance to the total prepayments (%)	Why unsettled
Entity 1	Non-related party	12,347,416.16	Within 1 year	23.93	Unsettled advance premium
Entity 2	Non-related party	2,801,656.00	Within 1 year	5.43	Unsettled advance consulting fee
Entity 3	Non-related party	2,113,207.54	Within 1 year	4.09	Unsettled prepaid communication expenses
Entity 4	Non-related party	1,632,676.43	Within 1 year	3.16	Unsettled advance labour expenses
Entity 5	Non-related party	1,453,982.28	Within 1 year	2.82	Unsettled prepayment for purchase of materials
Total		20,348,938.41		39.43	

7. Other receivables

7.1 Summary of other receivables

Item	Closing balance	Opening balance (Restated)
Dividend receivable	264,626,493.85	258,137,208.69
Other receivables	431,650,102.02	3,303,155,105.29
Total	696,276,595.87	3,561,292,313.98

7.2 Dividend receivable

(1) Presentation of dividend receivable

Name of investee	Closing balance	Opening balance
China Nanshan Development (Group) Incorporation ("Nanshan Group")	185,070,000.00	210,831,000.00
Zhanjiang Merchants Port City Investment Co., Ltd. ("Merchants Port City")	41,847,044.77	-
Tin-Can Island Container Terminal Ltd	19,076,909.00	33,289,037.77
COSCO Logistics (Zhanjiang) Co., Ltd.	18,403,959.77	13,378,666.52
Others	493,472.09	896,900.00
Total	264,891,385.63	258,395,604.29
Less: Provision for credit loss	264,891.78	258,395.60
Book value	264,626,493.85	258,137,208.69

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

7. Other receivables - continued

7.2 Dividend receivable - continued

(2) Significant dividend receivable aged more than 1 year

Name of investee	Closing balance	Opening balance	Aging	Why unrecovered
Nanshan Group	74,028,000.00	140,554,000.00	More than 1 year but not exceeding 2 years	Undergoing relevant formalities, expected to be recovered by the end of 2022

(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 2021	258,395.60	-	-	258,395.60
Carrying amount of dividends receivable at 1 January 2021				
-- Transfer to Stage 2	-	-	-	-
-- Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
-- Reverse to Stage 1	-	-	-	-
Provision for the year	6,496.18	-	-	6,496.18
Reversal for the year	-	-	-	-
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2021	264,891.78	-	-	264,891.78

7.3 Other receivables

(1) Other receivables disclosed by aging

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion (%)
Within 1 year	328,141,878.41	5,068,631.24	1.54
More than 1 year but not exceeding 2 years	38,177,531.87	9,689,121.55	25.38
More than 2 years but not exceeding 3 years	465,330,513.59	463,694,669.80	99.65
More than 3 years	358,564,468.35	280,111,867.61	78.12
Total	1,190,214,392.22	758,564,290.20	

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

7. Other receivables - continued

7.3 Other receivables - continued

(2) Disclosure of other receivables by nature

Item	Closing balance	Opening balance (Restated)
Operation compensation (Note 1)	618,500,035.62	687,057,815.03
Temporary payments	260,222,250.12	159,559,495.82
Land compensation (Note 2)	89,630,000.00	2,742,032,000.00
Deposits	25,492,288.59	24,819,304.63
Dedicated grants(Note 3)	24,800,000.00	-
Compensation for profit or loss on transition	6,347,258.89	38,312,376.24
Others	165,222,559.00	173,665,086.98
Total	1,190,214,392.22	3,825,446,078.70
Less: Provision for credit loss	758,564,290.20	522,290,973.41
Book value	431,650,102.02	3,303,155,105.29

Note 1: As of 31 December 2021, it is the operation compensation amounting to RMB 618,500,035.62 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 provision for credit impairment losses of RMB 190,775,500.00. As of 31 December 2021, these amount has been fully provided for credit losses.

Note 2: On 9 October 2021, Zhanjiang Port (Group) Co., Ltd.,(hereinafter referred to as the "Zhanjiang Port "), subsidiary of the Company, entered into the Agreement on Recovery of State-owned Land Use Rights with the People's Government of Xiashan District, Zhanjiang Municipal. Pursuant to the Agreement, Zhanjiang Port shall return the land located in the Zhanjiang Comprehensive Bonded Zone on the east of the Gangshu Avenue of approximately 195.68 mu, which is amounting to RMB 89,630,000.00. The aforementioned land was then returned before 31 December 2021. The net book value of the land was RMB63,458,203.57, and the compensation gain recognized netting of transaction costs was RMB26,126,981.43. As at 31 December 2021, the total land compensation not recovered amounted to RMB89,630,000.00.

Note 3: This represents the special subsidy of RMB35,000,000.00 for public lighterage branch line obtained by the Company's subsidiary Shantou CMPort Group Co., Ltd. ("Shantou Port") in 2021 according to the Notice of Shantou Transportation Bureau and Bureau of Commerce of Shantou Municipality on Continuation of the Policy of Subsidy for Heavy Container Imports by Voyage and Special Subsidy for Shantou Public Lighterage Branch Line. As of 31 December 2021, RMB24,800,000.00 is not yet received. This special subsidy is closely related with the business of Shantou Port, and is taken as a component of the consideration for provision of public lighterage branch line business.

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

7. Other receivables - continued

7.3 Other receivables - continued

(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.

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

7. Other receivables - continued

7.3 Other receivables - continued

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

As at 31 December 2021, 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 (Restated)			
		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	431,741,133.45	-	-	431,741,133.45	3,102,785,902.96	-	-	3,102,785,902.96
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	758,473,258.77	758,473,258.77	-	-	722,660,175.74	722,660,175.74
Account balance		431,741,133.45	-	758,473,258.77	1,190,214,392.22	3,102,785,902.96	-	722,660,175.74	3,825,446,078.70
Provision for credit loss		106,031.43	-	758,458,258.77	758,564,290.20	308,222.19	-	521,982,751.22	522,290,973.41
Book value		431,635,102.02	-	15,000.00	431,650,102.02	3,102,477,680.77	-	200,677,424.52	3,303,155,105.29

Including: Significant other receivables for which the provision for credit loss is assessed individually at the end of the year(credit rating of D)

Name	Carrying amount	Provision for credit loss	ECL rate(%)	Reasons for provision
Entity 1	618,500,035.62	618,500,035.62	100.00	Expected to be unrecoverable(Note)
Entity 2	103,643,609.29	103,643,609.29	100.00	Expected to be unrecoverable
Entity 3	14,000,000.00	14,000,000.00	100.00	Expected to be unrecoverable
Total	736,143,644.91	736,143,644.91	--	--

Note: Refer to Note (VIII), 7.3(2)Note 1 for details.

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

7. Other receivables - continued

7.3 Other receivables - continued

(4) Changes in provision, reversal and write-off for credit loss of other receivables

Credit loss allowance	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 2021(Restated)	308,222.19	-	521,982,751.22	522,290,973.41
Carrying amount of other receivables at 1 January 2021				
-- Transfer to Stage 2	-	-	-	-
-- Transfer to Stage 3	-161,287.99	-	161,287.99	-
-- Reverse to Stage 2	-	-	-	-
-- Reverse to Stage 1	293,405.18	-	-293,405.18	-
Provision for the year	104,464.47	-	239,995,475.12	240,099,939.59
Reversal for the year	-438,772.42	-	-6,000.00	-444,772.42
Resold for the year	-	-	-	-
Write-off for the year	-	-	-	-
Other changes	-	-	-3,381,850.38	-3,381,850.38
At 31 December 2021	106,031.43	-	758,458,258.77	758,564,290.20

(5) Changes in the carrying amount of other receivables

Carrying amount	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 2021	3,102,785,902.96	-	722,660,175.74	3,825,446,078.70
Carrying amount of other receivables at 1 January 2021	--	--	--	--
-- Transfer to Stage 2	-	-	-	-
-- Transfer to Stage 3	-43,728,163.84	-	43,728,163.84	-
-- Reverse to Stage 2	-	-	-	-
-- Reverse to Stage 1	355,828.50	-	-355,828.50	-
Increase for the year	75,755,789.07	-	5,668,098.06	81,423,887.13
Derecognition for the year	-	-	-	-
Other changes	-2,703,428,223.24	-	-13,227,350.37	-2,716,655,573.61
At 31 December 2021	431,741,133.45	-	758,473,258.77	1,190,214,392.22

(6) In 2021, the Group has no other receivables written off.

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

7. Other receivables - continued

7.3 Other receivables - continued

(7) 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	Operation compensation	618,500,035.62	More than 2 years but not exceeding 3 years, more than 3 years	51.97	618,500,035.62
Entity 2	Temporary payments	103,643,609.29	Within 3 year, more than 3 years	8.71	103,643,609.29
Entity 4	Land compensation	89,630,000.00	Within 1 year	7.53	-
Entity 5	Temporary payments	77,858,169.40	Within 1 year, more than 1 year but not exceeding 2 years	6.54	-
Entity 6	Temporary payments	32,953,940.00	More than 3 years	2.77	-
Total		922,585,754.31		77.52	722,143,644.91

8. Inventories

(1) Categories of inventories

Item	Closing balance			Opening Balance (Restated)		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	174,693,225.25	730,054.35	173,963,170.90	168,411,323.61	884,061.15	167,527,262.46
Finished goods	6,576,244.72	-	6,576,244.72	34,780,194.84	-	34,780,194.84
Others	14,380,720.50	-	14,380,720.50	12,516,519.00	-	12,516,519.00
Total	195,650,190.47	730,054.35	194,920,136.12	215,708,037.45	884,061.15	214,823,976.30

(2) Provision for decline in value of inventories

Item	1 January 2021	Provision	Decrease		31 December 2021
			Reversal	Write-off	
Raw materials	884,061.15	-	-	154,006.80	730,054.35

(3) As at 31 December 2021, the Group has no capitalized borrowing cost in the balance of inventories.

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

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(Note)	337,442,757.28	1,380,876,000.00	31,475,777.36	Expected to be vacated and relocated in 2022
Less: Provision for impairment of assets held for sale	-			
Carrying amount	337,442,757.28			

Note: Refer to Note (VIII).12(1) for details.

10. Non-current assets due within one year

Item	Closing balance	Opening balance (Restated)
Long-term receivables due within one year	102,458,920.89	67,760,233.67
Less: Provision for credit loss	102,458.92	67,760.23
Carrying amount	102,356,461.97	67,692,473.44

11. Other current assets

(1) Categories of other current assets

Item	Closing balance	Opening balance
Structural deposits	-	102,749,431.10
Including: Principal	-	100,000,000.00
Interest receivable	-	2,749,431.10
Prepaid taxes	64,390,050.80	47,556,756.97
Input tax to be deducted and to be certified	254,909,235.38	237,493,882.42
Others	20,385,011.23	46,274,014.67
Total	339,684,297.41	434,074,085.16
Less: Provision for credit loss	-	-
Book value	339,684,297.41	434,074,085.16

12. Long-term receivables

(1) Details of long-term receivables

Item	Closing balance			Opening balance			Range of discount rate at the end of year
	Account balance	Provision for credit loss	Book value	Account balance	Provision for credit loss	Book value	
Advances to shareholders (Note1)	3,566,614,937.93	3,566,614.94	3,563,048,322.99	3,663,271,923.98	3,663,271.92	3,659,608,652.06	4.75%-8.00%
Land compensation receivable (Note 2)	2,692,032,000.00	-	2,692,032,000.00	-	-	-	-
Financing lease deposits	10,000,000.00	10,000.00	9,990,000.00	10,000,000.00	10,000.00	9,990,000.00	-
Receivables for cooperation	-	-	-	286,330,144.62	286,330.14	286,043,814.48	-
Total	6,268,646,937.93	3,576,614.94	6,265,070,322.99	3,959,602,068.60	3,959,602.06	3,955,642,466.54	-
Less: Long-term receivables due within 1 year	102,458,920.89	102,458.92	102,356,461.97	67,760,233.67	67,760.23	67,692,473.44	-
Long-term receivables due over 1 year	6,166,188,017.04	3,474,156.02	6,162,713,861.02	3,891,841,834.93	3,891,841.83	3,887,949,993.10	-

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

12. Long-term receivables - continued

(1) Details of long-term receivables - continued

Note 1: It mainly represents the Company's receivable of aggregate principal and interest from Terminal Link SAS, equivalent to RMB 2,722,198,784.01.

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%.

Note 2: On 5 November 2019, 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 and attached buildings have been transferred in 2019, and the remaining 187.33 mu of land and attached buildings has been transferred in 2020. As at 31 December 2021, the land compensation totalling RMB1,158,032,000.00 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 2021. As at 31 December 2021, the land compensation totalling RMB200,000,000.00 has not yet been recovered.

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

12. Long-term receivables - continued

(1) Details of long-term receivables - continued

Note 2: - continued

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, which is amounting to RMB1,344,000,000.00. As at 31 December 2021, 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. The intangible assets of the remaining 328.78 mu of land and attached buildings of RMB212,552,105.91, fixed assets of RMB113,712,788.00 and investment properties of RM B11,177,863.37 are presented as assets held for sale by the Group.

In 2021, Shantou Municipal Government revised the "Detailed Control Planning of Shantou Zhugang New Town (Partial) - Zhuchigang Area", as the final plan has not yet been approved and announced, Shantou Land Reserve Center delayed the transfer of the above 328.78 mu of land originally planned to be completed in 2021 to 2022.

(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 2021	3,959,602.06	-	-	3,959,602.06
Carrying amount of other current assets at 1 January 2021				
-- Transfer to Stage 2	-	-	-	-
-- Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
-- Reverse to Stage 1	-	-	-	-
Provision for the year	34,698.70	-	-	34,698.70
Reversal for the year	-417,685.82	-	-	-417,685.82
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2021	3,576,614.94	-	-	3,576,614.94

(3) As at 31 December 2021, 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 2021.

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

13. Long-term equity investments

(1) Details of long-term equity investments

Investees	Accounting method	1 January 2021 (restated)	Changes for the year									31 December 2021	Including: Closing balance of provision for impairment
			Increase	Decrease	Investment profit under equity method	Reconciling items from other comprehensiv e 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	2,533,296,561.96	-	-	57,559,118.21	-	-	-159,489,460.08	-	-	-59,827,233.35	2,371,538,986.74	-
Port of Newcastle	Equity method	2,149,048,944.67	-	-	12,868,828.80	4,375,404.14	-	-30,408,519.30	-	-	-176,201,036.95	1,959,683,621.36	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,507,359,082.53	-	-	83,154,378.77	-	-	-100,000,000.00	-	-	-	1,490,513,461.30	-
Yantai Port Group Laizhou Port Co., Ltd. (formerly known as "China Overseas Harbour Affairs (Laizhou) Co., Ltd.")	Equity method	782,832,086.50	-	-	33,327,096.27	-	-	-24,643,441.33	-	-	-	791,515,741.44	-
Others	Equity method	1,893,790,530.18	1,021,291.12	-	55,732,471.44	-	-	-21,350,308.29	1,003,584.24	-	-3,445,620.89	1,926,751,947.80	-
Subtotal		8,866,327,205.84	1,021,291.12	-	242,641,893.49	4,375,404.14	-	-335,891,729.00	1,003,584.24	-	-239,473,891.19	8,540,003,758.64	-
II. Associates													
Shanghai International Port (Group) Co., Ltd. (hereinafter referred to as the "Shanghai Port Group")	Equity method	25,361,783,181.41	-	-	4,190,349,799.99	152,749,411.32	-68,880,822.92	-793,927,959.22	-	-	1,733,773.11	28,843,807,383.69	-
Nanshan Group	Equity method	5,390,946,895.65	-	-	685,312,588.00	10,912,249.63	352,921,807.12	-111,042,000.00	-	-	-	6,329,051,540.40	-
Terminal Link SAS	Equity method	6,803,553,044.91	2,108,106.13	-	476,262,839.86	-137,113,127.55	-230,782.28	-1,389,503,418.41	-	-	282,916,394.46	6,037,993,057.12	-
Liaoning Port Co., Ltd. (formerly known as "Dalian Port (PDA) Company Limited") ("Liaoning Port") (Note)	Equity method	3,455,964,513.62	-	-	177,413,349.12	-1,739,501.18	133,473,710.98	-76,829,166.42	265,572,515.61	-	18,545,210.30	3,972,400,632.03	337,700,959.79
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	Equity method	7,176,706,008.55	-	-	130,229,025.57	-	-	-	-	-	-	7,306,935,034.12	-
Ningbo Zhoushan Port Company Limited ("Ningbo Zhoushan")	Equity method	3,098,292,286.95	206,523,799.86	-	229,363,153.19	3,863,547.99	5,473,715.31	-68,675,568.77	-	-	-	3,474,840,934.53	-
China Merchants Northeast Asia Development & Investment Co., Ltd.	Equity method	1,007,786,285.71	-	-	8,262,246.98	-	-	-	-	-	-	1,016,048,532.69	-
Others	Equity method	5,081,051,800.26	776,647.76	-158,496,285.36	151,122,584.39	31,811,339.48	28,775,127.82	-181,330,149.23	-	-2,147,208.07	-119,192,905.75	4,832,370,951.30	2,135,644.39
Subtotal		57,376,084,017.06	209,408,553.75	-158,496,285.36	6,048,315,587.10	60,483,919.69	451,532,756.03	-2,621,308,262.05	265,572,515.61	-2,147,208.07	184,002,472.12	61,813,448,065.88	339,836,604.18
Total		66,242,411,222.90	210,429,844.87	-158,496,285.36	6,290,957,480.59	64,859,323.83	451,532,756.03	-2,957,199,991.05	266,576,099.85	-2,147,208.07	-55,471,419.07	70,353,451,824.52	339,836,604.18

Note : Other equity movements refer to Note (VIII) 45 for details.

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

13. Long-term equity investments - continued

(2) Changes in provisions for impairment losses of long-term equity investments

Item	1/1/2021	Effect of consolidation scope change	Increase	Decrease		Effect of translation of foreign currency statements	31/12/2021
				Amount	Reason		
Liaoning Port	621,818,684.80	-	-	265,572,515.61	Refer to Note(VIII)45	-18,545,209.40	337,700,959.79
HOA THUONG CORPORATION	-	-	2,147,208.07	-	N/A	-11,563.68	2,135,644.39
Total	621,818,684.80	-	2,147,208.07	265,572,515.61	--	-18,556,773.08	339,836,604.18

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.	144,998,784.69	144,424,830.00
Others	35,253,013.74	37,042,227.74
Total	180,251,798.43	181,467,057.74

(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.	6,949,500.00	131,488,784.69	-	The intention of holding is neither for sale nor profits in short-term	N/A
Others	460,262.66	7,410,582.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Total	7,409,762.66	138,899,366.69	-		

15. Other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at FVTPL	809,515,244.87	910,807,452.56
Including: Investments in equity instruments	809,515,244.87	910,807,452.56
Including: Qingdao Port International Co., Ltd.	782,723,863.52	886,385,139.77
Others	26,791,381.35	24,422,312.79

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(VIII) 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 2021	105,727,492.82	6,278,220,271.05	6,383,947,763.87
2. Increase for the year	8,907,053.85	14,936,216.21	23,843,270.06
(1) Purchase	-	1,301,544.00	1,301,544.00
(2) Transferred from fixed assets	-	13,634,672.21	13,634,672.21
(3) Transferred from intangible assets	8,907,053.85	-	8,907,053.85
3. Decrease for the year	-	111,653,314.50	111,653,314.50
(1) Disposal	-	1,868,892.31	1,868,892.31
(2) Transfer to fixed assets	-	109,784,422.19	109,784,422.19
4. Balance at 31 December 2021	114,634,546.67	6,181,503,172.76	6,296,137,719.43
II. Accumulated depreciation and amortization			
1. Balance at 1 January 2021	33,534,616.24	791,657,872.42	825,192,488.66
2. Increase for the year	3,913,726.53	189,673,663.97	193,587,390.50
(1) Provision for the year	2,282,104.06	187,357,639.74	189,639,743.80
(2) Transferred from fixed assets	-	2,316,024.23	2,316,024.23
(3) Transferred from intangible assets	1,631,622.47	-	1,631,622.47
3. Decrease for the year	-	20,880,574.61	20,880,574.61
(1) Disposal	-	1,775,447.69	1,775,447.69
(2) Transfer to fixed assets	-	19,105,126.92	19,105,126.92
4. Balance at 31 December 2021	37,448,342.77	960,450,961.78	997,899,304.55
III. Impairment provision			
1. Balance at 1 January 2021	-	-	-
2. Increase for the year	-	-	-
3. Decrease for the year	-	-	-
4. Balance at 31 December 2021	-	-	-
IV. Book value			
1. At 31 December 2021	77,186,203.90	5,221,052,210.98	5,298,238,414.88
2. At 1 January 2021	72,192,876.58	5,486,562,398.63	5,558,755,275.21

(2) Investment properties without ownership certificates

Item	Closing balance	Opening balance	Reasons for certificate of title not completed	Expected time of completion
Buildings, structures, and land use rights	17,610,186.51	19,256,400.05	Some houses and buildings have not yet obtained certificates of land use rights	The certificate of title is underway

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

17. Fixed assets

17.1 Summary of fixed assets

Item	Closing balance	Opening balance (restated)
Fixed assets	31,710,355,613.32	29,478,004,411.21
Disposal of fixed assets	157,616.97	1,750,748.00
Total	31,710,513,230.29	29,479,755,159.21

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 2021(restated)	29,858,213,065.80	1,847,328,245.18	15,259,298,893.86	2,133,169,183.60	49,098,009,388.44
2. Increase for the year	2,597,697,997.28	169,178,346.91	1,627,272,788.24	91,847,711.39	4,485,996,843.82
(1) Purchase	28,913,704.71	1,657,155.23	249,775,005.43	10,618,654.29	290,964,519.66
(2) Transfer from development expenditure	231,671.58	-	7,725,001.98	-	7,956,673.56
(3) Transfer from construction in progress	2,568,552,620.99	57,736,769.49	1,369,772,780.83	81,229,057.10	4,077,291,228.41
(4) Transfer from investment properties	-	109,784,422.19	-	-	109,784,422.19
(5) Effect of changes in the scope of consolidation	-	-	-	-	-
3. Decrease for the year	106,048,643.07	20,384,736.21	239,086,033.64	31,951,977.37	397,471,390.29
(1) Disposal or retirement	98,938,297.47	6,750,064.00	239,086,033.64	31,951,977.37	376,726,372.48
(2) Transfer to construction in progress	3,206,649.81	-	-	-	3,206,649.81
(3) Transfer to investment properties	-	13,634,672.21	-	-	13,634,672.21
(4) Adjustments to the amount carried forward	3,903,695.79	-	-	-	3,903,695.79
4. Reclassification	4,634,191.17	-14,125,996.90	9,491,805.73	-	-
5. Effect of changes in foreign exchange	-217,233,587.45	-4,510,309.88	-199,637,336.47	-17,911,473.16	-439,292,706.96
6. Balance at 31 December 2021	32,137,263,023.73	1,977,485,549.11	16,457,340,117.72	2,175,153,444.46	52,747,242,135.01
II. Accumulated depreciation					
1. Balance at 1 January 2021(restated)	8,832,870,876.12	468,211,667.37	9,319,665,495.98	941,729,519.54	19,562,477,559.01
2. Increase for the year	939,489,240.41	94,689,351.03	761,159,730.21	101,209,197.82	1,896,547,519.47
(1) Provision	939,489,240.41	75,584,224.11	761,159,730.21	101,209,197.82	1,877,442,392.55
(2) Transfer from investment properties	-	19,105,126.92	-	-	19,105,126.92
(3) Effect of changes in the scope of consolidation	-	-	-	-	-
3. Decrease for the year	82,743,017.62	8,728,635.03	217,932,477.76	29,750,768.67	339,154,899.08
(1) Disposal or retirement	82,337,575.64	6,412,610.80	217,932,477.76	29,750,768.67	336,433,432.87
(2) Transfer to construction in progress	405,441.98	-	-	-	405,441.98
(3) Transfer to investment properties	-	2,316,024.23	-	-	2,316,024.23
4. Reclassification	6,643,252.93	-6,877,372.10	234,119.17	-	-
5. Effect of changes in foreign exchange	-45,495,621.18	-1,080,004.31	-88,954,302.21	-4,979,822.72	-140,509,750.42
6. Balance at 31 December 2021	9,650,764,730.66	546,215,006.96	9,774,172,565.39	1,008,208,125.97	20,979,360,428.98
III. Impairment provision					
1. Balance at 1 January 2021	57,419,468.96	63,906.47	44,042.79	-	57,527,418.22
2. Increase for the year	-	-	-	-	-
3. Disposal or retirement for the year	-	-	-	-	-
4. Reclassified amount for the year	-	-	-	-	-
5. Other decreases	-	-	1,325.51	-	1,325.51
6. Balance at 31 December 2021	57,419,468.96	63,906.47	42,717.28	-	57,526,092.71
IV. Book value					
1. Balance at 31 December 2021	22,429,078,824.11	1,431,206,635.67	6,683,124,835.05	1,166,945,318.49	31,710,355,613.32
2. Balance at 1 January 2021(restated)	20,967,922,720.72	1,379,052,671.34	5,939,589,355.09	1,191,439,664.06	29,478,004,411.21

(2) The Group has no fixed assets that are temporarily idle as at 31 December 2021.

