



CHINA MERCHANTS PORT GROUP CO., LTD.

INTERIM REPORT 2023

Date of Disclosure: 31 August 2023

Part I Important Notes, Table of Contents and Definitions

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

Xu Song, the Company’s legal representative, Tu Xiaoping, the Company’s Chief Financial Officer, and Hu Shaode, the person-in-charge of the accounting organ hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Any forward-looking statements such as future plans or development strategies mentioned herein shall not be considered as the Company’s promises to investors. And investors are reminded to exercise caution when making investment decisions.

Risks faced by the Company and counter measures have been explained in Item X in “Part III Management Discussion and Analysis” herein, which investors are kindly reminded to pay attention to.

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

The Company is not subject to any industry-specific disclosure requirements.

The Company has no interim dividend plan, either in the form of cash or stock.

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

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Documents Available for Reference

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

II. Original copies of all documents and the announcements thereof disclosed in the reporting period on “Securities Times”, “China Securities Journal” , “Shanghai Securities News” and “Ta Kung Pao”.

Definitions

Term	Definition
The “Company”, “CMPort” or “we”	China Merchants Port Group Co., Ltd., formerly known as “Shenzhen Chiwan Wharf Holdings Limited”
CMG	China Merchants Group Co., Limited
CMPort Holdings	China Merchants Port Holdings Company Limited (00144.HK)
CSRC	China Securities Regulation Commission
CMIT	China Merchants International Technology Co., Ltd.,
Dongguan Machong	Dongguan Chiwan Port Service Co., Ltd.
Shantou Port	Shantou CMPort Group Co., Ltd.
Zhanjiang Port	Zhanjiang Port (Group) Co., Ltd.
Shunde New Port	Guangdong Yide Port Limited
Zhangzhou Port	Zhangzhou China Merchants Port Co., Ltd.
CMICT	Ningbo Daxie China Merchants International Container Terminal Co., Ltd.
CICT	Colombo International Container Terminals Ltd.
HIPG	Hambantota International Port Group
LCT	Lome Container Terminal Ltd.
TCP	TCP Participações S.A
TEU	Twenty Foot Equivalent Unit
CM ePort	The wharf e-commerce platform, i.e. the unified customer service platform
Yingkou Port	Yingkou Port Co., Ltd.
Liaoning Port/ Dalian Port	Liaoning Port Co., Ltd., formerly known as Dalian Port (PDA) Company Limited
SASAC of the State Council	State-Owned Assets Supervision and Administration Commission of the State Council
SIPG	Shanghai International Port (Group) Co., Ltd.
Tianjin Port Container Terminal	Tianjin Port Container Terminal Co., Ltd.
QQCTU	Qingdao Qianwan United Container Terminal Co., Ltd.
CMCS	China Merchants Container Services Limited
Modern Terminals	Modern Terminals Limited
Taiwan Kao Ming Container	Kao Ming Container Terminal Corp.
TL	Terminal Link S.A.S.
Kumport	Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Sirketi
PDSA	Port de Djibouti S.A.
TICT	Tin-Can Island Container Terminal Ltd.
QQTU	Qingdao Qianwan United Terminal Co., Ltd.
Qingdao Dongjiakou	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.
Laizhou Port	Yantai Port Group Laizhou Port Co. LTD
Xiamen Port	Zhangzhou China Merchants Xiamen Port Affairs Co., Ltd.
Ningbo Zhoushan Port	Ningbo Zhoushan Port Company Limited

CYBER CHIC	CYBER CHIC COMPANY LIMITED
The cninfo website	www.cninfo.com.cn
SZSE	Shenzhen Stock Exchange
The “Articles of Association”	The Articles of Association of China Merchants Port Group Co., Ltd.
RMB	Expressed in the Chinese currency of Renminbi
RMB’0,000	Expressed in tens of thousands of Renminbi
RMB’00,000,000	Expressed in hundreds of millions of Renminbi (unless otherwise specified)

Note: In this Report, certain total numbers may not be exactly equal to the summation of their sub-item numbers as a result of roundoff.

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	CM Port Group/ CM Port Group B	Stock code	001872/201872
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	招商局港口集团股份有限公司		
Abbr. (if any)	招商港口		
Company name in English (if any)	China Merchants Port Group Co., Ltd.		
Abbr. (if any)	CMPort		
Legal representative	Xu Song		

II Contact Information

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

III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address, email address and other contact information of the Company in the Reporting Period.

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2022 Annual Report.

2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's periodic reports in the Reporting Period.

Applicable Not applicable

The website of the stock exchange, media and other websites where the Company's periodic reports are disclosed, as well as the place for lodging such reports did not change in the Reporting Period.

The said information can be found in the 2022 Annual Report.

3. Other Relevant Information

Indicate by tick mark whether any change occurred to the other relevant information in the Reporting Period.

Applicable Not applicable

IV Key Financial Information

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

Yes No

Reason for retrospective restatements: Change to accounting policies

The Ministry of Finance issued Interpretation No. 16 for the Accounting Standards for Business Enterprises (C.K. [2022] No. 31) on 30 November 2022, which stipulates that the "accounting treatments for deferred income taxes associated with assets and liabilities arising from a single transaction to which the initial recognition exemption does not apply" shall take effect since 1 January 2023. In accordance with the aforesaid standard and regulations of the Ministry of Finance, the Company has adopted Interpretation No. 16 for the Accounting Standards for Business Enterprises since 1 January 2023.

	H1 2023	H1 2022		Change (%)
		Before	Restated	Restated
Operating revenue (RMB)	7,795,261,570.99	8,150,462,367.19	8,150,462,367.19	-4.36%
Net profit attributable to the listed company's shareholders (RMB)	1,902,334,759.43	1,981,861,324.62	1,988,560,957.83	-4.34%

Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	1,801,393,373.15	1,920,549,245.60	1,927,248,878.81	-6.53%
Net cash generated from/used in operating activities (RMB)	2,310,845,305.96	3,221,251,177.09	3,221,251,177.09	-28.26%
Basic earnings per share (RMB/share)	0.76	1.03	1.03	-26.21%
Diluted earnings per share (RMB/share)	0.76	1.03	1.03	-26.21%
Weighted average return on equity (%)	3.43%	4.88%	4.88%	-1.45%
	30 June 2023	31 December 2022		Change (%)
		Before	Restated	Restated
Total assets (RMB)	204,928,889,409.33	197,525,530,887.76	197,587,102,447.31	3.72%
Equity attributable to the listed company's shareholders (RMB)	55,744,255,220.13	54,267,143,304.02	54,291,425,886.65	2.68%

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

Total share capital at the end of the last trading session before the disclosure of this Report (share)	2,499,074,661
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Fully diluted earnings per share based on the latest total share capital above:

Fully diluted earnings per share based on the latest total share capital above (RMB/share)	0.7612
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V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

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

Applicable Not applicable

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences between Domestic and Foreign Accounting Principle

Applicable Not applicable

VI Exceptional Gains and Losses

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-6,698,657.83	-
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	46,639,497.49	-
Capital occupation charges on non-financial enterprises that are charged to current profit or loss	113,972,342.76	-

Gain or loss on fair-value changes in held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	143,037,303.68	-
Reversed portions of impairment allowances for receivables which are tested individually for impairment	2,371,890.55	-
Non-operating income and expense other than the above	33,504,023.58	-
Less: Income tax effects	65,076,056.83	-
Non-controlling interests effects (net of tax)	166,808,957.12	-
Total	100,941,386.28	

Particulars about other gains and losses that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies recurrent gain/loss as an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I. Principal activities of the Company during the reporting period

1、Principal activities and business models

The Company is principally engaged in port investment and operation, comprehensive development, smart technology and port ecosystem businesses.

The port investment and operation business includes containers and bulk cargo handling and warehousing services. The Company has established a comprehensive port network across the hub locations along coastal China, and the terminals which the Company invested in or invested in and managed are located in hub locations across Hong Kong, Taiwan, Shenzhen, Ningbo, Shanghai, Qingdao, Tianjin, Dalian, Zhangzhou, Zhanjiang, and Shantou, as well as in Asia, Africa, Europe, Oceania, South and North America, amongst others. In terms of port investment, the Company puts emphasis on its presence in global major hub locations, gateway ports and regions with huge market potential, rapid economic growth and promising development, in order to capture investment opportunities in ports, logistics and related infrastructure and further improve the global port network.

In terms of the comprehensive development business, leveraging on the innovative park business models and services, the Company conducts in-depth exploration of synergy value between ports and parks, and provides customers with diversified value-added services, including warehousing leasing, customs clearance, division or merger of cargoes, documentation services, in Shenzhen Qianhaiwan Bonded Port Zone, Qingdao Qianwan Bonded Port Zone, Tianjin Dongjiang Bonded Port Zone, Djibouti International Free Trade Zone, Hambantota Industrial Park, amongst others.

In terms of the smart technology business, the Company utilizes cutting-edge digital technology, gives full play to its advantages of big data and rich application scenarios, drives its industrial digitalization and digital industrialization, and provides customers with premium port services through smart port solutions, an open platform for smart ports and smart port technology operation.

In terms of the port ecosystem business, which is based on ports as the core and includes port tugboat service, tallying business and engineering supervision and management business, the Company integrates the port ecological service resources, promotes the collaboration and cooperation between the upstream and downstream of the port logistics value chain and lays a key focus on the openness and sharing of resources, to advance the smooth trade development as well as the efficient operation of the logistics, information flow and capital flow of the port service chain and further help customers reduce costs and increase efficiency.

The main business segments of the Company are as follows:

Business segments	Business content
Port investment and operation business	<p>Port investment:</p> <ul style="list-style-type: none"> ● The Company puts emphasis on its presence in global major hub locations, gateway ports and regions with huge market potential, rapid economic growth and promising development, in order to capture investment opportunities in ports, logistics and related infrastructure, and further improve the global port network. <p>Port operation:</p> <ul style="list-style-type: none"> ● Containers: The Company provides ship berthing, loading and unloading services to ship companies, offers container storage service to ship companies and cargo owners and provides overhead box services to tractor companies. The Company also engages in the businesses of division or merger of cargoes in containers, container leasing and container maintenance; ● Bulk cargoes: the Company is engaged in bulk cargo handling and transportation in port zones, as well as storage services in yards. The major types of cargoes handled include food, steel, woods and sandstones. ● Port tugboat service, tallying business and engineering supervision and management business.
Comprehensive development business	<p>The Company provides various services, including warehouse/yard leasing, loading and unloading in warehouses/yards, customs clearance and division or merger of cargoes at terminals, intermodal transportation, logistics and transportation and value-added warehousing services for clients (including logistics companies, trading companies or cargo owners). Relying on the port-surrounding land resources, the Company conducts the comprehensive development to enhance the land value as well as the value of commercial properties, and provides customers with quality property leasing and other related services.</p>
Smart technology business	<p>The Company focuses on smart port solutions, an open platform for smart ports and smart port technology operation, accelerates the industry upgrading from "digitization" to "digital intelligence", continues to empower the core businesses of port production, management, service and ecology, and injects new momentum into port enterprises through digital technology.</p>
Port ecosystem business	<p>The Company gives full play to the advantages of partners' ecological resources, empowers the industry through digital and smart technology and creates an open digital industrialization ecology to achieve all-win harmony through collaborative construction. The Company also follows the green and low-carbon principle and seizes the opportunity of new energy technology change to provide customers with new port-related energy services. Centering on the major port business, it promotes business model innovation through technology changes and provides port supply chain extended services.</p>

2. Development stage and cyclical characteristic of the industry in which the Company operates and its industry position during the reporting period

(1) Macro economic and trade landscape

In the first half of 2023, uncertainties in the global economy have increased, with a sluggish economic recovery. In particular, there remained the ongoing geopolitical friction, high inflation and large stockpiles inhibiting consumer demand in developed countries, interest rate hikes in Europe and the United States slowing down the investment growth in emerging markets, and China and the United States have launched a new round of wrestling in the high-tech field. According to the "World Economic Outlook" published by the International Monetary Fund ("IMF") in July 2023, the global economy in 2023 was expected to increase by 3.0%, representing a decrease of 0.5 percentage points year-on-year. Specifically, developed economies were expected to grow by 1.5%, representing a decrease of 1.2 percentage points year-on-year, while emerging markets and developing economies were expected to grow by 4.0%, keeping flat year-on-year. According to the report published by U.S. Department of Commerce, the U.S. GDP grew by 2.4% in the second quarter, up from 2% in the first

quarter. According to statistics of Eurostat, in the second quarter of 2023, the Eurozone GDP grew by 0.3% quarter-on-quarter, among which German GDP was flat and France grew by 0.5% quarter-on-quarter. The economic situation in Japan was relatively complex, despite in June certain indicators such as value of industrial output rebounded more than expected, its economic and fiscal situation was still uncertain; while the economy of the South Korea grew better than expected in the second quarter, with GDP up 0.9% year-on-year, unchanged from the first quarter. In terms of global trade, the volume of global trade was expected to grow by 2.0% in 2023, representing a decrease of 3.2% year-on-year. Amidst weak consumption of goods, rising uncertainty about the future geoeconomic conditions, sluggish productivity growth and more challenging financial conditions, companies have scaled back investment in capacity.

In the first half of 2023, China adhered to the general principle of seeking progress while maintaining stability under the complex and severe external environment, and China's overall economy gradually recovered with a positive momentum, and foreign trade kept stable with its improved quality as expected. According to the statistics of National Bureau of Statistics of China, China's GDP was RMB59.30 trillion in the first half of 2023, representing an increase of 5.5% year-on-year at constant prices. However, special attention shall also be paid to the weak recovery of the world economic, slowing global trade and investment, increasing unilateralism, protectionism and geopolitical risks, as well as the lasting impact of declining external demand on China's foreign trade. According to the statistics published by the General Administration of Customs of China, the total value of imports and exports of trade in goods in China amounted to RMB20.1 trillion in the first half of 2023, representing an increase of 2.1% year-on-year, among which the export value was RMB11.46 trillion, representing an increase of 3.7% year-on-year, and the import value was RMB8.64 trillion, representing a decrease of 0.1% year-on-year. The trade surplus was RMB2.82 trillion, up 17.4%. The total value of imports and exports in China denominated in US dollar amounted to USD 2.92 trillion, representing a decrease of 4.7%.

The regionalization trend of global industrial and supply chain was obvious and the implementation of RCEP has injected impetus into the integrated development of regional economy. The imports and exports between China and ASEAN denominated in RMB increased by 5.4% year-on-year in the first half of 2023. Under the trend of diversification and fragmentation of demand, cross-border e-commerce was booming, with the cross-border e-commerce imports and exports amounting to RMB 1.1 trillion in the first half of 2023, representing an increase of 16% year-on-year, according to the statistics published by the General Administration of Customs of China. The development of digital intelligence technologies such as big data, artificial intelligence, cloud computing, Internet of Things, and blockchain has exerted a profound impact on trade patterns, structures and landscape. An interdependent industrial Internet platform ecology will be built to further strengthen the flow of production factors and commodities and improve the overall efficiency.

Looking ahead to the second half of 2023, the risks to global growth remain skewed to the downside, with inflation likely to remain high or even rise in the event of further shocks, including those caused by the intensifying Russia-Ukraine conflict and extreme weather, triggering further tightening of monetary policy. However, the likelihood of a more favourable outcome for global growth is also rising, and core inflation may fall faster than expected, reducing the need for tighter monetary policy.

The IMF expects the global economy to grow by 3.0% in 2023. In advanced economies, growth will continue to slow significantly in 2023, from 2.7% in 2022 to 1.5% in 2023 and 1.4% in 2024. Growth in emerging market and developing economies is expected to remain broadly stable at 4.0% in 2023 and 4.1% in 2024. Total world trade (including goods and services) is expected to grow by 2.0% in 2023, rising to 3.7% in 2024.

In the second half of 2023, China's real estate sector may contract more than expected, weak confidence leads to weaker-than-expected consumption, and possible fiscal tightening in response to lower local government tax revenues, these uncertainties will put some pressure on China's economic growth. The international market demand may be better than expected, consumption growth may further release potential, the trend of digital and green economy continues to strengthen, and scientific and technological innovation will become an important driving force for China's economic development. In the coming stage, the Chinese government will continue to adhere to the general principle of seeking progress while maintaining stability, work hard to smooth the economic cycle, make greater efforts to change the growth model, adjust the structure and increase the growth momentum, and strive to achieve effective qualitative improvement and reasonable quantitative growth of the economy.

(2) Trend analysis of the port and shipping industry

The international shipping industry has been deeply affected by the reshaping of the global industrial and supply chain, which has led to significant adjustments in shipping route layout. According to the report of Alphaliner, a shipping consultancy, as at the end of July 2023, the capacity deployed by liner companies on Asia-Europe routes grew by 3.4% year-on-year, and a decrease of 19.1% year-on-year on trans-Pacific routes. In terms of port of calls, the number of liner calls from China at U.S. ports plummeted, and more container cargoes arrived in the United States from Vietnam, Mexico and other regions. According to the report of Lloyd's List, the number of goods shipped from China to the United States fell 17% in 2022; the number of liner calls from China to Vietnam increased by 23%; the number of liner calls from Vietnam to the United States increased from 44 to 62, representing an increase of 41%; the number of liner calls from China to Mexico increased by 14% year-on-year; and the number of direct flights between China and Russia increased to 342, representing an increase of 88% year-on-year.

In 2023, uncertainties in the container transport market increased, and the fundamental of supply and demand was cautiously optimistic. The international freight rates fell sharply and hovered at low levels. On the supply side, the shipping market entered a new round of delivery capacity and the average port time continued to shorten, and the idle capacity of container ships accounted for approximately 4.4%; while on the demand side, Drewry, a shipping consultancy, expected that the global port throughput would rise by approximately 1% in 2023. Due to the decline in freight rate, shipping companies have accordingly focused on cost control and business diversification to ensure profitability, including optimizing fleet capacity, reducing charter costs and slow sailing, extending both ends of the shipping logistics chain and investing in the field of zero carbon.

Affected by the global economy and trade and the international shipping industry, plus a slowdown

in the growth of the global port industry, the container business volume handled in major hub locations decreased to varying degrees. Drewry, a shipping consultancy, expected global port throughput growth of 1% in 2023 and 3% between 2024 and 2027. According to the statistics of Alphaliner, the total container throughput of the world's top 20 ports amounted to 83.43 million TEUs for the first quarter of 2023, representing a decrease of 11.7% year-on-year. In addition to the Middle East (Dubai Port) and Northeast Asia (Busan Port), the container throughput handled in ports in other regions declined in various degrees. In particular, ports in the Greater China region handled 51.54 million TEUs, representing a decrease of 0.25% year-on-year; ports in Southeast Asia handled 11.07 million TEUs, representing a decrease of 2.0% year-on-year; ports in Europe and North America handled 6.33 million TEUs and 5.35 million TEUs, respectively, representing a decrease of 8.8% and 29.9% year-on-year. While China's port industry performed well in the first half of 2023 in terms of the main indicators. According to the statistics published by the Ministry of Transport, the accumulated cargo volume handled by Chinese ports reached 8,188.8 million tonnes from January to June 2023, representing an increase of 8.0% year-on-year, and the accumulated container throughput handled reached 149.19 million TEUs, representing an increase of 4.8% year-on-year. Among which, coastal ports handled an accumulated cargo volume of 5,331.86 million tonnes, representing an increase of 7.3% year-on-year, while the accumulated container throughput was 130.88 million TEUs, representing an increase of 4.2% year-on-year.

(3) The Company's industry position

The Company is the global leading port investor and operator, as one of the top port operators in the world, and has the resource endowment and unique advantages to build a world-class comprehensive port service provider. In terms of scale, the Company has established a relatively complete port network at major hub locations along coastal China, with its presence in 50 ports in 25 countries and regions including Asia, Africa, Europe, Oceania, South and North America. In 2022, the Company's equity throughput of containers reached 50.6 million TEUs, ranking third among the global port operators. In terms of quality, the master terminals controlled by the Company have occupied various market and regional leading positions, continued to promote ESG construction, and strived to create an ESG port benchmark in the industry. In addition, leveraging on the good ground of port technology and based on the TOS system self-developed by CMPort, the Company has worked out the worldwide first full-case, full-time, all-regime and multi-factor traditional container terminal upgrading solution, and has built the trade facilitation platform for the Guangdong-Hong Kong-Macao Greater Bay Area through blockchain technology, which has been extended to 30 terminals to help enhance the trade facilitation level in the Greater Bay Area. In terms of performance, the Company has continually promoted high-quality development and has been an industry leader in terms of net profit margin and overall labour productivity and other indicators.

II. Core competitiveness analysis

1. Sound shareholder background and resource integration capability

CMG, the de facto controller of the Company, was the Hundred Years' central State-owned enterprises starting with port shipping logistics business that owns excellent reputation and resources available

in the industry.

Founded in 1872, CMG is an integrated and diversified key enterprise under the direct administration of the PRC central government, also a one of the four major Chinese enterprises in Hong Kong with two global companies counted on Fortune Global 500 list. Currently, it mainly focusses on three core industries, namely transportation & logistics, integrated finance and comprehensive development of cities and industrial zones. In recent years, CMG successively realized the transformation from these three primary industries to the three major platforms of industrial management, financial services, investment and capital operation, and also began to deploy its footprint in big health, testing and other sectors.

CMG's Transportation & Logistics Business Department includes port, highway, energy shipping, logistics, naval architecture and marine engineering businesses, and has a wide range of coordinated space for industrial chain service. Acceleration of international development and improvement on logistics network layout will effectively bolster CMPort's capabilities related to create a world-class port investment and operation platform which can give a global push as well as an interconnected international port comprehensive service system.

2. Professional and high-efficiency global port investment capability

The Company focuses on port investment, grasps global trend and seizes opportunities in region to achieve full-process and full-cycle management on investments.

As an important carrier for domestic and overseas port investment and operation of CMG, the Company has over 20 years of experience for port investment and over 10 years thereof for overseas investment. A scientific and professional investment management system has been set up with a research team specialized in investment global which owns a wealth of experience in policy research, industry analysis, risk control, fund raising, post-investment management. The Company continues to work in development of global industrial supply chain, keeps up with major strategic opportunities in domestic and dynamic investment opportunities in overseas and properly invests in hub and gateways of strategic significance around the world.

The Company strives to balance its investment portfolio within the regional and life cycle of ports. Adhering to the principle of "extensive consultation, joint development and shared benefits", its overseas business has developed local-based business operation and formed a community of shared future based on the consolidation of connectivity and cooperation and expand new international cooperation, to the greater extent that capability strengthened in cope with various risks such as industry fluctuations, trade conflicts and emergencies.

3. Fleshing out the port comprehensive management capability

The Company has committed to port operation and improved comprehensive management capability through application of digital intelligence technology and integrated platform.