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(VIII) 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 2021	Book value at 31 December 2020
Buildings and structures	174,489,188.90	296,325,159.35
Port and terminal facilities	38,957,300.62	79,578,478.13
Machinery and equipment, furniture and fixture and other equipment	4,770,103.50	8,646,797.33
Total	218,216,593.02	384,550,434.81

(4) Fixed assets without ownership certificates

Item	Book value at 31 December 2021	Book value at 31 December 2020	Remarks
Buildings, structures, port and terminal facilities	2,086,360,399.74	1,751,680,587.08	This is mainly due to the fact that certain buildings and structures have not yet obtained the land use rights of the land for such fixed assets and the approval procedures have not yet been completed.

(5) Other issues

Item	Amount	Remark
Cost of fixed assets fully depreciated but still in use at the end of the year	4,067,219,016.28	
Cost of fixed assets temporarily idle at the end of the year	-	
Fixed assets disposed and retired in the year:		
Including: Cost of fixed assets disposed and retired in the year	376,726,372.48	
Net value of fixed assets disposed and retired in the year	40,291,614.10	
Loss on disposal or retirement of fixed assets in the year	18,305,792.81	

(6) As at 31 December 2021, the Group's fixed assets with restricted ownership refer to Note (VIII) 63 for details.

17.3 Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery and equipment, furniture and fixture and other equipment	78,950.02	1,216,187.48
Motor vehicles and cargo ships	78,666.95	17,000.05
Port and terminal facilities	-	517,560.47
Total	157,616.97	1,750,748.00

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

18. Construction in progress

(1) Summary of construction in progress

Item	Closing balance	Opening balance
Construction in progress	2,543,631,289.59	5,366,181,331.72
Materials for construction of fixed assets	13,953,664.33	15,249,274.46
Total	2,557,584,953.92	5,381,430,606.18

(2) 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	2,177,670,930.47	-	2,177,670,930.47	4,662,213,617.98	-	4,662,213,617.98
Berths and yards	15,718,097.89	-	15,718,097.89	336,353,712.35	-	336,353,712.35
Infrastructure	220,531,192.85	-	220,531,192.85	197,699,601.64	-	197,699,601.64
Ship under construction	-	-	-	58,674,526.32	-	58,674,526.32
Others	129,711,068.38	-	129,711,068.38	111,239,873.43	-	111,239,873.43
Total	2,543,631,289.59	-	2,543,631,289.59	5,366,181,331.72	-	5,366,181,331.72

CHINA MERCHANTS PORT GROUP CO., LTD.

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

18. Construction in progress - continued

(3) The top ten balances of construction in progress

Item	Budget amount	1 January 2021	Increase for the year	Transfer to fixed assets	Other decreases for the year	Effect of changes in foreign exchange	31 December 2021	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 HIPG container, oil terminal and tank area	2,575,891,749.20	986,965,991.96	30,225,598.52	5,829,386.34	112,313,625.52	-22,673,579.91	876,374,998.71	57.68	57.68	847,663.37	327,390.66	2.75	Own funds and loans
General cargo terminal project at Donghai Island Port Area of Zhanjiang Port	905,348,400.00	366,583,393.31	33,093,195.93	-	-	-	399,676,589.24	44.15	44.15	44,364,372.49	12,879,488.70	4.22	Own funds and loans
Phase I expansion project for the container terminal at Baoman Port Area, Zhanjiang Port	2,342,775,800.00	156,012,479.92	25,002,275.68	-	398,668.68	-	180,616,086.92	7.73	7.73	953,620.60	-11,119.86	4.22	Own funds and loans
Reconstruction project for Yard 16# of the bulk cargo terminal, Zhanjiang Port	190,000,000.00	68,846,809.70	110,039,628.07	-	-	-	178,886,437.77	94.15	94.15	2,899,307.26	2,600,508.04	4.22	Own funds and loans
Phase I project for the stuffing and destuffing service area of Baoman Port Area, Zhanjiang Port	606,521,505.83	137,075,214.56	5,270,101.53	-	9,146,779.70	-	133,198,536.39	23.47	23.47	16,689,500.56	-	-	Own funds and loans
Back land Reclamation Project on Haidagan Bulk Yard and Supporting Facilities and Liquid Bulk Berth	59,300,000.00	58,274,286.20	837,110.40	-	-	-	59,111,396.60	99.68	99.68	-	-	-	Own funds
Logistic Centre Project of Baoman Port Area, Zhanjiang Port	608,535,600.00	55,668,801.93	-	-	-	-	55,668,801.93	9.15	9.15	-	-	-	Own funds
Hydraulic structure engineering for the reconstruction project of Berth 1# - 4#, Haixing Terminal	2,467,361,016.88	1,544,226,816.60	632,110,920.11	2,086,947,310.05	33,836,256.04	-	55,554,170.62	88.21	88.21	66,037,883.84	25,219,359.80	3.87	Own funds and loans
Berth 3# project of Houshi Port area of Xiamen Port	1,000,000,000.00	19,237,391.30	33,996,281.66	-	-	-	53,233,672.96	98.80	98.80	-	-	-	Own funds and loans
28# Warehouse Relocation Project	67,670,000.00	41,299,327.20	6,178,297.33	-	-	-	47,477,624.53	70.16	70.16	-	-	-	Own funds
Total	10,823,404,071.91	3,434,190,512.68	876,753,409.23	2,092,776,696.39	155,695,329.94	-22,673,579.91	2,039,798,315.67			131,792,348.12	41,015,627.34		

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

18. Construction in progress - continued

(4) Materials for construction of fixed assets

Item	Closing balance			Opening balance(restated)		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Materials for construction of fixed assets	13,953,664.33	-	13,953,664.33	15,249,274.46	-	15,249,274.46

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	Land use rights	Motor vehicles, cargo ships and others	Total
I. Cost						
1. Balance at 1 January 2021(restated)	6,772,369,651.12	161,394,715.13	466,008,746.03	2,654,899,114.51	14,863,949.59	10,069,536,176.38
2. Increase for the year	152,243,356.00	15,605,749.60	3,337,541.05	261,663.67	1,689,609.47	173,137,919.79
(1) Purchase	152,243,356.00	15,605,749.60	3,337,541.05	261,663.67	1,689,609.47	173,137,919.79
3. Decrease for the year	175,632,891.39	4,347,735.56	7,460,829.68	16,634,314.87	7,244,123.48	211,319,894.98
(1) Termination of lease	175,632,891.39	4,347,735.56	7,460,829.68	16,634,314.87	7,244,123.48	211,319,894.98
4. Effect of changes in foreign exchange	-141,451,125.79	-3,208,031.94	-510,995.73	-63,637,363.39	-	-208,807,516.85
5. Balance at 31 December 2021	6,607,528,989.94	169,444,697.23	461,374,461.67	2,574,889,099.92	9,309,435.58	9,822,546,684.34
II. Accumulated depreciation						
1. Balance at 1 January 2021(restated)	588,760,107.94	30,621,557.69	109,303,923.22	242,317,665.43	10,791,109.16	981,794,363.44
2. Increase for the year	239,697,224.28	18,304,628.95	28,402,668.30	40,834,819.42	2,363,800.88	329,603,141.83
(1) Provision	239,697,224.28	18,304,628.95	28,402,668.30	40,834,819.42	2,363,800.88	329,603,141.83
3. Decrease for the year	175,622,826.43	4,325,539.34	7,460,829.68	16,634,314.87	7,244,123.48	211,287,633.80
(1) Termination of lease	175,622,826.43	4,325,539.34	7,460,829.68	16,634,314.87	7,244,123.48	211,287,633.80
4. Effect of changes in foreign exchange	-13,786,566.06	-513,859.90	-343,717.54	-5,996,585.82	-	-20,640,729.32
5. Balance at 31 December 2021	639,047,939.73	44,086,787.40	129,902,044.30	260,521,584.16	5,910,786.56	1,079,469,142.15
III. Impairment provision						
1. Balance at 1 January 2021	-	-	-	-	-	-
2. Increase for the year	-	-	-	-	-	-
3. Decrease for the year	-	-	-	-	-	-
4. Balance at 31 December 2021	-	-	-	-	-	-
IV. Book value						
1. Book value at 31 December 2021	5,968,481,050.21	125,357,909.83	331,472,417.37	2,314,367,515.76	3,398,649.02	8,743,077,542.19
2. Book value at 1 January 2021(restated)	6,183,609,543.18	130,773,157.44	356,704,822.81	2,412,581,449.08	4,072,840.43	9,087,741,812.94

(2) Amount recognized in profit or loss

Category	Amount incurred in the year
Depreciation expenses of right-of-use assets (Note 1)	329,603,141.83
Interest expenses on lease liabilities (Note 2)	79,937,678.42
Expenses for short-term leases	57,066,803.15
Expenses for leases of low value assets	1,059.70
Variable lease payments not included in the measurement of lease liabilities (Note 3)	-
Revenue from sublease of right-of-use assets	21,274,985.98

Note 1: In 2021, no depreciation expenses of right-of-use assets is capitalized.

Note 2: In 2021, no interest expenses of lease liabilities are capitalized.

Note 3: In 2021, no variable lease payments were included in the measurement of lease liabilities.

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

19. Right-of-use assets - continued

- (3) The total cash outflows in relation to leases for the current year amount to RMB 435,267,676.74.
- (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	3 months-5 years
Machinery and equipment, furniture and fixture and other equipment	1-6 years
Motor vehicles and cargo ships	5 years
Others	35 years

20. Intangible assets

- (1) Details of intangible assets

Items	Land use rights	Terminal management rights	Others	Total
I. Total original carrying amount				
1. Balance at 1 January 2021(restated)	13,925,403,678.69	8,996,212,561.23	1,123,714,042.87	24,045,330,282.79
2. Increase for the year	809,185,563.97	23,673,686.37	266,870,311.55	1,099,729,561.89
(1) Purchase	324,710.39	23,673,686.37	94,887,589.91	118,885,986.67
(2) Effect of changes in the scope of consolidation	-	-	-	-
(3) Other increase(Note 1)	808,860,853.58	-	171,982,721.64	980,843,575.22
3. Decrease for the year	94,747,493.09	-	40,590,156.23	135,337,649.32
(1) Disposal	85,840,439.24	-	1,870,786.22	87,711,225.46
(2) Transfer to investment properties	8,907,053.85	-	-	8,907,053.85
(3) Other decrease	-	-	38,719,370.01	38,719,370.01
4. Effect of changes in foreign exchange	-8,794,482.57	-780,862,955.02	-46,265,516.67	-835,922,954.26
5. Balance at 31 December 2021	14,631,047,267.00	8,239,023,292.58	1,303,728,681.52	24,173,799,241.10
II. Accumulated amortization				
1. Balance at 1 January 2021(restated)	3,399,466,693.48	1,444,000,560.60	429,682,486.61	5,273,149,740.69
2. Increase for the year	330,762,067.27	228,027,157.06	62,473,826.09	621,263,050.42
(1) Provision	325,611,018.07	228,027,157.06	62,469,243.88	616,107,419.01
(2) Effect of changes in the scope of consolidation	-	-	-	-
(3) Other increase	5,151,049.20	-	4,582.21	5,155,631.41
3. Decrease for the year	18,117,752.79	-	8,761,767.63	26,879,520.42
(1) Disposal	16,486,130.32	-	3,510,718.43	19,996,848.75
(2) Transfer to investment properties	1,631,622.47	-	-	1,631,622.47
(3) Other decrease	-	-	5,251,049.20	5,251,049.20
4. Effect of changes in foreign exchange	-205,360.82	-152,691,783.78	-16,249,265.92	-169,146,410.52
5. Balance at 31 December 2021	3,711,905,647.14	1,519,335,933.88	467,145,279.15	5,698,386,860.17
III. Impairment provision				
1. Balance at 1 January 2021	-	-	-	-
2. Increase for the year	-	-	-	-
3. Decrease for the year	-	-	-	-
4. Balance at 31 December 2021	-	-	-	-
IV. Book value				
1. Book value at 31 December 2021	10,919,141,619.86	6,719,687,358.70	836,583,402.37	18,475,412,380.93
2. Book value at 1 January 2021(restated)	10,525,936,985.21	7,552,212,000.63	694,031,556.26	18,772,180,542.10

Note 1: It is the lands located in Dachanwan Port Area Phase II acquired by the Company's subsidiaries Ansuji Terminal Services (Shenzhen) Co., Ltd. ("ASJ"). Refer to Note (VIII) 25 for details.

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

20. Intangible assets - continued

(2) Land use rights without ownership certificates on 31 December 2021:

Item	Book value at this year end	Book value at last year end
Land use rights (Note)	1,882,080,080.20	1,051,555,795.12

Note: At 31 December 2021, the land use rights without ownership certificates mainly represent the land use rights for berth and storage yard within Chiwan Port area obtained by the Group from Nanshan Group, with an area of 1,049,946.00 m², and the land use rights for Dachanwan Port area Phase II obtained by ASJ, of which the costs are RMB 1,400,288,984.00 and RMB 914,968,043.27 respectively.

The Group land use rights for berth and storage yard within Chiwan Port area obtained by the Group from Nanshan Group represent the capital contribution from Nanshan Group to the Company upon restructuring of the Company, while the remaining land use rights are obtained from Nanshan Group by way of long-term lease. Up to date, as Nanshan Group has not yet obtained the land use rights in respect of the lands within Chiwan watershed, including aforementioned capital investment and land lease to the Group, therefore the Group can not obtain the ownership certificate for relevant land and buildings on such land. The Company's management understood that the Nanshan Group is negotiating with relevant government departments regarding the historical issues, and the date when the Group can obtain the ownership certificate of relevant land and buildings on such land cannot be estimated reliably.

21. Development expenses

Item	1/1/2021	Increase in the current year	Decrease in the current year				Effect of translation of foreign currency statements	31.12/2021
			Transfer to intangible assets	Transfer to construction in progress	Transfer to fixed assets	Transfer to profit or loss for the year		
CTOS upgrading	-	62,596,122.69	-	-	-	62,596,122.69	-	-
R&D project of port public information platform	-	12,735,903.00	-	-	-	12,735,903.00	-	-
Development of intelligent gate system	-	11,621,699.80	-	-	-	11,621,699.80	-	-
"China Merchants Chip" ICT integrated R&D for the smart container terminal	-	9,812,731.04	-	-	-	9,812,731.04	-	-
R&D of Anqiao auxiliary production monitoring	-	9,022,425.42	-	-	-	9,022,425.42	-	-
Customized development of block chain clearance project	-	8,055,519.62	-	-	-	8,055,519.62	-	-
Development and application of automatic control systems for heavy oil, diesel, gasoline, and methanol processes	19,689,935.13	6,129,035.71	-	-	-	-	-	25,818,970.84
Automatic intelligent bucket wheel stacker and transformation technology service procurement project	-	6,043,141.79	-	6,043,141.79	-	-	-	-
R&D of RTG remote automatic catch and release box system	-	5,939,534.80	-	-	-	5,939,534.80	-	-
Multifunctional Port BTOS Cloud Edge Fusion Platform Phase I R&D Project	-	5,361,073.70	-	-	-	5,361,073.70	-	-
R&D of crane remote monitoring and management system	-	4,316,460.46	-	-	-	4,316,460.46	-	-
Development of intelligent stock management system	-	2,296,416.10	-	-	-	2,296,416.10	-	-
Key technical research for the device used to load crude oil to a train	20,656,125.15	1,218,823.23	-	-	-	-	-	21,874,948.38
Others	23,891,674.95	106,830,819.22	160,214.95	1,760,549.99	7,956,673.56	86,147,749.04	-	34,697,306.63
Total	64,237,735.23	251,979,706.58	160,214.95	7,803,691.78	7,956,673.56	217,905,635.67	-	82,391,225.85

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

22. Goodwill

(1) Carrying amount of goodwill

Investee	1/1/2021	Increase	Decrease	Amount of changes in foreign exchange	31/12/2021
TCP	2,562,567,253.74	-	-	-233,433,680.38	2,329,133,573.36
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	418,345,307.68	-	-	-	418,345,307.68
Shenzhen Mawan Project	408,773,001.00	-	-	-	408,773,001.00
Ningbo Daxie China Merchants International Terminals Co. Ltd. ("Ningbo Daxie")	188,497,194.41	-	-	-	188,497,194.41
Others	288,255,850.88	-	-	-	288,255,850.88
Total	7,228,257,666.78	-	-	-233,433,680.38	6,994,823,986.40

(2) Provisions for goodwill impairments

Investee	1/1/2021	Increase	Decrease	Effect of changes in foreign exchange	31/12/2021
Zhanjiang Port	-	418,345,307.68	-	-	418,345,307.68
Shantou Port	552,317,736.65	-	-	-	552,317,736.65
Total	552,317,736.65	418,345,307.68	-	-	970,663,044.33

(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 2021, 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");

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

22. Goodwill - continued

(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 27 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 2021 are around 10.75%-17.45% and 2.24%-3.00% 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 provision for impairment of the goodwill of Zhanjiang Port was RMB418,345,307.68.

23. Long-term prepaid expenses

Item	1/1/2021 (restated)	Effect of changes in the scope of consolidation	Increase for the year	Amortization in the year	Other changes	31/12/2021	Reasons for other decreases
Tonggu channel widening project (note 1)	491,846,986.99	-	-	18,635,856.00	-	473,211,130.99	
West public channel widening project, West port area (note 2)	249,214,515.10	-	9,985,504.85	6,440,250.17	-	252,759,769.78	
Relocation project of Nanhai Rescue Bureau	39,768,848.30	-	-	1,107,368.40	-	38,661,479.90	
Expenditures for the improvement of leased fixed assets	17,479,223.03	-	4,745,234.37	1,437,932.36	-	20,786,525.04	
Dredging project	-	-	79,544,232.97	2,952,365.74	-	76,591,867.23	
Others	76,690,162.49	-	60,198,056.01	22,904,449.92	-	113,983,768.58	
Total	874,999,735.91	-	154,473,028.20	53,478,222.59	-	975,994,541.52	

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

23. Long-term prepaid expenses - continued

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.

24. Deferred income tax

(1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance (restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit	769,833,723.80	187,934,375.63	782,881,449.78	191,015,511.36
Depreciation of fixed assets	174,310,058.63	38,498,510.97	121,474,197.24	30,363,658.82
Deductible losses	243,923,028.71	77,871,713.03	375,133,696.59	121,834,055.80
Provision for credit loss	134,107,345.89	22,607,019.97	44,693,047.44	11,118,047.81
Accrued and unpaid wages	133,228,573.09	32,069,398.58	85,390,402.74	20,498,335.20
Provisions	23,243,718.18	7,902,864.18	83,415,919.34	22,408,962.33
Deferred income	37,320,614.70	8,908,126.11	40,760,480.40	9,289,713.04
Amortization of computer software	9,375,355.92	2,343,838.98	11,007,022.11	2,751,755.53
Organization costs	5,967,432.36	1,491,858.09	8,436,714.76	2,109,178.68
Provision for impairment losses of assets	3,858,354.37	964,588.59	884,061.15	221,015.29
Others	69,133,036.30	17,553,416.71	36,412,379.66	9,246,842.90
Total	1,604,301,241.95	398,145,710.84	1,590,489,371.21	420,857,076.76

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

24. Deferred income tax - continued

(2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance (restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding dividend income tax	32,834,363,823.45	2,276,809,099.05	28,188,540,389.01	1,925,457,143.90
Fair value adjustment of assets acquired by business combination	7,922,514,263.15	1,794,717,729.81	8,566,522,113.13	1,925,197,755.69
Depreciation of fixed assets	855,120,746.48	226,223,855.58	826,231,081.71	217,461,491.73
Changes in fair value of other non-current financial assets	478,483,648.29	99,590,902.64	572,236,171.97	120,501,451.06
Changes in fair value of investments in other equity instruments	138,988,784.68	34,747,196.17	140,581,630.00	35,145,407.50
Others (Note)	1,101,926,283.77	118,328,687.36	1,140,966,796.27	123,789,892.85
Total	43,331,397,549.82	4,550,417,470.61	39,435,078,182.09	4,347,553,142.73

Note: This mainly represents the taxable temporary differences arising from the fair value measurement of equity held by the Company's subsidiaries in Ningbo Zhoushan and the corresponding deferred tax liabilities.

(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 (restated)
Deferred tax assets	-	398,145,710.84	-	420,857,076.76
Deferred tax liabilities	-	4,550,417,470.61	-	4,347,553,142.73

(4) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance (restated)
Deductible temporary differences	944,129,558.25	428,574,636.02
Deductible losses	2,197,937,158.38	2,536,136,831.19
Total	3,142,066,716.63	2,964,711,467.21

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.

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

24. Deferred income tax - continued

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

Year	Closing balance	Opening balance (restated)
2021	-	244,394,853.17
2022	418,419,582.20	615,440,669.35
2023	568,545,269.63	753,395,413.47
2024	501,044,247.06	507,211,725.15
2025	385,310,677.29	392,332,675.29
2026	300,322,682.88	1,411,580.00
Deductible losses due after 2027	24,294,699.32	21,949,914.76
Total	2,197,937,158.38	2,536,136,831.19

25. Other non-current assets

Item	Closing balance	Opening balance
Dachanwan port area Phase II land replacement payment (Note 1)	-	916,884,222.49
Advances for the channel project (Note 2)	965,997,076.71	940,472,488.75
Prepayments for land use rights	132,334,704.86	132,334,704.86
Prepayments for fixed assets	66,519,391.16	32,623,333.85
Prepayments for terminal franchise	28,084,523.57	31,113,113.10
Others	38,157,256.39	85,040,820.59
Subtotal	1,231,092,952.69	2,138,468,683.64
Less: Impairment provision	-	-
Total	1,231,092,952.69	2,138,468,683.64

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 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.