The Company endeavors to operation management of port business for years, based on digital management and cost control with aiming at improving quality and efficiency, thus forms a port operational management system leading the industry. Self-developed Smart Management Platform (“SMP”) is a united platform that runs through the whole process, connects the whole scene, and docks the whole system of the enterprise, so as to achieve comprehensive digital management of business process. It provides a one-stop operating model for the Decision-making personnel, Management and Executive to support the management decision based on the presentation and analysis of global business core data. For the same time, the Company keeps applying measures of cost control and forms a complete system thereof, and achieves cost savings and efficiency gains in practice and effectivity manner with respect of process optimization, resource conservation, technological innovation, realizing its potential according to such policy and optimized allocation. The port comprehensive management capability of the Group for years has marked a good reputation in the industry.

4. Continuously optimized supply chain comprehensive service capability

The Company adhered to create values on the blockchain centered on ports as well as the logistics chain targeted on it.

With the objective of becoming a high-quality and world-class comprehensive port service provider, the Company keeps enhancing corporate value. First, in respect of the advanced comprehensive development capability, taking port business as the core and leveraging the synergy of different port zones as well as city-industry integration, the Company explores the comprehensive port development model of “Port-Park-City”. Based on the traditional loading and discharging and ancillary services at ports, it established the comprehensive development model that offered high value-added services to enterprises. Currently, the Company has participated in promoting the comprehensive port development model of “Port-Park-City” in various overseas regions and has achieved remarkable results and helped foster new profit growth points for the Company. Secondly, in respect of modern comprehensive logistics service capability, both the shipping and port sectors gradually shifted to form alliances, the Company is actively integrating its domestic and overseas port assets and capitalises on its relatively complete global port network to provide customers with comprehensive port logistics service solutions, forming its unique competitive strength under the assistance of resources such as maritime logistics, land transportation, storage, logistics and trading from CMG.

5. Self-innovative intelligent port construction capability

The Company rises to the call of the industry, pushing for traditional industrial upgrading and its progress set the direction of intelligent port construction.

The Company sticks into the promotion of digitalization transformation, leads technologies innovation and industrial application by combining with new technology and development and releases overall solutions for smart ports featuring CMPort’s characteristics. In terms of the core production system between the port and the park, although the self-developed system of CMIT, a high-tech enterprise under the Company broke the monopoly of foreign suppliers, it still stresses the

importance of intensifying related scientific research, with strengths concentrated on new structure and intelligent upgrade of CTOS system. In terms of industrial network platform construction, we have updated comprehensive service platform to 3.0 version, i.e., “CM ePort 3.0” which based on global port network of the Company to provide the port shipping logistics industry the one-stop port integrating services including intelligent logistics, intelligent port as well as intelligent finance and business. The construction of intelligent port ecology circle leverages such system for achieving innovation of port business model. In terms of the construction of intelligent port, Mawan Smart Port of the Company taking a lead from traditional bulk terminals upgraded to 5G intelligent port that integrating 5G, Beidou system, artificial intelligence, automation and other scientific and intelligence technologies. It has greatly improved productivity, green degree and management level of the port and achieved good economic and social benefits, while rewards the Science and Technology Prize of China Port and Harbors Association and plays a demonstration role in the industry.

III. Core business analysis

1. Port business review

(1) Overview of port business

In the first half of 2023, port businesses coincided with industry mainstream trend which scaled up share of key region market, and the Company’s investment on Ningbo Port also increased its business volume. The Company’s ports handled a total container throughput of 87.075 million TEUs, up 30.4% year-on-year. Bulk cargo volume handled by the Company’s ports increased by 115.3% year-on-year to 630 million tonnes, which was mainly thanks to the business volume of Ningbo Port included in the Company since October 2022, contributing business increment of the Company with container throughput of 19.74 million TEUs and bulk cargo throughput of 333 million TEUs in the first half of the year. For container business, the Company’s ports in Mainland China handled a container throughput of 67.747 million TEUs, representing a year-on-year increase of 46.4%, ports in Hong Kong and Taiwan regions contributed a total container throughput of 2.791 million TEUs, representing a year-on-year decrease of 22.4%, and the total container throughput handled by the Company’s overseas ports grew by 116.7% year-on-year to 16.537 million TEUs. In terms of bulk cargo business, the Company’s ports in Mainland China handled a bulk cargo volume of 627 million tonnes, up 116.7% year-on-year, and overseas ports handled a bulk cargo volume of 2.797 million tonnes, down 12.8% year-on-year.

Table 3-1 Throughput of the Company and changes in 1H 2023

Item	1H 2023	1H 2022	Changes
Container throughput ('0,000 TEU)	8,707.5	6,677.3	30.4%

Among which: Mainland China	6,774.7	4,628.9	46.4%
Hong Kong and Taiwan	279.1	359.7	-22.4%
Overseas	1,653.7	1,688.7	-2.1%
Bulk cargo throughput ('0,000 tonnes)	62,959.7	29,243.6	115.3%
Among which: Mainland China	62,680.0	28,922.7	116.7%
Overseas	279.7	320.9	-12.8%

Note: 1. The statistics represented the total throughput of the holding subsidiaries, associates and joint ventures of the Company; 2. Dalian Port Co., Ltd., the joint stock company, was generally changed to Liaoning Port Co., Ltd due to the merger of Yingkou Port Co., Ltd. by it through conversion and absorption. As such, the Company has been including the business volume of Yingkou Port Co., Ltd since February 2021. 3. On September 2022, the Company being a strategic investor has completed the subscription of 2021 non-public A share issuance of Ningbo Port, representing holding 23.08% equities of Ningbo Port in total and became the second largest shareholder of such company. As such, the Company has been including the business volume of Ningbo Port since October 2022.

(2) Operation condition of port business by region

Table 3-2 Container throughput of the Company and changes in 1H 2023 (in '0,000 TEU)

Region and port company			1H 2023	1H 2022	Changes
Pearl River Delta region	Holding company	West Shenzhen Port Zone	618.8	647.9	-4.5%
		Shunde New Port	17.9	21.0	-14.8%
	Joint stock company	Chu Kong River Trade Terminal	43.5	42.3	2.8%
Yangtze River Delta region	Joint stock company	SIPG Group	2,373.5	2,254.6	5.3%
	Joint stock company	Ningbo Zhoushan Port (excluding Ningbo Daxie)	1,974.0	-	-
	Holding company	Ningbo Daxie	140.0	172.7	-18.9%
Bohai Rim region	Joint stock company	Tianjin Port Container Terminal	405.6	431.9	-6.1%

		QQCTU	523.7	443.2	18.2%
		Liaoning Port Co., Ltd.	533.4	468.5	13.9%
South-East region	Holding company	Zhangzhou Port	15.9	13.6	16.9%
		Shantou Port	72.5	74.4	-2.6%
South-West region	Holding company	Zhanjiang Port	55.9	58.9	-5.1%
Hong Kong and Taiwan region	Holding company /Joint stock company	CMCS/Modern Terminals	197.3	250.1	-21.1%
	Joint stock company	Taiwan Kao Ming Container	81.8	109.6	-25.4%
Overseas region	Holding company	CICT	159.0	161.7	-1.7%
		TCP	57.1	56.2	1.6%
		LCT	80.7	71.6	12.7%
	Joint stock company	TL	1,238.3	1,294.4	-4.3%
		Kumport	67.9	61.3	10.8%
		PDSA	36.6	30.3	20.8%
		TICT	14.1	13.6	3.7%
Total			8,707.5	6,677.7	30.4%

Note: 1. Dalian Port Co., Ltd., the joint stock company, was generally changed to Liaoning Port Co., Ltd due to the merger of Yingkou Port Co., Ltd. by it through conversion and absorption. As such, the Company has been including the business volume of Yingkou Port Co., Ltd since February 2021.

2. On September 2022, the Company being a strategic investor has completed the subscription of 2021 non-public A share issuance of Ningbo Port, representing holding 23.08% equities of Ningbo Port in total and became the second largest shareholder of such company. As such, the Company has been including the business volume of Ningbo Port since October 2022.

Table 3-3 Bulk cargo volume handled by the Company and changes in 1H 2023 (in'0,000 tonnes)

Region and port company			1H 2023	1H 2022	Changes
Pearl River Delta region	Holding company	West Shenzhen Port Zone	811.8	810.8	0.1%
		Dongguan Machong	923.1	839.7	9.9%
		Shunde New Port	370.8	291.6	27.2%
	Joint stock company	Chu Kong River Trade Terminal	167.5	183.1	-8.5%
Yangtze River Delta region	Joint stock company	SIPG Group	4,239.0	3,011.4	40.8%
	Joint stock company	Ningbo Zhoushan Port	33,302.0	-	-
Bohai Rim region	Joint stock company	QQTU	684.5	863.1	-20.7%
		Qingdao Port Dongjiakou	3,845.4	3,865.6	-0.5%
		Liaoning Port Co., Ltd.	11,910.8	12,761.6	-6.7%
		Laizhou Harbour Affairs	1,004.3	1,071.5	-6.3%
South-East region region	Holding company	Zhangzhou Port	444.5	439.2	1.2%
		Xia Men Bay Terminals	281.3	321.8	-12.6%
		Shantou Port	254.1	151.3	67.9%
South-West region region	Holding company	Zhanjiang Port	4,440.9	4,311.8	3.0%
Overseas region	Holding company	HIPG	72.6	79.2	-8.3%
	Joint stock company	Kumport	19.1	3.6	430.6%
		PDSA	188.0	238.0	-21.0%
Total			62,959.7	29,243.7	115.3%

Note: 1. Dalian Port Co., Ltd., the joint stock company, was generally changed to Liaoning Port Co., Ltd due to the merger of Yingkou Port Co., Ltd. by it through conversion and absorption. As such, the Company has been including the business volume of Yingkou Port Co., Ltd. since February 2021.

2. On September 2022, the Company being a strategic investor has completed the subscription of 2021 non-public A share issuance of Ningbo Port, representing holding 23.08% equities of Ningbo Port in total and became the second largest shareholder of such company. As such, the Company has been including the business volume of Ningbo Port since October 2022.

Pearl River Delta region

Being significantly affected by foreign trade and industrial structure, the container business went down with the market. The West Shenzhen Port Zone handled a total of container throughput of 6.188 million TEUs, down 4.5% year-on-year, and a bulk cargo volume of 8.118 million tonnes, up 0.1% year-on-year. Shunde New Port handled a container throughput of 0.179 million TEUs, down 14.8% year-on-year, which was influenced by the lower demand for import and export from Europe and America; and a bulk cargo volume of 3.708 million tonnes, representing an increase of 27.2% year-on-year, mainly benefiting from the increase of steel volume driven by raising demand from manufacturing enterprises. Dongguan Machong handled a bulk cargo volume of 9.231 million tonnes, representing an increase of 9.9% year-on-year, mainly due to the expansion of grain-forage market.

Chu Kong River Trade Terminal handled a total of container throughput of 0.435 million TEUs, up 2.8% year-on-year, and a bulk cargo volume of 1.675 million tonnes, down 8.5% year-on-year.

Yangtze River Delta region

Business in this region improved steadily, demonstrating the better resilience for hinterland industries. SIPG handled a container throughput of 23.735 million TEUs, up 5.3% year-on-year. Bulk cargo volume handled increased by 40.8% year-on-year to 42.39 million tonnes, mainly due to the lower base in the same period last year. Ningbo Zhoushan Port handled a container throughput of 19.74 million TEUs, and a bulk cargo volume of 333.02 million tonnes. Ningbo Daxie handled a container throughput of 1.40 million TEUs, representing a decrease of 18.9% year-on-year, mainly due to the higher base in the same period last year.

Bohai Rim region

The performance of container and bulk cargo business showed a large difference in this region. QQCTU delivered a container throughput of 5.237 million TEUs, up 18.2% year-on-year, mainly benefiting from the adjustment of business policies and more routes. QQTU delivered a bulk cargo volume of 6.845 million tonnes, down 20.7% year-on-year, mainly influenced by the depressed market in the region. Qingdao Port Dongjiakou handled a bulk cargo volume of 38.454 million tonnes, down 0.5% year-on-year. Liaoning Port Co., Ltd. handled a container throughput of 5.334 million TEUs, up 13.9% year-on-year, mainly benefiting from business growth due to the recovery of vessels in the foreign trade routes; and a bulk cargo volume of 119.108 million tonnes, down 6.7% year-on-year, mainly due to the structural adjustment of goods and the weak import demand for raw materials. Laizhou Harbour Affairs handled a container throughput of 10.043 million tonnes, down 6.3% year-on-year, which was mainly affected by the decrease in the business volume of oil/liquefied chemicals. Tianjin Port Container Terminal handled a container throughput of 4.056 million TEUs, down 6.1% year-on-year, mainly affected by the decrease of import and export containers for foreign trade.

South-East region

The foreign trade container business performed poorer than domestic trade, and there are periotic opportunities for bulk cargo. Zhangzhou Port handled a container throughput of 0.159 million TEUs, increased by 16.9% year-on-year, mainly benefiting from sources expansion of weighted boxes in hinterland trade and increased routes, and the bulk cargo volume it handled increased by 1.2% year-on-year to 4.445 million tonnes. Xia Men Bay Terminals handled a bulk cargo volume of 2.813 million tonnes, down 12.6% year-on-year, mainly affected by lower demand from the sand and gravel business. Shantou Port handled a container throughput of 0.725 million TEUs, down 2.6% year-on-year, which was mainly due to the decreased container volume in domestic trade, and the bulk cargo volume it handled increased by 67.9% year-on-year to 2.541 million tonnes, mainly benefiting from business growth in international trade coal import.

South-West region

Zhanjiang Port handled a container throughput of 0.559 million TEUs, down 5.1% year-on-year, and a bulk cargo volume of 44.409 million tonnes, up 3% year-on-year.

Hong Kong and Taiwan regions

CMCS and Modern Terminals in Hong Kong delivered an aggregate container throughput of 1.973 million TEUs, down 21.1% year-on-year, which was affected by the decreasing demand in import and export from Europe and America. Kao Ming Container in Taiwan handled a total of container throughput of 0.818 million TEUs, down 25.4% year-on-year, mainly caused by decreasing transfer business.

Overseas operation

Overseas container business basically maintained stable, while ports in the emerging market demonstrated outstanding performance. Among which, TCP in Brazil handled a container throughput of 0.571 million TEUs, representing an increase of 1.6% year-on-year. LCT in Togo handled a container throughput of 0.807 million TEUs, up by 12.7% year-on-year, mainly benefiting from the increase in containers in local import and export. TICT in Nigeria handled a container throughput of 0.141 million TEUs, up by 3.7% year-on-year. Port de Djibouti S.A. (PDSA) in Djibouti handled a container throughput of 0.366 million TEUs, up by 20.8% year-on-year, mainly due to the structural adjustment of import goods in Ethiopia. In Turkey, Kumport handled a container throughput of 0.679 million TEUs, up by 10.8% year-on-year, mainly benefiting from the increase of routes.

2. Implementation of business plan during the reporting period

During the Reporting Period, the Company stuck to its fundamental working principle of making advancement while maintaining stable. It proactively coped with the global economic downturn and shrink of demand, continued to focus on endogenous growth and innovation upgrading and captured opportunities under the complex economic and trade situation to fully implement various development measures. In respect of construction of homebase port, technological innovation, market expansion, operation management, deepening reform, comprehensive development, ESG and other aspects, the Company has achieved new accomplishment and made a solid step for high quality development.

(1) As for the construction of homebase ports, strengthening regional position and extending value chain. Under the situation that the overall container throughput in the Guangdong-Hong Kong-Macao Greater Bay Area declines, the West Shenzhen homebase port, by adjusting competitive strategy, consolidated and further enhanced its market share in foreign trade. Meanwhile, it further advanced the upgrade of the hardware of collection and transportation infrastructures of West Shenzhen homebase port, enabling ships of 200,000 tonnes to sail at night in Tonggu channel. For homebase port in Sri Lanka, the Company continued to advance the construction of the international shipping center in South Asia. CICT continued to optimize route layout and steadily improved its market share in Colombo Market, maintaining its dominant position; besides, it steadily advanced the trade and logistics project in South Asia, to cultivate the competitiveness with comprehensive service

features, building up new development momentum of “port + logistics center”. HIPG strengthened market expansion and its transfer business of RO-RO, liquefied petroleum gas, and fuel oil all recorded relatively high growth.

(2) In terms of technological innovation, promoting technological innovation and constructing smart port. CMIT, a subsidiary of the Company, continued to increased investment in R&D of technologies, steadily implemented the critical task to overcome the structural upgrade of the Container Terminal Operation System (CTOS) of Ministry of Transport, continued to optimized the proposal of autonomous driving technology, sped up the R&D and promotion of products of comprehensive service platform of “CM ePort” version 3.0, and constantly promoted the deepening of management of the Smart Management Platform (SMP). In the first half, “5G Mawan Smart Port” was included in the first batch of pioneer application excellent cases and solutions in Shenzhen. On 12 August, China Federation of Logistics & Purchasing announced that the “West Shenzhen Port Import Electronic Order Exchange Platform Project Based on Alliance Chain and Cloud Technology obtained the First Prize of Science and Technology Progress Award.

(3) In terms of market expansion, improving service quality and promoting model innovation. The Latin American bridgehead, TCP’s market share has further improved, and the leading position of HIPG RoRo in the regional market has been further strengthened. In the Guangdong-Hong Kong-Macao Greater Bay Area, the Company actively facilitated inter-companies synergy in the China Merchants Group, built high-quality routes with “customized port services” and proactively expanded business along the Southeast Asian routes. With continuous progress, the coordinated port business in the Guangdong-Hong Kong-Macao Greater Bay Area has covered every major regions of Guangdong Province. 5 new sites and a total of 30 sites were opened in the first half of 2023, serving nearly 6,000 import and export enterprises and completed more than 0.40 million TEUs in aggregate since operation.

(4) In terms of operation management, construction of an operation management and control system and improving streamline operation capacity. By leverage of SMP, the Company built a one-stop comprehensive management platform of CMPort, supporting the business analysis of all modules, namely containers, bulk cargos, logistics park, comprehensive development and intelligent technology. SMP takes digital technology as the key force and applies smart tools to drive the transformation of means, modes and concepts of the operation and management of CMPort. At present, the Company has substantially realized the classification and management of information of lifetime of assets, the standardization and onlineization of major business processes. Besides, the Company also optimized the engineering management system and set up an engineering management center to carry out works; optimized its profitability and constantly developed measures to enhance its quality and efficiency; optimized and reshaped its business and financial analysis framework to strictly control the increase of cost and expenses; deepened cost control to form a normalization mechanism of cost reduction and higher efficiency. The streamline operation of the Company has achieved phased results.

(5) In terms of deepening reform, strengthening system and mechanism reform, inspiring the vitality of enterprises. The Company deeply implemented the “Double-Hundred Action” and

emphasized on comprehensive industrial system of ports, with an aim to serve the national development strategy, optimize capital layout and improve industrial competitiveness. By focusing on governance mechanism, employment mechanism and incentive mechanism, the Company has made new progress in terms of promoting reform of equity diversification, optimizing overseas legal person governance system, implementing a market-based selection and appointment mechanism, and strengthening the incentive-oriented role of salary, thus further stimulated the deep vitality of the enterprise. In May 2023, SASAC of the State Council released the special appraisal results of “Double-Hundred Enterprises” of 2022 and the Company received “Excellent” title for its outstanding achievements and remarkable reform results.

(6) In terms of comprehensive development, making innovation on commercial mode and conducting promotion to targeted industries. HIPG Industrial Park was occupied by 48 contracted enterprises and realized the introduction of key industries. It continuously enriches the industrial layout and strengthens the joint development with ports. Djibouti International Free Trade Zone was occupied by 332 contracted enterprises. Under the environment of interest rate hike and unstable surrounding situation, the land sales of the Djibouti park made a new record, and the overall operating results was stable and better than the same period last year. By leverage on domestic and foreign ports and park resources, the Company promoted the construction of the exhibition center platform of “Made in Liaocheng” in the Djibouti Free Trade Zone, to open up a green channel for domestic commodities to enter and exit the port and promote the value chain to extend upstream and downstream.

(7) In terms of ESG construction, included in “Pioneer” list and promoting harmonious development. The Company actively implemented the ESG concept and continued to strengthen the ESG governance by taking initiative to disclose ESG report, aiming to be the world-class green and intelligent comprehensive port service provider. In the first half of the year, the Company obtained many honors from the industry and the capital market for its long-term responsibility management and performance. On 18 May, at the 2023 Green and Safe Port Conference and the 2nd Beibu Gulf Green Port Development Forum held by China Ports & Harbours Association, Chiwan Container Terminal Co., Ltd. and Shenzhen Magang Godown & Wharf Co., Ltd of West Shenzhen homebase port, both obtained a 4-star rating as “China Green Port” awarded by China Ports & Harbours Association; on 13 June, The Company was successfully selected into the "China ESG Listed Companies First 100" list, ranking 68th and third in the transportation industry.