In November 2021, ASJ signed a grant contract of land use right with the Planning and Natural Resources Bureau of Shenzhen Municipality Bao'an Administration (hereinafter referred to as "Planning and Resources Bureau") for Dachanwan Port Area Phase II, clarifying that the land area of Dachanwan Port Area Phase II is approximately 523,000 square meters with the period ready to use from 1 January 2015 to 31 December 2064. From the date of signing the contract, the land shall be deemed to be delivered by the Planning and Resources Bureau to ASJ. Based on the relevant provisions of the above contract, ASJ transferred other non-current assets of RMB916,884,222.49 to intangible assets for accounting treatment in the current period.

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(VIII) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**25. Other non-current assets - continued**

Note 2: This represents 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.

26. Short-term borrowings

(1) Classification of short-term borrowings

Item	Closing balance	Opening balance
Credit loan	12,450,169,472.03	8,976,788,882.26
Guaranteed loan (Note)	1,201,283,333.33	1,506,986,666.67
Total	13,651,452,805.36	10,483,775,548.93

Note: The Company provided guarantee for the loan.

(2) At 31 December 2021, the Group has no short-term borrowings that were overdue.

27. Notes payable

Category	Closing balance	Opening balance
Bank acceptance	-	1,600,100.00
Commercial acceptance	1,895,987.17	5,481,672.32
Total	1,895,987.17	7,081,772.32

28. Accounts payable

Item	Closing balance	Opening balance (restated)
Service fee	279,969,574.04	146,212,519.71
Construction fee	189,852,525.62	117,439,992.70
Material purchase	147,895,793.90	144,294,086.08
Equipment payments	34,478,229.18	20,712,191.08
Rental fee	6,226,422.72	7,494,989.48
Others	185,397,893.05	171,818,920.54
Total	843,820,438.51	607,972,699.59

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

28. Accounts payable - continued

(1) Details of accounts payable are as follows:

Aging	Closing balance		Opening balance (restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year(inclusive)	751,095,352.31	89.01	552,340,561.28	90.84
More than 1 year but not exceeding 2 years (inclusive)	58,151,929.86	6.89	23,931,179.43	3.94
More than 2 years but not exceeding 3 years (inclusive)	8,515,047.38	1.01	4,247,892.21	0.70
More than 3 years	26,058,108.96	3.09	27,453,066.67	4.52
Total	843,820,438.51	100.00	607,972,699.59	100.00

(2) Significant accounts payable aged more than one year

Name of entity	Closing balance	Aging	Reason for outstanding or carry-forward
Urban Planning, Land and Resources Commission of Shenzhen Municipality Nanshan Administration	21,642,795.50	More than 3 years	The government planning project has not been completed, and the ownership certificate is not handled

29. Receipts in advance

Item	Closing balance	Opening balance
Rental fee received in advance	6,724,007.73	2,715,835.65
Management fee received in advance	2,163,886.70	10,350,161.96
Equity transfer fee received in advance	-	20,492,849.00
Ship transfer fee received in advance	-	3,450,560.00
Others	425,271.58	2,500,721.29
Total	9,313,166.01	39,510,127.90

(1) Summary of receipts in advance

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year(inclusive)	9,283,472.35	99.68	39,324,346.50	99.53
More than 1 year but not exceeding 2 years (inclusive)	13,943.66	0.15	88,614.98	0.22
More than 2 years but not exceeding 3 years (inclusive)	-	-	73,979.82	0.19
More than 3 years	15,750.00	0.17	23,186.60	0.06
Total	9,313,166.01	100.00	39,510,127.90	100.00

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

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

30. Contract liabilities

(1) Summary of contract liabilities

Item	Closing balance	Opening balance (restated)
Port charges received in advance	122,718,356.71	78,789,466.29
Service fee received in advance	47,772,567.97	49,782,911.22
Warehousing fee received in advance	15,698,102.34	18,460,680.90
Others	10,595,498.24	10,409,051.26
Total	196,784,525.26	157,442,109.67
Less: Contract liabilities recognised in other non-current liabilities	-	-
Net amount	196,784,525.26	157,442,109.67

(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 fulfils its performance obligations.

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

An amount of RMB110,874,321.28 included in the book value of contract liabilities at the beginning of 2021 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 port charges in advance amounting to RMB 78,457,768.90, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of service fee in advance amounting to RMB 20,788,635.77, contract liabilities arising from settled but unfinished construction resulting from warehousing fee received in advance amounting to RMB 10,227,216.33, and contract liabilities arising from settled but unfinished construction resulting from other contracts amounting to RMB1,400,700.28.

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

31. Employee benefits payable

(1) Employee benefits payable

Item	1/1/2021 (restated)	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2021
1. Short-term benefits	721,298,746.97	-	3,131,465,175.59	3,043,850,608.07	808,913,314.49
2. Post-employment benefits - defined contribution plan	6,217,684.84	-	309,865,408.84	309,957,194.10	6,125,899.58
3. Termination benefits	-	-	13,464,366.62	7,564,366.62	5,900,000.00
4. Other benefits due within a year	-	-	3,692,457.98	3,692,457.98	-
5. Others	-619,306.39	-	6,784,819.68	6,688,311.89	-522,798.60
Total	726,897,125.42	-	3,465,272,228.71	3,371,752,938.66	820,416,415.47

(2) Short-term benefits

Item	1/1/2021 (restated)	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2021
I. Wages and salaries, bonuses, allowances and subsidies	688,968,854.26	-	2,577,057,681.94	2,482,425,761.16	783,600,775.04
II. Staff welfare	-	-	146,948,953.57	146,948,953.57	-
III. Social insurance charges	16,094,126.74	-	160,388,934.58	167,424,890.08	9,058,171.24
Including: Medical insurance	14,865,150.41	-	139,326,638.36	146,512,932.69	7,678,856.08
Work injury insurance	6,258.14	-	12,725,217.54	12,684,226.73	47,248.95
Others	1,222,718.19	-	8,337,078.68	8,227,730.66	1,332,066.21
IV. Housing funds	-490,321.89	-	183,746,103.16	183,330,528.51	-74,747.24
V. Labor union and employee education funds	16,726,087.86	-	47,745,014.36	48,058,238.80	16,412,863.42
VI. Other short-term benefits	-	-	15,578,487.98	15,662,235.95	-83,747.97
Total	721,298,746.97	-	3,131,465,175.59	3,043,850,608.07	808,913,314.49

(3) Defined benefit plans

Item	1/1/2021 (restated)	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2021
I. Basic pension	6,112,958.64	-	233,373,793.05	233,691,260.29	5,795,491.40
II. Unemployment insurance	64,028.24	-	3,921,845.03	3,942,673.03	43,200.24
III. Enterprise annuity	40,697.96	-	72,569,770.76	72,323,260.78	287,207.94
Total	6,217,684.84	-	309,865,408.84	309,957,194.10	6,125,899.58

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. The Group has established a corporate annuity system, and accrues and pays the corporate annuity according to the corporate annuity system of the Company and its subsidiaries located in Mainland China. In addition to above contributions, the Group has no further payment obligations. The corresponding expenses are included in profit and loss or the cost of related assets when incurred.

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

32. Taxes payable

Item	Closing balance	Opening balance (restated)
Enterprise income tax	2,098,884,089.24	2,320,197,283.53
VAT	19,025,631.30	13,239,447.16
Other taxes	44,809,531.14	36,821,959.30
Total	2,162,719,251.68	2,370,258,689.99

33. Other payables

(1) Summary of other payables

Item	Closing balance	Opening balance (restated)
Dividends payable	48,803,019.31	70,388,849.49
Other payables	2,091,305,321.77	2,410,828,718.91
Total	2,140,108,341.08	2,481,217,568.40

(2) Dividends payable

Item	Closing balance	Opening balance (restated)
Ordinary share dividends	48,803,019.31	70,388,849.49
Including: China Merchants Zhangzhou Development Zone Co., Ltd. (Note)	20,000,000.00	20,000,000.00
Dalian Port Container Development Co., Ltd. ("Dalian Port Container") (Note)	18,349,264.69	12,160,517.31
Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics"),	4,945,967.80	3,972,477.39
Dalian City Investment Holding Group Co., Ltd.	3,527,787.23	-
Qingdao Qingbao Investment Holding Co., Ltd.	1,979,999.59	-
Sri Lanka Ports Authority	-	34,255,854.79

Note: On 31 December 2021, the dividends payable over one year include RMB 20,000,000.00 due to China Merchants Zhangzhou Development Zone Co., Ltd. and RMB 10,000,000.00 due to Dalian Port Container, which are dividends not yet received by the investors.

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(VIII) 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 (restated)
Amount payable for construction and quality warranty	821,093,777.44	1,044,821,435.49
Deposits	446,198,541.16	360,604,022.08
Prepaid expenses	198,863,463.79	229,820,205.45
Customer discount (Note)	102,393,978.35	119,368,121.44
Port construction and security fee	59,026,576.51	55,085,280.96
Balance of land use rights transfer	11,295,700.00	11,295,700.00
Others	452,433,284.52	589,833,953.49
Total	2,091,305,321.77	2,410,828,718.91

Note 1: Refer to Note (VIII) 50 (3) for details.

(b) Significant other payables with aging over 1 year

Company name	Amount payable	Aging	Why/not paid
Transport Commission of Shenzhen Municipality	53,104,140.85	More than 1 year but not exceeding 2 years and more than 3 years	To be paid upon confirmation by both parties
Shanghai Zhenhua Heavy Industries Co., Ltd.	32,612,813.26	More than 3 years	To be paid upon confirmation by both parties
Shantou Transportation Bureau	31,358,355.47	More than 3 years	To be paid upon confirmation by both parties
China First Metallurgical Group Co., Ltd.	28,760,291.25	More than 1 year but not exceeding 2 years and more than 3 years	The contracted settlement condition has not been reached
Guangdong JIAYE Reserve Logistics Co., Ltd.	25,000,000.00	More than 2 years but not exceeding 3 years and more than 3 years	The contracted settlement condition has not been reached
Qingdao Maritime Bureau	20,713,982.12	More than 3 years	To be paid upon confirmation by both parties
Zhanjiang Transportation Bureau	15,222,571.10	More than 1 year but not exceeding 2 years	To be paid upon confirmation by both parties
Shenzhen Bulk Cement Office	12,238,226.14	More than 1 year but not exceeding 2 years, more than 3 years	To be paid upon confirmation by both parties
CCCC-FHDI Engineering Co., Ltd.	11,644,486.59	More than 2 years but not exceeding 3 years	The contracted settlement condition has not been reached
Wuxi Huadong Heavy Machinery Co., Ltd.	10,090,410.68	More than 1 year but not exceeding 2 years	To be paid upon confirmation by both parties
China Merchants Real Estate (Shenzhen) Co., Ltd.	10,079,369.00	More than 3 years	The contracted settlement condition has not been reached
Shantou Finance Bureau	10,000,000.00	More than 3 years	To be paid upon confirmation by both parties
Guangdong Hengtai Guotong Industrial Co., Ltd.	10,000,000.00	More than 3 years	To be paid upon confirmation by both parties
Shenzhen Penglilong Industrial Co., Ltd.	8,156,000.00	More than 1 year but not exceeding 2 years, more than 2 years but not exceeding 3 years and more than 3 years	To be paid upon confirmation by both parties
Shenzhen Aohua Zhongmao Industry Co., Ltd.	6,157,000.00	More than 1 year but not exceeding 2 years and more than 3 years	To be paid upon confirmation by both parties
Harman Technology (Shenzhen) Co., Ltd.	5,917,392.48	More than 1 year but not exceeding 2 years and more than 3 years	The contracted settlement condition has not been reached
Total	291,055,038.94		

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

34. Non-current liabilities due within one year

Item	Closing balance	Opening balance (restated)
Long-term loans due within one year(Note VIII 36)	1,187,781,073.61	2,074,906,728.26
Including: Credit loan	399,437,084.19	749,046,479.86
Guaranteed loan	158,812,554.95	739,805,701.02
Mortgage and pledged loan	629,531,434.47	586,054,547.38
Bonds payable due within one year(Note VIII 37)	6,554,177,357.66	1,042,773,072.37
Lease liabilities due within one year(Note VIII 38)	298,117,295.41	322,950,258.37
Long-term payable due within one year(Note VIII 39)	139,696,643.49	3,562,994.44
Long-term employee benefits payable due within one year(Note VIII 40)	64,306,914.00	36,811,951.00
Other non-current liabilities due within one year(Note VIII 43)	24,130,000.00	83,582,696.63
Total	8,268,209,284.17	3,564,587,701.07

35. Other current liabilities

Item	Closing balance	Opening balance
Short-term bonds payable	2,002,416,438.36	2,215,478,001.40
Accrued professional agency fee	128,664,439.94	138,158,158.51
Others	27,416,897.55	30,032,826.03
Total	2,158,497,775.85	2,383,668,985.94

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(VIII) 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	1/1/2021	Amount issued in the current year	Interest accrued based on par value	Amortization of premiums or discounts	Repayment in the current year	31/12/2021
1.99% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2020-6-3	270 days	1,000,000,000.00	1,011,418,032.80	-	3,302,515.17	-	1,014,720,547.97	-
2.50% RMB 1.2 billion Super & Short-term Commercial Paper	1,200,000,000.00	2020-11-12	180 days	1,200,000,000.00	1,204,059,968.60	-	10,734,551.95	-	1,214,794,520.55	-
2.30% RMB 0.8 billion Super & Short-term Commercial Paper	800,000,000.00	2021-1-21	90 days	800,000,000.00	-	800,000,000.00	4,536,986.30	-	804,536,986.30	-
2.73% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-3-19	180 days	1,000,000,000.00	-	1,000,000,000.00	13,463,013.70	-	1,013,463,013.70	-
2.55% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-6-4	180 days	1,000,000,000.00	-	1,000,000,000.00	12,575,342.47	-	1,012,575,342.47	-
2.30% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-7-19	90 days	1,000,000,000.00	-	1,000,000,000.00	5,671,232.88	-	1,005,671,232.88	-
2.30% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-9-26	90 days	1,000,000,000.00	-	1,000,000,000.00	5,671,232.88	-	1,005,671,232.88	-
2.30% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-11-1	45 days	1,000,000,000.00	-	1,000,000,000.00	2,835,616.44	-	1,002,835,616.44	-
2.45% RMB 2 billion Super & Short-term Commercial Paper	2,000,000,000.00	2021-12-13	90 days	2,000,000,000.00	-	2,000,000,000.00	2,416,438.36	-	-	2,002,416,438.36
Total	10,000,000,000.00			10,000,000,000.00	2,215,478,001.40	7,800,000,000.00	61,206,930.15	-	8,074,268,493.19	2,002,416,438.36

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

36. Long-term borrowings

(1) Classification of long-term borrowings

Item	Closing balance	Opening balance	Range of year-end interest rate(%)
Credit borrowings	5,366,543,524.76	5,258,127,800.87	1.20%-4.79%
Guaranteed borrowings (Note 1)	1,076,679,935.08	1,629,960,889.64	1.20%-4.75%
Mortgage and pledged borrowings (Note 2)	1,889,397,484.66	2,593,140,731.56	2.51%-5.78%
Total	8,332,620,944.50	9,481,229,422.07	1.20%-5.78%
Less: Long-term borrowings due within one year	1,187,781,073.61	2,074,906,728.26	— —
Including: Credit borrowings	399,437,084.19	749,046,479.86	— —
Guaranteed borrowings	158,812,554.95	739,805,701.02	— —
Mortgage and pledged borrowings	629,531,434.47	586,054,547.38	— —
Long-term borrowings due after one year	7,144,839,870.89	7,406,322,693.81	— —

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

Note 2: As at 31 December 2021, the Group obtained the long-term loan of RMB1,889,397,484.66 (31 December 2020: RMB 2,593,140,731.56) 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 with property right, fixed assets and construction in progress held by Guangdong Yide Port Co., Ltd. (hereinafter referred to as "Yide Port"), the land with property right of Shenzhen Haixing Harbor Development Co., Ltd. (hereinafter referred to as "Shenzhen Haixing"), as well as the sea area use rights of Dongguan Shenchiwan Port Affairs Co., Ltd.(hereinafter referred to as "Shenchiwan Port Affairs"), mortgaged as collaterals.

Details of mortgage and pledged borrowings are as follows:

Company name	Closing balance	Opening balance	Collateral and pledge
China Development Bank Corporation	747,186,761.93	1,027,981,472.96	The Group's entire equity in CICT
International Finance Corporation	230,966,536.60	364,480,624.59	
African Development Bank	106,074,913.93	167,372,490.13	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	87,410,830.23	137,905,387.30	
The OpecFund For International Development	74,876,376.58	118,146,703.89	The Group's entire equity in TML
Societe de Promotion et de Participation pour la Cooperation Economique S.A.	74,932,105.74	118,218,277.06	
Deutsche Investitions-und Entwicklungsgesellschaft MBH	62,397,008.21	98,452,963.64	
Bank of China Qianhai Shekou Branch	241,370,822.03	241,370,822.05	Land use rights of Shenzhen Haixing
China Construction Bank Shunde Branch	264,182,129.41	210,178,757.55	Land use rights, fixed assets and construction in progress of Yide Port
China Merchants Bank Dongguan Branch	-	109,033,232.39	Sea area use rights of Shenchiwan Port Affairs
Total	1,889,397,484.66	2,593,140,731.56	

Note: See Note (VIII) 63 for the above mortgages and pledges.

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(VIII) 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	5,814,296,318.30	5,948,107,858.02
5.000%, USD 600 million corporate bond	3,859,622,116.07	3,950,488,734.13
4.750%, USD 500 million corporate bond	3,236,350,690.37	3,314,305,348.22
5.000%, USD 500 million corporate bond	3,207,848,098.69	3,280,606,167.04
4.890% RMB 2.5 billion corporate bond	2,585,407,534.25	2,585,407,534.25
3.360% RMB 2 billion corporate bond	2,032,587,397.26	2,033,040,000.00
IPCA + 7.8164% BRL300 million (2020: BRL428 million) corporate bond	438,789,671.67	620,162,618.74
4.980% RMB 400 million corporate bond	-	401,200,657.53
3.520% RMB 2 billion corporate bond	2,050,147,945.19	-
Total	23,225,049,771.80	22,133,318,917.93
Less: Bonds payable due within one year	6,554,177,357.66	1,042,773,072.37
Bonds payable due after one year	16,670,872,414.14	21,090,545,845.56

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(VIII) 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	1/1/2021	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	31/12/2021
4.375%, USD 900 million corporate bond	USD 900,000,000.00	2018-8-6	5 years	USD 900,000,000.00	5,948,107,858.02	-	126,386,325.16	10,139,641.03	126,674,159.06	-143,663,346.85	5,814,296,318.30
5.000%, USD 600 million corporate bond	USD 600,000,000.00	2018-8-6	10 years	USD 600,000,000.00	3,950,488,734.13	-	96,294,343.13	4,715,401.10	96,513,645.00	-95,362,717.29	3,859,622,116.07
4.750%, USD 500 million corporate bond	USD 500,000,000.00	2015-8-3	10 years	USD 500,000,000.00	3,314,305,348.22	-	153,231,176.19	2,213,804.54	153,231,176.25	-80,168,462.33	3,236,350,690.37
5.000%, USD 500 million corporate bond	USD 500,000,000.00	2012-5-4	10 years	USD 500,000,000.00	3,280,606,167.04	-	161,295,975.00	6,649,208.29	161,295,975.00	-79,407,276.64	3,207,848,098.69
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	2,585,407,534.25	-	122,250,000.00	-	122,250,000.00	-	2,585,407,534.25
3.360% RMB2 billion corporate bond	RMB 2,000,000,000.00	2020-7-7	3 years	RMB 2,000,000,000.00	2,033,040,000.00	-	66,747,397.26	-	67,200,000.00	-	2,032,587,397.26
IPCA + 7.8164% BRL300 million (2020: BRL428 million) corporate bond	BRL 299,632,900.00 (2020: BRL 428,047,000.00)	2016-11-7	6 years	BRL 299,632,900.00 (2020: BRL 428,047,000.00)	620,162,618.74	-	116,956,935.89	-	234,465,763.73	-63,864,119.23	438,789,671.67
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	-	18,719,342.47	-	419,920,000.00	-	-
3.520% RMB 200 million corporate bond	RMB 2,000,000,000.00	2021-4-14	3 years	RMB 2,000,000,000.00	-	2,000,000,000.00	50,147,945.19	-	-	-	2,050,147,945.19
Total					22,133,318,917.93	2,000,000,000.00	912,029,440.29	23,718,054.96	1,381,550,719.04	-462,465,922.34	23,225,049,771.80
Less: Bonds payable due within one year					1,042,773,072.37						6,554,177,357.66
Bonds payable due after one year					21,090,545,845.56						16,670,872,414.14

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

38. Lease liabilities

(1) Lease liabilities

Category	Closing balance	Opening balance (restated)
Lease payment	2,060,643,997.13	2,452,804,794.89
Unrecognized financing cost	-707,331,795.63	-802,003,552.44
Total	1,353,312,201.50	1,650,801,242.45
Less: Lease liabilities due within one year	298,117,295.41	322,950,258.37
Lease liabilities due after one year	1,055,194,906.09	1,327,850,984.08

(2) Maturity of lease liabilities

Item	Closing balance
Minimum lease payments under non-cancellable leases:	
1 st year subsequent to the balance sheet date	363,975,463.99
2 nd year subsequent to the balance sheet date	293,893,731.27
3 rd year subsequent to the balance sheet date	138,864,681.32
Subsequent periods	1,263,910,120.55
Total	2,060,643,997.13

The Group is not exposed to any significant liquidity risk associated with lease liabilities.

39. Long-term payables

(1) Summary of long-term payables

Item	Closing balance	Opening balance
Long-term payables	3,540,616,228.99	1,192,028,415.01
Special payables	21,259,780.90	39,996,153.12
Total	3,561,876,009.89	1,232,024,568.13
Less: Long-term payables due within one year	139,696,643.49	3,562,994.44
Long-term payables due after one year	3,422,179,366.40	1,228,461,573.69

(2) Long-term payables

Item	Closing balance	Opening balance
Terminal management rights (Note 1)	3,125,647,576.58	749,658,074.16
Payable to Minority shareholder of subsidiary (Note 2)	411,858,969.58	437,238,325.33
Others	3,109,682.83	5,132,015.52
Total	3,540,616,228.99	1,192,028,415.01
Less: Long-term payables due within one year	139,696,643.49	3,562,994.44
Long-term payables due after one year	3,400,919,585.50	1,188,465,420.57

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

39. Long-term payables - continued

(2) Long-term payables - continued

Note 1: As at 12 August 2011, the Group reached a 35-year building, operation and transfer agreement through the subsidiary CICT 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 of December 31, 2021, the amount payable for the purchase of terminal operation rights is RMB 795,271,962.21.

TCP, a subsidiary of the Company entered into a franchise agreement on the Port of Paranaguá with the Administration of the Ports of Paranaguá and Antonina-APPA(hereinafter referred to the "APPA"). The agreement provides for an initial term of 25 years for the concessions. In April 2016, TCP and APPA entered into the 10th Supplemental Agreement, which extends the period to 50 years and will be expired in October 2048.