3. Year-on-year Changes in Key Financial Data

Unit: RMB

	H1 2023	H1 2022	Change (%)	Main reason for change
Operating revenue	7,795,261,570.99	8,150,462,367.19	-4.36%	-
Operating costs	4,519,943,753.79	4,637,368,881.65	-2.53%	-
Administrative expense	790,916,154.65	812,502,660.55	-2.66%	-
Finance costs	960,449,741.90	1,351,945,047.67	-28.96%	-
Income tax expense	613,219,852.56	619,132,978.15	-0.96%	-
R&D Investments	121,041,310.72	114,833,178.50	5.41%	-

Net cash generated from/used in operating activities	2,310,845,305.96	3,221,251,177.09	-28.26%	-
Net cash generated from/used in investing activities	-1,225,290,440.51	-1,863,650,103.30	34.25%	Effects of changes in structured deposits and project investments
Net cash generated from/used in financing activities	-210,222,809.39	126,775,022.25	-265.82%	Effects of changes in project financings, dividend payout and expenditure on increasing holdings in subsidiaries
Net increase in cash and cash equivalents	989,020,982.66	1,396,165,516.30	-29.16%	-
Gains from changes in fair value	143,037,303.68	-38,026,112.58	476.16%	Increased gains from changes in fair value of shares held

Significant changes to the profit structure or sources of the Company in the Reporting Period:

Applicable Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2023		H1 2022		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	7,795,261,570.99	100%	8,150,462,367.19	100%	-4.36%
By operating division					
Port operations	7,443,891,620.78	95.49%	7,873,061,727.12	96.60%	-5.45%
Bonded logistics service	264,962,592.07	3.40%	209,325,133.72	2.57%	26.58%
Property development and investment	86,407,358.14	1.11%	68,075,506.35	0.84%	26.93%
By operating segment					
Mainland China, Hong Kong and Taiwan	5,624,973,995.70	72.16%	6,200,189,217.85	76.07%	-9.28%
Other countries and regions	2,170,287,575.29	27.84%	1,950,273,149.34	23.93%	11.28%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Port operations	7,443,891,620.78	4,271,016,407.42	42.62%	-5.45%	-2.53%	-1.73%
By operating segment						

Mainland China, Hong Kong and Taiwan	5,624,973,995.70	3,513,722,578.18	37.53%	-9.28%	-6.63%	-1.77%
Other countries and regions	2,170,287,575.29	1,006,221,175.61	53.64%	11.28%	15.12%	-1.54%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable Not applicable

IV Analysis of Non-Core Businesses

Unit: RMB

	Amount	As % of profit before tax	Source/Reason	Recurrent or not
Investment income	3,187,492,718.40	68.20%	Share of the profit of joint ventures and associates, mainly Shanghai Port	Yes
Gains/Losses from changes in fair value	143,037,303.68	3.06%	Changes in fair value of held-for-trading financial assets	Not

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2023		31 December 2022		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Cash and bank balances	14,440,689,892.60	7.05%	13,615,928,739.40	6.89%	0.16%	Changes in expenditures on operating, investing and financing activities
Accounts receivable	2,083,996,446.24	1.02%	1,276,149,689.44	0.65%	0.37%	Effect of payment periods for port operation
Inventories	244,341,161.12	0.12%	225,122,821.48	0.11%	0.01%	-
Investment properties	5,049,637,728.99	2.46%	5,123,690,119.56	2.59%	-0.13%	Provision for depreciation
Long-term equity investments	94,976,270,168.12	46.35%	92,364,293,919.05	46.76%	-0.41%	Increased investments, and the effect of share of profits of and dividends from

						investee enterprises
Fixed assets	29,369,002,248.34	14.33%	32,033,326,083.50	16.22%	-1.89%	Reclassification of to-be-sold subsidiaries to assets held-for-sale and provision for depreciation
Construction in progress	2,476,908,227.17	1.21%	2,413,844,407.64	1.22%	-0.01%	-
Right-of-use assets	9,483,918,238.46	4.63%	9,342,642,222.33	4.73%	-0.10%	-
Short-term borrowings	4,980,452,166.69	2.43%	7,164,338,366.18	3.63%	-1.20%	Decreased borrowings
Contract liabilities	191,779,113.06	0.09%	141,899,551.03	0.07%	0.02%	No significant change
Long-term borrowings	16,083,606,258.60	7.85%	12,390,099,177.85	6.27%	1.58%	Increased long-term borrowings
Lease liabilities	911,098,409.66	0.44%	948,350,914.04	0.48%	-0.04%	-

2. Major Assets Overseas

Asset	Source	Asset value (RMB'0,000)	Location	Operations	Control measures to protect asset safety	Return generated (RMB'0,000)	As % of the Company's net asset value	Material impairment risk (yes/no)
Equity assets	Acquired via share offering	15,519,062.38	Hong Kong	Port investment and operations	Appointing director, supervisor and senior management /According to the political, economic and legal environment of different countries and regions, establish a targeted internal control system and early warning system.	341,437.44	83.42%	No
Other information	N/A							

3. Assets and Liabilities at Fair Value

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Impairment allowance made in the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount

Financial assets								
Held-for-trading financial assets (exclusive of derivative financial assets)	2,998,781,599.63	29,660,173.93	-	-	14,907,000,000.00	13,267,000,000.00	-23,105,197.47	4,645,336,576.09
Other equity instrument investment	171,945,275.02	-	-	-	-	-	-17,689,094.74	154,256,180.28
Other non-current financial assets	1,745,740,896.41	113,377,129.75	-	-	-	-	-887,401,857.43	971,716,168.73
Subtotal of financial assets	4,916,467,771.06	143,037,303.68	-	-	14,907,000,000.00	13,267,000,000.00	-928,196,149.64	5,771,308,925.10
Receivables financing	163,766,913.10	-	-	-	-	-	-163,766,913.10	-
Total of the above	5,080,234,684.16	143,037,303.68	-	-	14,907,000,000.00	13,267,000,000.00	1,091,963,062.74	5,771,308,925.10
Financial liabilities	-	-	-	-	-	-	-	-

Other changes

Other changes in held-for-trading financial assets were mainly caused by changes in structured deposits.

Other changes in investments in other equity instruments are primarily due to a shift to holding assets held for sale.

Other changes in other non-current financial assets were mainly due to the transfer of equity investments from Antong Holdings to long-term equity investments in associated companies.

Other changes in receivables financing were mainly due to changes in receivables financing.

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

Yes No

4. Restricted Asset Rights as at the Period-End

The restricted monetary assets were RMB3,545,619.20 of security deposits.

The carrying value of fixed assets as collateral for bank loans was RMB753,008,833.33.

The carrying value of construction in progress as collateral for bank loans was RMB7,120,027.83.

The carrying value of intangible assets as collateral for bank loans was RMB474,487,529.49.

The carrying value of equities and interests as collateral for bank loans was RMB1,133,181,949.12.

VI Investments Made

1. Total Investment Amount

Total investment amount in the Reporting Period (RMB)	Total investment amount in the same period of last year (RMB)	Change (%)
559,850,992.15	3,337,218,524.42	-83.22%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Unit: RMB

Variety of security	Code of security	Name of security	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss on fair value changes in the Reporting Period	Accumulated fair value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Stock	06198	Qingdao Port	124,405,138.80	Fair value method	139,233,775.66	18,933,003.44	-	-	-	10,829,590.59	163,210,357.04	Other non-current financial assets	Self-funded
Stock	601298	Qingdao Port	331,404,250.30	Fair value method	628,320,000.00	152,320,000.00	-	-	-	30,161,600.00	780,640,000.00	Other non-current financial assets	Self-funded
Stock	400032	Petrochemical A1	3,500,000.00	Fair value method	382,200.00	-	-	-	-	-	382,200.00	Other equity instrument investment	Self-funded
Stock	400009	Guang Jian 1	27,500.00	Fair value method	17,000.00	-	-	-	-	-	17,000.00	Other equity instrument investment	Self-funded

Stock	600179	Antong Holdings	391,956.73	Fair value method	950,457,051.17	-57,896,503.19	-	-	-	-	-	Note	Self-funded
Total			459,728,845.83	--	1,718,410,026.83	113,356,500.25	-	-	-	40,991,190.59	944,249,557.04	--	--

Note: As at 30 June 2023, the Company and a subsidiary of the Company, Zhanjiang Zhongli Ocean Shipping Tally Co., LTD., held a combined 6.83% equity interest in Antong Holdings and assigned one director to Antong Holdings, thus the Company had a significant influence on Antong Holdings. The equity investment in Antong Holdings will be changed from other non-current financial assets to long-term equity investment in associated companies.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

(1) Overall Usage of Funds Raised

Unit: RMB'0,000

Year	Way of raising	Total funds raised	Total funds used in the Current Period	Accumulative fund used	Total funds with usage changed	Accumulative funds with usage changed	Proportion of accumulative funds with usage changed	Total unused funds	The usage and destination of unused funds	Amount of funds raised idle for over two years
2022	Private placement	1,066,912.64	547,040.00	2,007,415.00	0	0	0%	304,343.76	Deposited in funds raising account	0
Total	--	1,066,912.64	547,040.00	2,007,415.00	0	0	0%	304,343.76	--	0

Explanation of overall usage of funds raised

Pursuant to the Reply of China Securities Regulatory Commission on the Approval of the Private Placement of China Merchants Port Group Co., Ltd. (ZJXK [2022] No. 1657), the Company issued, in a private placement, a total of 576,709,537 shares of RMB-denominated ordinary shares (A-shares) to specified investors at a fixed price of RMB18.50/share, raising a total of RMB10,669,126,434.50, with the net amount after deducting issuance costs (exclusive of tax) being RMB10,632,533,330.40. The actual amount deposited in the raised funds account was RMB10,642,126,434.50 (inclusive of to-be-deducted other issuance costs of RMB9,593,104.10). Following the arrival of the aforesaid funds on 15 September 2022, Deloitte Touche Tohmatsu Certified Public Accountants LLP verified the funds raised in the private placement on 16 September 2022 and issued a Capital Verification Report (DSB (Y) Z (22) No. 00471).

As of 30 June 2023, a total of RMB20,074,150,000.00 of raised funds had been used, including: (1) RMB7,670,400,000.00 used after the arrival of the raised funds, including RMB7,600,000,000.00 for supplementing working capital and repaying debts in 2022 and RMB70,400,000.00 for supplementing working capital and repaying debts in H1 2023; (2) RMB3,750,000.00 for paying issuance costs; (3) RMB7,800,000,000.00 for purchasing structured deposits (2022: RMB4,900,000,000.00; H1 2023: RMB2,900,000,000.00); (4) RMB500,000,000.00 for purchasing seven days call deposits (2022: RMB200,000,000.00; H1 2023: RMB300,000,000.00); (5) RMB4,100,000,000.00 for purchasing term deposits (2022: RMB1,900,000,000.00; H1 2023: RMB2,200,000,000.00).

As of 30 June 2023, the interest income in the account of raised funds minus service charges stood at RMB21,689,730.42 (2022: RMB17,445,775.40; H1 2023: RMB4,243,955.02); the amount of structured deposits redeemed was RMB7,100,000,000.00 (2022: RMB4,100,000,000.00; H1 2023: RMB3,000,000,000.00); the amount of income from structured deposits was RMB26,768,621.00 (2022: RMB10,056,182.64; H1 2023: RMB16,712,438.36); the amount of term deposits redeemed was RMB3,000,000,000.00 (H1

2023: RMB3,000,000,000.00); the amount of income from term deposits was RMB23,937,230.45 (H1 2023: RMB23,937,230.45); the amount of seven days call deposits redeemed was RMB200,000,000.00 (H1 2023: RMB200,000,000.00); and the amount of income from seven days call deposits was RMB3,065,555.56 (H1 2023: RMB3,065,555.56).
As of 30 June 2023, the balance in the account of raised funds was RMB3,043,437,571.93.

(2) Commitment Projects of Fund Raised

Unit: RMB'0,000

Committed investment project and super raise fund arrangement	Changed or not (including partial changes)	Committed investment amount	Investment amount after adjustment (1)	Investment amount in the Reporting Period	Accumulative investment amount as of the period-end (2)	Investment schedule as the period-end (3) = (2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Committed investment project										
Replenishing working capital and repaying debt	No	1,063,253.33	1,063,253.33	7,040.00	767,040.00	72.14%	N/A	N/A	N/A	No
Subtotal of committed investment project	--	1,063,253.33	1,063,253.33	7,040.00	767,040.00	--	--	N/A	--	--
Super raise fund arrangement										
N/A										
Subtotal of super raise fund arrangement	--	-	-	-	-	--	--	0	--	--
Total	--	1,063,253.33	1,063,253.33	7,040.00	767,040.00	--	--	N/A	--	--
Condition and reason for not reaching the schedule and anticipated income by specific items (including reasons for inputting "N/A" for "Whether reached anticipated income")	N/A									
Notes of condition of significant changes occurred in project feasibility	N/A									
Amount, usage and schedule of super raise fund	N/A									
Changes in implementation address of investment project	N/A									

Adjustment of implementation mode of investment project	N/A
Upfront investment and transfer of investment project	N/A
Use of idle raised funds for cash management purposes	<p>On 29 September 2022, the 7th Extraordinary Meeting of the 10th Board of Directors in 2022 and the 4th Extraordinary Meeting of the 10th Supervisory Committee in 2022 reviewed and approved the Proposal on the Implementation of Cash Management by the Usage of Idle Raised Funds, which agreed the Company to carry out cash management by using idle funds of no more than RMB10 billion on a rolling basis within 12 months of the approval of the said proposal by the Board of Directors.</p> <p>As of 30 June 2023, the Company has redeemed RMB7,800,000,000.00 of structured deposits, RMB500,000,000.00 of seven days call deposits and RMB4,100,000,000.00 of term deposits (2022: RMB4,900,000,000.00 of structured deposits; RMB200,000,000.00 of seven days call deposits and RMB1,900,000,000.00 of term deposits; H1 2023: RMB2,900,000,000.00 of structured deposits; RMB300,000,000.00 of seven days call deposits and RMB2,200,000,000.00 of term deposits).</p> <p>As of 30 June 2023, the Company has redeemed RMB7,100,000,000.00 of structured deposits (2022: RMB4,100,000,000.00; H1 2023: RMB3,000,000,000.00); the amount of income from structured deposits was RMB26,768,621.00 (2022: RMB10,056,182.64; H1 2023: RMB16,712,438.36); the Company redeemed RMB3,000,000,000.00 of term deposits (H1 2023: 3,000,000,000.00); the amount of income from term deposit was RMB23,937,230.45 (H1 2023: RMB23,937,230.45); the Company redeemed RMB200,000,000.00 of seven days call deposits (H1 2023: RMB200,000,000.00); the amount of income from seven days call deposits was RMB3,065,555.56 (H1 2023: RMB3,065,555.56).</p> <p>So far, except for the outstanding balance of RMB200,000,000.00 of structured deposits purchased with CMB Shenzhen New Times Sub-branch, RMB500,000,000.00 of structured deposits purchased with BOC Qianhai Shekou Branch, RMB1,100,000,000.00 of term deposits and RMB300,000,000.00 of seven days call deposits purchased with ABC Shenzhen Shekou Sub-branch, other principal has been fully recovered.</p>
Amount of surplus in project implementation and the reasons	N/A
Usage and destination of unused funds	Unused fund was deposited in the fund-raising account.
Problems incurred in fund using and disclosure or other condition	N/A

(3) Changes in Items of Funds Raised

Applicable Not applicable

No such cases in the Reporting Period.

VII Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

2. Sale of Major Equity Investments

Applicable Not applicable

VIII Principal Subsidiaries and Joint Stock Companies

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

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shanghai International Port (Group) Co., Ltd.	Joint stock company	Business related to port, container and terminal	23,284,144,750.00	192,988,811,941.75	125,974,637,794.80	16,111,541,335.25	8,795,215,256.09	7,738,322,182.71
China Merchants Port Holdings Company Limited	Subsidiary	Port business, bonded logistics and property investment	46,668,174,018.78 (HKD)	155,190,623,786.95	109,073,720,638.33	5,194,887,619.90	3,858,036,798.74	3,414,374,406.15
Ningbo Zhoushan Port Company Limited (note)	Joint stock company	Business related to port, integrated logistics, and trade sales	19,454,388,399.00	110,297,999,000.00	77,487,682,000.00	12,227,049,000.00	3,061,992,000.00	2,467,948,000.00

Note: Ningbo Zhoushan Port financial data accurate to RMB'000.

Subsidiaries obtained or disposed of in the Reporting Period:

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
Fortune Centre Group Limited	Newly incorporated	No significant impact

Other information on principal subsidiaries and joint stock companies:

There is no other information on the Company's principal subsidiaries and joint stock companies in the Reporting Period that is required to be disclosed.

IX Structured Bodies Controlled by the Company

Applicable Not applicable

X. Risks exposed by the Company and counter measures

1. Risk of macroeconomic fluctuations

Internationally, the external environment is complex and severe, and the global economic recovery is

unstable, uncertain and uneven. Inflation in major developed economies is still at a high level, the pace of interest rate hikes in Europe and the United States has not stopped, the performance of emerging markets is uneven, the international trade and investment slows down, and the geopolitical situation intensifies, all these have had an impact on global economic growth and commodity trade markets, and brought challenges to the Company's overseas operations and investments.

Domestically, China's economy has strong resilience, great potential, and sufficient vitality. The fundamentals for long-term growth are still solid. However, under the superposition of various factors exceeding expectations, economic development still faces triple pressures of demand contraction, supply shock, and weakening expectations.

In the face of intricate macroeconomic fluctuations, the Company adheres to the global thinking in planning a layout, and the bottom-line thinking of planning ahead. We will accurately identify, scientifically adapt to, and actively seek changes. We will (1) work hard on deepening the implementation of the "14th Five-Year Plan" and the spirit of the 20th National Congress of the Communist Party of China, fully implement the new development concept under the new situation, and optimize the Company's structure through the transformation and upgrading of the main port business, enhance the momentum of development, and promote the high-quality development of the Company; (2) further give full play to the function of the main hub of the port, and deeply implement national strategies such as the National Unified Market, the Guangdong-Hong Kong-Macao Greater Bay Area, and the development of Yangtze River Delta, and the new land-sea corridor in the west, and help build a new development pattern of channel guidance, efficient connection, and radiation-driven development; (3) grasp the policy environment of high-level opening-up to the outside world, break down barriers, discuss cooperation, strengthen connectivity with various regions, and continuously improve the quality and coverage of port services; (4) keep an eye on international geopolitical development, follow up with the reconstruction of global industrial supply chain, actively specialize in trade movements to adjust the Company's business strategies in a timely manner and prevent the occurrence of major external risk events.

2. Policy risks

There are diverse policy risks in the port industry. Internationally, strike actions in different industries and scales caused by inflation have swept across Europe and the United States, seriously affecting the normal operation of society and the stable recovery of the economy. With the negotiation between the government and labor, a series of new policies and measures may be issued. Domestically, China solidly promotes high-level opening-up to the outside world. It not only makes good use of the global market and resources to develop itself, but also promotes the common development of the world. It continuously improves the foreign cooperation supervision system and cooperation tools in trade and investment and other fields, and launches a series of import and export policies that are beneficial to the port industry.

Facing the potential policy risks, on the one hand, the Company will strengthen the policy research, and form an objective and correct understanding in the analysis to provide better decision support for the Company. On the other hand, the Company will continue to improve quality and increase

efficiency, strengthen rational allocation of resources, enhance operational management through innovative technology and industry digitization, actively seek new future growth and improve sustainable profitability.

3. Operation management risks

Amidst the favorable environment of domestic and overseas ports integration, the Company will fully grasp the investment opportunities of domestic and overseas ports, further optimize the network layout of ports by ways of mergers, acquisitions, restructuring and integration of resources, achieve high-level synergy between port construction and operation and provide more comprehensive services for customers around the world. With the deepening of the internationalization process, the Company is also facing negative conditions such as increased difficulties in the operation and management of ports in some regions and lower returns on investment and operational efficiency. The main risks include: (1) the uncertainty and complexity of the place where we operate, which further increases the risk of investment decisions and the difficulty of investment, operation and management; (2) significant fluctuations of the international exchange rate, with the continuous improvement of the marketization mechanism of the RMB exchange rate, two-way fluctuations in the RMB exchange rate have become the norm, and the exchange rates of some developed countries and emerging markets also entered a downward path; (3) the needs for improvement of the international operation management system, the Company shall take the initiative to improve the overall operational efficiency to meet the needs arising from the rapid development and expansion of the enterprises; (4) continuous needs for building a sound corporate risk control system to enhance our ability to cope with risks.

In view of the Company's internal business management risks, we will (1) increase customer loyalty based on three improvement elements, namely “ market, resources, services ”, take the initiative to identify new customers and grasp market opportunities; (2) improve the construction of the internal control and compliance system, strengthen the legal empowerment of business capabilities, ensuring effective risk identification and control and consolidating the foundation of risk control; (3) improve the risk warning system, continue to strengthen risk identification, early warning and resolution capabilities, do a good job in key risk prevention and management in a stable and orderly manner, and continuously improve the Company's risk prevention capabilities.

Part IV Corporate Governance

I Annual and Extraordinary General Meetings Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 2022 Annual General Meeting	Annual General Meeting	90.81%	22 May 2023	23 May 2023	See the resolution announcement (No. 2023-045) on www.cninfo.com.cn

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

Applicable Not applicable

II Change of Directors, Supervisors and Senior Management

Name	Office title	Type of change	Date of change	Reason for change
Gong Man	Employee Supervisor	Left	7 April 2023	Job change
Zhu Weida	Vice GM	Engaged	29 April 2023	Engaged
Lei Yuanyuan	Employee Supervisor	Elected	22 May 2023	Elected
Deng Renjie	Director, Chairman of the Board	Left	10 July 2023	Job change
Wang Xiufeng	Director, Vice Chairman, CEO	Left	10 July 2023	Job change
Xu Song	COO, GM,	Left	14 July 2023	Job adjustment
Xu Song	CEO	Engaged	14 July 2023	Engaged
Lu Yongxin	Vice GM	Left	14 July 2023	Job adjustment
Lu Yongxin	COO, GM	Engaged	14 July 2023	Engaged
Feng Boming	Director, Chairman of the Board	Elected	31 July 2023	Elected
Xu Song	Vice Chairman	Elected	31 July 2023	Elected
Lu Yongxin	Director	Elected	31 July 2023	Elected
Li Wenbo	Vice GM	Engaged	16 August 2023	Engaged
Liu Libing	CCO	Engaged	16 August 2023	Engaged

III Interim Dividend Plan

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

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

The Company's review and approval procedures carried out in connection with the Stock Option

Incentive Plan are as follows:

1. The 1st Extraordinary Meeting of the 10th Board of Directors in 2023 and 1st Extraordinary Meeting of the 10th Supervisory Committee in 2023 of the Company, held on 19 January 2023, reviewed and approved the Proposal on Adjusting the Exercise Prices of the Stock Option Incentive Plan (Phase I) of the Company, the Proposal on Adjusting the Numbers of Qualified Awardees and Stock Options to Be Granted of the Stock Option Incentive Plan (Phase I) of the Company, the Proposal on the Failure to Meet the Exercise Conditions for the Second Exercise Schedule of the Stock Options (the First Batch to be Granted) of the Stock Option Incentive Plan (Phase I) of the Company, the Proposal on the Failure to Meet the Exercise Conditions for the First Exercise Schedule of the Stock Options (the Reserved Portion) of the Stock Option Incentive Plan (Phase I) of the Company, and the Proposal on Canceling Some Stock Options in the Stock Option Incentive Plan (Phase I) of the Company.. Independent directors gave independent opinions of agreement. The Supervisory Committee of the Company verified the proposals and gave opinions. For details, see the relevant announcements disclosed by the Company on Cninfo (www.cninfo.com.cn) (Announcement No. 2023-005, 2023-006, 2023-007, 2023-008 and 2023-009).

2. On 7 February 2023, upon the review and confirmation of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed the cancellation of some stock options in the stock option incentive plan (phase I). For more details, please refer to the Announcement on Completing the Cancellation of Some Stock Options in the Stock Option Incentive Plan (Phase I) of the Company (Announcement No. 2023-010) disclosed by the Company on Cninfo (www.cninfo.com.cn).

Part V Environmental and Social Responsibility

I Major Environmental Issues

1. Policies and industry standards pertaining to environmental protection

During the Reporting Period, the Company and its subsidiaries with heavy pollutant discharge needs abode by laws and regulations related to environmental protection throughout routine production and operation, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, the Law of the People's Republic of China on Noise Pollution Prevention and Control, the Law of the People's Republic of China on the Prevention and Control of Soil Pollution, the Law of the People's Republic of China on Environmental Impact Assessment, and Regulation on the Administration of Permitting of Pollutant Discharges of the People's Republic of China. They also strictly complied with national and industry standards pertaining to environmental protection, such as Standard for Fugitive Emission of Volatile Organic Compounds, Technical Specification for Setting Identification Signs of Hazardous Waste, Standard for Pollution Control on Hazardous Waste Storage, Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant, Emission Standard of Air Pollutant for Bulk Petroleum Terminals, Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008).