On 9 September 2021, TCP, a subsidiary of the Company, entered into a supplemental agreement to the Lease Agreement with APPA for the concessions of the Ports of Paranaguá and Antonina. Pursuant to which, the base figure for the calculation of royalties for the Ports of Paranaguá and Antonina was adjusted from the Brazil IGP-M Inflation Index("IGP-M index") to the Extended National Consumer Price Index("IPCA index") of the Brazilian Institute of Geography and Statistics("IBGE"). In November 2021, TCP will readjust the royalties using the IPCA index. As of December 31, 2021, the amount of royalty payable was RMB 2,330,375,614.37.

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

(3) Special payables

Item	1/1/2021	Increase in the current year	Effect of changes in the scope of consolidation	Decrease in the current year	31/12/2021	Reason
Refunds of port construction fee	34,271,558.30	-	-	21,596,055.78	12,675,502.52	Note 1
Employee housing fund	3,852,825.60	833,853.37	-	-	4,686,678.97	Note 2
Innovation workshop for model workers	1,871,769.22	2,075,000.00	-	49,169.81	3,897,599.41	
Total	39,996,153.12	2,908,853.37	-	21,645,225.59	21,259,780.90	

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

39. Long-term payables - continued

(3) Special payables - continued

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 and terminal construction.

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.

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	463,858,274.44	429,830,989.42
Termination benefits	71,467,335.47	40,939,305.56
Others (Note)	117,662,796.72	73,756,355.48
Total	652,988,406.63	544,526,650.46
Less: Long-term employee benefits payable due within one year	64,306,914.00	36,811,951.00
Long-term employee benefits payable due after one year	588,681,492.63	507,714,699.46

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	2021	2020
I. Opening balance	429,830,989.42	454,383,940.25
II. Defined benefits cost included in profit or loss for the period	26,633,751.24	35,512,520.40
1. Current service cost	11,482,700.68	19,803,282.73
2. Past service cost	-	-
3. Interest adjustment	15,151,050.56	15,709,237.67
III. Defined benefits cost included in other comprehensive income	31,841,388.55	-35,245,220.38
1. Actuarial gains	32,665,927.62	-35,016,155.14
2. Effect of exchange rate changes	-824,539.07	-229,065.24
IV. Other changes	-24,447,854.77	-24,820,250.85
1. Benefits paid	-24,447,854.77	-24,820,250.85
2. Changes in the scope of consolidation	-	-
V. Closing balance	463,858,274.44	429,830,989.42

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(VIII) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**40. Long-term employee benefits payable - continued****(2) Changes of defined benefits plan - continued**

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.

41. Provisions

Item	Opening balance	Increase for the year	Decrease for the year	Effect of changes in foreign exchange	Closing balance	Reason
Estimated expenses on land acquisition and reservation for Shangtou Port	66,138,336.08	-	66,138,336.08	-	-	
Pending litigation	17,277,583.26	7,900,029.99	-	-1,933,895.07	23,243,718.18	Note
Sales discount	16,990,826.32	209,482,403.12	226,473,229.44	-	-	
Other	-	1,003,584.24	-	-	1,003,584.24	
Total	100,406,745.66	218,386,017.35	292,611,565.52	-1,933,895.07	24,247,302.42	

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

42. Deferred income

Item	1/1/2021 (restated)	Increase in the current year	Decrease in the current year	31/12/2021
Government grants	1,112,272,684.13	7,403,600.00	44,110,161.98	1,075,566,122.15
Unrealized sale-and-leaseback income	908,139.86	-	516,377.10	391,762.76
Total	1,113,180,823.99	7,403,600.00	44,626,539.08	1,075,957,884.91

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

42. Deferred income - continued

Items involving government grants are as follows:

Liabilities	1/1/2021 (restated)	New subsidies	Recognized in other income	31/12/2021	Related to assets /related to income
Refund from marine reclamation land	355,820,652.47	-	19,349,167.92	336,471,484.55	Related to assets
Tonggu channel widening project(Note)	269,372,073.24	-	7,057,783.56	262,314,289.68	Related to assets
Special subsidies for facilities and equipment	240,227,572.98	-	6,887,816.80	233,339,756.18	Related to assets
Western port area western public channel widening project (Note)	214,101,151.86	-	5,439,716.28	208,661,435.58	Related to assets
Government subsidies for intelligent system	14,803,742.19	1,604,600.00	2,936,668.73	13,471,673.46	Related to assets
Refund of land transfer charges	6,568,666.65	-	267,200.04	6,301,466.61	Related to assets
Green low carbon port project	561,560.02	-	421,170.00	140,390.02	Related to assets
Others	10,817,264.72	5,799,000.00	1,750,638.65	14,865,626.07	Related to assets
Total	1,112,272,684.13	7,403,600.00	44,110,161.98	1,075,566,122.15	

Note: Refer to Note (VIII) 23 for details.

43. Other non-current liabilities

Item	Closing balance	Opening balance
Actuarial cost for the calculation of pension benefits difference for the public security bureau staff (Note 1)	176,939,999.96	162,810,000.00
Berth priority call right (Note 2)	9,595,454.89	14,597,949.13
TCP operating right liabilities(Note 3)	-	2,888,395,641.53
Others	660,123.68	
Total	187,195,578.53	3,065,803,590.66
Less: Other non-current liabilities due within one year	24,130,000.00	83,582,696.63
Including: TCP operating right liabilities	-	67,272,696.63
Actuarial cost for the calculation of pension benefits difference for the public security bureau staff (Note 2)	24,130,000.00	16,310,000.00
Other non-current liabilities due after one year	163,065,578.53	2,982,220,894.03

Note 1: Refer to Note (VIII) 49 for details.

Note 2: This represents the berth priority call right as agreed in the contract entered into with the clients in 2003, with total amount of USD14 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 2021, the amount included in operating income is RMB 5,002,494.24.

Note 3: Refer to Note (VIII) 39 for details.

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

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	
2021							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	9,496.00	-	-	-	325.00	325.00	9,821.00
4. Foreign shares	1,148,648,648.00	-	-	-	-	-	1,148,648,648.00
Total restricted tradable shares	1,148,658,144.00	-	-	-	325.00	325.00	1,148,658,469.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	593,820,070.00	-	-	-	-	-	593,820,070.00
2. Foreign capital shares listed domestically	179,886,910.00	-	-	-	-325.00	-325.00	179,886,585.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	773,706,980.00	-	-	-	-325.00	-325.00	773,706,655.00
III. Total shares	1,922,365,124.00	-	-	-	-	-	1,922,365,124.00

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

45. Capital Reserve

Item	Opening balance(restated)	Increase	Decrease	Closing balance
2021				
Capital premium	22,730,949,021.44	501,665,416.93	42,691,628.75	23,189,922,809.62
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	13,345,628,834.48	-	42,691,628.75	13,302,937,205.73
Differences arising from acquisition of minority interests (Note 1)	714,658,981.71	500,550,958.03	-	1,215,209,939.74
Others	1,657,668,721.31	1,114,458.90	-	1,658,783,180.21
Other capital Reserve	108,649,303.12	353,196,864.64	59,066,218.68	402,779,949.08
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Unexercised share-based payment(Note 2)	10,096,607.62	11,870,209.58	12,009,878.60	9,956,938.60
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(Note 3)	101,333,828.50	341,326,655.06	47,056,340.08	395,604,143.48
Total	22,839,598,324.56	854,862,281.57	101,757,847.43	23,592,702,758.70
2020(restated)				
Capital premium	22,218,126,884.40	731,489,964.17	218,667,827.13	22,730,949,021.44
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	13,345,628,834.48	-	-	13,345,628,834.48
Differences arising from acquisition of minority interests	419,130,116.03	514,196,692.81	218,667,827.13	714,658,981.71
Others	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	22,331,014,456.42	741,586,571.79	233,002,703.65	22,839,598,324.56

Note 1: The Company chose to acquire the dividends attributable to CMPort in lieu of shares, which increased the capital reserve by RMB 438,184,583.31 in the current year. Refer to Note (X) 2 for details.

Note 2: Refer to Note (XIV) 2 for details.

Note 3: The changes for the year mainly represent the effect of passive dilution of the Group's shareholding ratio in Liaoning Port, resulting in increase of RMB 170,052,644.70 in capital reserve; and the effect of passive dilution of the Group's shareholding ratio in SIPG, resulting in decrease of RMB 47,056,340.08 in capital reserve.

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

46. Other comprehensive income

Item	Opening balance	2021					Less: Other changes	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		
2021								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	81,416,891.26	-11,657,252.55	-	-398,211.33	-316,112.17	-10,942,929.05	-133,217.17	81,233,996.26
Including: Changes arising from remeasurement of defined benefits plan	11,318,269.18	-32,665,927.62	-	-	-8,714,853.33	-23,951,074.29	-	2,603,415.85
Other comprehensive income that can't be transferred to profit or loss under equity method	-6,986,086.44	22,223,934.38	-	-	9,495,957.95	12,727,976.43	-133,217.17	2,643,088.68
Changes in fair value of other equity instruments	77,084,708.52	-1,215,259.31	-	-398,211.33	-1,097,216.79	280,168.81	-	75,987,491.73
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-908,114,194.32	-700,532,642.69	-	-	-60,790,651.33	-639,741,991.36	2,454,468.79	-971,359,314.44
Including: Other comprehensive income that may be transferred to profit or loss under equity method	31,725,280.52	42,635,389.45	-	-	20,160,707.37	22,474,682.08	2,454,468.79	49,431,519.10
Translation differences of financial statements denominated in foreign currencies	-939,839,474.84	-743,168,032.14	-	-	-80,951,358.70	-662,216,673.44	-	-1,020,790,833.54
Total other comprehensive income	-826,697,303.06	-712,189,895.24	-	-398,211.33	-61,106,763.50	-650,684,920.41	2,321,251.62	-890,125,318.18

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

46. Other comprehensive income - continued

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

47. Special reserve

Item	Opening balance	Increase	Decrease	Closing balance
Production safety reserve	10,201,178.30	48,296,277.57	49,313,026.75	9,184,429.12

48. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	890,690,322.28	70,492,239.72	-	961,182,562.00

49. Unappropriated profit

Item	Amount	Proportion of appropriation or allocation
2021		
Unappropriated profit at the beginning of the year before adjustment	12,316,177,395.17	
Add: Adjustment to unappropriated profit at beginning of the period	12,942,703.53	
Including: Effect of business combinations involving enterprises under common control	12,942,703.53	
Unappropriated profit at the beginning of the year after adjustment(restated)	12,329,120,098.70	
Add: Net profit of the year attributable to shareholders of the parent	2,685,829,204.07	
Less: Appropriation to statutory surplus reserve	70,492,239.72	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	730,498,747.12	Note 1
Ordinary shares' dividends converted into share capital	-	
Pension Benefits	3,525,104.12	Note 2
Others	4,554,105.32	
Unappropriated profit at the end of the year	14,205,879,106.49	

Item	Amount	Proportion of appropriation or allocation
2020		
Unappropriated profit at the end of last year before adjustment	11,467,166,351.85	
Add: Adjustment to unappropriated profit at beginning of the period	4,421,264.15	
Including: Effect of business combinations involving enterprises under common control	4,421,264.15	
Unappropriated profit at the beginning of the year after adjustment(restated)	11,471,587,616.00	
Add: Net profit of the year attributable to shareholders of the parent	2,073,844,409.04	
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	
Ordinary shares' dividends converted into share capital	-	
Pension Benefits	73,228,871.09	
Others	-1,549,916.64	
Unappropriated profit at the end of the year	12,329,120,098.70	

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

49. Unappropriated profit - continued

Note 1: According to the resolution of shareholders meeting on 28 May 2021, the Company distributes cash dividends of RMB3.80 (inclusive of tax) for every 10 shares, totalling to RMB 730,498,747.12 on the basis of the total shares of 1,922,365,124 shares at the end of 2020.

Note 2: 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. 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 estimate the present value of pension benefits difference in actuarial terms. Zhanjiang Port recognized the liabilities based on the actuarial results, and the relevant actuarial losses resulted in a total elimination of RMB 8,330,000.00 from the unappropriated profit of Zhanjiang Port for the year, and a corresponding elimination of RMB 3,525,104.12 from the unappropriated profit of the Company in proportion to the Company's equity interest in Zhanjiang Port.

Note 3: Profit distribution after the balance sheet date

According to the profit distribution plan for 2021, approved by the 10th board of directors at the 5th meeting on 29 March 2022, the Company, based on the total shares of 1,922,365,124 at 31 December 2021, distributes cash dividends at RMB 4.30 for every shares, totalling to RMB 826,617,003.32. The above profit distribution plan has yet been approved by shareholders meeting.

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

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 (restated)	
	Income	Cost	Income	Cost
Principal operation	15,099,983,817.24	8,827,960,579.72	12,603,330,266.34	7,740,669,515.46
Other operations	183,824,357.36	218,875,602.77	153,414,051.57	221,269,319.94
Total	15,283,808,174.60	9,046,836,182.49	12,756,744,317.91	7,961,938,835.40

(2) Revenue from contracts

Categories of contracts	Ports operation	Bonded logistics operation	Other operations	Total
Mainland China, Hong Kong and Taiwan area	10,940,195,610.05	426,543,277.22	183,824,357.36	11,550,563,244.63
- Pearl River Delta	6,169,011,494.33	293,602,126.57	183,824,357.36	6,646,437,978.26
- Yangtze River Delta	955,807,808.06	-	-	955,807,808.06
- Bohai Rim	69,178,976.05	132,941,150.65	-	202,120,126.70
- Other areas	3,746,197,331.61	-	-	3,746,197,331.61
Other countries	3,695,214,463.69	38,030,466.28	-	3,733,244,929.97
Total	14,635,410,073.74	464,573,743.50	183,824,357.36	15,283,808,174.60

(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 other payables and provisions. The variable considerations arising from sales discount are not included in the transaction. At the end of the year, the variable considerations arising from sales discount are set out in Note (VIII) 33 (3) and Note (VIII) 41.

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

51. Taxes and surcharges

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Property tax	70,389,135.52	57,045,127.75
Land use tax	34,202,909.60	33,997,224.70
City construction and maintenance tax	9,898,436.53	7,349,880.46
Education surcharges and local education surcharges	7,369,925.21	5,477,134.10
Stamp duty	3,995,999.87	7,593,765.29
Others (note)	66,117,837.58	40,466,869.88
Total	191,974,244.31	151,930,002.18

Note: Others mainly represent (1) Program of Social Integration and Contribution for the Financing of Social Security (social contribution tax on enterprise income) and Tax on Services (tax based on services rendered) borne by TCP, a subsidiary of the Company, totalled BRL49,540,163.48 (equivalent to RMB59,226,541.93) for the year.

52. Administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Employee's salary	1,254,118,714.39	1,106,679,090.17
Depreciation expenses	71,427,267.44	83,244,180.56
Fees paid to agencies	67,169,001.82	73,421,741.00
Amortization of intangible assets	62,610,371.46	63,971,960.67
Others	273,835,203.39	278,338,492.85
Total	1,729,160,558.50	1,605,655,465.25

53. Financial expenses

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Interest expense	1,885,088,577.54	1,915,963,616.06
Less: Capitalized interest expenses	55,177,640.96	65,255,075.44
Less: Interest income	377,563,874.49	326,239,184.34
Interest expenses of lease liabilities	79,937,678.42	99,204,381.59
Handling fee	14,643,061.91	19,315,161.95
Exchange differences	-8,805,663.12	-415,864,228.16
Others	7,216,457.99	4,805,832.04
Total	1,545,338,597.29	1,231,930,503.70

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

54. Other income

Item	Amount incurred in the current period	Amount incurred in the prior period
Business development subsidy	250,536,747.94	16,666,657.00
Transferred from allocation of deferred income (Note VIII 42)	44,110,161.98	39,538,414.33
Additional deduction of VAT	24,740,974.05	18,095,829.09
Steady post subsidies	15,167,723.22	4,590,624.84
Special fund for operation	9,947,660.80	4,530,545.00
Cross-border trading e-commerce award	3,940,000.00	-
Innovation special fund	3,601,300.00	13,359,768.44
Refund of withholding taxes	2,351,124.35	2,655,040.88
Special fund for promoting high-quality development of economy	2,000,000.00	-
Value-added tax levied and immediately returned for software products	1,856,439.18	1,438,961.78
Anti-epidemic and epidemic prevention subsidy	394,443.34	6,670,018.69
Refund of unemployment insurance premium	84,591.31	13,701,836.63
Special fund for house renting	-	73,356,900.00
Environmental subsidy	-	5,799,000.00
Facility construction fund	-	1,544,768.00
Others	4,513,994.91	5,778,463.02
Total	363,245,161.08	207,726,827.70

55. Investment income

(1) Details of investment income:

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Long-term equity investments income under equity method	6,290,957,480.59	3,992,772,117.69
Including: Long-term equity investments income of associates under equity model	6,048,315,587.10	3,632,771,022.08
Including: Long-term equity investments income of joint venture under equity model	242,641,893.49	360,001,095.61
Investment income from disposal of long-term equity investments (Note)	225,846,183.50	-
Gains from remeasurement of previously held equity at fair value upon obtaining the control	-	753,988,749.80
Investment income from held-for-trading financial assets	72,438,700.63	10,181,238.09
Investment income from other non-current financial assets	40,297,383.53	83,138,043.43
Investment income on disposal of other non-current financial assets	-	1,850,600.00
Dividend income from other equity instruments investments	7,409,762.66	8,568,250.21
Interest income from debt investments	-	59,331,593.61
Total	6,636,949,510.91	4,909,830,592.83

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

55. Investment income - continued

(1) Details of investment income: - continued

Note: In December 2021, Zhanjiang Port, a subsidiary of the Company, transferred its 49% equity interest in Merchants Port City to Broadford (Shenzhen) Port Development Co., Ltd. for a transaction consideration of RMB 384,000,000.00 and recognized the investment income from the disposal of long-term equity investment of RMB 225,832,476.54.

The Group's remittance of investment income is not subject to significant restriction.

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

Investee	Amount incurred in the current period	Amount incurred in the prior period (restated)	Reason for changes
SIPG	4,190,349,799.99	2,234,593,249.98	Changes in net profit of investee
Nanshan Group	685,312,588.00	424,745,838.41	Changes in net profit of investee
Terminal Link SAS	476,262,839.86	312,427,210.29	Changes in net profit of investee
Liaoning Port Co., Ltd.	177,413,349.12	169,692,898.03	Changes in net profit of investee
Ningbo Zhoushan	229,363,153.19	-	Changes in net profit of investee
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	130,229,025.57	335,639,784.43	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	83,154,378.77	102,594,175.95	Changes in net profit of investee
Euro-Asia Oceangate, S.a` r.l.	57,559,118.21	71,938,690.26	Changes in net profit of investee
Port of Newcastle	12,868,828.80	-7,767,864.73	Changes in net profit of investee
Yantai Port Group Laizhou Port Co., Ltd	33,327,096.27	24,750,032.44	Changes in net profit of investee
China Merchants Northeast Asia development and Investment Co., Ltd	8,262,246.98	7,786,285.71	Changes in net profit of investee
Others	206,855,055.83	316,371,816.92	Changes in net profit of investee
Total	6,290,957,480.59	3,992,772,117.69	

56. Gains (losses) on changes in fair value

Item	Amount incurred in the current period	Amount incurred in the prior period
Held-for-trading financial assets	11,666,053.97	-226,508.15
Other non-current financial assets	-96,596,314.84	269,099,721.85
Including: Financial assets at fair value through profit or loss	-96,596,314.84	269,099,721.85
Other non-current liabilities	306,172,536.04	-680,381,987.28
Including: Financial liabilities at fair value through profit or loss	306,172,536.04	-680,381,987.28
Total	221,242,275.17	-411,508,773.58

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

57. Gains (losses) on impairment of credit

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
I. Gains on impairment of credit of accounts receivable (loss is marked with "-")	-13,674,941.27	20,725,595.61
II. Gains on impairment of credit of other receivables (loss is marked with "-")	-239,661,663.35	-475,976,923.35
III. Gains on impairment of credit of long-term receivables (loss is marked with "-")	382,987.12	-2,049,967.61
Total	-252,953,617.50	-457,301,295.35

58. Gains (losses) from impairment of assets

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from decline in value of inventories	-	947,694.12
Impairment provision for long-term equity investments	-2,147,208.07	-
Losses on goodwill impairments	-418,345,307.68	-552,317,736.65
Total	-420,492,515.75	-551,370,042.53

59. Gains (losses) on disposal of assets

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	35,576,459.42	1,489,206,502.32	35,576,459.42
Including: Gains on disposal of fixed assets (loss is marked with "-")	9,374,568.54	-50,184,379.22	9,374,568.54
Gains on disposal of intangible assets	30,064,375.22	1,480,715,445.14	30,064,375.22
Gains on disposal of construction in progress	-	59,164,336.00	-
Others	-3,862,484.34	-488,899.60	-3,862,484.34

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(VIII) 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
Profit form tax saving	12,743,050.88	779,998.17	12,743,050.88
Management service fee and directors' remuneration	7,912,260.93	2,734,335.68	7,912,260.93
Land rent deduction	6,952,470.22	5,554,357.90	6,952,470.22
Gains from the retirement of damaged non-current assets	3,613,726.26	3,272,216.69	3,613,726.26
Including: Gains from retirement of damaged fixed assets	3,613,726.26	3,272,216.69	3,613,726.26
Compensation received for contracts violation	3,519,366.77	3,074,739.23	3,519,366.77
Exempted account currents	1,446,930.55	2,603,213.36	1,446,930.55
Insurance claims	886,184.77	3,548,709.63	886,184.77
Government grants	875,528.75	53,884,602.38	875,528.75
Others	5,518,018.37	6,263,239.64	5,518,018.37
Total	43,467,537.50	81,715,412.68	43,467,537.50

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
Loss on retirement of non-current assets	31,484,815.39	11,905,789.11	31,484,815.39
Including: Loss on retirement of damaged fixed assets	31,294,087.61	11,905,789.11	31,294,087.61
Litigation loss	11,267,275.13	7,992,269.39	11,267,275.13
Donations	11,156,992.01	29,768,154.87	11,156,992.01
Compensation, liquidated damages and penalties	9,220,103.11	9,131,029.28	9,220,103.11
Stability maintenance housing subsidy	-	13,500,000.00	-
Others	32,399,507.47	6,706,498.12	32,399,507.47
Total	95,528,693.11	79,003,740.77	95,528,693.11

62. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Current income tax expenses	1,162,076,514.07	1,305,083,876.52
Deferred income tax expenses	267,016,570.24	-28,062,031.90
Total	1,429,093,084.31	1,277,021,844.62

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(VIII) 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	9,084,099,074.06
Income tax expenses calculated at 25%	2,271,024,768.52
Effect of non-deductible cost, expenses and losses	387,137,443.85
Accrued income tax expenses	691,032,360.67
Effect of deductible temporary differences and deductible losses for which the deferred tax assets are not recognized in current period	74,682,468.49
Effect of tax-free income (Note)	-1,082,059,417.15
Effect of tax incentives and changes of tax rate	-459,127,249.98
Effect of different tax rates of subsidiaries operating in other jurisdictions	-300,563,430.43
Effect of utilizing deductible losses for which the deferred tax assets were not recognized in prior period	-129,618,579.95
Effect of adjustments to prior-year income tax	-26,377,469.21
Others	2,962,189.50
Income tax expenses	1,429,093,084.31

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)	12,830,212.33	11,528,570.90
Equity investment in CICT (Note 2)	2,026,382,103.10	1,626,554,439.58
Equity investment in TML (Note 2)	411,893,452.06	859,148,327.98
Fixed assets (Note 3)	278,015,952.68	341,931,071.09
Intangible assets (Note 3)	212,232,642.30	218,825,477.36
Construction in progress (Note 3)	12,388,924.87	43,751,101.60
Total	2,953,743,287.34	3,101,738,988.51

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

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

Note 3: Details of mortgage borrowings are set out in Note (VIII) 36.