2. Administrative permit for the purpose of environmental protection

The environmental impacts of the construction projects of domestic enterprises controlled by the Company were assessed as required. Additionally, all domestic pollutant discharge units have obtained administrative permits for pollutant discharge as per laws and regulations and discharged pollutants by the administrative permits for pollutant discharge in a legal and compliant manner. All units of the Company with heavy pollutant discharge needs have obtained the national pollutant discharge permit and specific information is as follows:

(1) Pollutant Discharge Permit Number of the First Branch of Zhanjiang Port (Group) Co., Ltd.: 914408008943759949001R

(2) Pollutant Discharge Permit Number of the Third Branch of Zhanjiang Port (Group) Co., Ltd.: 9144080089437609XT001R

(3) Pollutant Discharge Permit Number of Zhanjiang Port Petrochemical Terminal Co., Ltd.: 914408007247840152001R

3. The regulations for industrial emissions and the particular requirements for controlling pollutant emissions those are associated with production and operational activities

Name of the company or subsidiary company	Types of major and characteristic pollutants	Names of major and characteristic pollutants	Discharge method	Outlet quantity	Outlet distribution	Discharge concentration (mg/kg)	Pollutant discharge standards	Total discharge	Total discharge approved	Excessive discharge
The First Branch of Zhanjiang Port (Group) Co., Ltd. (Key noise discharge unit)	Noise	Noise	Fugitive	--	--	Daytime: 57db Night: 50db	Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008)- Standards for Category 3	--	--	No excessive discharge
Zhanjiang Port Petrochemical Terminal Co., Ltd. (Key air pollutant discharge unit) (Exhaust emission)	Air pollutants (Plant boundary)	VOC	Fugitive	--	--	2.5mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001)	82.7757 t	274.96t/a	No excessive discharge
		Methanol	Fugitive	--	--	2L				
		Malodor	Fugitive	--	--	<10	Emission Standards for Odor Pollutants (GB14554-93)			
	Air pollutants (In-plant)	VOC	Fugitive	--	--	1.93mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001)			
		VOC	Organized (Intermittent discharge)	2	North of the car loading dock	1469mg/m ³	Emission Standards for Air Pollutants from Oil Storage Depots (GB20950-2020)			
Methanol	Organized (Intermittent discharge)	1	North of the car loading dock	50mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001)					

4. Treatment of pollutants

During the Reporting Period, the pollution treatment facilities for wastewater and exhaust gas of the enterprises controlled by the Company ran normally, with pollutants discharged in a compliant manner. In terms of equipment and facilities improvements, a new wastewater treatment station has been put into operation, bringing the total number of treatment stations to 38, resulting in an annual increase in wastewater treatment capacity of 700,000 tons/year, which eventually reached 24.92 million tons per year. 12 new fog guns and one new spraying equipment have been purchased, bringing the total number of them to 136 and 26 respectively. Four new online dust monitoring systems have been added. Besides, with respect to the VOCs control, the Company has been actively adding volatile organic compound facilities and conducting governance work to ensure that facilities

for volatile organic compounds ran normally. Moreover, sound-proof walls were well maintained to ensure that the noise at the plant boundary met the standards. Information on units with heavy pollutant discharge needs controlled by the Company is as follows:

(1) The first branch of Zhanjiang Port has a production sewage treatment system, with a treatment capacity of 5,800 m³/d. The treated sewage is used for watering and dust control in the port area. The third branch of Zhanjiang Port has a production sewage treatment plant, with a treatment capacity of 4,500 m³/d. The treated sewage is used for watering and dust control in the port area. The above-mentioned facilities are in normal operation.

(2) Both the first and third branches of Zhanjiang Port use water spray, water mist spray, sprinklers, and other facilities to meet the demand for dust control throughout the operation. The stockpiles are fully covered, and the dust control management of static storage and dynamic operation is strengthened to reduce dust emissions to the maximum. Specifically, the first branch owns a dust-free and sound-proof wall with a length of 160 meters and a height of 12 meters on the boundary of the plant. It is also equipped with 15 simple spray towers, 25 mobile remote fog machines, and 2 mobile dust suppression funnels. The third branch has two wind-proof dust suppression walls, 427 and 400 meters long, respectively and 3000 meters of yard dust retaining wall. It also has 4 mobile spray guns, 2 mobile fog trucks, 14 spray towers, 12 fixed sprayers, 6 dry mist dust suppression system and 4 sprinkler systems,. The above-mentioned facilities are in normal operation.

(3) Zhanjiang Port Petrochemical Terminal Co., Ltd. has two production wastewater treatment systems and one domestic wastewater treatment system, both of which are in normal operation. It completed the inspection and acceptance of the oil and gas recycling equipment for three 1,000-ton berths and departure platforms. Moreover, it is advancing the implementation of the construction of the oil and gas recycling equipment for a 10,000-ton loading berth.

(4) The first and third branches of Zhanjiang Port as well as Zhanjiang Port Petrochemical Terminal Co., Ltd. provide seven special rooms for storing hazardous waste. All the rooms are protected against thunder, wind, rain, sunlight, and seepage and are equipped with surveillance equipment in the surrounding places. A qualified third party is entrusted to transport the waste in a timely and compliant manner.

5. Contingency plan for environmental emergencies

During the Reporting Period, the Contingency Plan for Environmental Emergencies of the Company continued to be effective, and all enterprises controlled by the Company prepared a contingency plan for environmental emergencies as required. Units with heavy pollutant discharge needs filed environmental emergencies at local ecological and environmental bureaus as required. Details are as follows:

(1) Contingency Plan for Environmental Emergencies of Zhanjiang Port (Group) Co., Ltd. Filing No. 440803-2020-0036-H

(2) Contingency Plan for Environmental Emergencies of the First Branch of Zhanjiang Port (Group) Co., Ltd. Filing No. 440803-2021-0025-M

(3) Contingency Plan for Environmental Emergencies of the Third Branch of Zhanjiang Port (Group) Co., Ltd. Filing No. 440802-2022-0002-L

(4) Contingency Plan for Environmental Emergencies of Zhanjiang Port Petrochemical Terminal Co., Ltd. Filing No. 440803-2021-0040-H

6. Input in environmental governance and protection and payment of environmental protection tax

The Company constantly increases its input into environmental protection to make sure that various pollutants constantly meet the standards and thus contribute to business sustainability. During the Reporting Period, the Company spent RMB75.33 million on environmental protection and paid RMB2.6262 million for environmental protection tax in full in time as per laws and regulations.

7. Environmental self-monitoring program

During the Reporting Period, enterprises under the Company that are subject to the pollutant discharge permits formulated self-monitoring plans as per laws, regulations, and pollutant discharge permits. As a result, the monitoring results indicated that all indicators met the standards. Information on units with heavy pollutant discharge needs controlled by the Company is as follows:

(1) The First Branch of Zhanjiang Port (Group) Co., Ltd. has developed a soil and noise self-monitoring plan, by which it conducts noise monitoring every quarter and soil monitoring every second half of the year. The monitoring report will be submitted to local ecological and environmental authorities.

(2) The Third Branch of Zhanjiang Port (Group) Co., Ltd. has developed a soil self-monitoring plan, by which it conducts soil monitoring every second half of the year. The monitoring report will be submitted to local ecological and environmental authorities.

(3) Zhanjiang Port Petrochemical Terminal Co., Ltd. has developed an air and soil self-monitoring plan, by which it conducts air monitoring every quarter and soil monitoring every second half of the year. The monitoring report will be submitted to local ecological and environmental authorities.

8. Administrative penalties for environmental problems during the Reporting Period

Applicable Not applicable

9. Other environmental information that should be disclosed

None

10. Measures taken to decrease carbon emission in the Reporting Period and corresponding effects

CMPort vigorously responds to and implements the national requirements as well as the requirements of CMG for carbon peak and carbon neutrality, implements energy saving and carbon reduction strictly in accordance with the Action Plan of CMPort for Achieving Carbon Peak and Carbon Neutrality formulated and helps the effective implementation of the goal of “achieving carbon peak by 2028 and carbon neutrality by 2060”. At the beginning of the year, the Company identified 57 carbon reduction projects for 2023 and included them in the annual energy-saving and environmental protection target management responsibility statement, with a carbon reduction of 3,218 tons during the Reporting Period.

11. Other information related to environmental protection

None

II Corporate Social Responsibility (CSR)

The Company highlights and practices corporate social responsibilities. While improving business performance and creating benefits for shareholders, the Company earnestly performs its social responsibilities for employees, society and environment, promotes the sustainable development of the enterprise and society, and continues to shape the public-welfare brand, "C-Blue". The main results of the work in the first half of 2023 are as follows:

1. Overseas: Thanks to the China Merchants Charity Foundation, the program "China Merchants Silk Road Love Villages" jointly initiated by Colombo International Container Terminals Ltd. (CICT) and Hambantota International Port Group (HIPG) achieved results in Kenda villages, Sri Lanka. The infrastructure construction of Love Village has been completed. Community activity centers, medical and health centers and other facilities were handed over smoothly. The project creates nearly 800 jobs for local people, and will improve the living environment and living standards of local villagers, and thus develop new villages featuring happiness and harmony. After achieving fruitful results in Kenda Village, the project will take Kenda Village as a successful example to gradually explore the path of sustainable development in impoverished rural areas overseas, so as to benefit more villages in Sri Lanka.

2. Domestically: CMPort successfully hosted the Children's Growth Camp of the C-Blue Rural Education Charity Programme in Lianping, Heyuan and Weining, Guizhou. Through innovative C-

Blue cloud classroom and other forms of activities, it helped rural schools access high-quality urban education resources, committed to promoting rural revitalisation through education. Zhanjiang Port continued to promote rural revitalisation. It put more effort into supporting the development of Hai'an Town in Xuwen County, offering community volunteer services vigorously. For instance, it took care of left-behind children through the childcare volunteer service of "Spring Breeze for Seedlings". Shantou Port worked with Shantou Guang'ao Middle School to carry out practical activities on loving the motherland, hometown and port. It took teachers and students from Guang'ao Middle School on a tour of the Guang'ao Port Area and Chaoshan Historical and Cultural Expo Center, allowing the students to further understand Chaoshan's history and culture, experience the beauty of their hometown, and stimulate their feelings of love for the motherland, hometown and port. The tour also helped them realise their responsibilities of inheriting patriotism, promoting traditional culture and assisting in the construction of their hometown. Xiamen Port actively implemented the rural revitalisation policy to assist in the employment of some villagers in Shenwo Village and other villages around the port area. The South China Operations Center actively organised its employees to participate in volunteer activities, such as the creation of green port landscape, the caring for the staff of Nanshan Port Special Service Station, Mount Malun environmental protection public welfare activities, unpaid blood donation, and parent-child volunteer service activities, encouraging them to assume their social responsibilities as the Company's employees and play their roles as role models.

Part VI Significant Events

I Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Overdue at the Period-End

Applicable Not applicable

No such cases in the Reporting Period.

II Occupation of the Company's Capital by the Controlling Shareholder or any of other Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

III Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

Yes No

The interim financial statements are unaudited.

V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of Last Year

Applicable Not applicable

VII Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Major lawsuits and arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

Other legal matters:

Basic information	Amount involved (RMB'0,000)	Whether formed expected liabilities	Progress	The results and influence of lawsuits (arbitrations)	Execution of judgment	Disclosure date	Index to disclosed information
The summary of Brazil TCP cases (note)	94,325.42	Yes	Unsettled	Low risk	-	-	-
The summary of other matters not met disclosure standards of major lawsuits (arbitrations)	114,679.5	Not	Unsettled	Low risk	-	-	-

Note: refer to Notes to Financial Statements-Commitments or Contingency for details of Brazil TCP cases.

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

XI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price (RMB'0,000)	Total value (RMB'0,000)	As % of the total value of all the same-type transactions	Approved transaction line (RMB'0,000)	Over the approved line or not	Way of settlement	Obtainable market price for same-type transactions (RMB'0,000)	Disclosure date	Index to disclosed information
Liaoning Port Group Co., Ltd. and its subsidiaries	Under the control of ultimate shareholder	Render service and lease to related party, receive service and lease from related	Lease, labor cost, information service income, etc.	Market price	5,098.85	5,098.85	11.71%	24,983.17	No	Settled monthly	5,098.85	4 April 2023	www.cninfo.com.cn (Announcement No. 2023-028)

		party											
Sinotrans Limited and its subsidiaries	Under the control of ultimate shareholder	Render service and lease to related party, receive service from related party	Labor cost, demurrage, lease, etc.	Market price	8,053.87	8,053.87	18.50%	20,239.79	No	Settled monthly	8,053.87		
China Nanshan Development (Group) Co., Ltd. and its subsidiaries	Affiliated legal person	Render service and lease to related party, receive service and lease from related party	Lease, labor cost, service revenue	Market price	4,001.70	4,001.70	9.19%	14,394.29	No	Settled monthly	4,001.70		
China Merchants Shekou Industrial Zone Holdings Co., Ltd. and its subsidiaries	Under the control of ultimate shareholder	Render service and lease to related party, receive service and lease from related party	Labor cost, lease expense of land and houses	Market price	6,011.34	6,011.34	13.81%	13,323.90	No	Settled monthly	6,011.34		
Total				--	--	23,165.76	--	72,941.15	--	--	--	--	--
Large-amount sales return in detail				None									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				The Proposal on Recognition of 2022 Daily Related-party Transaction and the Forecast of 2023 Daily Related-party Transaction was reviewed and approved on the 2022 Annual General Meeting on 22 May 2023. The daily business transactions of the Company are mainly providing or receiving leasing, providing and receiving labor services. The amount of daily related-party transactions in 2023 is estimated to be RMB1.01 billion. During the Reporting Period, there was no significant difference between the actual amount and the estimated amount.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

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

Applicable Not applicable

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

4. Credits and Liabilities with Related Parties

Credits receivable with related parties

Related party	Related relationship	Forming reason	Whether there is occupation on non-operating capital or not	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Bank deposits/Structured deposit	No	428,803.42	2,149,381.70	2,212,567.27	1.35%-3.29%	2,949.86	365,617.85
Effects of credits with related parties on the Company's operating results and financial conditions		The above credits receivable with related parties were mainly deposits in financial institutions which has no major influence on the Company's operating results and financial conditions.							

Liabilities payable with related parties:

Related party	Related relationship	Forming reason	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)	
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Borrowing	35,137.82	11,009.69	4,357.69	2.95-3.72%	793.91	41,789.82	
Effects of liabilities with related parties on the Company's operating results and financial conditions		The above liabilities payable with related parties were mainly financial institution loans which had no major influence on the Company's operating results and financial conditions.							

5. Transactions with Related Finance Companies

Deposit business

Related party	Related relationship	Daily maximum limits (RMB'0,000)	Interest rate range	Beginning balance (RMB'0,000)	Actual amount		Ending balance (RMB'0,000)
					Total deposited amount (RMB'0,000)	Total withdrawn amount (RMB'0,000)	
China Merchants Group Finance Co., Ltd.	Other company under the same control of controlling shareholder	500,000.00	0.55%-2.1%	184,169.86	1,135,602.72	1,228,411.69	91,360.89

Loan business

Related party	Related relationship	Loan limit (RMB'0,000)	Interest rate range	Beginning balance (RMB'0,000)	Actual amount		Ending balance (RMB'0,000)
					Total loan amount (RMB'0,000)	Total repaid amount (RMB'0,000)	
China Merchants Group Finance Co., Ltd.	Other company under the same control of controlling shareholder	1,000,000.00	1.2%-4.06%	97,983.90	35,572.66	42,417.55	91,139.01

Credit or other finance business

Related party	Related relationship	Type of business	Total amount (RMB'0,000)	Actual amount (RMB'0,000)
China Merchants Group Finance Co., Ltd.	Other company under the same control of controlling shareholder	Credit	1,000,000.00	91,139.01

6. Transactions with Related Parties by Finance Company Controlled by the Company

Applicable Not applicable

No such cases in the Reporting Period.

7. Other Major Related-Party Transactions

(1) The Company held the 7th Meeting of the 10th Board of Directors on 31 March 2023, and reviewed and approved the Proposal on the Related-Party Transactions Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2023, which was submitted to the 2022 Annual General Meeting of the Company for deliberation. The Company held the 2022 Annual General Meeting on 22 May 2023, and deliberated and approved the Proposal on the Related-Party Transactions Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2023, agreeing the Company and its subsidiaries to open bank accounts with China Merchants Bank. In 2023, the maximum deposit balance of the Company and its subsidiaries with China Merchants Bank shall not exceed RMB10 billion, and the maximum credit balance shall not exceed RMB15 billion. For details, please refer to the Announcement on the Related-Party Transactions Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2023 (Announcement No. 2023-029) disclosed by the Company on 4 April 2023, the Announcement on the Resolution of the 2022 General Meeting of Shareholders (Announcement No. 2023-045) disclosed by the Company on 23 May 2023 and other relevant announcements.

(2) The Company held the 3rd Extraordinary Meeting of the 10th Board of Directors on 6 April 2023, and reviewed and approved the Proposal on the Related-Party Transaction Regarding Conducting Financial Leasing between Majority-owned Subsidiaries and Related Parties. For details, please refer to the Announcement on the Related-Party Transaction Regarding Conducting Financial Leasing between Majority-owned Subsidiaries and Related Parties (Announcement No. 2023-034) disclosed by the Company on 7 April 2023.

(3) The Company held the 4th Extraordinary Meeting of the 10th Board of Directors on 28 April 2023, reviewed and approved the Proposal on the Provision of Financial Assistance by Majority-owned

Subsidiaries and Related-Party Transactions to their Equity-participating Companies, which was submitted to the 2022 Annual General Meeting of the Company for deliberation. The Company held the 2022 Annual General Meeting on 22 May 2023, and deliberated and approved the Proposal on the Provision of Financial Assistance by Majority-owned Subsidiaries and Related-Party Transactions to their Equity-participating Companies. For details, please refer to the Announcement on the Provision of Financial Assistance by Majority-owned Subsidiaries and Related-Party Transactions to their Equity-participating Companies (Announcement No. 2023-040) disclosed by the Company on 29 April 2023.

Information on the disclosure website for current announcements on significant related-party transactions:

Name of provisional reports	Disclosure date	Website
Announcement on the Related-Party Transaction Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2023	4 April 2023	www.cninfo.com.cn (Announcement No. 2023-029)
Announcement on the Related-Party Transaction Regarding Conducting Financial Leasing between Majority-owned Subsidiaries and Related Parties	7 April 2023	www.cninfo.com.cn (Announcement No. 2023-034)
Announcement on the Provision of Financial Assistance by Majority-owned Subsidiaries and Related-Party Transactions to their Equity-participating Companies	29 April 2023	www.cninfo.com.cn (Announcement No. 2023-040)

XII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Guarantee-receiving entity	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Terminal Link SAS	N/A	6,897.89	11 June 2013	6,897.89	General guarantee			About 20 years	Not	Yes
Terminal Link SAS	31 March 2022	11,684.12	25 January 2023	11,684.12	Joint-liability			About 7 years	Not	Yes
Terminal Link SAS	4 April 2023	249,311.78								
Kingston Freeport Terminal Limited	31 March 2022	5,118.98								
KHOR AMBAD O FZCO *	30 March 2019	20,810.30	24 May 2019	12,423.30	Joint-liability			About 13 years	Not	Yes
Total approved line for such guarantees in the Reporting Period (A1)		249,311.78		Total actual balance of such guarantees in the Reporting Period (A2)		11,684.12				
Total approved line for such guarantees at the end of the Reporting Period (A3)		293,823.07		Total actual balance of such guarantees at the end of the Reporting Period (A4)		31,005.31				
Guarantee between the Company to its subsidiaries										
Guarantee-receiving entity	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Chiwan Wharf Holdings (Hong Kong) Limited	31 March 2022	190,000.00	-	-	-	-	-	-	-	-
Port Development (Hongkong) Company Limited	31 March 2022	200,000.00	-	-	-	-	-	-	-	-
Port Development (Hongkong) Company Limited	4 April 2023	100,000.00	-	-	-	-	-	-	-	-

Chiwan Wharf Holdings (Hong Kong) Limited	4 April 2023	100,000.00	-	-	-	-	-	-	-	-
Total approved line for such guarantees in the Reporting Period (B1)		200,000.00		Total actual amount of such guarantees in the Reporting Period (B2)		0.00				
Total approved line for such guarantees at the end of the Reporting Period (B3)		200,000.00		Total actual balance of such guarantees at the end of the Reporting Period (B4)		0.00				
Guarantees provided between subsidiaries										
Guarantee-receiving entity	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
China Merchants International Terminal (Qingdao) Co., LTD	16 April 2020	50,000.00	1 January 2021	19,395.59	Joint-liability	Not	Not	January 2024	Not	Not
Shenzhen Jinyu Rongtai Investment development Co., LTD	N/A	80,000.00	12 January 2017	50,000.00	Joint-liability	Not	Not	About 10 years	Not	Not
China Merchants International (China) Investment Co., LTD	N/A	2,500.00	30 June 2016	2,500.00	Joint-liability	Not	Not	About 10 years	Not	Not
China Merchants Finance Company Limited	3 August 2015	361,290.00	3 August 2015	361,290.00	General guarantee	Not	Not	About 10 years	Not	Not
CMHI Finance (BVI) Co., Ltd	6 August 2018	650,322.00	6 August 2018	650,322.00	General guarantee	Not	Not	About 5 years	Not	Not
CMHI Finance (BVI) Co., Ltd	6 August 2018	433,548.00	6 August 2018	433,548.00	General guarantee	Not	Not	About 10 years	Not	Not
CMHI Finance (BVI) Co., Ltd	26 September 2020	578,064.00	9 October 2020	433,548.00	General guarantee	Not	Not	About 3 years	Not	Not
				144,516.00	General guarantee	Not	Not	About 5 years	Not	Not

CMHI Finance (BVI) Co., Ltd	31 March 2022	361,290.00	1 June 2022	361,290.00	General guarantee	Not	Not	About 5 years	Not	Not
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	18,064.50	16 September 2012	18,064.50	General guarantee	Not	Not	About 13 years	Yes	Not
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	5,058.06	16 September 2012	-	-	-	-	-	-	-
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	18,064.50	16 September 2012	18,064.50	General guarantee	Not	Not	Infinite	Not	Not
Lome Container Terminals Co., Ltd	N/A	2,581.15	1 June 2015	248.13	General guarantee	Not	Not	About 9 years	Not	Not
Lome Container Terminals Co., Ltd	N/A	2,581.15	1 June 2015	248.13	General guarantee	Not	Not	About 9 years	Not	Not
Lome Container Terminals Co., Ltd	N/A	2,581.15	1 June 2015	248.13	General guarantee	Not	Not	About 9 years	Not	Not
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	34,975.65	19 April 2018	6,995.13	General guarantee	Not	Not	About 6 years	Not	Not
Shenzhen Haixin Port Development Co., LTD	30 March 2019	219,090.00	26 June 2019	97,174.62	Joint-liability	Not	Not	About 18 years	Not	Not
Zhanjian g Port	31 March 2021	80,000.00	9 October 2021	32,300.00	Joint-liability	Not	Not	About 3 years	Not	Not

(Group) Co., LTD										
CMHI Finance (BVI) Co., Ltd	4 April 2023	354,990.00	-	-	-	Not	Not	-	-	-
Ansjie Terminal Storage Service (Shenzhen) Co., Ltd.	4 April 2023	70,000.00	-	-	-	Not	Not	-	-	-
China Merchants International Terminal (Qingdao) Co., LTD	31 March 2022	10,000.00	-	-	-	Not	Not	-	-	-
Shenzhen Haixin Port Development Co., LTD	4 April 2023	105,000.00	-	-	-	Not	Not	-	-	-
Total approved line for such guarantees in the Reporting Period (C1)		529,990.00								0.00
Total approved line for such guarantees at the end of the Reporting Period (C3)		3,411,935.64								2,611,688.22
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		979,301.78								11,684.12
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		3,905,758.71								2,642,693.53
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										47.41%
Of which:										
Balance of guarantees provided for shareholders, actual controller and their related parties (D)										31,005.31
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)										2,503,607.05
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)										-
Total of the three amounts above (D+E+F)										2,534,612.35
Joint responsibilities possibly borne in the Reporting Period for undue guarantees (if any)						None				
Provision of external guarantees in breach of the prescribed procedures (if any)						None				

3. Cash Entrusted for Wealth Management

Applicable Not applicable

No such cases in the Reporting Period.