64. Other comprehensive income

Details are set out in Note (VIII) 46.

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

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 (restated)
Government grants	300,310,363.33	204,171,774.90
Interest income	133,986,424.52	197,914,789.22
Guarantees and deposits	38,247,722.18	72,204,983.41
Insurance indemnities	7,390,248.30	11,043,593.46
Rentals	9,641,271.39	10,735,793.35
Refund of port construction fee and service charges	130,668.41	1,660,916.38
Others	534,021,573.18	414,550,519.81
Total	1,023,728,271.31	912,282,370.53

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Advance payment	275,907,895.42	171,218,230.90
Operating expenses such as operating costs and administration expense etc.	182,351,696.26	183,305,983.48
Guarantees and deposits	28,616,516.45	38,575,451.19
Harbor dues on cargo	15,776,034.06	-
Rentals	14,653,775.08	23,239,432.01
Port construction fee	12,001,158.90	11,661,727.63
Port charges	11,723,562.35	7,481,400.21
Others	334,083,168.45	404,625,405.11
Total	875,113,806.97	840,107,630.53

(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	179,243,313.40	825,670,000.00
Recovered interest for the advances of the project	162,918,518.18	87,104,514.28
Recovered lendings	8,980,037.68	33,282,119.52
Net cash receipts from acquisition of subsidiaries and other operating units	-	317,470,188.12
Zhanjiang Port Transition Compensation	-	3,803,477.07
Others	86,014,701.83	186,182,916.72
Total	437,156,571.09	1,453,513,215.71

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

65. Items in cash flow statement - continued

(4) Other cash payments relating to investing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Payment of staff relocation cost to Shantou Port in respect of the land purchasing and reserve	22,231,894.84	-
Related party borrowings	-	3,009,744,121.38
Others	406.11	26,229.24
Total	22,232,300.95	3,009,770,350.62

(5) 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
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

(6) Other cash payments relating to financing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Payment for the Company's acquisition of minority interests of CMPort	76,767,514.23	-
Amount paid by Dalian Port Logistics Network Co., Ltd(formerly known as "DPN")for the acquisition of minority shareholders' equities	8,748,637.26	-
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
Lease expenses paid	412,013,733.57	472,115,301.75
Others	6,000,631.68	5,033,180.99
Total	503,530,516.74	1,314,676,771.71

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(VIII) 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 (restated)
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	7,655,005,989.75	5,548,775,375.20
Add: Provision for impairment losses of assets	420,492,515.75	551,370,042.53
Provision for impairment losses of credit	252,953,617.50	457,301,295.35
Depreciation of fixed assets	1,877,442,392.55	1,812,195,015.18
Depreciation of investment property	189,639,743.80	189,954,310.24
Depreciation of right-of-use assets	329,603,141.83	355,847,857.29
Amortization of intangible assets	616,107,419.01	610,778,742.12
Amortization of long-term prepaid expenses	53,478,222.59	46,028,917.79
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is marked with "-")	-35,576,459.42	-1,489,206,502.32
Losses on retirement of fixed assets, intangible assets and other long-term assets	27,871,089.13	8,633,572.42
Losses on changes in fair value (gain is marked with "-")	-221,242,275.17	411,508,773.58
Financial expenses	1,733,787,046.57	1,305,544,471.18
Investment income	-6,636,949,510.91	-4,909,830,592.83
Decrease in deferred tax assets (increase is marked with "-")	22,711,365.92	-120,252,590.37
Increase in deferred tax liabilities	244,305,204.32	92,190,558.47
Decrease in inventories (increase is marked with "-")	20,057,846.98	-34,628,371.06
Decrease in operating receivables (increase is marked with "-")	-4,503,635.75	-423,471,225.29
Decrease in operating payables (increase is marked with "-")	-34,857,143.97	1,138,549,363.53
Net cash flows from operating activities	6,510,326,570.48	5,551,289,013.01
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	12,727,355,238.36	11,898,618,327.29
Less: Opening balance of cash	11,898,618,327.29	7,787,670,726.45
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	828,736,911.07	4,110,947,600.84

(2) Cash and cash equivalents

Item	Closing balance	Opening balance (restated)
I. Cash	12,727,355,238.36	11,898,618,327.29
Including: Cash on hand	501,446.73	575,797.26
Bank deposits available for payment at any time	12,353,104,402.58	11,545,752,102.19
Other monetary funds available for payment at any time	373,749,389.05	352,290,427.84
II. Cash equivalents	-	-
III. Balance of cash and cash equivalents at the end of the year	12,727,355,238.36	11,898,618,327.29

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(VIII) 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			1,605,201,076.66
Including: HKD	22,044,029.44	0.8165	17,998,950.04
USD	100,121,665.86	6.3674	637,514,695.20
EUR	97,757,986.79	7.2242	706,223,248.17
RMB	243,464,183.25	1.0000	243,464,183.25
Accounts receivable			209,762,995.27
Including: HKD	1,313,813.27	0.8165	1,072,728.53
USD	5,742,521.74	6.3674	36,564,932.93
EUR	23,826,213.81	7.2242	172,125,333.81
Other receivables			326,544,843.88
Including: HKD	97,298,692.24	0.8165	79,444,382.21
USD	5,977,025.63	6.3674	38,058,113.00
EUR	4,492,480.76	7.2242	32,454,579.51
RMB	176,587,769.16	1.0000	176,587,769.16
Other Non-Current Assets			28,084,411.98
Including: EUR	3,887,546.30	7.2242	28,084,411.98
Short-term borrowings			1,028,876,600.00
Including: HKD	800,000,000.00	0.8165	653,200,000.00
USD	59,000,000.00	6.3674	375,676,600.00
Accounts payable			41,862,294.84
Including: HKD	3,833,404.09	0.8165	3,129,974.44
USD	702.00	6.3674	4,469.91
EUR	5,305,480.26	7.2242	38,327,850.49
RMB	400,000.00	1.0000	400,000.00
Other payables			640,218,472.26
Including: HKD	40,893,776.95	0.8165	33,389,768.88
USD	76,211,211.07	6.3674	485,267,265.37
EUR	3,947,344.18	7.2242	28,516,403.83
RMB	93,045,034.18	1.0000	93,045,034.18
Non-current liabilities due within one year			6,032,652,343.52
Including: USD	541,389,705.26	6.3674	3,447,244,809.27
RMB	2,585,407,534.25	1.0000	2,585,407,534.25
Long-term borrowings			2,680,907,395.00
Including: USD	216,000,000.00	6.3674	1,375,358,400.00
EUR	87,975,000.00	7.2242	635,548,995.00
RMB	670,000,000.00	1.0000	670,000,000.00
Bonds payable			12,670,872,414.16
Including: USD	1,989,960,174.35	6.3674	12,670,872,414.16
Long-term payables			3,433,175,756.61
Including: HKD	4,204,746,793.15	0.8165	3,433,175,756.61

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

68. Government grants

(1) New government grants for the year

Type	Amount	Item	Presentation account	Amount included in profit or loss for the period
Related to income	250,536,747.94	Business development subsidy	Other income	250,536,747.94
Related to income	15,167,723.22	Steady post subsidy	Other income	15,167,723.22
Related to income	9,947,660.80	Special operation subsidy	Other income	9,947,660.80
Related to assets	5,799,000.00	Energy conservation and emission reduction – ship shore power phase II	Deferred income	918,175.00
Related to income	3,940,000.00	Cross-border trading e-commerce award	Other income	3,940,000.00
Related to income	3,601,300.00	Innovation special funds	Other income	3,601,300.00
Related to income	2,000,000.00	Special fund for promoting high-quality development of economy	Other income	2,000,000.00
Related to assets	1,604,600.00	Intelligent system subsidy	Deferred income	120,696.53
Related to income	394,443.34	Anti-epidemic and epidemic prevention subsidy	Other income	394,443.34
Related to income	84,591.31	Refund of unemployment insurance premium	Other income	84,591.31
Related to income	4,513,994.91	Others	Other income	4,513,994.91
Related to income	875,528.75	Others	Non-operating income	875,528.75
Total	298,465,590.27			292,100,861.80

69. Lease

(1) Lessor under operating lease

Item	Amount
I. Revenue	-
Lease income	393,858,973.55
Including: Income related to variable lease payments that are not included in lease receipts	-
II. Undiscounted lease receipts received after the balance sheet date	
1 st year	234,699,427.04
2 nd year	109,190,765.76
3 rd year	87,829,496.57
4 th year	71,167,299.90
5 th year	69,224,147.74
Over 5 years	256,980,112.03

Note: 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

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

69. Lease - continued

(2) Lessee

Item	Amount
Interest expense on lease liabilities	79,937,678.42
Short-term lease expenses that are accounted for using simplified approach and included in cost of related assets or profit or loss for the period	57,066,803.15
Expenses on lease of low-value assets (exclusive of expenses on short-term lease of low-value assets) that are accounted for using simplified approach and included in cost of related assets or profit or loss for the period	1,059.70
Variable lease payments that are included in cost of related assets or profit or loss but not included in measurement of lease liabilities	-
Including: the portion arising from sale and leaseback transactions	-
Income from sub-lease of right-of-use assets	21,274,985.98
Total cash outflows relating to lease	435,267,676.74
Profit or loss arising from sale and leaseback transactions (loss is marked with "-")	-25,726,283.95
Cash inflows from sale and leaseback transactions	-
Cash outflows from sale and leaseback transactions	223,602,538.98
Others	-

(IX) CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination involving enterprises under common control

(1) Composition of the Group

Name of acquiree	Proportion of equity acquired(%)	Basis for determining the type of combination	Acquisition date	Basis for determining the acquisition date	Acquiree's revenue from the beginning of the period of the acquisition to the acquisition date	Acquiree's net profit from the beginning of the period of the acquisition to the acquisition date	Acquiree's revenue for the comparative period	Acquiree's net profit for the comparative period
DPN	79.03	Controlled by the same party both before and after the combination, and the control is not transitory	9 February 2021	Transfer of control	6,730,476.41	-1,670,529.39	132,127,167.98	16,915,758.32
Yingkou Gangxin Technology Co., Ltd. ("Gangxin Technology")	100.00	Controlled by the same party both before and after the combination, and the control is not transitory	9 February 2021	Transfer of control	-	-1,585,261.11	6,087,153.91	2,036,064.66

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(IX) CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Business combination involving enterprises under common control - continued

(2) Acquisition cost

Acquisition cost	DPN	Gangxin Technology
Cash	-	-
Par value of equity securities issued	66,576,790.71	13,918,166.22
Total acquisition cost	66,576,790.71	13,918,166.22

(3) Carrying amount of assets and liabilities of the acquiree at the acquisition date

	DPN		Gangxin Technology	
	Acquisition date	1 January 2021	Acquisition date	1 January 2021
Assets:				
Current assets	131,539,011.74	140,838,127.92	18,138,156.03	18,319,351.22
Long-term equity investments	10,246,299.45	10,487,799.45	-	-
Fixed assets	8,023,111.99	8,136,170.96	34,046.16	35,363.69
Right-of-use assets	517,511.87	526,095.34	-	-
Intangible assets	5,994,866.71	6,088,378.29	-	-
Long-term prepaid expenses	131,052.72	157,263.23	-	-
Deferred tax assets	126,018.46	126,018.46	-	-
Liabilities:				
Current liabilities	88,544,510.18	56,894,215.88	2,096,138.65	2,410,894.10
Deferred income	278,444.67	293,140.09	-	-
Lease liabilities	444,186.06	427,236.03	-	-
Net assets	67,310,732.03	108,745,261.65	16,076,063.54	15,943,820.81
Less: Minority interests	-	20,332,141.71	-	-
Net assets acquired	67,310,732.03	88,413,119.94	16,076,063.54	15,943,820.81

(X) 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)	Shareholding ratio		Acquisition method
					Direct	Indirect	
Shenzhen Chiwan International Freight Agency Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	550.00	100.00	-	Established through investment
Chiwan Wharf Holdings (Hong Kong) Ltd.	HK China	HK China	Investment holding	HKD 100.00	100.00	-	Established through investment
Shenchiwan Port Affairs	Dongguan China	Dongguan China	Logistics support services	45,000.00	85.00	-	Established through investment
Dongguan Shenchiwan Wharf Co., Ltd.	Dongguan China	Dongguan China	Logistics support services	40,000.00	100.00	-	Established through investment
Shenzhen Chiwan Harbor Container Co. Ltd.	Shenzhen China	Shenzhen China	Logistics support services	28,820.00	100.00	-	Business combination involving enterprises under common control
Shenzhen Chiwan Port Development Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	1,500.00	100.00	-	Business combination involving enterprises under common control
Chiwan Container Terminal Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	USD 95,300,000	55.00	20.00	Business combination involving enterprises under common control
Shenzhen Chiwan Tugboat Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	2,400.00	100.00	-	Business combination involving enterprises under common control
Chiwan Shipping (Hong Kong) Limited	HK China	HK China	Logistics support services	HKD 800,000	100.00	-	Business combination involving enterprises under common control
CMPort (Note 1)	HK China	HK China	Investment holding	HKD 44,016,586,600	43.18	-	Business combination involving enterprises under common control

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(X) 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)	Shareholding ratio		Acquisition method
					Direct	Indirect	
China Merchants Bonded Logistics Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	70,000.00	40.00	60.00	Business combination involving enterprises under common control
China Merchants Holdings (International) Information Technology Co., Ltd. ("CM International Tech")	Shenzhen China	Shenzhen China	IT service	8,784.82	13.18	43.74	Business combination involving enterprises under common control
DPN(Note 2)	Liaoning China	Liaoning China	IT service	3,200.00	-	79.03	Business combination involving enterprises under common control
Gangxin Technology	Liaoning China	Liaoning China	IT service	800.00	-	100.00	Business combination involving enterprises under common control
China Merchants International (China) Investment Co., Ltd.	Shenzhen China	Shenzhen China	Investment holding	USD 30,000,000	-	100.00	Business combination involving enterprises under common control
China Merchants International Container Terminal (Qingdao) Co., Ltd.	Qingdao China	Qingdao China	Logistics support services	USD 206,300,000	-	100.00	Business combination involving enterprises under common control
China Merchants Container Services Limited	HK China	HK China	Logistics support services	HKD 500,000	-	100.00	Business combination involving enterprises under common control
China Merchants Port (Shenzhen) Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	55,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haiqin Project Management Co., Ltd.	Shenzhen China	Shenzhen China	Engineering supervision service	300.00	-	100.00	Business combination involving enterprises under common control
ATJ	Shenzhen China	Shenzhen China	Preparation for the warehousing project	HKD 100,000,000	-	100.00	Business combination involving enterprises under common control
ASJ	Shenzhen China	Shenzhen China	Preparation for the warehousing project	HKD 100,000,000	-	100.00	Business combination involving enterprises under common control
China Merchants International Terminal (Qingdao) Co., Ltd.	Qingdao China	Qingdao China	Logistics support services	USD 44,000,000	-	90.10	Business combination involving enterprises under common control
CICT	Sri Lanka	Sri Lanka	Logistics support services	USD 150,000,100	-	85.00	Business combination involving enterprises under common control
Magang Godown & Wharf	Shenzhen China	Shenzhen China	Logistics support services	33,500.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Mawan Port Services Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	20,000.00	-	100.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Tugboat Co., Ltd.	Zhangzhou China	Zhangzhou China	Logistics support services	1,500.00	-	100.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Port Co., Ltd.	Zhangzhou China	Zhangzhou China	Logistics support services	100,000.00	-	60.00	Business combination involving enterprises under common control
Zhangzhou Investment Promotion Bureau Xiamenwan Port Affairs Co., Ltd. ("Xiamenwan Port Affairs") (Note 3)	Zhangzhou China	Zhangzhou China	Logistics support services	44,450.00	-	31.00	Business combination involving enterprises under common control
Shekou Container Terminals Ltd.	Shenzhen China	Shenzhen China	Logistics support services	HKD 618,201,200	-	100.00	Business combination involving enterprises under common control
Shenzhen Lianyunjie Container Terminals Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	60,854.90	-	100.00	Business combination involving enterprises under common control
Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	127,600.00	-	100.00	Business combination involving enterprises under common control
Anyunjie Port Warehousing Service (Shenzhen) Co., Ltd.	Shenzhen China	Shenzhen China	Preparation for the warehousing project	6,060.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haixing	Shenzhen China	Shenzhen China	Logistics support services	53,072.92	-	67.00	Business combination involving enterprises under common control
Shenzhen Lianyongtong Terminal Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	USD 7,000,000	-	100.00	Business combination involving enterprises under common control
Yide Port	Foshan China	Foshan China	Logistics support services	21,600.00	-	51.00	Business combination involving enterprises under common control
Mega Shekou Container Terminals Limited	BVI	BVI	Investment holding	USD 120.00	-	80.00	Business combination involving enterprises under common control
TML	Cyprus	Cyprus	Investment holding	EUR 5,000.00	-	100.00	Business combination involving enterprises under common control
Lome Container Terminal S.A.	Republic of Togo	Republic of Togo	Logistics support services	XOF 200,000,000	-	100.00	Business combination involving enterprises under common control
Gainpro Resources Limited	BVI	BVI	Investment holding	USD 1.00	-	76.47	Business combination involving enterprises under common control
Hambantota International Port Group	Sri Lanka	Sri Lanka	Logistics support services	USD 794,000,000	-	85.00	Business combination involving enterprises under common control
Shantou port	Shantou China	Shantou China	Logistics support services	12,500.00	-	60.00	Business combination involving enterprises under common control
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	Shenzhen China	Shenzhen China	Property lease, etc.	80,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Merchants QianhaiWan Real Estate Co., Ltd	Shenzhen China	Shenzhen China	Property lease, etc.	20,000.00	-	100.00	Business combination involving enterprises under common control
Juzhongzhi Investment (Shenzhen) Co., Ltd.	Shenzhen China	Shenzhen China	Investment consulting	4,000.00	-	75.00	Business combination involving enterprises under common control

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(X) 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)	Shareholding ratio		Acquisition method
					Direct	Indirect	
Shenzhen Lianda Tugboat Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	200.00	-	60.29	Business combination involving enterprises under common control
China Ocean Shipping Tally Zhangzhou Co., Ltd.	Zhangzhou China	Zhangzhou China	Logistics support services	200.00	-	84.00	Business combination involving enterprises under common control
China Merchants Holdings (Djibouti) FZE	Djibouti	Djibouti	Logistics support services	USD 38,140,000	-	100.00	Business combination involving enterprises under common control
Xinda Resources Limited (hereinafter referred to as "Xinda")	BVI	BVI	Investment holding	USD 107,620,000	-	77.45	Business combination involving enterprises under common control
Kong Rise Development Limited	HK China	HK China	Investment holding	USD 107,620,000	-	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	HK China	HK China	Investment holding	USD 814,781,300	-	100.00	Business combination involving enterprises under common control
CMPort (Zhoushan) RoRo Wharf Co., Ltd.	Zhoushan China	Zhoushan China	Logistics support services	17,307.86	51.00	-	Assets acquisition
Shenzhen Haixing Logistics Development Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	7,066.79	-	67.00	Assets acquisition
Zhanjiang Port	Zhanjiang China	Zhanjiang China	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 China	Zhanjiang China	Logistics support services	60,000.00	-	80.00	Business combination not involving enterprises under common control
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Zhanjiang China	Zhanjiang China	Logistics support services	18,000.00	-	50.00	Business combination not involving enterprises under common control
China Ocean Shipping Tally Co., Ltd., Zhanjiang	Zhanjiang China	Zhanjiang China	Logistics support services	300.00	-	84.00	Business combination not involving enterprises under common control
Zhanjiang Port Donghaidao Bulk Cargo Terminal Co., Ltd.	Zhanjiang China	Zhanjiang China	Logistics support services	5,000.00	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Logistics Co., Ltd.	Zhanjiang China	Zhanjiang China	Logistics support services	10,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Haichuan Trading Co., Ltd.	Zhanjiang China	Zhanjiang China	Logistics support services	200.00	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Zhanjiang China	Zhanjiang China	Logistics support services	9,000.00	-	70.00	Business combination not involving enterprises under common control
Ningbo Daxie(Note 4)	Nongbo China	Nongbo China	Logistics support services	120,909.00	-	45.00	Business combination not involving enterprises under common control
Shantou Harbor Towage Service Co., Ltd.	Shantou China	Shantou China	Logistics support services	1,000.00	-	100.00	Established through investment
Sanya Merchants Port Development Co., Ltd.	Sanya China	Sanya China	Logistics support services	1,000.00	51.00	-	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.

In June and October 2020, CMPort respectively distributed 2020 dividends and 2021 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 1,532,248,957 shares to 1,627,635,473 shares. In December 2021, the Company acquired 7,008,000 shares of ordinary share of CMPort from the secondary market. Upon completion of the transaction, the proportion of the ordinary share of CMPort held by the Company to the total issued ordinary share of CMPort changed from 41.85% to 43.18%, while the proportion of the ordinary share of CMPort held by the CMHK to the total issued ordinary share of CMPort changed from 22.36% to 21.98%. Therefore, the Company has total 65.16% voting power of CMPort and has control over CMPort.

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(X) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Note 2: On 18 December 2020, the Company and its subsidiaries CMPort, CM International Tech, Jifa Logistics, Dalian Port Container, Yingkou Port Group Co., Ltd. ("Yingkou Port Group") signed the Equity Subscription and Capital Increase Agreement regarding CM International Tech. According to the agreement, Jifa Logistics and Dalian Port Container respectively use their 29.40% and 49.63% equity in DPN, while the Yingkou Port Group uses its 100% equity in Gangxin Technology to increase the capital of CM International Tech. The CM International Tech, DPN and Gangxin Technology are controlled by the Company's actual controller China Merchants Group both before and after the combination, and the control is not transitory. The aforesaid capital increase has been completed on 9 February 2021. Upon completion of the capital increase, the Company CMPort, Jifa Logistics, Dalian Port Container and Yingkou Port Group respectively holds 13.18%, 43.74%, 13.26%, 22.38% and 7.44% equity in CM International Tech, which remain as the holding subsidiary of the Company. CM International Tech holds 79.03% and 100% equity in DPN and Gangxin Technology respectively, and has control over DPN and Gangxin Technology. Therefore, the Company adopts the accounting treatment for business combination involving enterprises under common control and included DPN and Gangxin Technology in the scope of consolidation since 9 February 2021.

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: Cyber Chic Company Limited, a subsidiary of the Company, entered into a cooperation agreement with Ningbo Zhoushan. According to the cooperation agreement, Cyber Chic Company Limited and Ningbo Zhoushan will negotiate and communicate to reach a unanimous action before exercising their shareholder rights. If the parties to the agreement fail to reach a consensus on matters such as the operation and management of Ningbo Daxie, the decision will be based on the opinion of Cyber Chic Company Limited. After the signing of the Cooperation Agreement, Cyber Chic Company Limited and Ningbo Zhoushan together own more than 50% of the equity interest in Ningbo Daxie. As a result, the Group is able to exercise control over it and include it in the scope of consolidation of the Group's consolidated financial statements.