4. Continuing Major Contracts

Applicable Not applicable

5. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XIII Other Significant Events

1. The transfer of 45% equity interest in Ningbo Daxie China Merchants International Terminals Co., Ltd. (Ningbo Daxie) by majority-owned subsidiary CMPort Holdings through public tender

The Proposal on the Transfer of 45% Equity Interest in Ningbo Daxie China Merchants International Terminals Co., Ltd. by a Majority-owned Subsidiary through Public Tender was approved at the Second Extraordinary Meeting of the 10th Board of Directors of the Company in 2023 dated 20 March 2023. As such, Cyber Chic Company Limited (hereinafter referred to as “Cyber Chic”), a wholly-owned subsidiary of the Company’s majority-owned subsidiary CMPort Holdings, was approved to transfer its 45% equity interest in Ningbo Daxie through public tender on the China Beijing Equity Exchange, and the Company’s management was authorized to deal with the subsequent matters relating to the said transaction (including but not limited to the signing of the formal agreement, etc.) at its sole discretion in the transaction process. It was also approved that based on the results of the asset valuation report issued by Beijing China Enterprise Appraisals Co., Ltd., the bottom price would be no less than RMB1,845 million (ultimately subject to the results of the asset valuation report filed to the state-owned assets supervision organization). Final transferee and transaction price would be subject to the results of the public tender. For further information, see Announcement No. 2023-021 on the Transfer of 45% Equity Interest in Ningbo Daxie China Merchants International Terminals Co., Ltd. by a Majority-owned Subsidiary through Public Tender, which has been disclosed by the Company on 22 March 2023.

On 20 April 2023, CYBER CHIC put its 45% equity interest in Ningbo Daxie to a public tender on the China Beijing Equity Exchange. On 19 May 2023, CYBER CHIC received the "Notification of Transaction Contract Signing" from the China Beijing Equity Exchange, and Ningbo Zhoushan Port became the transferee, with a transaction price of RMB1,845 million. On 25 May 2023, CYBER CHIC and Ningbo Zhoushan Port entered into the Equity Transaction Contract. For further information, see Announcement No. 2023-046 on Progress of the Transfer of 45% Equity Interest in Ningbo Daxie China Merchants International Terminals Co., Ltd. by a Majority-owned Subsidiary through Public Tender, which has been disclosed by the Company on 26 May 2023.

On 8 August 2023, Ningbo Daxie changed its registered information with the competent industrial and commercial administration and received its new business license upon the equity transfer, with its name changed to “Ningbo Daxie Container Terminal Co., Ltd.”. As such, the equity transfer has been completed and CYBER CHIC no longer holds equity interest in Ningbo Daxie. For further information, see Announcement No. 2023-063 on Progress of the Transfer of 45% Equity Interest in Ningbo Daxie China Merchants International Terminals Co., Ltd. by a Majority-owned Subsidiary through Public Tender, which has been disclosed by the Company on 10 August 2023.

2. Index to Disclosed Information

The significant events disclosed by the Company on Securities Times, China Securities Journal, Shanghai Securities News, Ta Kung Pao and www.cninfo.com.cn during the Reporting Period are as follows:

Announcement No.	Date of the announcement	Title of the announcement
2023-001	10 January 2023	Announcement on Obtaining the Registration Approval from the China Securities Regulatory Commission for the Public Offering of Corporate Bonds to Professional Investors
2023-002	14 January 2023	Announcement on the Voluntary Information Disclosure of Business Volume Data of December 2022
2023-003	20 January 2023	Announcement on the Resolutions of the 1st Extraordinary Meeting of the 10th Board of Directors in 2023
2023-004	20 January 2023	Announcement on the Resolutions of the 1st Extraordinary Meeting of the 10th Board of Supervisors in 2023
2023-005	20 January 2023	Announcement on Adjusting the Exercise Prices of the Stock Option Incentive Plan (Phase I) of the Company
2023-006	20 January 2023	Announcement on Adjusting the Numbers of Qualified Awardees and Stock Options to Be Granted of the Stock Option Incentive Plan (Phase I) of the Company

2023-007	20 January 2023	Announcement on the Failure to Meet the Exercise Conditions for the Second Exercise Schedule of the Stock Options (the First Batch to be Granted) under the Company's Stock Option Incentive Plan (Phase I)
2023-008	20 January 2023	Announcement on the Failure to Meet the Exercise Conditions for the First Exercise Schedule of the Stock Options (the Reserved Batch to be Granted) under the Company's Stock Option Incentive Plan (Phase I)
2023-009	20 January 2023	Announcement on Cancelling Some Stock Options under the Company's Stock Option Incentive Plan (Phase I)
2023-010	8 February 2023	Announcement on Completing the Cancellation of Some Stock Options under the Company's Stock Option Incentive Plan (Phase I)
2023-011	8 February 2023	Announcement on the Exercise of the Redemption Option of "22 CMPort 03" Corporate Bond and the Waiver of the Exercise of the Adjustment Option of the Coupon Interest of "22 CMPort 03" Corporate Bond
2023-012	10 February 2023	First Reminder on the Exercise of the Redemption Option of "22 CMPort 03" Corporate Bond and the Waiver of the Exercise of the Adjustment Option of the Coupon Interest of "22 CMPort 03" Corporate Bond
2023-013	15 February 2023	Announcement on the Voluntary Information Disclosure of Business Volume Data of January 2023
2023-014	17 February 2023	Second Reminder on the Exercise of the Redemption Option of "22 CMPort 03" Corporate Bond and the Waiver of the Exercise of the Adjustment Option of the Coupon Interest of "22 CMPort 03" Corporate Bond
2023-015	24 February 2023	Third Reminder on the Exercise of the Redemption Option of "22 CMPort 03" Corporate Bond and the Waiver of the Exercise of the Adjustment Option of the Coupon Interest of "22 CMPort 03" Corporate Bond
2023-016	1 March 2023	Reminder of the Issuance of 2023 Phase I Super-short-term Financing Bonds
2023-017	7 March 2023	Announcement on the Issue Results of 2023 Phase I Super-short-term Financing Bonds
2023-018	8 March 2023	Announcement on the Redemption Results and Delisting of "22 CMPort 03"
2023-019	15 March 2023	Announcement on the Voluntary Information Disclosure of Business Volume Data of February 2023
2023-020	22 March 2023	Announcement on the Resolutions of the 2nd Extraordinary Meeting of the 10th Board of Directors in 2023
2023-021	22 March 2023	Announcement on the Public Transfer of 45% of CMICT's Equity by the Majority-Owned Subsidiary
2023-022	28 March 2023	Announcement on the Online Investor Meeting on the 2022 Annual Results
2023-023	1 April 2023	Announcement on the Voluntary Information Disclosure of the 2022 Annual Results by the Majority-Owned Subsidiary
2023-024	4 April 2023	Announcement on the Resolutions of the 7th Meeting of the 10th Board of Directors
2023-025	4 April 2023	Announcement on the Resolutions of the 7th Meeting of the 10th Board of Supervisors
2023-026	4 April 2023	Announcement on the 2022 Profit Distribution and Dividend Payout Plan
2023-027	4 April 2023	Abstract of 2022 Annual Report (Chinese and English Versions)
2023-028	4 April 2023	Announcement on the Confirmation of the Continuing Related-Party Transactions in 2022 and the Estimation of Such Transactions in 2023
2023-029	4 April 2023	Announcement on the Related-Party Transaction Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2023
2023-030	4 April 2023	Announcement on the External Guarantee Progress of a Majority-Owned Subsidiary of the Company in 2022 and the Expected New External Guarantee Line in the Next 12 Months
2023-031	4 April 2023	Special Report on Deposit and Usage of Raised Fund in 2022
2023-032	4 April 2023	Announcement on Reappointment of Accounting Firm in 2023

2023-033	7 April 2023	Announcement on the Resolutions of the 3rd Extraordinary Meeting of the 10th Board of Directors in 2023
2023-034	7 April 2023	Announcement on the Related-Party Transaction Regarding Conducting Financial Leasing between Majority-owned Subsidiaries and Related Parties
2023-035	8 April 2023	Announcement on the Resignation of Employee Supervisors
2023-036	15 April 2023	Announcement on the Voluntary Information Disclosure of Business Volume Data of March 2023
2023-037	29 April 2023	Announcement on the Resolutions of the 4th Extraordinary Meeting of the 10th Board of Directors in 2023
2023-038	29 April 2023	The First Quarter Report 2023 (Chinese and English Versions)
2023-039	29 April 2023	Announcement on the Extension of Financial Assistance Provided by Majority-owned Subsidiaries
2023-040	29 April 2023	Announcement on the Provision of Financial Assistance by Majority-owned Subsidiaries and Related-Party Transactions to their Equity-participating Companies
2023-041	29 April 2023	Announcement on the Appointment of Mr. Zhu Weida as Deputy General Manager
2023-042	29 April 2023	Notice on Convening 2022 Shareholders' General Meeting
2023-043	29 April 2023	Announcement on Accounting Policy Changes
2023-044	16 May 2023	Announcement on the Voluntary Information Disclosure of Business Volume Data of April 2023
2023-045	23 May 2023	Announcement on the Resolutions of 2022 General Meeting of Shareholders
2023-046	26 May 2023	Announcement on the Progress of the Public Transfer of 45% of CMICT's Equity by the Majority-Owned Subsidiary
2023-047	3 June 2023	Announcement on the Redemption of the 5th Issue of SCP in 2022 upon Maturity
2023-048	14 June 2023	Reminder of the Issuance of 2023 Phase II Super-short-term Financing Bonds
2023-049	15 June 2023	Announcement on the Voluntary Information Disclosure of Business Volume Data of May 2023
2023-050	17 June 2023	Announcement on the Issue Results of 2023 Phase II Super-short-term Financing Bonds
2023-051	20 June 2023	Announcement on the 2022 Dividend Payout

3. Progress of the Internal Control Work

According to the requirements of Basic Rules for Enterprise Internal Control and relevant regulations, the internal control work carried out by the Company during the Reporting Period is as follows:

(1) The development of the internal control system. The Company defined the full coverage of the internal control system by the standards of control and legal entities, respectively, and performed internal control assessment. As of H1 2023, the Company completed the supervision and inspection of the internal control of three organizations and was conducting the supervision and inspection of four subordinate organizations, in accordance with the "Two-year Full Coverage" work plan for supervising and inspecting internal control systems.

(2) Comprehensive risk management. The Company tracked and controlled operating risk events in a normalized manner, and revised the relevant management rules to monitor the latest status of quantitative risk indicators. Moreover, it further strengthened the risk control management capability by improving quantitative overseas risk indicators, the early warning system of liquidity risk, the

credit risk management mechanism, and special risk control measures.

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

Date	Place	Way of communication	Type of communication party	Object of communication	Index to basic information of researches
4 April 2023	China Merchants Port Building	Teleconferencing	Institution	Representatives from institutions, such as Huachuang Securities, Zheshang Securities, Industrial Securities, Shenwan Hongyuan Securities, Essence Securities, BOC International (China) Co., Ltd., Western Securities, Sinolink Securities, Everbright Securities, Harvest Fund, Bosera Fund, UBS	Main discussions: the basic condition of operations, investments made and the financial condition of the Company; Materials provided: None Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
6 April 2023	China Merchants Port Building	Online communication on network platform	Institution+Individual	All investors	
10 May 2023	China Merchants Port Building	One-on-one meeting	Institution	Huachuang Securities, Zheshang Securities, Harmony Capital, China Life Insurance, HZBank Wealth Management, Jinxin Fund, Deyun Asset Management, Minsen Investment, Hengli Fund	
1 January 2023 to 30 June 2023	China Merchants Port Building	By phone, or written inquiry (the EasyIR platform of SZSE or email)	Individual	Individual investors	
Times of communications					46
Number of institutions communicated with					21
Number of individuals communicated with					48
Number of other communication parties					0
Tip-offs or leakages of substantial supposedly-confidential information during communications					No

XIV Significant Events of Subsidiaries

Applicable Not applicable

Part VII Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	576,716,903	23.0772%	0	0	0	0	0	576,716,903	23.0772%
1. Shares held by state	0	0.0000%	0	0	0	0	0	0	0.0000%
2. Shares held by state-owned legal person	576,709,537	23.0769%	0	0	0	0	0	576,709,537	23.0769%
3. Shares held by other domestic investors	7,366	0.0003%	0	0	0	0	0	7,366	0.0003%
Including: Shares held by domestic legal person	0	0.0000%	0	0	0	0	0	0	0.0000%
Shares held by domestic natural person	7,366	0.0003%	0	0	0	0	0	7,366	0.0003%
4. Shares held by foreign investors	0	0.0000%	0	0	0	0	0	0	0.0000%
Including: Shares held by foreign legal person	0	0.0000%	0	0	0	0	0	0	0.0000%
Shares held by foreign natural person	0	0.0000%	0	0	0	0	0	0	0.0000%
II. Unrestricted shares	1,922,357,758	76.9228%	0	0	0	0	0	1,922,357,758	76.9228%

1. RMB ordinary shares	1,742,468,718	69.7246%	0	0	0	0	0	1,742,468,718	69.7246%
2. Domestically listed foreign shares	179,889,040	7.1982%	0	0	0	0	0	179,889,040	7.1982%
3. Overseas listed foreign shares	0	0.0000%	0	0	0	0	0	0	0.0000%
4. Other	0	0.0000%	0	0	0	0	0	0	0.0000%
III. Total shares	2,499,074,661	100.0000%	0	0	0	0	0	2,499,074,661	100.0000%

Reasons for the share changes:

Applicable Not applicable

Approval of the share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II Issuance and Listing of Securities

Applicable Not applicable

III Shareholders and Their Holdings as at the Period-End

Unit: share

Number of ordinary shareholders at the period-end	29,583 (18,479 A-shareholders and 11,104 B-shareholders)	Number of preferred shareholders with resumed voting rights at the period-end (if any)	0
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5% or greater ordinary shareholders or top 10 ordinary shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total ordinary shares held at the period-end	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge, marked or frozen
CHINA MERCHANTS PORT INVESTMENT DEVELOPMENT COMPANY LIMITED	Foreign legal person	45.96%	1,148,648,648	0	0	1,148,648,648	0
ZHEJIANG PROVINCIAL SEAPORT INVESTMENT & OPERATION GROUP CO., LTD.	State-owned legal person	23.08%	576,709,537	0	576,709,537	0	0
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	State-owned legal person	14.84%	370,878,000	0	0	370,878,000	0
SHENZHEN INFRASTRUCTURE INVESTMENT FUND-SHENZHEN INFRASTRUCTURE INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP)	Funds, wealth management products, etc.	2.59%	64,850,182	0	0	64,850,182	0
BROADFORD GLOBAL LIMITED	State-owned legal person	2.21%	55,314,208	0	0	55,314,208	0
CHINA-AFRICA DEVELOPMENT FUND	State-owned legal person	1.69%	42,190,151	-21,912,413	0	42,190,151	Unknown
CHINA CITIC BANK CORPORATION LIMITED-BOCOM SCHRODERS NEW VITALITY DYNAMIC ASSET ALLOCATION MIXED SECURITIES INVESTMENT FUND	Funds, wealth management products, etc.	0.27%	6,774,663	0	0	6,774,663	Unknown
CHINA LIFE INSURANCE COMPANY LIMITED-TRADITION-GENERAL INSURANCE PRODUCTS-005L- CT001 HU	Funds, wealth management products, etc.	0.18%	4,534,022	0	0	4,534,022	Unknown
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign legal person	0.18%	4,400,007	-1,810,889	0	4,400,007	Unknown
BANK OF CHINA LIMITED- GF MID-CAP AND SMALL-CAP SELECTED MIXED SECURITIES INVESTMENT FUND	Funds, wealth management products, etc.	0.13%	3,356,800	0	0	3,356,800	Unknown
Strategic investors or general legal person becoming top-ten ordinary shareholders due to placing of new shares (if any)	Among the foregoing shareholders, Shenzhen Infrastructure Investment Fund-Shenzhen Infrastructure Investment Fund Partnership (Limited Partnership) subscribed for 64,850,182 shares of the Company offered in a non-public manner in 2019 for raising supporting funds at RMB17.16 per share. The subscribed shares were floated on						

	Shenzhen Stock Exchange on 4 November 2019, and the lock-in period lasted until 4 November 2020. China-Africa Development Fund subscribed for 64,102,564 shares of the Company offered in a non-public manner in 2019 for raising supporting funds at RMB17.16 per share. The subscribed shares were floated on Shenzhen Stock Exchange on 4 November 2019, and the lock-in period lasted until 4 November 2020. Zhejiang Provincial Seaport Investment & Operation Group Co., Ltd. subscribed for 576,709,537 shares of the Company offered in a non-public manner at RMB18.50 per share. The subscribed shares were floated on Shenzhen Stock Exchange on 12 October 2022, and the lock-in period lasts until 12 October 2025.		
Related or acting-in-concert parties among the shareholders above	Broadford Global Limited is the controlling shareholder of China Merchants Port Investment Development Company Limited and China Merchants Gangtong Development (Shenzhen) Co., Ltd. The Company does not know whether the other unrestricted shareholders are related parties or not.		
Above shareholders involved in entrusting/being entrusted and giving up voting rights	None		
Special account for share repurchases (if any) among the top 10 shareholders	N/A		
Top 10 unrestricted ordinary shareholders			
Name of shareholder	Unrestricted ordinary shares held at the period-end	Shares by type	
		Type	Shares
CHINA MERCHANTS PORT INVESTMENT DEVELOPMENT COMPANY LIMITED	1,148,648,648	RMB ordinary share	1,148,648,648
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	370,878,000	RMB ordinary share	370,878,000
SHENZHEN INFRASTRUCTURE INVESTMENT FUND-SHENZHEN INFRASTRUCTURE INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP)	64,850,182	RMB ordinary share	64,850,182
BROADFORD GLOBAL LIMITED	55,314,208	Domestically listed foreign share	55,314,208
CHINA-AFRICA DEVELOPMENT FUND	42,190,151	RMB ordinary share	42,190,151
CHINA CITIC BANK CORPORATION LIMITED-BOCOM SCHRODERS NEW VITALITY DYNAMIC ASSET ALLOCATION MIXED SECURITIES INVESTMENT FUND	6,774,663	RMB ordinary share	6,774,663
CHINA LIFE INSURANCE COMPANY LIMITED-TRADITION- GENERAL INSURANCE PRODUCTS-005L-CT001 HU	4,534,022	RMB ordinary share	4,534,022
HONG KONG SECURITIES CLEARING COMPANY LTD.	4,400,007	RMB ordinary share	4,400,007
BANK OF CHINA LIMITED- GF MID-CAP AND SMALL-CAP SELECTED MIXED SECURITIES INVESTMENT FUND	3,356,800	RMB ordinary share	3,356,800
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,741,327	Domestically listed foreign share	2,741,327
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top	Broadford Global Limited is a controlling shareholder of China Merchants Port Investment Development Company Limited and China Merchants Gangtong Development (Shenzhen) Co., Ltd. The Company does not know whether the other		

10 unrestricted ordinary shareholders and top 10 ordinary shareholders	unrestricted shareholders are related parties or not.
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

IV Change in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

No changes occurred to the shareholdings of the directors, supervisors and senior management in the Reporting Period. See the 2022 Annual Report for more details.

V Change of the Controlling Shareholder or the De Facto Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Part VIII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part IX Bonds

I Enterprise Bonds

Applicable Not applicable

No enterprise bonds in the Reporting Period.