(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	56.82	4,603,182,074.30	1,498,760,711.05	65,476,589,235.67

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(X) 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	12,688,479,912.82	129,676,976,538.08	142,365,456,450.90	17,301,652,593.00	26,291,693,462.84	43,593,346,055.84	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

Name of the subsidiary	2021				2020			
	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	9,835,827,140.59	7,324,839,959.14	6,890,512,293.77	4,700,305,072.57	7,956,928,250.59	5,064,412,321.79	3,204,689,765.86	3,629,199,456.13

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(X) 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 41.85% to 43.18%. Details are set out in Note (X) 1 (1).

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

	CMPort
Acquisition cost	
- Cash	76,429,220.65
- Fair value of non-cash assets	942,037,747.91
Total acquisition cost	1,018,466,968.56
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired	1,519,017,926.59
Difference	-500,550,958.03
Including: Adjustment to capital Reserve	500,550,958.03
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						
SIPG	Shanghai, PRC	Shanghai, PRC	Port and container terminal business	-	26.64	Equity method

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(X) EQUITY IN OTHER ENTITIES - continued

4. Key financial information of material associates

Item	SIPG	
	Closing balance / Amount incurred in the current period	Opening balance/ Amount incurred in the prior period
Current assets	50,550,358,636.59	43,653,716,114.59
Including: Cash and cash equivalents	28,494,577,716.81	20,689,734,592.59
Non-current assets	120,237,119,876.27	112,271,033,861.93
Total assets	170,787,478,512.86	155,924,749,976.52
Current liabilities	29,281,912,321.67	22,405,787,626.17
Non-current liabilities	33,699,936,944.88	37,539,362,699.55
Total liabilities	62,981,849,266.55	59,945,150,325.72
Minority interests	8,014,833,731.08	8,461,734,212.94
Equity attributable to shareholders of the parent company	99,790,795,515.23	87,517,865,437.86
Share of net assets calculated based on the proportion of ownership interests	26,584,267,925.26	23,428,532,577.72
Adjustments		
- Goodwill	2,066,192,806.75	2,076,585,747.12
- Others	193,346,651.68	-143,335,143.43
Carrying amounts of equity investments in associates	28,843,807,383.69	25,361,783,181.41
Fair value of publicly quoted equity investments in associates	33,990,040,779.28	28,345,709,190.02
Operating income	34,288,697,334.43	26,119,460,820.07
Net profit	15,480,719,994.16	9,183,403,328.66
Other comprehensive income	573,880,124.36	657,555,565.18
Total comprehensive income	16,054,600,118.52	9,840,958,893.84
Dividends received from associates in the current year	793,927,959.22	899,371,516.97

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	8,540,003,758.64	8,866,327,205.84
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	242,641,893.49	362,452,573.20
- Other comprehensive income	4,375,404.14	25,430,763.35
- Total comprehensive income	247,017,297.63	387,883,336.55
Associates:		
Total carrying amount of investments	32,969,640,682.19	32,014,300,835.65
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	1,857,965,787.11	1,405,583,978.08
- Other comprehensive income	-92,265,491.63	21,687,463.52
- Total comprehensive income	1,765,700,295.48	1,427,271,441.60

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(X) EQUITY IN OTHER ENTITIES - continued

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

(XI) 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 2021, 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	304,226,402.75	1,214,901,554.08
Accounts receivable	37,640,821.94	34,261,643.29
Other receivables	292,001,737.01	1,004,843,484.23
Short-term borrowings	653,200,000.00	668,320,000.00
Accounts payable	3,534,444.32	4,286,809.14
Other payables	131,844,034.16	201,395,071.52
Non-current liabilities due within one year	2,585,407,534.25	382,131,909.25
Long-term borrowings	670,000,000.00	670,000,000.00
Bonds payable	-	2,500,000,000.00
Long-term payables	3,433,175,756.61	440,659,667.97

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.

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(XI) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Currency risk - continued

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all the cash flow hedges and hedges of a net investment in a foreign operation are highly effective. On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period 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	-146,440,030.80	-146,440,030.80	-577,260.66	-577,260.66
All foreign currencies	5% decrease against RMB	146,440,030.80	146,440,030.80	577,260.66	577,260.66
All foreign currencies	5% increase against USD	5,092,313.03	5,092,313.03	1,578,468.63	1,578,468.63
All foreign currencies	5% decrease against USD	-5,092,313.03	-5,092,313.03	-1,578,468.63	-1,578,468.63
All foreign currencies	5% increase against HKD	-201,218,971.96	-201,218,971.96	-131,469,479.65	-131,469,186.05
All foreign currencies	5% decrease against HKD	201,218,971.96	201,218,971.96	131,469,479.65	131,469,186.05
All foreign currencies	5% increase against EUR (including FCFA)	402,049.34	402,049.34	-171,067.13	-171,067.13
All foreign currencies	5% decrease against FCFA(including FCFA)	-402,049.34	-402,049.34	171,067.13	171,067.13

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 (VIII) 26 and Note (VIII) 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.

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

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	-163,962,806.32	-163,962,806.32	-133,940,312.35	-133,940,312.35
Short-term borrowings and long-term borrowings	1% decrease	163,962,806.32	163,962,806.32	133,940,312.35	133,940,312.35

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 2021, the Group had total current liabilities in excess of total current assets of RMB 7,271,661,445.92. As at 31 December 2021, the Group has available unutilized loan facility of RMB 54,220,580,229.33 which is more than current liabilities, and may obtain funds within the credit limit as necessary. Therefore, the Group's management believes that the Group has no significant liquidity risk.

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	13,651,452,805.36	13,759,806,524.21	13,759,806,524.21	-	-
Notes payable	1,895,987.17	1,895,987.17	1,895,987.17	-	-
Accounts payable	843,820,438.51	843,820,438.51	843,820,438.51	-	-
Other payables	2,140,108,341.08	2,140,108,341.08	2,140,108,341.08	-	-
Non-current liabilities due within one year	8,179,772,370.17	9,348,291,951.06	9,348,291,951.06	-	-
Other current liabilities	2,158,497,775.85	2,162,074,534.34	2,162,074,534.34	-	-
Long-term borrowings	7,144,839,870.89	7,904,794,817.93	-	6,179,083,715.29	1,725,711,102.64
Bonds payable	16,670,872,414.14	18,075,861,970.23	-	14,044,854,814.96	4,031,007,155.27
Lease liabilities	1,055,194,906.09	1,696,668,533.14	-	522,315,363.87	1,174,353,169.27
Long-term payables	3,400,919,585.50	3,491,619,776.83	-	232,234,584.52	3,259,385,192.31

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(XII) 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	Level 2	Level 3	
	Measured at fair value	Measured at fair value	Measured at fair value	
Measurements at fair value continuously				
Held-for-trading financial assets	157,196.79	6,921,674,305.76	-	6,921,831,502.55
Receivables financing	-	-	238,429,402.71	238,429,402.71
Other equity instrument investments	8,620,000.00	-	171,631,798.43	180,251,798.43
Other non-current financial assets	782,723,863.52	-	26,791,381.35	809,515,244.87
Total assets continuously measured at fair value	791,501,060.31	6,921,674,305.76	436,852,582.49	8,150,027,948.56

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

The market prices of held-for-trading financial assets, other equity instrument investments and other non-current financial assets are determined at the closing price of the equity instrument at Stock Exchange at 31 December 2021.

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
Held-for-trading financial assets	6,921,674,305.76	Cash flow discounting	Expected rate of return

The fair value of debt instruments at fair value through profit or loss is determined using the cash flow discounting approach. During the valuation, the Group adopts the expected return as the input.

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
Receivables financing	238,429,402.71	Cash flow discounting	Discount rate
Other equity instrument investments	171,631,798.43	Net worth method	Carrying amount
Other non-current financial assets	2,000,000.00	Cash flow discounting	Discount rate
Other non-current financial assets	680,887.72	Net worth method	Carrying amount
Other non-current financial assets	24,110,493.63	Listed company comparison approach	Share price

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.

(XII) DISCLOSURE OF FAIR VALUE - continued

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.

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(XIII) 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 (X) 1.

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(XIII) 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 (X) 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
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
Antong Holdings Co., Ltd. and its subordinate companies (Note)	Subsidiary of 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
SIPG	Associate
Liaoning Port Co., Ltd. and its subsidiaries	Associate, Controlled by the same ultimate controlling shareholder
Ningbo Zhoushan	Associate
Shenzhen Baohong Technology Co., Ltd. (formerly known as "Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.")	Associate
Tianjin Haitian Bonded Logistics Co., Ltd.	Associate
Merchants Port City	Associate
Zhanjiang Xiagang United Development Co., Ltd.	Associate
Zhangzhou COSCO Shipping Agency Co., Ltd.	Associate
Chu Kong River Trade Terminal Co., Ltd.	Associate
Shantou Zhonglian Tally Co., Ltd	Associate
Shantou International Container Terminals Limited	Associate
Shenzhen Bay Electricity Industry Co., Ltd.	Associate

Note: Antong Holdings Co., Ltd. is the subsidiary of Fujian Zhaohang Logistics Management Partnership (Limited Partnership), which is a joint venture of the Company.

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
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
China COSCO Shipping Group and its subsidiaries (Note)	Same related natural person
Dalian Port Logistics Technology 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
Hoi Tung (Shenzhen) 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
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
Shenzhen Merchants to Home Technology Co.	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 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
Dalian Port Group Financial Co., Ltd.	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 (Shanghai) Co., Ltd.	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
Sinotrans Changhang Group Limited	Controlled by the same ultimate controlling shareholder
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Dehan Investment Development Co., Ltd.	Controlled by the same ultimate controlling shareholder

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company - continued

Name of other related parties	Relationship with the Company
China Marine Shipping Agency Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder
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 Central China Co., Ltd.	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 Apartment Development (Shenzhen) 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
Yingkou Port Group and its subsidiaries	Controlled by the same ultimate controlling shareholder
Panjin Port Group Co., Ltd.	Controlled by the same ultimate controlling shareholder
Broadford (Shenzhen) Port Development Co., Ltd.	Controlled by the same ultimate controlling shareholder
Liaoning Port Group Co., Ltd.	Controlled by the same ultimate controlling shareholder
Liaoning Electronic Port Co., Ltd.	Controlled by the same ultimate controlling shareholder
CMPort Chuangrong (Shenzhen) Technology Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Yangtze River Shipping Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Gangrong Big Data Co., Ltd. (formerly known as "Yingkou Gangrong Big Data Co., Ltd.")	Controlled by the same ultimate controlling shareholder
Dalian Port Construction Supervision Consulting Co., Ltd.	Controlled by the same ultimate controlling shareholder
Dalian Port Group Corporation Limited	Controlled by the same ultimate controlling shareholder
Dalian Container Terminal Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Municipal Public Security Bureau Shekou Police Substation	Controlled by the same ultimate controlling shareholder
Shenzhen West Port Security Service Co., Ltd. (formerly known as "Shenzhen West Port Security Service Company")	Controlled by the same ultimate controlling shareholder
Sinotrans South China Co., Ltd.	Controlled by the same ultimate controlling shareholder
Dalian Port Container	Controlled by the same ultimate controlling shareholder
Jifa Logistics	Controlled by the same ultimate controlling shareholder
Datong Securities Co., Ltd.	Significantly influenced by the ultimate controlling shareholder
Dalian Automobile Terminal Co., Ltd.	Significantly influenced by the ultimate controlling shareholder
Dalian Port Design Research Institute Co., Ltd.	Significantly influenced by the ultimate controlling shareholder
Khor Ambado FZCo	Significantly influenced by the ultimate controlling shareholder
Djibouti International Hotel Company	Significantly influenced by the ultimate controlling shareholder
China Merchant Bank Co., Ltd.	Significantly influenced by the ultimate controlling shareholder

Note: 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. Therefore, the related party transactions and balances for the period in which he was the senior management personnel of the Company and China COSCO Shipping Corporation Limited and for the 12 months after such period are disclosed.

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(XIII) 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 (restated)
Receipt of service:				
Shenzhen Bay Electricity Industry Co., Ltd.	Service expense	Negotiation	52,118,359.34	29,148,667.42
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service expense	Negotiation	17,429,281.52	16,335,069.80
Shenzhen Merchants Electricity Supply Co., Ltd.	Service expense	Negotiation	16,896,892.16	13,221,740.64
Ningbo Zhoushan	Service expense	Negotiation	14,902,071.93	-
COSCO Logistics (Zhanjiang) Co., Ltd.	Service expense	Negotiation	13,741,598.64	5,078,367.51
Shenzhen Municipal Public Security Bureau Shekou Police Substation	Service expense	Negotiation	13,215,162.92	-
Nanshan Group and its subsidiaries	Service expense	Negotiation	12,899,160.06	29,612,136.31
China Merchants Property Management (Shenzhen) Co., Ltd.	Service expense	Negotiation	11,411,320.65	844,512.39
Hoi Tung (Shanghai) Company Limited	Service expense	Negotiation	9,908,555.07	9,886,142.11
Shenzhen West Port Security Service Co., Ltd.	Service expense	Negotiation	8,628,090.47	4,159,456.50
Yiu Lian Dockyards Limited	Service expense	Negotiation	8,484,365.83	9,274,213.41
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Service expense	Negotiation	6,963,663.53	6,616,945.42
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Service expense	Negotiation	5,148,081.30	4,548,046.20
China Marine Shipping Agency Guangdong Co., Ltd.	Service expense	Negotiation	5,128,165.14	1,994,707.90
Yingkou Port Group and its subsidiaries	Service expense	Negotiation	3,655,450.63	5,623,518.39
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Service expense	Negotiation	3,246,406.82	-
China Marine Shipping Agency Shenzhen Co., Ltd.	Service expense	Negotiation	2,886,771.98	2,403,262.96
Shenzhen Merchants to Home Technology Co.	Service expense	Negotiation	2,529,286.74	162,182.56
China Merchants Port Investment Development Company Limited	Service expense	Negotiation	2,511,488.39	-
China Ocean Shipping Tally Shenzhen Co., Ltd.	Service expense	Negotiation	2,367,078.52	1,208,224.86
China Merchant Food (China) Co., Ltd.	Service expense	Negotiation	2,010,522.22	1,790,459.66
Liaoning Port Co., Ltd. and its subsidiaries	Service expense	Negotiation	1,453,666.27	1,968,171.53
Qingdao Wutong Century Supply Chain Co., Ltd.	Service expense	Negotiation	1,412,347.77	34,202.46
China Merchants Healthcare (Qichun) Co., Ltd.	Service expense	Negotiation	874,591.30	1,473,607.08
China Merchants Logistics Group Qingdao Co., Ltd.	Service expense	Negotiation	278,746.88	1,506,882.06
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Service expense	Negotiation	145,501.77	2,201,965.59
Djibouti International Hotel Company	Service expense	Negotiation	-	2,028,556.99
China Merchants Life Insurance Company Limited	Service expense	Negotiation	-	1,828,798.25
Dalian Port Logistics Technology Co. Ltd.	Service expense	Negotiation	-	1,068,592.04
Other related parties	Service expense	Negotiation	5,426,539.23	7,009,354.97
Other related parties	Property utilities	Negotiation	1,527,482.73	1,269,101.74
China Merchants Property Management (Shenzhen) Co., Ltd.	Property utilities	Negotiation	-	7,567,376.65
China Merchant Bank Co., Ltd.	Purchase of structured deposits	Negotiation	901,314,575.34	850,000,000.00
China Merchants Group Finance Company Limited	Interest expense	Negotiation	57,267,460.41	40,218,054.32
China Merchant Bank Co., Ltd.	Interest expense	Negotiation	7,309,189.97	2,820,905.00
Total			1,193,091,875.53	1,062,903,222.72

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(XIII) 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 (restated)
Rendering of service:				
Broadford (Shenzhen) Port Development Co., Ltd.	Service income	Negotiation	233,023,495.03	-
COSCO Logistics (Zhanjiang) Co., Ltd.	Service income	Negotiation	172,689,315.75	138,294,236.96
Antong Holdings Co., Ltd. and its subordinate companies	Service income	Negotiation	149,257,485.43	127,713,616.40
China Marine Shipping Agency Ningbo Co., Ltd.	Service income	Negotiation	127,750,175.04	-
Liaoning Port Co., Ltd. and its subsidiaries	Service income	Negotiation	84,665,638.27	53,346,029.84
China Marine Shipping Agency Guangdong Co., Ltd.	Service income	Negotiation	78,136,291.87	61,942,724.25
China COSCO Shipping Group and its subsidiaries	Service income	Negotiation	67,594,546.16	473,089,186.47
China Ocean Shipping Agency (Zhanjiang) Co., Ltd.	Service income	Negotiation	58,774,852.27	53,774,870.23
Yingkou Port Group and its subsidiaries	Service income	Negotiation	58,066,543.74	6,149,920.19
Qingdao Qianwan United Container Terminal Co., Ltd.	Service income	Negotiation	57,107,934.04	49,104,741.77
Liaoning Port Group Co., Ltd.	Service income	Negotiation	30,230,480.12	4,572,257.33
China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	Service income	Negotiation	19,931,387.34	10,407,471.90
Yiu Lian Dockyards (Shekou) Limited	Service income	Negotiation	15,861,643.81	6,825,979.02
Shenzhen Baohong Technology Co., Ltd.	Service income	Negotiation	12,375,371.81	9,183,840.58
Sinotrans Container Lines Co., Ltd.	Service income	Negotiation	9,659,043.11	5,775,004.77
Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	Service income	Negotiation	8,201,186.45	5,366,080.32
China Merchants International Cold Chain (Shenzhen) Company Limited	Service income	Negotiation	6,932,874.90	6,781,159.20
China Ocean Shipping Agency Shenzhen	Service income	Negotiation	6,742,585.37	11,872,191.59
China Merchants Port Investment Development Company Limited	Service income	Negotiation	6,100,924.53	1,870,575.47
China Marine Shipping Agency Shenzhen Co., Ltd.	Service income	Negotiation	6,065,850.59	4,566,415.18
CMPort Chuangrong (Shenzhen) Technology Co., Ltd.	Service income	Negotiation	5,060,041.98	-
China Yangtze River Shipping Co., Ltd.	Service income	Negotiation	4,015,942.03	276,427.36
China Merchants Gangrong Big Data Co., Ltd.			3,839,970.76	3,627,717.89
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service income	Negotiation	3,556,894.16	3,403,438.43
South China Sinotrans Supply Chain Management Co., Ltd.	Service income	Negotiation	3,315,529.59	5,730,351.44
Shantou International Container Terminals Limited	Service income	Negotiation	2,830,152.56	15,018,042.39
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Service income	Negotiation	2,788,745.68	1,771,945.79
Qingdao Qianwan New United Container Terminal Co., Ltd.	Service income	Negotiation	2,727,630.47	3,147,064.19
Shantou Zhonglian Tally Co., Ltd.	Service income	Negotiation	2,688,839.07	1,720,385.71
Sinotrans Container Lines (Hong Kong) Company Limited	Service income	Negotiation	2,618,545.62	1,049,302.38
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Service income	Negotiation	2,379,478.59	908,372.64
Guizhou East Land Port Operation Co., Ltd.	Service income	Negotiation	2,379,122.83	1,854,382.19
Sinoway Shipping Ltd.	Service income	Negotiation	2,275,910.33	2,380,557.22
Dalian Automobile Terminal Co., Ltd.	Service income	Negotiation	2,162,744.31	-
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Service income	Negotiation	2,060,322.30	1,777,701.97
Yantai Port Group Laizhou Port Co., Ltd.	Service income	Negotiation	2,043,962.25	1,448,756.38
Merchants Port City	Service income	Negotiation	1,591,345.21	1,226,801.94
Dalian Port Construction Supervision Consulting Co., Ltd.	Service income	Negotiation	1,561,447.66	354,686.83
Dalian Port Group Corporation Limited	Service income	Negotiation	1,471,595.43	2,245,666.81
Datong Securities Co., Ltd.	Service income	Negotiation	1,464,247.85	-
SIPG	Service income	Negotiation	1,430,583.02	1,631,054.72
Sinotrans Shantou Co., Ltd.	Service income	Negotiation	1,411,180.98	747,042.39
Sinotrans & CSC Holdings Co., Ltd.	Service income	Negotiation	1,349,056.61	-
Sinotrans (HK) Shipping Limited	Service income	Negotiation	1,270,858.60	3,516,284.75
China Marine Shipping Agency Guangdong Co., Ltd.	Service income	Negotiation	1,234,211.32	2,771,236.94
Dalian Port Design Research Institute Co., Ltd.	Service income	Negotiation	1,217,915.13	-
Nanshan Group and its subsidiaries	Service income	Negotiation	1,147,657.18	822,683.39
Shenzhen Dehan Investment Development Co., Ltd.	Service income	Negotiation	1,106,438.68	863,738.20
Liaoning Electronic Port Co., Ltd.	Service income	Negotiation	1,007,547.18	-
Guizhou Qiondongnan Continental Land Port Operation Co., Ltd.	Service income	Negotiation	975,890.37	2,006,774.37
China Merchants (Liaoning) Port Development Co., Ltd.	Service income	Negotiation	943,396.22	1,886,792.45
Zhangzhou COSCO Shipping Agency Co., Ltd.	Service income	Negotiation	820,987.04	1,171,144.27
Doraleh Multi-purpose Port	Service income	Negotiation	585,604.28	1,396,158.59
International Djibouti Industrial Parks Operation FZCO	Service income	Negotiation	502,024.39	1,219,559.23

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(XIII) 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 (restated)
Rendering of service:				
China Merchants-Logistics Shenzhen Co., Ltd.	Service income	Negotiation	364,878.63	1,007,155.73
Penavico Shenzhen Warehousing Co., Ltd.	Service income	Negotiation	206,068.60	6,450,089.03
Sinotrans Central China Co., Ltd.	Service income	Negotiation	2,557.32	1,097,750.34
Port de Djibouti S.A.	Service income	Negotiation	-	10,943,478.47
Ningbo Daxie	Service income	Negotiation	-	4,212,324.06
Terminal Link SAS	Service income	Negotiation	-	1,203,144.53
Other related parties	Service income	Negotiation	16,978,944.05	10,351,714.06
Terminal Link SAS	Interest income	Negotiation	165,180,415.51	130,683,767.31
Port of Newcastle and its subsidiaries	Interest income	Negotiation	76,683,050.81	61,452,466.62
China Merchant Bank Co., Ltd.	Interest income	Negotiation	32,931,572.09	25,077,926.86
China Merchants Group Finance Company Limited	Interest income	Negotiation	24,994,228.38	17,374,507.16
Dalian Port Group Financial Co., Ltd.	Interest income	Negotiation	-	822,219.25
Merchants Port City	Interest income	Negotiation	1,957,067.27	34,310,102.60
Tianjin Haitian Bonded Logistics Co., Ltd.	Interest income	Negotiation	1,558,375.91	1,507,141.63
Other related parties	Interest income	Negotiation	-	39,343.77
Total			1,597,860,603.88	1,403,143,503.75

(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	9,711,263.00	9,530,634.40
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Buildings and structures	Negotiation	5,533,737.88	5,246,389.08
China Merchant Food (China) Co., Ltd.	Buildings and structures	Negotiation	5,414,148.96	4,979,293.98
China Traffic Import and Export Co., Ltd.	Buildings and structures	Negotiation	5,212,396.32	4,791,084.02
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Buildings and structures	Negotiation	3,926,471.23	3,937,228.69
Yiu Lian Dockyards (Shekou) Limited	Buildings and structures	Negotiation	3,008,337.95	2,612,180.18
Nanshan Group and its subsidiaries	Buildings and structures	Negotiation	2,478,760.43	2,451,852.32
Qingdao Qianwan United Container Terminal Co., Ltd.	Buildings and structures	Negotiation	2,407,032.41	2,402,484.55
China Merchants Securities Co., Ltd.	Buildings and structures	Negotiation	2,265,123.10	2,364,578.34
Sinotrans South China Co., Ltd.	Buildings and structures	Negotiation	1,897,332.07	-
Qingdao Wutong Century Supply Chain Co., Ltd.	Buildings and structures	Negotiation	619,965.10	960,707.68
Other related parties	Buildings and structures, land use rights	Negotiation	7,650,774.22	6,612,178.37
Total			50,125,342.67	45,888,611.61