II Corporate Bonds

1. Basic Information of the Corporate Bonds

Unit: RMB'0,000

Name	Abbr.	Code	Date of issuance	Value date	Maturity	Bonds balance	Interest rate	Way of redemption	Trading place
2020 Public Offering of Corporate Bonds of China Merchants Port Group Co., Ltd. (for qualified investors) (Phase I)	20 CMPort 01	149170	7 July 2020	7 July 2020	8 July 2023	200,000.00	3.36%	Simple interest is adopted and calculated by year. No compound interest is calculated. Interests are paid once every year and principals paid in lump sum at maturity. In the last installment, the interests are paid together with principal repayment.	Shenzhen Stock Exchange
2022 Public Offering of Corporate Bonds of China Merchants Port Group Co., Ltd.	22 CMPort 01	148052	29 August 2022 to 30 August 2022	30 August 2022	30 August 2025	300,000.00	2.69%	Simple interest is adopted and calculated by year. No compound interest is	Shenzhen Stock Exchange

(for professional investors) (Phase I)								calculated . Interests are paid once every year and principals paid in lump sum at maturity. In the last installment, the interests are paid together with principal repayment.	
2022 Public Offering of Corporate Bonds of China Merchants Port Group Co., Ltd. (for professional investors) (Phase II)	22 CMPort 02	148058	5 September 2022 to 6 September 2022	6 September 2022	6 September 2024	300,000.00	2.45%	Simple interest is adopted and calculated by year. No compound interest is calculated . Interests are paid once every year and principals paid in lump sum at maturity. In the last installment, the interests are paid together with principal repayment.	Shenzhen Stock Exchange
2022 Public Offering of Corporate Bonds of China Merchants Port Group Co., Ltd. (for professional investors)	22 CMPort 03	148060	8 September 2022 to 9 September 2022	9 September 2022	The maturity date of the bonds is 9 September 2023; if the issuer exercises the redemption	0	1.93%	Simple interest is adopted and calculated by year. No compound interest is calculated . Interests are paid once	Shenzhen Stock Exchange

investors) (Phase III)					option, the maturity date of the bonds is 8 March 2023; if the investor exercises the resale option, the maturity date of the resale portion of the bonds is 8 March 2023.			every year and principals paid in lump sum at maturity. In the last installmen t, the interests are paid together with principal repaymen t.	
Appropriate arrangement of the investors (if any)			The Company's bonds are publicly issued to professional institutional investors						
Applicable trading mechanism			Match-and-deal, negotiate-and-deal, click-and-deal, inquire-and-deal, bid-and-deal						
Risk of termination of listing transactions (if any) and countermeasures			Not						

Overdue bonds

Applicable Not applicable

2. The Trigger and Execution of the Option Clause of the Issuers or Investors and the Investor Protection Clause

Applicable Not applicable

3. Adjustment of Credit Rating Results during the Reporting Period

Applicable Not applicable

4. Execution and Changes of Guarantee, Repayment Plan and Other Repayment Guarantee Measures as well as Influence on Equity of Bond Investors during the Reporting Period

Applicable Not applicable

III Debt Financing Instruments of Non-financial Enterprises**1. Basic Information of Debt Financing Instruments of a Non-financial Enterprise**

Unit: RMB'0,000

Name	Abbr.	Code	Date of issuance	Value date	Maturity	Bonds balance	Interest rate (%)	Way of redemption	Trading place
Medium-term Notes of	21 CMPort MTN001	10210070 3	14 April 2021	16 April 2021	16 April 2024	200,000.00	3.52%	Interests paid once every year	Interban k bond market

China Merchants Port Group Co., Ltd. (Phase I 2021)								and principals paid in lump sum on the redemption date	
Super-short-term Commercial Papers of China Merchants Port Group Co., Ltd. (Phase V 2022)	22 CMPort SCP005	012283152	1 September 2022	5 September 2022	2 June 2023	0	1.75%	Principals and interest paid in lump sum at maturity	Interbank bond market
Super-short-term Commercial Papers of China Merchants Port Group Co., Ltd. (Phase I 2023)	23 CMPort SCP001	012380785	1 March 2023	3 March 2023	30 August 2023	200,000.00	2.35%	Principals and interest paid in lump sum at maturity	Interbank bond market
Super-short-term Commercial Papers of China Merchants Port Group Co., Ltd. (Phase II 2023)	23 CMPort SCP002	012382233	14 June 2023	15 June 2023	12 December 2023	200,000.00	2.05%	Principals and interest paid in lump sum at maturity	Interbank bond market
Appropriate arrangement of the investors (if any)	Not applicable								
Applicable trading mechanism	Inquiry								
Risk of termination of listing transactions (if any) and countermeasures	None								

Matured bonds unredeemed

Applicable Not applicable

2. Triggering and Implementation of Issuer or Investor Option Clauses and Investor Protection Clauses

Applicable Not applicable

3. Credit Rating Adjustments during the Reporting Period

Applicable Not applicable

4. Implementation and Changes of Guarantees, Repayment Plan and Other Repayment Guarantee Measures during the Reporting Period, and their Impact on the Equity Ownership of bond holders

During the Reporting Period, the Company's credit enhancement mechanism for existing debt financing instruments remained unchanged. The repayment plan and other repayment guarantee measures did not undergo significant changes. There was no adverse impact on the equity ownership of debt financing instrument holders.

IV Convertible Corporate Bonds

Applicable Not applicable

No such cases in the Reporting Period.

V Losses of Scope of Consolidated Financial Statements during the Reporting Period Exceeding 10% of Net Assets up the Period-end of Last Year

Applicable Not applicable

VI The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end

Item	30 June 2023	31 December 2022	Increase/decrease
Current ratio	95.23%	76.93%	23.79%
Debt/asset ratio	36.20%	35.07%	1.13%
Quick ratio	94.39%	76.08%	24.07%
	H1 2023	H1 2022	Increase/decrease
Net profit before exceptional gains and losses (RMB'0,000)	180,139.34	192,054.92	-6.20%
EBITDA/debt ratio	10.07%	11.93%	-1.86%
Interest cover (times)	4.12	4.76	-13.45%
Cash-to-interest cover (times)	3.52	5.20	-32.31%
EBITDA-to-interest cover (times)	6.58	7.15	-7.97%
Loan repayment ratio	100.00%	100.00%	-
Interest payment ratio	100.00%	100.00%	-

Part X Financial Statements

I Independent Auditor's Report

These interim financial statements have not been audited by an independent auditor.

II Financial Statements

See attached.

China Merchants Port Group Co., Ltd.

Board of Directors

Dated 31 August 2023

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

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CHINA MERCHANTS PORT GROUP CO., LTD.

AT 30 JUNE 2023

Consolidated Balance Sheet

Unit: RMB

Item	Notes	30/6/2023	31/12/2022 (restated)
Current Assets:			
Cash and bank balances	(VIII) 1	14,440,689,892.60	13,615,928,739.40
Held-for-trading financial assets	(VIII) 2	4,645,336,576.09	2,998,781,599.63
Notes receivable	(VIII) 3	186,028,246.15	36,395,000.00
Accounts receivable	(VIII) 4	2,083,996,446.24	1,276,149,689.44
Receivables financing	(VIII) 5	-	163,766,913.10
Prepayments	(VIII) 6	84,241,251.04	63,627,425.42
Other receivables	(VIII) 7	2,006,436,507.38	948,842,094.30
Inventories	(VIII) 8	244,341,161.12	225,122,821.48
Assets held for sale	(VIII) 9	4,034,332,787.01	-
Non-current assets due within one year	(VIII) 10	59,033,499.39	902,225,293.93
Other current assets	(VIII) 11	148,795,701.64	185,903,140.53
Total Current Assets		27,933,232,068.66	20,416,742,717.23
Non-current Assets:			
Long-term receivables	(VIII) 12	6,859,846,013.74	5,661,327,499.07
Long-term equity investments	(VIII) 13	94,976,270,168.12	92,364,293,919.05
Investments in other equity instruments	(VIII) 14	154,256,180.28	171,945,275.02
Other non-current financial assets	(VIII) 15	971,716,168.73	1,745,740,896.41
Investment properties	(VIII) 16	5,049,637,728.99	5,123,690,119.56
Fixed assets	(VIII) 17	29,369,002,248.34	32,033,326,083.50
Construction in progress	(VIII) 18	2,476,908,227.17	2,413,844,407.64
Right-of-use assets	(VIII) 19	9,483,918,238.46	9,342,642,222.33
Intangible assets	(VIII) 20	18,446,203,829.88	19,277,065,115.61
Development expenditure	(VIII) 21	36,845,103.25	17,412,196.16
Goodwill	(VIII) 22	6,567,494,230.16	6,411,426,891.09
Long-term prepaid expenses	(VIII) 23	986,494,548.39	986,356,904.90
Deferred tax assets	(VIII) 24	412,227,220.14	434,498,820.95
Other non-current assets	(VIII) 25	1,204,837,435.02	1,186,789,378.79
Total Non-current Assets		176,995,657,340.67	177,170,359,730.08
TOTAL ASSETS		204,928,889,409.33	197,587,102,447.31

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 30 JUNE 2023

Consolidated Balance Sheet - continued

Unit: RMB

Item	Note	30/6/2023	31/12/2022 (restated)
Current Liabilities:			
Short-term borrowings	(VIII) 26	4,980,452,166.69	7,164,338,366.18
Notes payable	(VIII) 27	39,276,000.00	-
Accounts payable	(VIII) 28	531,218,999.62	811,149,397.66
Receipts in advance	(VIII) 29	42,258,593.81	9,886,531.59
Contract liabilities	(VIII) 30	191,779,113.06	141,899,551.03
Employee benefits payable	(VIII) 31	755,339,613.36	936,834,718.13
Taxes payable	(VIII) 32	1,023,366,962.42	917,933,169.09
Other payables	(VIII) 33	3,165,399,094.34	1,755,885,258.26
Held-for-sale liabilities	(VIII) 34	681,983,479.70	-
Non-current liabilities due within one year	(VIII) 35	13,422,474,832.50	11,641,223,688.95
Other current liabilities	(VIII) 36	4,500,231,313.76	3,161,147,525.96
Total Current Liabilities		29,333,780,169.26	26,540,298,206.85
Non-current Liabilities:			
Long-term borrowings	(VIII) 37	16,083,606,258.60	12,390,099,177.85
Bonds payable	(VIII) 38	17,484,215,109.65	19,088,293,099.02
Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities	(VIII) 39	911,098,409.66	948,350,914.04
Long-term payables	(VIII) 40	3,927,125,038.19	3,551,315,590.31
Long-term employee benefits payable	(VIII) 41	624,346,765.68	639,095,931.43
Provisions	(VIII) 42	37,446,005.96	35,365,156.43
Deferred income	(VIII) 43	1,018,957,256.16	1,031,273,189.74
Deferred tax liabilities	(VIII) 24	4,578,062,228.23	4,855,019,835.33
Other non-current liabilities	(VIII) 44	178,591,600.54	186,383,117.00
Total Non-current Liabilities		44,843,448,672.67	42,725,196,011.15
TOTAL LIABILITIES		74,177,228,841.93	69,265,494,218.00
SHAREHOLDERS' EQUITY:			
Share capital	(VIII) 45	2,499,074,661.00	2,499,074,661.00
Capital reserve	(VIII) 46	35,070,375,533.28	34,751,640,835.25
Other comprehensive income	(VIII) 47	-350,736,236.07	-689,553,619.86
Special reserve	(VIII) 48	43,884,349.65	26,358,259.97
Surplus reserve	(VIII) 49	1,001,917,449.15	1,001,917,449.15
Unappropriated profit	(VIII) 50	17,479,739,463.12	16,701,988,301.14
Total equity attributable to shareholders of the Company		55,744,255,220.13	54,291,425,886.65
Minority interests		75,007,405,347.27	74,030,182,342.66
TOTAL SHAREHOLDERS' EQUITY		130,751,660,567.40	128,321,608,229.31
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		204,928,889,409.33	197,587,102,447.31

The accompanying notes form part of the financial statements.

The financial statements were signed by the following:

Xu Song

Tu Xiaoping

Hu Shaode

Legal Representative

Chief Financial Officer

Head of Accounting Department

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 30 JUNE 2023

Balance Sheet of the Company

Unit: RMB

Item	Note	30/6/2023	31/12/2022
Current Assets:			
Cash and bank balances		5,162,021,339.41	3,333,936,587.44
Held-for-trading financial assets		2,509,140,547.94	1,502,601,369.86
Other receivables	(XVIII) 1	1,418,521,632.58	2,749,637,755.23
Other current assets		8,725,411.89	7,774,206.30
Total Current Assets		9,098,408,931.82	7,593,949,918.83
Non-current Assets:			
Long-term receivables		9,555,457.97	9,240,200.34
Long-term equity investments	(XVIII) 2	54,449,149,531.65	53,433,613,471.49
Investments in other equity instruments		144,700,378.28	144,700,378.28
Other non-current financial assets		-	950,321,309.06
Fixed assets		28,306,351.20	28,826,135.19
Construction in progress		100,604.53	15,435,512.32
Intangible assets		56,493,136.33	50,303,126.12
Development expenditure		27,476,298.75	6,219,670.14
Long-term prepaid expenses		698,960.39	873,700.49
Deferred tax assets		928,465.21	928,465.21
Total Non-current Assets		54,717,409,184.31	54,640,461,968.64
TOTAL ASSETS		63,815,818,116.13	62,234,411,887.47

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 30 JUNE 2023

Balance Sheet of the Company - continued

Unit: RMB

Item	Note	30/6/2023	31/12/2022
Current liabilities:			
Receipts in advance		7,075,471.70	-
Employee benefits payable		30,353,653.34	38,763,907.88
Taxes payable		744,010.41	1,251,923.17
Other payables		387,931,046.81	373,569,651.65
Non-current liabilities due within one year		4,220,661,703.69	2,146,233,151.54
Other current liabilities		4,017,249,315.07	3,017,713,424.64
Total Current Liabilities		8,664,015,201.02	5,577,532,058.88
Non-current Liabilities:			
Long-term borrowings		5,984,000,000.00	4,988,000,000.00
Bonds payable		6,000,000,000.00	8,000,000,000.00
Deferred tax liabilities		43,257,050.57	41,622,256.05
Total Non-current Liabilities		12,027,257,050.57	13,029,622,256.05
TOTAL LIABILITIES		20,691,272,251.59	18,607,154,314.93
SHAREHOLDERS' EQUITY:			
Share capital		2,499,074,661.00	2,499,074,661.00
Capital reserve		37,728,804,777.23	37,749,723,642.07
Other comprehensive income		110,122,503.24	99,525,686.03
Surplus reserve		1,001,917,449.15	1,001,917,449.15
Unappropriated profit		1,784,626,473.92	2,277,016,134.29
TOTAL SHAREHOLDERS' EQUITY		43,124,545,864.54	43,627,257,572.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		63,815,818,116.13	62,234,411,887.47

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Consolidated Income Statement

Unit: RMB

Item	Note	Current Period	Prior Period (restated)
I. Operating income	(VIII) 51	7,795,261,570.99	8,150,462,367.19
Less: Operating costs	(VIII) 51	4,519,943,753.79	4,637,368,881.65
Taxes and levies	(VIII) 52	141,777,332.44	135,514,540.07
Administrative expenses	(VIII) 53	790,916,154.65	812,502,660.55
Research and development expenses		121,041,310.72	114,833,178.50
Financial expenses	(VIII) 54	960,449,741.90	1,351,945,047.67
Including: Interest expenses		1,112,890,609.92	1,140,997,429.67
Interest income		248,901,354.18	212,820,789.37
Add: Other income	(VIII) 55	62,556,943.27	87,480,824.65
Investment income	(VIII) 56	3,187,492,718.40	4,355,273,765.49
Including: Income from investments in associates and joint ventures	(VIII) 56	3,095,294,518.20	4,211,173,480.05
Gains (losses) from changes in fair value	(VIII) 57	143,037,303.68	-38,026,112.58
Gains (losses) on impairment of credit	(VIII) 58	-7,295,621.30	2,882,412.61
Gains on impairment of assets		65,324.84	-
Gains (losses) on disposal of assets	(VIII) 59	352,045.75	-207,276.37
II. Operating profit		4,647,341,992.13	5,505,701,672.55
Add: Non-operating income	(VIII) 60	36,583,484.46	20,192,926.39
Less: Non-operating expenses	(VIII) 61	10,079,003.33	20,267,458.29
III. Gross profit		4,673,846,473.26	5,505,627,140.65
Less: Income tax expenses	(VIII) 62	613,219,852.56	619,132,978.15
IV. Net profit		4,060,626,620.70	4,886,494,162.50
(I) Categorization by continuity of operation			
1. Net profit of continued operation		4,060,626,620.70	4,886,494,162.50
2. Net profit of discontinued operation		-	-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the Company		1,902,334,759.43	1,988,560,957.83
2. Profit or loss attributable to minority interests		2,158,291,861.27	2,897,933,204.67
V. Other comprehensive income, net of tax	(VIII) 64	1,427,173,705.07	444,444,067.16
Other comprehensive income attributable to shareholders of the Company, net of tax		338,817,383.79	-17,684,131.58
(I) Other comprehensive income that will not be reclassified to profit or loss		29,979,361.65	-76,728,084.39
1. Changes as a result of remeasurement of the defined benefit plan		-	-
2. Other comprehensive income that will not be reclassified to profit or loss under the equity method		29,979,361.65	-78,616,754.21
3. Fair value changes of investments in other equity instruments		-	1,888,669.82
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		308,838,022.14	59,043,952.81
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		18,341,346.24	-117,324,901.44
2. Translation differences of financial statements denominated in foreign currencies		290,496,675.90	176,368,854.25
Other comprehensive income attributable to minority interests, net of tax		1,088,356,321.28	462,128,198.74
VI. Total comprehensive income		5,487,800,325.77	5,330,938,229.66
Total comprehensive income attributable to shareholders of the Company		2,241,152,143.22	1,970,876,826.25
Total comprehensive income attributable to minority interests		3,246,648,182.55	3,360,061,403.41
VII. Earnings per share			
(I) Basic earnings per share		0.76	1.03
(II) Diluted earnings per share		0.76	1.03

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Income Statement of the Company

Unit: RMB

Item	Note	Current Period	Prior Period
I. Operating income	(XVIII) 3	8,968,995.20	-
Less: Operating costs	(XVIII) 3	1,843,205.76	1,132,979.70
Taxes and levies		103,691.21	152,914.98
Administrative expenses		66,853,404.89	74,398,609.92
Research and development expenses		7,589,098.79	-
Financial expenses		206,197,148.38	176,214,861.88
Including: Interest expenses		251,482,309.35	220,415,407.89
Interest income		48,604,367.40	51,040,811.33
Add: Other income		206,131.06	366,921.86
Investment income	(XVIII) 4	954,616,989.55	762,872,589.73
Including: Income from investments in associates and joint ventures	(XVIII) 4	513,357,921.90	136,885,266.28
Gains (losses) from changes in fair value		-48,735,325.75	8,456,279.18
II. Operating profit		632,470,241.03	519,796,424.29
Add: Non-operating income		-	34,957.54
Less: Non-operating expenses		-	18.84
III. Gross profit		632,470,241.03	519,831,362.99
Less: Income tax expenses		276,303.95	-6,336,709.00
IV. Net profit		632,193,937.08	526,168,071.99
V. Other comprehensive income, net of tax		10,596,817.21	498,042.27
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	1,914,691.56
1. Changes as a result of remeasurement of the defined benefit plan		-	-
2. Other comprehensive income that will not be reclassified to profit or loss under the equity method		-	27,649.59
3. Fair value changes of investments in other equity instruments		-	1,887,041.97
(II) Other comprehensive income that will be reclassified to profit or loss		10,596,817.21	-1,416,649.29
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		10,596,817.21	-1,416,649.29
2. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		642,790,754.29	526,666,114.26

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Consolidated Cash Flow Statement

Unit: RMB

Item	Note	Current Period	Prior Period
I. Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		7,087,683,808.17	7,946,044,540.63
Receipts of tax refunds		8,515,483.02	185,224,132.63
Other cash receipts relating to operating activities	(VIII) 65 (1)	373,799,421.93	448,659,531.56
Sub-total of cash inflows from operating activities		7,469,998,713.12	8,579,928,204.82
Cash payments for goods purchased and services received		2,200,251,570.38	2,240,288,101.95
Cash payments to and on behalf of employees		1,955,256,571.31	1,879,756,634.11
Payments of various types of taxes		615,016,288.84	827,509,481.12
Other cash payments relating to operating activities	(VIII) 65 (2)	388,628,976.63	411,122,810.55
Sub-total of cash outflows from operating activities		5,159,153,407.16	5,358,677,027.73
Net Cash Flow from Operating Activities	(VIII) 66 (1)	2,310,845,305.96	3,221,251,177.09
II. Cash Flows from Investing Activities			
Cash receipts from disposals and recovery of investments		13,267,000,000.00	23,921,644,162.50
Cash receipts from investment income		849,743,795.10	733,820,028.32
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		29,004,019.28	1,250,786.03
Other cash receipts relating to investing activities	(VIII) 65 (3)	103,159,042.89	94,566,178.69
Sub-total of cash inflows from investing activities		14,248,906,857.27	24,751,281,155.54
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		554,196,022.65	950,600,127.64
Cash payments to acquire investments		14,912,654,969.50	24,696,618,396.78
Other cash payments relating to investing activities	(VIII) 65 (4)	7,346,305.63	967,712,734.42
Sub-total of cash outflows from investing activities		15,474,197,297.78	26,614,931,258.84
Net Cash Flow from Investing Activities		-1,225,290,440.51	-1,863,650,103.30
III. Cash Flows from Financing Activities			
Cash receipts from capital contributions		107,188,200.00	-
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		107,188,200.00	-
Cash receipts from borrowings		8,326,794,657.48	14,789,220,290.65
Cash receipts from issue of bonds		4,000,000,000.00	7,000,000,000.00
Other cash receipts relating to financing activities	(VIII) 65 (5)	322,361,300.44	52,897,609.21
Sub-total of cash inflows from financing activities		12,756,344,157.92	21,842,117,899.86
Cash repayments of borrowings		10,190,021,538.82	19,426,456,859.41
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,301,689,391.64	2,063,908,899.16
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		284,157,004.21	298,311,895.58
Other cash payments relating to financing activities	(VIII) 65 (6)	474,856,036.85	224,977,119.04
Sub-total of cash outflows from financing activities		12,966,566,967.31	21,715,342,877.61
Net Cash Flow from Financing Activities		-210,222,809.39	126,775,022.25
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		113,688,926.60	-88,210,579.74
V. Net Increase in Cash and Cash Equivalents		989,020,982.66	1,396,165,516.30
Add: Opening balance of cash and cash equivalents	(VIII) 66 (2)	13,567,309,471.62	12,727,355,238.36
VI. Closing Balance of Cash and Cash Equivalents	(VIII) 66 (2)	14,556,330,454.28	14,123,520,754.66

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Cash Flow Statement of the Company

Unit: RMB

Item	Note	Current Period	Prior Period
I. Cash Flows from Operating Activities			
Receipts of tax refunds		1,576,989.49	1,181,089.86
Other cash receipts relating to operating activities		43,868,259.92	33,183,150.38
Sub-total of cash inflows from operating activities		45,445,249.41	34,364,240.24
Cash payments for goods purchased and services received		40,000.00	57,280.00
Cash payments to and on behalf of employees		63,518,456.65	50,444,029.40
Payments of various types of taxes		257,952.03	161,506,258.88
Other cash payments relating to operating activities		30,081,745.57	35,013,421.74
Sub-total of cash outflows from operating activities		93,898,154.25	247,020,990.02
Net Cash Flow from Operating Activities		-48,452,904.84	-212,656,749.78
II. Cash Flows from Investing Activities			
Cash receipts from disposals and recovery of investments		5,500,000,000.00	20,036,632,041.97
Cash receipts from investment income		809,514,985.64	630,452,904.29
Other cash receipts relating to investing activities		1,814,592,762.53	468.00
Sub-total of cash inflows from investing activities		8,124,107,748.17	20,667,085,414.26
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		14,018,573.00	1,566,408.28
Cash payments to acquire investments		6,503,750,000.00	21,026,322,904.70
Other cash payments relating to investing activities		440,005,946.71	180,004,179.30
Sub-total of cash outflows from investing activities		6,957,774,519.71	21,207,893,492.28
Net Cash Flow from Investing Activities		1,166,333,228.46	-540,808,078.02
III. Cash Flows from Financing Activities			
Cash receipts from borrowings		1,120,000,000.00	3,126,668,674.85
Cash receipts from issue of bonds		4,000,000,000.00	7,000,000,000.00
Other cash receipts relating to financing activities		160,820.44	2,897,609.21
Sub-total of cash inflows from financing activities		5,120,160,820.44	10,129,566,284.06
Cash repayments of borrowings		3,104,000,000.00	6,217,408,504.85
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,304,284,778.80	1,038,085,659.53
Other cash payments relating to financing activities		2,061,702.22	3,282,168.31
Sub-total of cash outflows from financing activities		4,410,346,481.02	7,258,776,332.69
Net Cash Flow from Financing Activities		709,814,339.42	2,870,789,951.37
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		372,588.93	356,593.08
V. Net Increase in Cash and Cash Equivalents		1,828,067,251.97	2,117,681,716.65
Add: Opening balance of cash and cash equivalents		3,333,936,587.44	2,913,761,567.31
VI. Closing Balance of Cash and Cash Equivalents		5,162,003,839.41	5,031,443,283.96