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(XIII) 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 (Shanghai) Co., Ltd.	Port and terminal facilities	58,302,270.50	2018.3.19-2024.3.15	N/A
China Merchants Finance Lease (Shanghai) Co., Ltd.	Machinery equipment, port and terminal facilities	57,849,868.06	2018.11.30-2024.11.30	N/A
Nanshan Group and its subsidiaries	Buildings and structures	54,380,695.56	2019.1.1-2023.12.31	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	46,381,918.54	2017.10.31-2023.10.27	N/A
China Merchants Finance Lease (Tianjin) Co., Ltd.	Port and terminal facilities	35,733,649.64	2018.3.19-2024.3.15	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Port and terminal facilities	35,385,536.56	2020.1.1-2021.12.31	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	17,717,147.04	2016.12.26-2022.11.15	N/A
EuroAsia Dockyard Enterprise and Development Limited	Port and terminal facilities	13,432,871.84	2022.1.1-2022.12.31	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Others	6,115,067.28	2020.1.1-2021.12.31	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	4,421,369.16	2021.1.1-2022.12.31	N/A
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Buildings and structures	3,373,361.28	2020.12.30-2021.12.31	N/A
Nanshan Group and its subsidiaries	Others	3,220,926.84	2016.1.1-2018.12.31	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings and structures	3,083,925.40	2021.1.1-2021.12.31	Attached with renewal option
Shenzhen Nanyou (Holdings) Ltd.	Others	1,995,553.20	2021.1.1-2021.12.31	N/A
Nanshan Group and its subsidiaries	Buildings and structures	1,908,589.28	2016.1.1-2018.12.31	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings and structures	1,468,461.12	2021.1.1-2021.3.31	N/A
Nanshan Group and its subsidiaries	Buildings and structures	1,468,461.12	2021.4.1-2021.12.31	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	1,241,376.00	2021.1.1-2022.12.31	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Port and terminal facilities	1,027,422.38	2018.5.1-2021.4.30、2021.5.1-2024.4.30	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings and structures	840,000.00	2021.3.1-2022.2.28	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings and structures	819,000.00	2020.3.22-2021.2.28	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	709,554.28	2021.1.1-2022.12.31	With progressively increasing rent
Nanshan Group and its subsidiaries	Buildings and structures	319,869.42	2019.1.1-2023.12.31	Attached with renewal option
Nanshan Group and its subsidiaries	Others	230,502.86	2021.1.1-2023.12.31	Attached with renewal option
Nanshan Group and its subsidiaries	Others	225,460.64	2017.1.1-2021.8.25	N/A
Nanshan Group and its subsidiaries	Buildings and structures	176,057.15	2021.1.1-2021.12.31	N/A
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Buildings and structures	133,680.00	2021.1.1-2021.12.31	N/A
Dalian Port Group Corporation Limited	Buildings and structures	80,000.00	2021.1.1-2021.12.31	N/A
Nanshan Group and its subsidiaries	Port and terminal facilities	46,990.60	2019.1.1-2023.12.31	Attached with renewal option
Total		352,089,585.75		

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(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
2021					
Terminal Link SAS (Note 1)	65,122,443.30	65,122,443.30	1 June 2013	2033	No
Khor Ambado FZCo (Note 2)	253,381,120.00	110,394,672.56	24 May 2019	2032	No
Total	318,503,563.30	175,517,115.86			
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			

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 RMB65,122,443.30 on 31 December 2021. 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 ultimate controlling shareholder. The Group provides guarantee for its bank loans and other liabilities, the actual amount of which as at 31 December 2021 is RMB110,394,672.56. In March 2021, the Group approved a new guarantee line of RMB 70 million for Khor Ambado FZCo through a board resolution, which had not been actually used as of December 31, 2021.

(4) Borrowings and loans with related parties

Related party	Amount	Commencement date	Maturity date	Description
2021				
Borrowings				
China Merchants Group Finance Company Limited	1,000,977,777.78	15 October 2021	14 October 2022	Fixed interest rate of 3.2000%
China Merchants Group Finance Company Limited	1,000,977,777.78	15 December 2021	13 January 2022	Fixed interest rate of 3.2000%
China Merchants Group Finance Company Limited	600,586,666.67	26 November 2021	22 November 2022	Fixed interest rate of 3.2000%
China Merchants Group Finance Company Limited	500,488,888.89	02 December 2021	01 December 2022	Fixed interest rate of 3.2000%
China Merchants Group Finance Company Limited	128,925,358.00	01 March 2021	21 June 2024	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	50,058,819.44	11 June 2021	10 June 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	50,022,458.33	05 July 2021	04 July 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	49,500,000.00	08 April 2021	31 October 2023	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	47,026,415.28	09 April 2021	08 April 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	40,042,777.78	01 December 2021	30 November 2022	Fixed interest rate of 3.5000%
China Merchants Group Finance Company Limited	33,017,111.09	25 June 2021	24 June 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	30,034,008.33	10 May 2021	09 May 2022	Fixed interest rate of 3.7100%
China Merchants Group Finance Company Limited	27,026,813.63	17 May 2021	12 March 2029	Fixed interest rate of 4.5050%
China Merchants Group Finance Company Limited	14,517,057.64	08 July 2021	07 July 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	10,023,527.78	08 December 2021	08 December 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	10,012,082.19	15 December 2021	14 March 2022	Fixed interest rate of 2.4500%
China Merchants Group Finance Company Limited	10,000,000.00	12 November 2021	12 November 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	5,593,095.16	19 April 2021	18 April 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	5,000,000.00	07 June 2021	10 December 2028	Fixed interest rate of 4.4100%
China Merchants Group Finance Company Limited	4,000,000.00	26 April 2021	10 December 2028	Fixed interest rate of 4.4100%
China Merchants Group Finance Company Limited	2,250,000.00	23 November 2021	10 December 2028	Fixed interest rate of 4.4100%
China Merchants Group Finance Company Limited	2,100,000.00	01 February 2021	10 December 2028	Fixed interest rate of 4.4100%

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China Merchants Group Finance Company Limited	950,000.00	03 September 2021	10 December 2028	Fixed interest rate of 4.4100%
Total	3,623,130,635.77			

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Borrowings and loans with related parties - continued

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 Group Finance Company Limited	200,235,277.84	14 April 2020	13 April 2021	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	05 June 2020	02 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	06 January 2020	07 October 2024	Fixed annual interest rate of 4.5125%
China Merchants Group Finance Company Limited	30,035,291.66	04 December 2020	20 May 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	10,000,000.00	13 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	29 July 2023	Fixed annual interest rate of 8.0000%
Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	03 January 2020	02 January 2023	Fixed annual interest rate of 4.7500%
Total	3,824,888,425.38			

(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
Broadford (Shenzhen) Port Development Co., Ltd. (Note)	Equity investment	Valuation	384,000,000.00	-
Hoi Tung (Shanghai) Company Limited	Machinery equipment	Negotiation	4,115,044.26	8,202,477.87
Hoi Tung (Shenzhen) Company Limited	Machinery equipment	Market price	1,345,132.74	-
Other related parties	Construction in progress	Negotiation	485,704.85	-
Hoi Tung Innotek (Shenzhen) Co., Ltd.	Machinery equipment	Negotiation	-	1,946,000.00
Other related parties	General office equipment	Negotiation	-	83,584.00
Total			389,945,881.85	10,232,061.87

Note: Refer to Note(VIII) 55.

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(6) Compensation for key management personnel

Item	Amount incurred in the current period	Amount incurred in the prior period
Compensation for key management personnel	14,796,861.98	20,552,276.50

6. Amounts due from/to related parties

(1) Amounts due from related parties

Item	Related party	Closing balance	Opening balance (restated)
Cash and bank balances	China Merchant Bank Co., Ltd.	2,563,011,212.30	1,901,149,161.24
	China Merchants Group Finance Company Limited	2,178,303,655.54	1,685,755,069.49
	Total	4,741,314,867.84	3,586,904,230.73
Held-for-trading financial assets	China Merchant Bank Co., Ltd.	901,314,575.34	850,000,000.00
Accounts receivable	Antong Holdings Co., Ltd. and its subordinate companies	13,014,575.59	10,508,254.42
	China Marine Shipping Agency Ningbo Co., Ltd.	6,502,287.89	7,773,568.86
	COSCO Logistics (Zhanjiang) Co., Ltd.	5,211,554.51	4,326,223.02
	Yiu Lian Dockyards (Shekou) Limited	4,414,431.20	725,330.10
	Yingkou Port Group	3,333,618.62	150,681.00
	Khor Ambado FZCo	2,842,053.59	2,774,015.84
	Great Horn Development Company FZCo	2,606,831.64	1,427,020.52
	Qingdao Qianwan West Port United Wharf Co., Ltd.	2,315,131.88	2,007,669.18
	China Marine Shipping Agency Guangdong Co., Ltd.	1,970,902.79	7,777,640.18
	Port de Djibouti S.A.	1,618,911.45	1,497,611.83
	Panjin Port Group	1,467,000.00	239,339.83
	Sinotrans Container Lines Co., Ltd.	1,436,388.75	1,148,569.75
	China Ocean Shipping Agency Shenzhen	1,418,539.82	843,054.75
	Liaoning Port Co., Ltd.	1,414,964.00	1,248,825.00
	China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	1,341,323.72	590,901.89
	China Merchants International Cold Chain (Shenzhen) Company Limited	1,215,660.73	614,839.90
	Sinotrans (HK) Shipping Limited	1,068,888.42	622,597.02
	Qingdao Qianwan United Container Terminal Co., Ltd.	1,049,999.99	-
	South China Sinotrans Supply Chain Management Co., Ltd.	475,477.60	1,035,675.13
	Dalian Container Terminal Co., Ltd.	330,000.60	1,580,275.50
	Guizhou East Land Port Operation Co., Ltd.	89,177.60	3,612,221.02
	China COSCO Shipping Group and its subsidiaries	-	120,615,548.37
	Shenzhen Baohong Technology Co., Ltd.	-	2,641,391.12
	Guizhou Qiandongnan Continental Land Port Operation Co., Ltd.	-	1,061,604.20
	Other related parties	11,352,531.16	9,856,831.77
	Total	66,490,251.55	184,679,690.20

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(XIII) 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 (restated)
Dividends receivables	Nanshan Group and its subsidiaries	185,070,000.00	210,831,000.00
	Merchants Port City	41,847,044.77	-
	Tin-Can Island Container Terminal Ltd	19,076,909.00	33,289,037.77
	COSCO Logistics (Zhanjiang) Co., Ltd.	18,403,959.77	13,378,666.52
	Other related parties	277,072.09	220,500.00
	Total	264,674,985.63	257,719,204.29
Other receivables	Chu Kong River Trade Terminal Co., Ltd.	32,953,940.00	57,607,520.00
	Port de Djibouti S.A.	22,681,372.48	23,248,597.69
	Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	6,000,000.00	4,000,000.00
	China Merchants Port Investment Development Company Limited	5,000,000.00	-
	Zhoushan Blue Ocean Investment Co., Ltd.	4,996,989.39	4,996,989.39
	Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	4,907,365.06	31,513,558.59
	China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	2,899,163.95	2,899,163.95
	COSCO Logistics (Zhanjiang) Co., Ltd.	2,190,539.40	-
	EuroAsia Dockyard Enterprise and Development Limited	1,380,231.20	1,422,660.84
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	1,132,846.40	1,068,658.39
	China Merchants (Liaoning) Port Development Co., Ltd.	-	2,000,000.00
	Other related parties	6,717,646.33	5,752,296.58
Total	90,860,094.21	134,509,445.43	
Prepayments	China Traffic Import and Export Co., Ltd.	-	244,729.25
Non-current assets due within one year	Port of Newcastle and its subsidiaries	60,029,243.30	16,473,559.57
	Terminal Link SAS	42,429,677.59	51,286,674.10
	Total	102,458,920.89	67,760,233.67
Long-term receivables	Terminal Link SAS	2,679,769,106.42	2,746,067,386.31
	Port of Newcastle and its subsidiaries	750,086,910.62	815,144,304.00
	Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	34,300,000.00
	China Merchants Finance Lease (Tianjin) Co., Ltd.	10,000,000.00	10,000,000.00
	Merchants Port City	-	286,330,144.62
	Total	3,474,156,017.04	3,891,841,834.93
Other non-current assets	China Traffic Import and Export Co., Ltd.	20,854,077.98	-

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties

Item	Related party	Closing balance	Opening balance (restated)
Short-term borrowings	China Merchants Group Finance Company Limited	3,393,366,381.96	2,646,853,256.33
Other current liabilities	China Merchants Group Finance Company Limited	10,012,082.19	60,606,027.37
Accounts payable	Qingdao Qianwan West Port United Wharf Co., Ltd.	6,742,200.79	6,381,033.57
	Shenzhen Bay Electricity Industry Co., Ltd.	4,987,709.79	-
	EuroAsia Dockyard Enterprise and Development Limited	3,142,704.91	2,994,548.16
	Nanshan Group and its subsidiaries	3,154,427.56	9,220,434.36
	Yiu Lian Dockyards Limited	2,651,200.00	2,271,520.48
	Ningbo Zhoushan	1,159,307.43	-
	China Marine Shipping Agency Shenzhen Co., Ltd.	633,810.99	1,264,544.50
	Other related parties	3,102,320.77	694,721.19
Total	25,573,682.24	22,826,802.26	
Receipts in advance	Port de Djibouti S.A	-	10,350,122.63
	Other related parties	53,057.84	606,631.45
	Total	53,057.84	10,956,754.08
Contract liabilities	Dalian Container Terminal Co., Ltd.	3,573,179.78	-
	Antong Holdings Co., Ltd. and its subordinate companies	1,994,209.18	6,774,086.39
	Qingdao Sinotrans Supply Chain Management Co., Ltd.	1,578,302.00	-
	Qingdao Qianwan United Container Terminal Co., Ltd.	1,050,000.00	-
	China Marine Shipping Agency Guangdong Co., Ltd.	-	2,304,015.01
	Other related parties	2,897,061.68	3,264,592.40
Total	11,092,752.64	12,342,693.80	
Dividends Payable	China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	20,000,000.00
	Dalian Port Container	18,349,264.69	12,160,517.31
	Jifa Logistics	4,945,967.80	3,972,477.39
	Sri Lanka Ports Authority	-	34,255,854.79
	Total	43,295,232.49	70,388,849.49
Other Payables	Port de Djibouti S.A.	254,894,592.46	175,497,252.70
	China Merchants Real Estate (Shenzhen) Co., Ltd.	10,079,369.00	14,305,122.78
	Antong Holdings Co., Ltd. and its subordinate companies	8,077,252.00	35,160.00
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	7,839,816.47	8,447,512.23
	China Merchants Port Investment Development Company Limited	7,417,802.54	29,329,463.17
	Terminal Link SAS	3,910,337.39	89,905,681.62
	Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	1,579,720.16	1,013,738.40
	Zhanjiang Xiagang United Development Co., Ltd.	1,433,473.84	1,433,730.78
	China Merchant Food (China) Co., Ltd.	1,069,017.00	1,161,179.14
	Shenzhen Baohong Technology Co., Ltd.	-	2,634,014.09
	Penavico Shenzhen Warehousing Co., Ltd.	-	1,127,339.68
	Other related parties	5,419,228.21	6,757,283.77
Total	301,720,609.07	331,647,478.36	

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(XIII) 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 (restated)
Non-current liabilities due within one year	China Merchants Finance Lease (Shanghai) Co., Ltd.	104,204,701.37	-
	China Merchants Tongshang Finance Lease Co., Ltd.	60,639,407.07	58,348,704.99
	Nanshan Group and its subsidiaries	56,174,150.92	54,030,933.00
	China Merchants Finance Lease (Tianjin) Co., Ltd.	32,788,124.97	138,409,402.75
	China Merchants Group Finance Company Limited	27,106,533.22	51,423,306.47
	EuroAsia Dockyard Enterprise and Development Limited	13,030,256.95	13,406,128.42
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	6,029,278.06	-
	China Merchant Bank Co., Ltd.	4,227,333.34	-
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	-	39,512,425.01
	Other related parties	961,513.13	433,329.00
Total	305,161,299.03	355,564,229.64	
Other non-current liabilities	Nanshan Group and its subsidiaries	1,020,381.51	944,011.06
Long-term borrowings	China Merchants Group Finance Company Limited	543,744,022.45	426,100,835.53
	China Merchant Bank Co., Ltd.	196,000,000.00	109,033,232.39
	Total	739,744,022.45	535,134,067.92
Lease liabilities	China Merchants Finance Lease (Shanghai) Co., Ltd.	177,500,213.13	358,333,616.46
	Nanshan Group and its subsidiaries	58,651,209.31	114,304,842.23
	China Merchants Finance Lease (Tianjin) Co., Ltd.	47,500,069.97	-
	China Merchants Tongshang Finance Lease Co., Ltd.	44,730,575.22	104,616,135.92
	China Merchants International Cold Chain (Shenzhen) Company Limited	1,353,404.41	-
	Other related parties	181,987.02	186,938.69
Total	329,917,459.06	577,441,533.30	

(XIV) SHARE-BASED PAYMENTS

1. Overall share-based payments

Total equity instruments granted by the Company in the year	530,000 shares
Total equity instruments exercised by the Company in the year	None
Total equity instruments of the Company that became invalid in the year	7,628,000 shares
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: RMB15.09 to RMB17.34; The remaining term of the contract: 61 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

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(XIV) SHARE-BASED PAYMENTS - continued

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	Criteria of exercising in vesting period of batch 1 are not satisfied
The aggregate amount of share-based payments settled by equity that is included in the capital reserve	9,956,938.60
Total expenses recognized for the share-based payments settled by equity in the year	-795,992.27

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 from 24 months but within 36 months after the grant date, 30% will be exercisable from 36 months but within 48 months after the grant date and 30% will be exercisable from 48 months but within 84 months 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.

According to Article 32 of Stock Option Incentive Plan, since the grant date of the stock option, if the Company distributes dividends prior to the exercise of the option, the exercise price shall be adjusted accordingly. Therefore, the Company uniformly adjusted the exercise price from RMB17.80 per share to 17.34 per share on 30 January 2021 in respect of the first batch of stock option granted under stock option incentive plan (phase I).

On 5 March 2021, the granting of stock option (reserved portion) under stock option incentive plan (phase I) was completed. The reserved portion of stock option targets to total 3 persons, granting 530,000 shares of stock option with exercise price of RMB15.09 per share. The granting date is 29 January 2021. With a lockup period of 24 months from the granting date, the share options are exercisable upon expiry of the 24-month lockup period in the premise that the vesting conditions are satisfied. The share options are exercisable in two batches, specifically 50% for the first batch (after 24 months but within 36 months subsequent to the granting date), and the remaining 50% for the second batch (after 36 months but within 72 months subsequent to the granting date); each share option represents the right to subscribe a share of ordinary share of the Company.

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(XIV) SHARE-BASED PAYMENTS - continued

2. Share-based payments settled by equity - continued

As at the reporting date, as the criteria of exercise in the first vesting period of the stock option (1st batch) under the stock option incentive plan (phase I) are not satisfied, the Company has cancelled the 6,380,000 shares of stock option corresponding to the first vesting period of the stock option (1st batch) under the stock option incentive plan (phase I). As 10 of the incentive targets have retired or no longer serve the Company, the corresponding 1,248,000 shares of stock option have been cancelled.

(XV) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Item	31/12/2021	31/12/2020
Commitments that have been entered into but have not been recognized in the financial statements		
- Commitment to make contributions to the investees	211,620,680.00	11,500,000.00
- Commitment to acquire and construct long-term assets	1,755,687,773.54	2,682,977,514.73
- Commitment to invest port construction	5,093,914.88	1,004,960,692.18
- Others	-	20,831,652.14
Total	1,972,402,368.42	3,720,269,859.05

2. Contingencies

Item	31/12/2021	31/12/2020
Contingent liabilities brought by external litigations (Note 1)	207,807,928.33	213,109,668.45
Guarantee for borrowings of related parties (Note 2)	175,517,115.86	184,129,723.74
Total	383,325,044.19	397,239,392.19

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 RMB207,807,928.33 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.

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(XV) COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies - continued

Note 2: Till 31 December 2021, the guarantees provided by the Group for related parties are detailed in Note XIII 5(3).

On 31 December 2021, 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 31 December 2021, the Group had no other major guarantees and other contingencies that need to be explained.

(XVI) EVENTS AFTER THE BALANCE SHEET

1. Retreating from CMPort (Shenzhen) Industry Innovation Private Equity Investment Fund Partnership (LP) ("Investment Fund")

On 24 December 2020, the Company and its related party China Merchants Innovation Investment Management Co., Ltd. ("China Merchants Innovation Investment") as well as Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership) ("China Merchants Innovation Fund") managed by China Merchants Innovation Investment jointly established an investment fund. On 22 October 2021, the investment fund completed the filing with Asset Management Association of China and obtained the Certificate of Filing of Private Investment Fund. As at 31 December 2021, the Company has paid capital contribution of RMB1,000,000.

Considering the investment fund has not yet carried out activities and taking into account the Company's overall plan of capital operation, on 8 January 2022, the Company, China Merchants Innovation Investment, China Merchants Innovation Fund unanimously agree to dissolve the investment fund and implement liquidation and cancellation procedures.

As at the date of the financial statements, the above liquidation and cancellation procedures are not yet completed.

2. Issuing 2022 tranche 1, 2 and 3 super short-term commercial paper ("SCP")

The Company's 2022 tranche 1 SCP was publicly offered at National Interbank Bond Market on 17 January 2022, with issue amount of RMB 2 billion, a term of 90 days and par value of RMB 100. The lead underwriter and co-lead underwriter are China Merchants Bank Co., Ltd. and China Construction Bank Corporation respectively. The fund raised from this offering may be used to repay the Company's and its subsidiaries' borrowings from financial institutions.

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(XVI) EVENTS AFTER THE BALANCE SHEET - continued

2. Issuing 2022 tranche 1, 2 and 3 super short-term commercial paper ("SCP") - continued

The Company's 2022 tranche 2 SCP was publicly offered at National Interbank Bond Market on 2 March 2022, with issue amount of RMB 1 billion, a term of 180 days and par value of RMB 100. The lead underwriter and co-lead underwriter are China Merchants Bank Co., Ltd. and Industrial and Commercial Bank of China Limited respectively. The fund raised from this offering will be used to repay the Company's and its subsidiaries' working capital.

The Company's 2022 tranche 3 SCP was publicly offered at National Interbank Bond Market on 28 March 2022, with issue amount of RMB 2 billion, a term of 180 days and par value of RMB 100. The lead underwriter and co-lead underwriter are China Merchants Bank Co., Ltd. and Industrial and Bank of China Limited respectively. The fund raised from this offering will be used to repay bonds at maturity.

(XVII) 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.

Individual operating segments for which discrete financial information is available are identified by the CODM and are operated by their respective management teams. These individual operating segments are aggregated in arriving at the reporting segments of the Group.

From business and financial perspectives, 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 ports operation are presented 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

(XVII) 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.

The revenue from a major customer of ports operation amounts to RMB1,760,264,413.65, representing 11.52% (2020: 12.46%) of the Group's operating income for 2021.

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(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information

Segment financial information for 2021 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	6,169,011,494.33	955,807,808.06	69,178,976.05	3,746,197,331.61	3,695,214,463.69	14,635,410,073.74	464,573,743.50	183,824,357.36	-	15,283,808,174.60
Operating cost	3,453,475,366.43	597,481,157.49	54,665,813.81	2,783,662,072.53	1,680,840,428.09	8,570,124,838.35	257,835,741.37	218,875,602.77	-	9,046,836,182.49
Segment operating profit (loss is marked with "-")	2,715,536,127.90	358,326,650.57	14,513,162.24	962,535,259.08	2,014,374,035.60	6,065,285,235.39	206,738,002.13	-35,051,245.41	-	6,236,971,992.11
Adjustments:										
Taxes and surcharges	33,618,026.16	1,740,839.69	1,145,292.35	46,827,778.00	59,226,541.93	142,558,478.13	25,369,242.73	23,905,217.75	141,305.70	191,974,244.31
Administrative expense	459,095,114.37	41,447,191.06	10,094,331.91	530,495,769.77	239,606,436.10	1,280,738,843.21	43,767,439.19	1,021,783.02	403,632,493.08	1,729,160,558.50
R&D expenses	162,845,174.00	38,114,947.70	-	16,945,513.97	-	217,905,635.67	-	-	-	217,905,635.67
Financial expenses	77,467,350.81	5,641,533.68	-2,466,397.16	120,310,978.09	195,175,809.87	396,129,275.29	12,385,910.10	22,982,823.67	1,113,840,588.23	1,545,338,597.29
Other income	282,932,907.60	9,484,000.67	5,469.40	57,374,140.86	-	349,796,518.53	13,193,859.62	254,782.93	-	363,245,161.08
Investment income	440,035,665.04	4,238,562,309.59	277,273,943.74	345,017,458.52	468,204,189.40	5,769,093,566.29	-12,031,120.80	856,291,297.44	23,595,767.98	6,636,949,510.91
Gains from changes in fair value (loss is marked with "-")	9,359,683.02	-	-98,965,383.40	2,347,751.88	306,172,536.00	218,914,587.50	-	-	2,327,687.67	221,242,275.17
Impairment gains of credit (loss is marked with "-")	-6,838,168.58	1,020,000.00	-	-7,045,279.31	-192,031,975.00	-204,895,422.89	-48,058,194.61	-	-	-252,953,617.50
Impairment gains of assets (loss is marked with "-")	-	-	-	-418,345,307.68	-2,147,208.07	-420,492,515.75	-	-	-	-420,492,515.75
Gains from disposal of assets (loss is marked with "-")	2,962,025.35	13,209.72	6,430,654.08	25,740,511.52	266,566.00	35,412,966.67	212,611.41	-	-49,118.66	35,576,459.42
Operating profit (loss is marked with "-")	2,710,962,574.99	4,520,461,658.42	190,484,618.96	253,044,495.04	2,100,829,356.03	9,775,782,703.44	78,532,565.73	773,585,010.52	-1,491,740,050.02	9,136,160,229.67

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(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for 2021 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	13,008,411.38	574,013.03	508,302.39	9,629,274.10	14,567,738.63	38,287,739.53	27,449.61	597,934.35	4,554,414.01	43,467,537.50
Non-operating expenses	6,917,726.39	2,166,481.95	-	53,226,742.91	24,897,586.02	87,208,537.27	20,000.00	-0.01	8,300,155.85	95,528,693.11
Gross profit (loss is marked with "-")	2,717,053,259.98	4,518,869,189.50	190,992,921.35	209,447,026.23	2,090,499,508.64	9,726,861,905.70	78,540,015.34	774,182,944.88	-1,495,485,791.86	9,084,099,074.06
Income tax expenses	524,164,148.32	221,408,593.92	7,548,598.15	61,714,339.27	307,146,501.14	1,121,982,180.80	11,538,241.85	53,526,346.43	242,046,315.23	1,429,093,084.31
Net profit (loss is marked with "-")	2,192,889,111.66	4,297,460,595.58	183,444,323.20	147,732,686.96	1,783,353,007.50	8,604,879,724.90	67,001,773.49	720,656,598.45	-1,737,532,107.09	7,655,005,989.75
Segment assets	28,287,890,207.35	36,766,156,834.80	7,570,933,282.53	27,838,467,531.77	41,135,106,798.84	141,598,554,655.29	3,462,069,538.25	18,978,652,576.39	11,944,824,398.73	175,984,101,168.66
Total assets in the financial statements										175,984,101,168.66
Segment liabilities	10,300,340,684.26	1,641,664,024.25	149,926,571.36	7,645,454,637.72	7,851,403,330.63	27,588,789,248.22	533,057,935.76	1,017,520,046.89	35,809,307,046.31	64,948,674,277.18
Total liabilities in the financial statements										64,948,674,277.18
Supplementary information:										
Depreciation and Amortization	889,758,581.06	197,464,949.23	1,093,508.89	917,975,691.54	766,865,123.91	2,773,157,854.63	72,861,519.89	175,029,480.65	45,222,064.61	3,066,270,919.78
Interest income	13,898,280.21	4,223,041.44	402,788.78	32,826,269.88	246,477,465.44	297,827,845.75	1,120,075.68	2,177,357.15	76,438,595.91	377,563,874.49
Interest expense	96,364,688.47	5,094,276.48	-	153,293,454.39	383,901,414.22	638,653,833.56	15,348,819.97	31,819,095.28	1,224,026,866.19	1,909,848,615.00
Investment income from long-term equity investment under equity method	361,451,468.54	4,238,562,309.59	236,693,226.55	141,786,109.87	468,204,189.40	5,446,697,303.95	-12,031,120.80	856,291,297.44	-	6,290,957,480.59
Long-term equity investment under equity method	6,010,920,490.10	30,734,063,685.69	6,722,000,869.89	508,063,722.03	11,990,041,710.35	55,965,090,478.06	672,691,660.83	13,715,669,685.63	-	70,353,451,824.52
Non-current assets other than long-term equity investment	18,760,635,381.65	4,126,611,225.22	16,711,625.75	24,186,695,730.85	20,329,634,458.61	67,420,288,422.08	2,126,565,848.52	4,930,963,314.80	620,648,598.94	75,098,466,184.34

CHINA MERCHANTS PORT GROUP CO., LTD.

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FOR THE YEAR ENDED 31 DECEMBER 2021

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

(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

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	5,241,233,142.55	73,413,401.10	62,661,236.23	3,333,716,950.72	3,474,914,093.88	12,185,938,824.48	417,391,441.86	153,414,051.57	-	12,756,744,317.91
Operating cost	2,956,793,312.13	40,965,225.12	48,645,796.45	2,681,846,267.01	1,767,068,217.21	7,495,318,817.92	245,350,697.54	221,269,319.94	-	7,961,938,835.40
Segment operating profit (loss is marked with "-")	2,284,439,830.42	32,448,175.98	14,015,439.78	651,870,683.71	1,707,845,876.67	4,690,620,006.56	172,040,744.32	-67,855,268.37	-	4,794,805,482.51
Adjustments:										
Taxes and surcharges	27,581,350.62	1,525,681.36	1,155,694.87	48,249,699.24	34,531,713.98	113,044,140.07	20,652,317.30	18,092,487.86	141,056.95	151,930,002.18
Administrative expense	500,990,070.71	14,189,057.25	9,379,082.71	473,751,196.10	249,846,408.69	1,248,155,815.46	42,007,434.87	1,093,821.55	314,398,393.37	1,605,655,465.25
R&D expenses	147,625,689.62	3,968,928.76	-	15,724,656.48	-	167,319,274.86	-	-	1,468,500.00	168,787,774.86
Financial expenses	143,731,948.26	-14,347,282.70	-9,466,114.16	133,937,742.90	44,368,823.84	298,225,118.14	16,272,850.96	19,152,258.84	898,280,275.76	1,231,930,503.70
Other income	70,819,504.36	1,752,751.59	33,397.31	51,406,035.35	-	124,011,688.61	10,173,062.64	73,365,149.56	176,926.89	207,726,827.70
Investment income	210,845,395.46	3,122,680,492.45	351,638,093.79	103,533,080.19	357,882,216.11	4,146,579,278.00	19,641,031.91	743,610,282.92	-	4,909,830,592.83
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 "-")	-5,687,600.55	1,020,000.00	-	28,130,653.65	-477,897,709.00	-454,434,655.90	-2,866,639.45	-	-	-457,301,295.35
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 "-")	1,779,687,021.32	3,303,819,413.44	441,635,370.14	1,219,639,007.04	579,012,888.49	7,323,793,700.43	120,361,457.65	593,074,395.86	-1,214,144,006.03	6,823,085,547.91

CHINA MERCHANTS PORT GROUP CO., LTD.

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

(XVII) 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	43,331,436.81	43,196.21	440,831.36	31,641,529.53	1,889,443.67	77,346,437.58	198,116.16	1,391,661.99	2,779,196.95	81,715,412.68
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 "-")	1,820,058,422.79	3,303,049,058.67	442,050,252.75	1,228,513,030.79	555,194,816.05	7,348,865,581.05	120,517,573.81	594,466,057.85	-1,238,051,992.89	6,825,797,219.82
Income tax expenses	602,962,273.77	169,174,798.29	62,114,619.13	493,406,817.80	-52,337,554.93	1,275,320,954.06	15,094,962.21	15,750,266.73	-29,144,338.38	1,277,021,844.62
Net profit (loss is marked with "-")	1,217,096,149.02	3,133,874,260.38	379,935,633.62	735,106,212.99	607,532,370.98	6,073,544,626.99	105,422,611.60	578,715,791.12	-1,208,907,654.51	5,548,775,375.20
Segment assets	29,821,611,467.10	34,720,797,014.91	7,246,173,514.37	26,212,201,328.99	44,448,666,487.24	142,449,449,812.61	3,315,494,460.32	18,342,294,850.36	4,621,087,222.48	168,728,326,345.77
Total assets in the financial statements										168,728,326,345.77
Segment liabilities	14,922,681,608.31	1,603,641,824.41	143,181,803.40	8,095,524,461.24	9,659,518,990.29	34,424,548,687.65	583,644,968.76	1,372,383,302.75	26,546,092,773.08	62,926,669,732.24
Total liabilities in the financial statements										62,926,669,732.24
Supplementary information:										
Depreciation and Amortization	871,328,799.31	16,840,576.77	2,019,814.39	986,324,667.31	843,174,817.50	2,719,688,675.28	97,449,874.10	175,099,107.40	22,567,185.84	3,014,804,842.62
Interest income	40,895,256.73	2,611,662.90	2,863,089.15	61,729,133.61	203,403,087.34	311,502,229.73	1,372,300.78	1,105,725.59	12,258,928.24	326,239,184.34
Interest expense	205,101,200.19	2,716,578.54	-	194,085,313.44	312,694,424.90	714,597,517.07	20,355,642.89	34,988,377.32	1,179,971,384.93	1,949,912,922.21
Investment income from long-term equity investment under equity method	140,412,519.63	2,329,321,018.47	321,168,422.22	80,736,626.43	357,882,216.11	3,229,520,802.86	19,641,031.91	743,610,282.92	-	3,992,772,117.69
Long-term equity investment under equity method	4,152,223,455.22	28,460,075,468.21	6,275,998,231.07	604,585,694.21	13,303,915,012.11	52,796,797,860.82	736,196,163.40	12,709,417,198.68	-	66,242,411,222.90
Non-current assets other than long-term equity investment	21,731,261,369.66	4,256,897,677.23	24,886,574.80	19,427,332,228.33	24,705,573,985.43	70,145,951,835.45	2,226,903,590.34	5,238,035,244.36	422,618,810.40	78,033,509,480.55

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Unless otherwise specified, the monetary unit shall be RMB.)

(XVII) 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 (restated)
Mainland China, Hong Kong and Taiwan	11,550,563,244.63	9,255,785,222.67
Pearl River Delta	6,646,437,978.26	5,660,744,147.48
Yangtze River Delta	955,807,808.06	73,413,401.10
Bohai Rim	202,120,126.70	187,910,723.37
Others	3,746,197,331.61	3,333,716,950.72
Other locations	3,733,244,929.97	3,500,959,095.24
Total	15,283,808,174.60	12,756,744,317.91

Total non-current assets	Closing balance	Opening balance (restated)
Mainland China, Hong Kong and Taiwan	109,645,185,780.08	105,111,642,513.71
Pearl River Delta	45,414,657,732.10	45,459,155,093.97
Yangtze River Delta	34,860,356,989.30	32,716,973,145.44
Bohai Rim	7,318,137,784.88	6,903,596,351.63
Others	22,052,033,273.80	20,031,917,922.67
Other locations	35,806,732,228.78	39,164,278,189.74
Total	145,451,918,008.86	144,275,920,703.45

(3) Degree of reliance on major customers

The total operating income derived from the top five customers of the Group is RMB 3,741,849,003.95, accounting for 24.48% of the Group's operating income.

(XVIII) 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
Dividends receivable	177,295,422.67	311,297,793.86
Other receivables	1,079,447,548.34	791,414,958.18
Total	1,256,742,971.01	1,102,712,752.04

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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**(XVIII) 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

Investee	Closing balance	Opening balance
Chiwan Wharf Holdings (Hong Kong) Ltd.	147,680,363.88	147,680,363.88
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	15,707,120.00
Dongguan Shenchiwang Wharf Co., Ltd.	13,691,538.79	147,233,909.98
Shenzhen Petrochemical Industry (Group) Co., Ltd.	216,400.00	216,400.00
Jiangsu Expressway Company Limited	-	460,000.00
Total	177,295,422.67	311,297,793.86
Less: Provision for credit loss	-	-
Carrying amount	177,295,422.67	311,297,793.86

(2) Significant dividends receivable with aging over 1 year

Item	Closing balance	Opening balance	Reason for outstanding	Impaired or not
Chiwan Wharf Holdings (Hong Kong) Ltd.	147,680,363.88	147,680,363.88	In processing and expected to be received in 2022	No
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	15,707,120.00	In processing and expected to be received in 2022	No.
Total	163,387,483.88	163,387,483.88		

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	293,366,907.09	-	-
1 to 2 years	458,303,409.30	-	-
2 to 3 years	327,448,916.48	-	-
Over 3 years	711,772.07	383,456.60	53.87
Total	1,079,831,004.94	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 2021
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**(XVIII) 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 2021, 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	1,079,447,548.34	-	-	1,079,447,548.34	791,414,958.18	-	-	791,414,958.18
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		1,079,447,548.34	-	383,456.60	1,079,831,004.94	791,414,958.18	-	383,456.60	791,798,414.78
Credit loss allowance		-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Book value		1,079,447,548.34	-	-	1,079,447,548.34	791,414,958.18	-	-	791,414,958.18

(3) Changes in credit loss allowance for 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 2021	-	-	383,456.60	383,456.60
Transfer in the current year:				
-- transfer to stage II			-	-
-- transfer to stage III			-	-
-- transfer back to stage II			-	-
-- transfer back to stage I			-	-
Provision			-	-
Reversal			-	-
Transfer out due to derecognition of financial assets (including direct write-down)			-	-
Other changes			-	-
Balance at 31 December 2021			383,456.60	383,456.60

(4) Changes in carrying amount of other receivables

Carrying amount	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2021	791,414,958.18	-	383,456.60	791,798,414.78
Transfer in the current year:				
-- transfer to stage II	-	-	-	-
-- transfer to stage III	-	-	-	-
-- transfer back to stage II	-	-	-	-
-- transfer back to stage I	-	-	-	-
Increase	288,032,590.16	-	-	288,032,590.16
Derecognition	-	-	-	-
Other changes	-	-	-	-
Balance at 31 December 2021	1,079,447,548.34	-	383,456.60	1,079,831,004.94

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FOR THE YEAR ENDED 31 DECEMBER 2021
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(XVIII) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

1. Other receivables - continued

1.3 Other receivables - continued

(5) The Company has no recovery or reversal of significant credit loss allowance in the current year.

(6) Other receivables by nature

Item	Closing balance	Opening balance
Amounts due from related parties	1,072,941,653.53	785,752,325.78
Advances	4,741,428.81	3,862,191.69
Others	2,147,922.60	2,183,897.31
Total	1,079,831,004.94	791,798,414.78
Less: Provision for credit loss	383,456.60	383,456.60
Book value	1,079,447,548.34	791,414,958.18

(7) There is no other receivables write-off during this year.

(8) The top four balances of other receivables classified by debtor

Company name	Relationship with the Company	Nature	Closing balance	Aging	Proportion to total other receivables (%)	Closing balance of credit loss allowance
Shenzhen Haixing	Subsidiary	Loan to related parties	1,072,941,653.53	Within 3 years	99.36	-
CM International Tech	Subsidiary	Advances	2,467,600.00	Within 1 year	0.23	-
Social security contributions paid on behalf of employee and enterprise annuity	Third party	Advances	2,273,828.81	Within 1 year	0.21	-
Shenzhen Shekou Local Taxation Bureau	Third party	Others	711,772.07	Over 3 years	0.07	383,456.60
Total			1,078,394,854.41		99.87	383,456.60

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

2. Long-term equity investments

Investee	1/1/2021	Changes for the year							31/12/2021	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		
I. Subsidiaries										
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
Chiwan Wharf Holdings (Hong Kong) Ltd.	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
Shenchiwan Port Affairs	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00
Dongguan Shenchiwan 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)	28,272,939,139.99	1,017,342,017.46	-	-	-	-	-	-	-	29,290,281,157.45
CMPort (Zhoushan) RoRo Logistics Co., Ltd.	149,709,800.00	-	-	-	-	-	-	-	-	149,709,800.00
Zhanjiang Port	3,381,825,528.52	-	-	-	-	-	-	-	-	3,381,825,528.52
CM International Tech (Note 2)	-	23,451,570.97	2,890,495.95	-	-	-	-	-	-	20,561,075.02
Sanya Merchants Port Development Co., Ltd. (Note 3)	-	2,040,000.00	-	-	-	-	-	-	-	2,040,000.00
Sub-total	33,075,848,268.88	1,042,833,588.43	2,890,495.95	-	-	-	-	-	-	34,115,791,361.36
II. Associates										
CM International Tech	23,833,710.97	-	1,875,000.00	-385,535.90	-	-35,889,398.04	14,316,222.97	-	-	-
China Merchants Bonded Logistics Co., Ltd.	384,647,157.60	-	-	10,601,954.40	-	-	-	-	-	395,249,112.00
China Merchants Northeast Asia Development & Investment Co., Ltd.	1,007,786,285.71	-	-	8,262,246.98	-	-	-	-	-	1,016,048,532.69
Ningbo Zhoushan	1,500,464,520.87	206,523,799.86	-	116,870,715.60	1,070,706.00	3,729,807.90	-35,661,315.55	-	-	1,792,998,234.68
Sub-total	2,916,731,675.15	206,523,799.86	1,875,000.00	135,349,381.08	1,070,706.00	-32,159,590.14	-21,345,092.58	-	-	3,204,295,879.37
III. Joint ventures										
Yantai Port Group Laizhou Port Co., Ltd.	782,832,086.50	-	-	33,327,096.27	-	-	-24,643,441.33	-	-	791,515,741.44
China Merchants Antong Logistics Management Company	9,102,988.02	-	-	624,890.92	-	-	-	-	-	9,727,878.94
Fujian Zhaohang Logistics Management Partnership (Limited Partnership)	452,283,105.00	-	-	58,927,327.62	-	-	-	-	-	511,210,432.62
Investment Fund (Note 4)	-	1,000,000.00	-	-2,003,584.24	-	-	-	-	1,003,584.24	-
Sub-total	1,244,218,179.52	1,000,000.00	-	90,875,730.57	-	-	-24,643,441.33	-	1,003,584.24	1,312,454,053.00
Total	37,236,798,123.55	1,250,357,388.29	4,765,495.95	226,225,111.65	1,070,706.00	-32,159,590.14	-45,988,533.91	-	1,003,584.24	38,632,541,293.73

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

2. Long-term equity investments - continued

Note 1: Details are set out in Note (X) 1.

Note 2: Details are set out in Note (X) 1. (1).

Note 3: Sanya Merchants Port Development Co., Ltd. is a limited company jointly established by the Company and Sanya Port Group Co., Ltd. on 16 July 2021, with registered capital of RMB 10 million.

Note 4: According to the Partnership Agreement, the loss of investment fund is shared in proportion to the paid-in capital. For the current period, Investment Fund Partnership (LP) has excess loss of RMB 1,003,584.24 included in provisions.

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	-	-	-	-
Other operating	2,642,001.75	2,265,959.45	6,653,002.66	2,265,959.64
Total	2,642,001.75	2,265,959.45	6,653,002.66	2,265,959.64

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	1,324,423,832.08	2,871,566,529.89
Long-term equity investments income under equity method	226,225,111.65	57,647,049.81
Income from held-for-trading financial assets	38,750,781.56	13,161,408.95
Income from other equity instruments investments	7,409,500.00	8,567,900.00
Income from debt investments	-	24,700,958.91
Total	1,596,809,225.29	2,975,643,847.56

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Unless otherwise specified, the monetary unit shall be RMB.)**

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

4. Investment income - continued

(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
CMPort	946,405,578.84	982,379,582.35	Changes in profit distribution of investee
Shenzhen Chiwan Harbor Container Co. Ltd.	143,574,378.69	121,071,884.15	Changes in profit distribution of investee
Chiwan Container Terminal Co., Ltd.	115,287,847.14	275,313,936.56	Changes in profit distribution of investee
Dongguan Shenchewan Wharf Co., Ltd.	48,020,128.82	59,036,979.32	Changes in profit distribution of investee
Shenzhen Chiwan Tugboat Co., Ltd.	30,409,076.03	25,604,356.23	Changes in profit distribution of investee
Zhanjiang Port (Group) Co., Ltd.	23,395,773.67	-	Changes in profit distribution of investee
Shenzhen Chiwan Port Development Co., Ltd.	14,577,752.63	-	Changes in profit distribution of investee
Shenchewan Port Affairs	2,664,219.41	60,234,278.79	Changes in profit distribution of investee
Shenzhen Chiwan International Freight Agency Co., Ltd.	89,076.85	245,148.61	Changes in profit distribution of investee
Chiwan Wharf Holdings (Hong Kong) Ltd.	-	1,347,680,363.88	Changes in profit distribution of investee
Total	1,324,423,832.08	2,871,566,529.89	

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	Amount	Remarks
Losses on disposal of non-current assets	233,551,553.79	
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)	314,172,152.25	
Money lending income earned from non-financial institutions in profit or loss	232,343,789.35	
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	-3,255,790.50	
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	221,242,275.17	
Reversal of provision for accounts receivable that are tested for credit loss individually	93,196.96	
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	1,663,396.22	
Other non-operating income or expenses other than above	-4,065,501.22	
Other profit or loss that meets the definition of non-recurring profit or loss		
Tax effects	-181,130,994.22	
Effects of minority interest (after tax)	-484,485,147.96	
Total	330,128,929.84	

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

The return on net assets and EPS have been prepared by the Company 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	6.9903	1.3971	1.3968
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	6.1311	1.2254	1.2251