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	Current Period							Minority interests	Total shareholders' equity
	Attributable to shareholders of the Company								
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit			
I. Closing balance of the preceding year	2,499,074,661.00	34,751,640,835.25	-691,536,248.44	26,358,259.97	1,001,917,449.15	16,679,688,347.09	73,994,641,893.21	128,261,785,197.23	
Add: Changes in accounting policies	-	-	1,982,628.58	-	-	22,299,954.05	35,540,449.45	59,823,032.08	
Corrections of prior period errors	-	-	-	-	-	-	-	-	
Business combination involving enterprises under common control	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	
II. Opening balance of the period (restated)	2,499,074,661.00	34,751,640,835.25	-689,553,619.86	26,358,259.97	1,001,917,449.15	16,701,988,301.14	74,030,182,342.66	128,321,608,229.31	
III. Changes for the period	-	318,734,698.03	338,817,383.79	17,526,089.68	-	777,751,161.98	977,223,004.61	2,430,052,338.09	
(I) Total comprehensive income	-	-	338,817,383.79	-	-	1,902,334,759.43	3,246,648,182.55	5,487,800,325.77	
(II) Owners' contributions and reduction in capital	-	318,734,698.03	-	-	-	-	-698,157,619.42	-379,422,921.39	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	
3. Share-based payment recognized in shareholders' equity	-	859,840.86	-	-	-	-	493,006.74	1,352,847.60	
4. Business combination involving enterprises under common control	-	-	-	-	-	-	-	-	
5. Others	-	317,874,857.17	-	-	-	-	-698,650,626.16	-380,775,768.99	
(III) Profit distribution	-	-	-	-	-	-1,124,583,597.45	-1,593,417,985.35	-2,718,001,582.80	
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-	
3. Distributions to shareholders	-	-	-	-	-	-1,124,583,597.45	-1,493,778,223.41	-2,618,361,820.86	
4. Others	-	-	-	-	-	-	-99,639,761.94	-99,639,761.94	
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	
(V) Special reserve	-	-	-	17,526,089.68	-	-	22,150,426.83	39,676,516.51	
1. Appropriation in the period	-	-	-	31,106,449.65	-	-	36,567,997.25	67,674,446.90	
2. Utilization in the period	-	-	-	-13,580,359.97	-	-	-14,417,570.42	-27,997,930.39	
(VI) Others	-	-	-	-	-	-	-	-	
IV. Closing balance of the period	2,499,074,661.00	35,070,375,533.28	-350,736,236.07	43,884,349.65	1,001,917,449.15	17,479,739,463.12	75,007,405,347.27	130,751,660,567.40	

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Consolidated Statement of Changes in Shareholders' Equity - continued

Unit: RMB

Item	Prior Period (restated)							
	Attributable to shareholders of the Company						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	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
Add: Changes in accounting policies	-	-	-	-	-	21,052,360.17	33,445,604.29	54,497,964.46
Corrections of prior period errors	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the period	1,922,365,124.00	23,592,702,758.70	-890,125,318.18	9,184,429.12	961,182,562.00	14,226,931,466.66	71,267,683,833.64	111,089,924,855.94
III. Changes for the period	-	254,031,538.43	-25,197,801.49	23,131,406.80	-	1,169,457,624.42	754,027,683.10	2,175,450,451.26
(I) Total comprehensive income	-	-	-17,684,131.58	-	-	1,988,560,957.83	3,360,061,403.41	5,330,938,229.66
(II) Owners' contributions and reduction in capital	-	254,031,538.43	-	-	-	-	-514,463,334.99	-260,431,796.56
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payment recognized in shareholders' equity	-	3,448,276.71	-	-	-	-	2,516,367.90	5,964,644.61
4. Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
5. Others	-	250,583,261.72	-	-	-	-	-516,979,702.89	-266,396,441.17
(III) Profit distribution	-	-	-	-	-	-826,617,003.32	-2,118,639,819.08	-2,945,256,822.40
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-826,617,003.32	-2,025,521,443.67	-2,852,138,446.99
4. Others	-	-	-	-	-	-	-93,118,375.41	-93,118,375.41
(IV) Transfers within shareholders' equity	-	-	-7,513,669.91	-	-	7,513,669.91	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-
4. Others	-	-	-7,513,669.91	-	-	7,513,669.91	-	-
(V) Special reserve	-	-	-	23,131,406.80	-	-	27,069,433.76	50,200,840.56
1. Appropriation in the period	-	-	-	32,027,158.31	-	-	37,984,383.50	70,011,541.81
2. Utilization in the period	-	-	-	-8,895,751.51	-	-	-10,914,949.74	-19,810,701.25
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the period	1,922,365,124.00	23,846,734,297.13	-915,323,119.67	32,315,835.92	961,182,562.00	15,396,389,091.08	72,021,711,516.74	113,265,375,307.20

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	Current Period						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
I. Closing balance of the preceding year	2,499,074,661.00	37,749,723,642.07	99,525,686.03	-	1,001,917,449.15	2,277,016,134.29	43,627,257,572.54
Add: Changes in accounting policies	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the period	2,499,074,661.00	37,749,723,642.07	99,525,686.03	-	1,001,917,449.15	2,277,016,134.29	43,627,257,572.54
III. Changes for the period	-	-20,918,864.84	10,596,817.21	-	-	-492,389,660.37	-502,711,708.00
(I) Total comprehensive income	-	-	10,596,817.21	-	-	632,193,937.08	642,790,754.29
(II) Owners' contributions and reduction in capital	-	-20,918,864.84	-	-	-	-	-20,918,864.84
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders' equity	-	1,096,369.68	-	-	-	-	1,096,369.68
3. Others	-	-22,015,234.52	-	-	-	-	-22,015,234.52
(III) Profit distribution	-	-	-	-	-	-1,124,583,597.45	-1,124,583,597.45
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-1,124,583,597.45	-1,124,583,597.45
4. Others	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-	-
2. Utilization in the period	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the period	2,499,074,661.00	37,728,804,777.23	110,122,503.24	-	1,001,917,449.15	1,784,626,473.92	43,124,545,864.54

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

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

Unit: RMB

Item	Prior Period						
	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	27,594,079,596.13	105,412,294.52	-	961,182,562.00	2,729,507,111.31	33,312,546,687.96
Add: Changes in accounting policies	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the period	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
III. Changes for the period	-	6,143,196.15	-7,013,999.70	-	-	-292,936,889.36	-293,807,692.91
(I) Total comprehensive income	-	-	498,042.27	-	-	526,168,071.99	526,666,114.26
(II) Owners' contributions and reduction in capital	-	6,143,196.15	-	-	-	-	6,143,196.15
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders' equity	-	4,805,671.45	-	-	-	-	4,805,671.45
3. Others	-	1,337,524.70	-	-	-	-	1,337,524.70
(III) Profit distribution	-	-	-	-	-	-826,617,003.32	-826,617,003.32
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-826,617,003.32	-826,617,003.32
4. Others	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-7,512,041.97	-	-	7,512,041.97	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-7,512,041.97	-	-	7,512,041.97	-
(V) Special reserve	-	-	-	-	-	-	-
1. Appropriation in the period	-	-	-	-	-	-	-
2. Utilization in the period	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the period	1,922,365,124.00	27,600,222,792.28	98,398,294.82	-	961,182,562.00	2,436,570,221.95	33,018,738,995.05

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
(Unless otherwise specified, the monetary unit shall be RMB.)

(I) GENERAL INFORMATION OF THE COMPANY

China Merchants Port Group Co., Ltd. (hereinafter referred to as "the Company") is a stock limited company incorporated in Shenzhen, Guangdong Province, on 16 January 1993.

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

The consolidated and Company's financial statements have been approved by the Board of Directors on 29 August 2023.

See Note (X) "Equity in Other Entities" for details of the scope of consolidated financial statements for the current period. See Note (IX) "Changes in Scope of Consolidation" for details of changes in the scope of consolidated financial statements for 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 Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision).

Going concern

As at 30 June 2023, the Group has total current liabilities in excess of total current assets of RMB 1,400,548,100.60. As at 30 June 2023, the Group has available and unused lines of credit and bonds amounting to RMB 67,024,496,484.81, which is greater than the balance of the net current liabilities. The Group can obtain financial support from the available lines of credit and bonds 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 consolidated and Company's financial position as of 30 June 2023, and the consolidated and Company's results of operations, shareholders' equity and cash flows for the period from 1 January to 30 June 2023.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting year

The Group has adopted the calendar year as its accounting year, i.e. 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 is principally engaged in the rendering of port services, bonded logistics services and other services 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 overseas 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. When the Group was restructured into a stock company, fixed assets and intangible assets initially contributed by state-owned shareholders were recognized based on valuation amounts confirmed by the state-owned assets administration department. Where assets are impaired, provisions for asset impairment are made in accordance with 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 amount 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 disclosure in the financial statements are determined according to the above basis.

In the measurement of non-financial assets at fair value, market participants' ability to best utilize such assets to generate most economic benefits, or the ability to sell such assets to other market participants who are able to best utilize the assets to generate economic benefits is taken into account.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

4. Basis of accounting and principle of measurement - continued

For financial assets of which the transaction price is the fair value at initial recognition, and of which the subsequent fair value measurement uses a valuation technique involving unobservable inputs, the valuation technique should be calibrated so that the initial recognition result determined using 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 measurements 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 for 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. 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 for the period 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 recognizes 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 recognized and the amount originally recognized 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 Standards for Business Enterprise No. 22 - Financial Instruments: Recognition and Measurement* (the "ASBE No. 22") and *Accounting Standards for Business Enterprises No. 13 - Contingencies*. Any changes or adjustments are 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 is effected, the acquirer recognizes and measures the combination using those provisional values. Any adjustments to those provisional values within 12 months after the acquisition date are treated as if they had been recognized and measured at 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 group or portfolio of assets groups, i.e., goodwill is reasonably allocated to the related assets group or portfolio of assets groups expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or portfolio of assets groups (to which the goodwill is allocated) 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 portfolio of assets groups, and then reduce the carrying amount of other assets pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the assets group or portfolio of assets groups.

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

The impairment loss of goodwill is recognized in profit or loss for the period when it is incurred and will not be reversed 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 in the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary 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 cash flow statement, as appropriate.

(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 cash flow statement, 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 combined party 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 beginning of the earliest reporting period or the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated cash flow statement, 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.

The effect of intra-group transactions on the consolidated financial statements is eliminated on consolidation.

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

When the minority shareholders' share of loss of a subsidiary exceeds the minority shareholders' share of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or partial disposal of equity investments in a subsidiary that do not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company'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 is adjusted against retained earnings.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Consolidated financial statements - continued

Where equity interests in an acquiree are acquired in stages through multiple transactions, ultimately constituting a business combination not involving enterprises under common control, the accounting treatment shall be made taking into account whether these transactions are a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, they are accounted for as transactions where control is obtained at the acquisition date. Specifically, the equity interests held in the acquiree prior to the acquisition date are remeasured at the fair value at the acquisition date, and the difference between the fair value and carrying amount is recognized in profit or loss for the period; where the equity interests held in the acquiree prior to the acquisition date involve changes in other comprehensive income and other owners' equity under the equity method, the changes are transferred to income for the period to which the acquisition date is attributable.

Where the control over a subsidiary is lost due to partial disposal of equity investments or other reasons, any retained interest is remeasured 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 for the period in which control is lost, and the goodwill is offset accordingly. Other comprehensive income associated with equity investments in the former subsidiary is reclassified to investment income for the period in which control is lost.

Where the disposal of equity investments in a subsidiary until the control is lost is achieved in stages through multiple transactions, the multiple transactions are usually considered as a package deal if the terms, conditions and economic effects of the transactions satisfy one or several of the following circumstances: (i) they are entered into at the same time or in contemplation of one another; (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 control is lost are a package deal, these transactions are accounted for as a single transaction of disposal of a subsidiary resulting in loss of control. Before losing control, the difference between each disposal consideration and the corresponding share of net assets of the subsidiary continuously calculated from acquisition date is recognized as other comprehensive income. When control is lost, the cumulated other comprehensive income is transferred to profit or loss for the period in which control is lost. If the transactions of disposal of equity investments in a subsidiary until control is lost are not a package deal, these transactions are accounted for as separate transactions.

7. Joint arrangements

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Joint arrangements - continued

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when the decisions on the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements comprise of joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties sharing control have rights to the assets and assume liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties sharing control have rights to only 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 gross carrying amounts (other than the amortized cost) of monetary items classified as at fair value through other comprehensive income are recognized as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is a foreign currency monetary item constituting a net investment in a foreign operation, exchange differences arising from changes in exchange rates are recognized as "translation differences 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.

(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

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 and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rates 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: all assets and liabilities in the balance sheet are translated at the spot exchange rates 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 arise; 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 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 cash flows of an overseas subsidiary are translated at average exchange rates 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 prior year comparative figures are presented in the amounts translated based on the financial statements for the prior year.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to partial disposal of equity investments 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 for the period in which the disposal occurs.

(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

In case of partial disposal of equity investments or any other reason which results in lower percentage of equity interests in a foreign operation but does not result in losing control over the foreign operation, the translation differences of financial statements denominated in foreign currencies 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 translation differences of financial statements denominated in foreign currencies of foreign operations are reclassified to profit or loss.

10. Financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to 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; upon initial recognition of contract assets, accounts receivable and notes receivable that do not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year under the *Accounting Standards for Business Enterprises No. 14 - Revenue* ("Revenue Standards"), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant accounting periods.

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 the financial asset or to the amortized cost of the 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 (such as repayment in advance, extension, call option or other similar options) (without considering the expected credit losses).

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

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

10.1 Classification, recognition and measurement of financial assets

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

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

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 achieved by both collecting contractual cash flows and selling the financial asset, the Group classifies the financial asset as financial assets at fair value through other comprehensive income ("FVTOCI"). Accounts receivable and notes receivable classified as FVTOCI at acquisition are presented as receivables financing, while the remaining items due within one year (inclusive) upon acquisition are presented under other current assets. Other financial assets of such type are presented as other debt investments if they are due after one year since the acquisition, or presented under non-current assets due within one year if they are due within one year (inclusive) since the balance sheet date.

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 investments in other equity instruments.

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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

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

- Financial assets not satisfying the criteria of classification as financial assets at amortized cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL assets other than derivative financial assets are presented as "held-for-trading financial assets". Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under 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 the effective interest method. The Group calculates and recognizes interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognizes the interest income based on amortized cost of the financial assets and the credit-adjusted effective interest rate.

10.1.2 Financial assets at FVTOCI

Changes in fair value of financial assets at FVTOCI are included in other comprehensive income, except that related impairment losses or gains, interest income calculated using the effective interest method and exchange gains or losses are recognized in profit or loss for the current period. Amounts charged to profit or loss for each period equal to the amount charged to profit or loss as if it has always been measured at amortized cost. Upon derecognition of the financial asset, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred out from other comprehensive income and recognized in profit or loss.

(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 - continued

Changes in fair value of non-trading equity instrument investments designated as financial assets at FVTOCI are recognized in other comprehensive income, and the cumulative gains or losses previously recognized in other comprehensive income are transferred out and included in retained earnings upon derecognition of the financial assets. 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's right to collect dividends has been established; (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. Gains or losses 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

For financial assets at amortized cost, financial assets classified as at FVTOCI, lease receivables, contract assets, loan commitments that are not financial liabilities at FVTPL, financial guarantee contracts that are neither financial liabilities at FVTPL nor financial liabilities arising from transfer of financial assets that does not satisfy the derecognition criteria or continuing involvement in the transferred financial assets, the Group accounts for the impairment and recognizes the provision for losses on the basis of expected credit loss ("ECL").

For all contract assets, accounts receivable and notes receivable arising from transactions regulated by Revenue Standards, and lease receivables arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 - Leases*, the Group recognizes the provision for losses at an amount equivalent to the lifetime ECL.

For other financial instruments, 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 risk has increased significantly since initial recognition of the financial instruments, the Group recognizes the provision for losses at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Group recognizes the provision for losses at an amount equivalent to 12-month ECL. The increase or reversal of credit loss provision for financial assets other than those classified as at FVTOCI is recognized as impairment loss or gain and included in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss provision is recognized in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the balance sheet.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

Where the Group has measured the provision for losses at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognizes the provision for losses of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of provision for losses recognized as impairment gains in profit or loss for the period.

10.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information to assess whether the credit risk has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument at the balance sheet date with the risk of a default occurring on the financial instrument 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 as the date of initial recognition in applying the provisions on impairment of financial instruments.

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) Significant changes in the rates or other terms of an existing financial instrument 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 rate of return).
- (3) Significant changes in external market indicators of credit risk for the same 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) An actual or expected significant change in the financial instrument's external credit rating.
- (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 debtor.
- (9) Significant adverse change in the regulatory, economic, or technological environment of the debtor.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.1 Significant increase in credit risk - continued

- (10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default.
- (11) Significant changes in the debtor's economic motives to repay within the time limit specified in contract.
- (12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract.
- (13) Significant changes in the expected performance and behaviour of the debtor.
- (14) Changes in the Group's credit management approach in relation to the financial instruments.

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 an event or several events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit-impaired. The evidences of credit impairment of financial assets include the following observable information:

- (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 is 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 origination of a financial asset with a large scale of discount, which reflects facts of credit loss incurred.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.2 Credit-impaired financial assets - continued

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

10.2.3 Determination of expected credit loss

Lease receivables are assessed for ECL individually by the Group. In addition, the Group uses impairment matrix to calculate ECL for notes receivable, accounts receivable, other receivables, contract assets, debt investments and other debt investments 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 period, industry of debtor and geographical location of the debtor.

The Group determines the ECL of relevant financial instruments using the following methods:

- For a financial asset, the credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.
- For a lease receivable, the credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.
- For undrawn loan commitments (refer to Note (IV) 10.4.1.3 for details of accounting policies), the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down. The Group's estimation of the ECL for loan commitments is consistent with its expectation of the loan commitments drawn down.
- For a financial guarantee contract (refer to Note (IV) 10.4.1.3 for details of accounting policies), the expected loss 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 that has become credit-impaired at the balance sheet date, but not a purchased or originated credit-impaired financial asset, the credit loss 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.

(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 - continued

The factors reflected by the Group's measurement of ECL of financial instruments include: unbiased probability weighted average amount recognized by assessing a series of possible results; time value of money; reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

10.2.4 Write-down of financial assets

When the Group no longer reasonably expects that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the gross 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 and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss. Where the transferred assets are non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred out and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts 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. If the transferred asset is a non-trading equity instrument investment designated as at FVTOCI, the cumulative gain or loss that has been previously recognized in other comprehensive income is transferred out and included in retained earnings.

If the transfer of a financial asset in its entirety does not satisfy the derecognition criteria, the Group continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a financial liability upon receipt.

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 liabilities and equity instruments on initial recognition.

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of held-for-trading financial liabilities (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.

(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

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

- It has been assumed 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; or (iii) the qualified hybrid contract containing embedded derivatives.

Held-for-trading 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.

For a financial liability designated as at FVTPL, the amount of changes in fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair value are included in profit or loss for the current period. Upon the derecognition of such financial liability, the accumulated amount of change in fair value due to the change in the credit risk of such financial liability, which was recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest expense on the financial liability is recognized in profit or loss. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways 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 for the period.

For financial liabilities arising from contingent consideration recognized by the Group as the acquirer in the business combination not involving enterprises under common control, the Group measures such financial liabilities at fair value, and includes the changes in the financial liabilities in profit or loss for the period.

(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

10.4.1.2 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.

If the modification or renegotiation for the contract by the Group and its counterparties does not result in derecognition of a financial liability subsequently measured at amortized cost but the 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 the carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. 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 standards.

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.

(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 - continued

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

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Changes in 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. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently remeasured at fair value.

For a hybrid contract comprising of embedded derivatives and a host contract, if the host contract is a financial asset, the Group does not separate the embedded derivatives from the hybrid contract but takes the hybrid contract as a whole in applying relevant accounting standards regarding the classification of financial assets.

If the host contract of the hybrid contract is not a financial asset, the embedded derivatives are separated from the hybrid contract and treated as separate derivatives by the Group when they meet all 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 contract is not measured at fair value through profit or loss.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.5 Derivatives and embedded derivatives - continued

For the embedded derivative separated from the hybrid contract, the Group accounts for the host contract in the hybrid contract with applicable accounting standards. If the fair value of the embedded derivatives 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 contract and the fair value of the host contract. After adopting the above method, if the fair value of the embedded derivative still cannot be measured on a stand-alone basis at acquisition date or subsequent balance sheet dates, the hybrid contract, as a whole, is designated as financial instruments at FVTPL.

10.6 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to offset 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 split 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.

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 the 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 the effective interest method.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

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 amortized cost is reclassified as a financial assets 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 amortized cost is reclassified as a financial asset at 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.

Where a financial asset at FVTOCI is reclassified as a financial asset at amortized cost by the Group, the accumulated gains or losses previously recognized in other comprehensive income are transferred out and the fair value at the date of reclassification is adjusted. The adjusted fair value is determined as the new carrying amount, as if the financial asset has been always measured at amortized cost. The reclassification of the financial asset shall not affect its effective interest rate or the measurement of ECL.

Where a financial asset at FVTOCI is reclassified as a financial asset at FVTPL by the Group, such financial asset continues to be measured 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 amortized cost by the Group, the fair value at the date of reclassification is recognized as the new gross carrying amount.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
(Unless otherwise specified, the monetary unit shall be RMB.)

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Accounts receivable

The Group performs 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

12. Receivables financing

Notes receivable classified as at FVTOCI are presented as receivables financing if they are due within one year (including one year) from the date of acquisition; or presented as other debt investments if they are due after one year from the date of acquisition. For related accounting policies, refer to Note (IV) 10.

13. Inventories

13.1 Categories of inventories

Inventories include raw materials, goods on hand 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 methods 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Inventories - continued

13.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories - continued

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 purposes of inventories being held and effect of post balance sheet events.

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

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

13.4 Inventory count system

The perpetual inventory system is adopted as inventory count 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 (i.e., depending on the passage of time only) to receive consideration from the customer is separately presented as receivables.

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 ECL for contract assets.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Assets held for sale

Non-current assets and disposal groups are classified as held-for-sale category when the Group recovers the carrying amount through a sale (including an exchange of nonmonetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held-for-sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition according to the terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

When there is loss of control over a subsidiary due to disposal of investments in the subsidiary, and the proposed disposal of investments in the subsidiary satisfies classification criteria of held-for-sale category, the investments in subsidiaries are classified as held-for-sale category as a whole in the Company's separate financial statements, and all assets and liabilities of subsidiaries are classified as held-for-sale category in the consolidated financial statements regardless of whether that part of the equity investments are remained after the sale.

The Group measures the non-current assets or disposal groups classified as held-for-sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the fair value net of costs to sell, the carrying amount should be reduced to the fair value net of costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets is made. When there is an increase in the fair value of non-current assets held-for-sale net of costs to sell at the balance sheet date, the original reduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reversal amount is included in profit or loss for the period. The impairment losses recognized before such assets are classified as held-for-sale category shall not be reversed.

Non-current assets classified as held-for-sale or non-current assets in disposal groups are not depreciated or amortized, and interest and other costs of liabilities of disposal groups classified as held-for-sale continue to be recognized.

All or part of equity investments in associates or joint ventures are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

If an asset or a disposal group classified as held for sale subsequently no longer satisfy the criteria for recognition as held-for-sale, 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 of the asset or disposal group before being classified as held for sale, as adjusted for any depreciation, amortization or impairment that would have been recognized 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.

If equity investments in associates or joint ventures classified as held for sale no longer satisfy the criteria of classification as held-for-sale, such investments are accounted for retrospectively using the equity method from the date when they are classified as held for sale. The financial statements for the period of classification as held-for-sale 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 arrangement, and exists only when the decisions on relevant activities of the arrangement require unanimous consent of participants 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 share of carrying amount of owners' equity of the acquiree in the consolidated financial statements of ultimate controlling party is recognized as initial investment cost of long-term equity investment 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 to absorb the difference, any excess is 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 is the share of carrying amount of owners' equity of the acquiree 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 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. Where equity interests in an acquiree are acquired in stages through multiple transactions, ultimately constituting a business combination involving enterprises under common control, the accounting treatment shall be made taking into account whether these transactions are 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 carrying amount of owners' equity of the acquiree 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 under the equity method or non-trading equity instrument investments designated as at FVTOCI 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 initial investment cost of the long-term equity investment acquired is the cost of acquisition.

The absorbing party's or acquirer'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 for the period 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 the 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 recovered investment is adjusted to 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 for investments in associates and joint ventures completely or partly classified as held-for-sale, 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. A joint venture is a joint arrangement whereby the Group has rights to only the net assets of the 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 net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income respectively for the period. Meanwhile, the carrying amount of the long-term equity investment is adjusted. The carrying amount of the long-term equity investment shall be reduced by the attributable portion of profit distributions or cash dividends declared by the investee. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized 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 individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investee's accounting policies and accounting period are inconsistent with those of the Group, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to the financial statements of the investee to conform to the Group's accounting policies and accounting period. However, unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses are recognized on such basis. 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 recognize its share of net losses of the investee to the extent that 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 carrying amount and proceeds actually received 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 under the equity method is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities, and is 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 under 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 if the investee had directly disposed of related assets or liabilities, and is transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity (other than net profit or loss, other comprehensive income and profit distribution) in the investee's net assets recognized under the equity method is transferred to profit or loss for the period on a pro rata basis.

Where the Group loses control over the investee due to partial disposal of equity investments, if the remaining equity after disposal enables the Group to exercise joint control or significant influence over the investee, the remaining equity is accounted for using the equity method and adjusted as if they are accounted for using the equity method since the acquisition date in preparing separate financial statements; if the remaining equity after disposal does not enable the Group to exercise joint control or significant influence over the investee, it is accounted for according to relevant provisions of the standards on recognition and measurement of financial instruments, and the difference between the fair value and carrying amount at date of losing control is recognized in profit or loss for the period. Before the Group obtains control over the investee, other comprehensive income recognized under the equity method or the standards on recognition and measurement of financial instruments, is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities when the control over the investee is lost; other changes in owners' equity (other than net profit or loss, other comprehensive income and profit distribution) in the investee's net assets recognized under the equity method is transferred to profit or loss for the period when the control over the investee is lost. Where the remaining equity after disposal is accounted for using the equity method, other comprehensive income and other owners' equity are transferred on a pro rata basis. Where the remaining equity after disposal is accounted for in accordance with the standards on recognition and measurement of financial instruments, other comprehensive income and other owners' equity are all transferred.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.4 Disposal of long-term equity investments - continued

Where the Group loses joint control or significant influence over the investee after partial disposal of equity investments, the remaining equity after disposal is accounted for in accordance with the standards on recognition and measurement of financial instruments, and the difference between fair value at the date of losing joint control or significant influence and carrying amount is recognized in profit or loss for the period. Other comprehensive income previously recognized under the equity method, is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities when the equity method is not adopted. Owners' equity recognized due to other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution are transferred to investment income for the period when the equity method is not adopted.

Where the Group disposes of its equity investments in subsidiaries in stages through multiple transactions until it loses control over the subsidiaries, if these transactions are a "package deal", they are accounted for as a single transaction of disposal of equity investments in subsidiaries. The difference between each disposal consideration and the corresponding carrying amount of the long-term equity investments disposed before the control is lost is first recognized as other comprehensive income, and then fully transferred to profit or loss for the period when the control is lost.

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 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 for 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 it is permanently withdrawn from use and no future economic benefits are expected from the disposal.

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

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(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. When the Group is 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 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 for the period in which they are incurred.

A fixed asset is depreciated over its useful life using the straight-line method since 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	Useful life	Estimated residual value rate (%)	Annual depreciation rate (%)
Port and terminal facilities	5-50 years	5.00	1.90-19.00
Buildings	5-50 years	5.00	1.90-19.00
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 accounts 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 for 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. When the Group was 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 output method are amortized over the operating periods according to the ratio of the estimated minimum guaranteed throughput to the estimated minimum guaranteed total throughput. When the estimated minimum guaranteed throughput cannot be measured reliably, the straight-line method will be used for amortization over the operating periods. An intangible asset with indefinite useful life is not 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 rate (%)
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 recognized 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 recognized as an intangible asset. Expenditure during development phase that does not meet the following conditions is recognized 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 recognizes 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 when the capitalization criteria are satisfied to date when intangible assets are ready for intended use. For the identical intangible asset, the expenditures expensed and included in profit or loss 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 using the cost method, fixed assets, construction in progress, 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 an 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.

23. Long-term prepaid expenses

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

24. Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer. The contract assets and contract liabilities under the same contract are 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.1 Short-term employee benefits

Short-term benefits refer to the employee benefits that the Group is required to make full payments within the 12 months after the end of the annual reporting period in which the employees have rendered relevant services, 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, union running costs and employee education costs, 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 included in the costs of related 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 related assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

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

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 retired or terminated the labor relationship with the enterprises for the services rendered by the employees, exclusive of the short-term benefits 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 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 benefit 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 in which the employees have rendered services to the Group, the amounts payable calculated based on the defined contribution plan are recognized as liabilities and included in profit or loss for the period or included in costs of related assets.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.2 Post-employment benefits - continued

For defined benefit plans, the Group attributes the welfare obligations arising from the defined benefit plans to the period in which employees provide services to the Group according to the formula determined based on the projected cumulative benefit unit method, and includes them in profit or loss for the period or costs 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 plans (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 or net assets of defined benefit plans are recognized in profit or loss for the period or included in costs of related assets. Changes arising from remeasurement of the net defined benefit liability or asset (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset, and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability or 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 asset.

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. Where the Group provides termination benefits to employees, the liabilities arising from termination benefits are recognized and included in 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.4 Other long-term employee benefits - continued

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 benefit 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 cost of related assets.

The Group provides internal retirement benefits to employees accepting internal retirement arrangements. Internal retirement benefits refer to payments of salaries and social security contributions for employees who have not reached 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 rendering services to the date of normal retirement are recognized as liabilities at the present value and included in 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, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

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 factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

27. Revenue recognition

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

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue recognition - continued

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

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

The Group adopts the 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.

Contract assets refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Accounting policies relating to the impairment of 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 refers to the Company's obligation to transfer goods or services to a customer for which the Company has already received consideration from the customer.

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

If there are two or more of performance obligations included in the contract, at the inception of the contract, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price refers to the price of a single sale of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relative information that can be reasonably acquired and maximum use of observable inputs.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue recognition - continued

In case of the existence of variable consideration (such as sales discount) in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most likely amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognized revenue which is unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration which should be included in transaction price.

Where the customer pays non-cash consideration, 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.

Where the contract includes significant financing component, the Group determines the transaction price based on assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. The difference between the transaction price and the contract consideration is amortized within the contract period using effective interest method. At the inception of the contract, if the Group expects that the time interval between the customer's obtaining control of a promised goods or service and the customer's payment for that goods or service will not exceed one year, the Group will not consider the significant financing component in the contract.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined in accordance with the established commission amount or percentage, etc.

Where the Group receives receipts in advance from a customer for sales of goods or rendering of services, the amount is first recognized as a liability and then transferred to revenue when the related performance obligation has been satisfied. When the Group's receipts in advance are not required to be refunded and it is probable that the customer will waive all or part of its contractual rights, the Group recognizes the said amounts as revenue on a pro-rata basis in accordance with the pattern of exercise of the customer's contractual rights, if the Group expects to be entitled to the amounts relating to the contractual rights waived by the customer; otherwise, the Group reverses the related balance of the said liabilities to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Contract costs

28.1 Costs of obtaining a contract

For the incremental cost of obtaining the contract (cost that will not incur if the contract is not obtained) that is expected to be recoverable, it is recognized as an asset, and shall be amortized on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognized in profit or loss for the period. If the amortization period of such asset is less than one year, it is recognized in profit or loss for the period when incurred. Other expenses incurred for obtaining the contract is included in profit or loss for the period when incurred, except for those explicitly assumed 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 standards other than the revenue standards, the Group shall recognize 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.

28.3 Losses of assets related to contract costs

In determining the impairment losses of assets related to contract costs, the Group first determines impairment losses of other assets related to contracts recognized in accordance with other 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 assets; 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.

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

29. Government grants

Government grants are transfers 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 conditions attached to the grant and the Group will receive the grant.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

29. Government grants - continued

If a government grant takes the form of a monetary asset, it is measured at the amount received or receivable. If a government grant takes 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 for the period. Where the related 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 for 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 assets and income, different parts are distinguished for different accounting treatments; if it is difficult to distinguish, they should be classified as government grants related to income as a whole.

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 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.

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 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.

(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 - continued

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, associates and 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 in subsidiaries, associates and joint ventures are only recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized and they are expected to be reversed 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 related assets are recovered or the related liabilities are 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 shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

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

30.3 Income tax offsetting

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

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Deferred tax assets/ deferred tax liabilities - continued

30.3 Income tax offsetting - continued

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

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

For contracts entered into, the Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

31.1 The Group as Lessee

31.1.1 Separating components of a lease

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

31.1.2 Right-of-use assets

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group recognizes 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. Right-of-use assets are initially measured 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.

(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 - continued

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

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

31.1.3 Lease liabilities

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

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

- 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 recognized in profit or loss, or in the cost of relevant assets, in the period of those payments.

After the commencement date, interest expenses 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 included in profit or loss or charged to cost of related assets.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.3 Lease liabilities - continued

After the commencement date, if one of the following occurs, the lease liabilities are remeasured by the Group with the adjustments to the related right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liabilities, the difference 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.

31.1.4 Short-term leases and leases of low-value assets

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases of 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 of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a call option. A lease of low-value assets is that, the value of the underlying asset is less than RMB 50,000 when it is new. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets 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 medication 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.5 Lease modifications - continued

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 a contract contains both lease components and non-lease components, the Group shall apportion the contract consideration in accordance with the provisions of the revenue standards on the apportionment of the transaction price, based on the respective individual prices of the lease components and the non-lease components.

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 recognizes lease receipts from operating leases as rental income the straight-line method over the respective periods of the lease term. The Group capitalizes initial direct costs incurred in connection with operating leases and apportions those costs profit or loss for the period as an expense over the lease term on the same basis as the recognition of lease income.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in profit or loss 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 lease investment with assets under finance leases derecognized. The net lease investment is the sum of any unguaranteed residual value and the present value of the lease receipts over the lease term discounted at the interest rate implicit in lease.

(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

The lease receivable comprises the following payments collected by the Group from the lessee for the transfer of the right to use the underlying assets during the lease term:

- 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.
- payments for terminating the lease option, provided that the lease term reflects that the lessee will exercise the option to terminate the lease.
- residual value of the guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party with the financial ability to fulfil guaranteed obligations.

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 calculated and recognized by the Group at a 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 the modification to a finance lease as a separate lease if both of the followings are satisfied:

- 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.4 Lease modifications - continued

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 had the modification been in effect at the inception date, the Group should apply the requirements of contract modification and renegotiation under the ASBE No. 22.

31.2.5 Sale and leaseback transactions

31.2.5.1 The Group as the seller-lessee

The Group assesses and determines whether the transfer of an asset in a sale and leaseback transaction constitutes a sale according to the requirements of revenue standards. If the transfer of an asset does not constitute a sale, the Group should continue to recognize the transferred asset and should recognize a financial liability at an amount equal to the transfer proceeds applying the ASBE No. 22 . 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 original carrying amount of the asset that relates to the right of use, and recognize only 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 constitutes a sale, the Group does not recognize the transferred asset, but a financial asset at an amount equal to the transfer proceeds, and accounts for such financial asset under the ASBE No. 22. 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

When a non-monetary assets transaction has commercial substance and the fair value of the assets received or surrendered can be measured reliably. For assets received, the fair value of the assets surrendered and relevant payable taxes shall be regarded as the transaction cost of the assets received at initial recognition. For assets surrendered, the difference between the fair value and the carrying value of the asset surrendered shall be recognized in profit or loss for the period. When there is clear evidence indicating that the fair value of the assets received is more reliable, the cost of assets received and surrendered shall be calculated in different ways. For the assets received, the fair value of the asset received and related taxes payable are recognized as the cost at initial recognition. For the assets surrendered, at derecognition, the difference between the fair value of the assets received and the carrying amount of the assets surrendered shall be recognized in profit or loss for the period.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

32. Exchange of Non-Monetary Assets - continued

Where a non-monetary assets transaction fails to meet criteria to be measured at fair value, the transaction is measured at carrying amount. For the assets received, the carrying amount of the assets surrendered and relevant taxes payable are recognized as the cost at initial recognition. For the assets surrendered, at derecognition, no profit or loss is recognized.

33. Discontinued Operation

A discontinued operation is a component of the Group that can be clearly distinguished, either has been disposed of or is classified as held for sale, and meets one of the following conditions:

- (1) Such component represents a separate major line of business or geographic area of operations.
- (2) Such component is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.
- (3) Such component is a subsidiary acquired exclusively with a view to resale.

Gains or losses from discontinued operations are presented separately from those from continuing operations in the income statement. Operating gains or losses such as impairment losses from discontinued operations and the amount of reversals, and the gains or losses from disposals are presented as discontinued operations. For discontinued operations presented in the current period, the Group restates the information previously presented as gains or losses from continuing operations in the financial statements for the period as discontinued operations in the comparable accounting period.

34. Safety production cost

According to the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (Cai Zi [2022] No. 136) jointly issued by the Ministry of Finance and the Emergency Department on 13 December 2022, 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, and transferred to the special reserve simultaneously. 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.

(IV) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

35. Share-based payments - continued

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.

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

In the application of accounting policies and accounting estimates as set out in Note (IV), the Group 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 Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group 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 in critical judgments and accounting estimates 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 the date on which the profit distribution plan is changed and the date on which the profit distribution is declared, in profit and loss for the period.

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

Recognition of deferred income tax - continued

Deferred tax assets are recognized based on the deductible temporary difference and the corresponding tax rate, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. If the actual taxable income in the future is more or less than that expected, corresponding deferred tax assets will be recognized or reversed in profit or loss for the period in which they are actually incurred.

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 amortization, or write off or eliminate the technically obsolete fixed assets or intangible assets.

(VI) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Changes in significant accounting policies and their effects

1.1 Interpretation No. 16 of the Accounting Standards for Business Enterprises

The *Interpretation No. 16 of the Accounting Standards for Business Enterprises* (the "*Interpretation No. 16*") was issued by the Ministry of Finance on 30 November 2022, which stipulated the accounting treatment concerning the exemption of initial recognition of deferred income tax relating to assets and liabilities arising from a single transaction.

The Interpretation No. 16 revised the coverage of exemption of the initial recognition of deferred income tax in the *Accounting Standards for Business Enterprises No. 18 - Income Tax*, and specified that the relevant provisions on the exemption of initial recognition of deferred tax liabilities and deferred tax assets are not applicable to a single transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) at the time of transaction, and where the assets and liabilities initially recognized generate equal taxable temporary differences and deductible temporary differences. The Interpretation became effective from 1 January 2023 and could be early applied. The Group early applied the Interpretation in the current year, and accounted for the single transactions retrospectively that occurred between the beginning of the earliest presentation period of the financial statements and 31 December 2022, and restated the comparative financial statements. The impact on the relevant items is as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
(Unless otherwise specified, the monetary unit shall be RMB.)

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

1. Changes in significant accounting policies and their effects - continued

1.1 Interpretation No. 16 of the Accounting Standards for Business Enterprises - continued

Item	1/1/2022	Adjustment	1/1/2022
Assets:			
Deferred tax assets	398,145,710.84	56,499,013.55	454,644,724.39
Liabilities:			
Deferred tax liabilities	4,550,417,470.61	2,001,049.09	4,552,418,519.70
Shareholders' equity:			
Unappropriated profit	14,205,879,106.49	21,052,360.17	14,226,931,466.66
Minority interests	71,234,238,229.35	33,445,604.29	71,267,683,833.64

Item	31/12/2022	Adjustment	31/12/2022
Assets:			
Deferred tax assets	372,927,261.40	61,571,559.55	434,498,820.95
Liabilities:			
Deferred tax liabilities	4,853,271,307.86	1,748,527.47	4,855,019,835.33
Shareholders' equity:			
Other comprehensive income	-691,536,248.44	1,982,628.58	-689,553,619.86
Unappropriated profit	16,679,688,347.09	22,299,954.05	16,701,988,301.14
Minority interests	73,994,641,893.21	35,540,449.45	74,030,182,342.66

Item	2022	Adjustment	2022
Profit or loss:			
Income tax expenses	1,113,179,679.35	-220,002.60	1,112,959,676.75
Net profit	8,231,683,297.67	220,002.60	8,231,903,300.27
Profit or loss attributable to minority interests	4,894,237,074.85	-1,027,591.28	4,893,209,483.57
Other comprehensive income attributable to shareholders of the Company, net of tax	206,102,739.65	1,982,628.58	208,085,368.23
Other comprehensive income attributable to minority interests, net of tax	1,417,424,133.35	3,122,436.44	1,420,546,569.79

Item	January - June 2022	Adjustment	January - June 2022
Profit or loss:			
Income tax expenses	625,643,717.42	-6,510,739.27	619,132,978.15
Net profit	4,879,983,423.23	6,510,739.27	4,886,494,162.50
Profit or loss attributable to minority interests	2,898,122,098.61	-188,893.94	2,897,933,204.67
Other comprehensive income attributable to shareholders of the Company, net of tax	-18,696,061.65	1,011,930.07	-17,684,131.58
Other comprehensive income attributable to minority interests, net of tax	460,425,177.92	1,703,020.82	462,128,198.74

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023 (Unless otherwise specified, the monetary unit shall be RMB.)

(VII) TAXES

1. Major taxes and tax rates

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	8.25%-34% (Note 1)
	Dividend income tax	5%, 10% (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.	3%, 5%, 9%
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 surcharges	VAT paid	3%
Land use tax	Land area actually occupied	RMB 0.8-12 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 8.25% and 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 27% and 34%.

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

Note 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%.

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.

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(VII) TAXES - continued

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.

For the period from 1 January 2023 to 31 December 2027, 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	30/6/2023	31/12/2022
Cash on hand	5,239,515.56	726,960.10
RMB	2,767.60	2,767.60
USD	194,787.09	44,853.90
HKD	26,964.67	26,167.88
XOF	4,689,468.47	204,626.05
BRL	8,820.47	6,536.63
Others	316,707.26	442,008.04
Bank deposits (Note 1)	14,256,207,464.50	13,061,475,159.69
RMB	10,947,167,940.52	10,688,462,520.89
USD	2,226,239,397.64	1,045,085,866.19
EUR	676,483,008.93	745,066,787.31
BRL	179,341,909.61	379,062,088.91
HKD	201,423,648.76	141,668,372.90
AUD	11,786.68	4,708,056.85
Others	25,539,772.36	57,421,466.64
Other monetary funds (Note 2)	179,242,912.54	553,726,619.61
RMB	61,171,729.51	340,778,819.19
HKD	117,681,853.83	212,571,712.02
USD	389,329.20	376,088.40
Total	14,440,689,892.60	13,615,928,739.40
Including: Total amount of funds deposited overseas	4,440,318,647.60	4,012,922,744.09
Total amount of funds deposited in finance companies	913,608,945.27	1,841,698,554.32

Note 1: The closing balance of bank deposits includes interest receivable of RMB 7,852,286.96 and the frozen funds of ETC card business of RMB 12,000.00.

Note 2: The balance of the securities margin account totaled RMB 125,363,071.85 in other cash and bank balances at the end of the period, 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 period totaled RMB 50,000,000.00, the interest of the time certificate of deposit totaled RMB 346,221.49, the restricted deposit totaled RMB 3,533,619.20.

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

2. Held-for-trading financial assets

Item	30/6/2023	31/12/2022
Financial assets measured at FVTPL	4,645,336,576.09	2,998,781,599.63
Including: Equity investment instruments	-	135,742.11
Structured deposits	4,645,336,576.09	2,998,645,857.52
Total	4,645,336,576.09	2,998,781,599.63

3. Notes receivable

(1) Classification of notes receivable

Category	30/6/2023	31/12/2022
Bank acceptance	186,028,246.15	395,000.00
Commercial acceptance	-	36,000,000.00
Total	186,028,246.15	36,395,000.00
Less: Provision for credit losses (Note)	-	-
Carrying amount	186,028,246.15	36,395,000.00

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

- (2) As at 30 June 2023, there were no notes receivable pledged.
- (3) As at 30 June 2023, there were no notes receivable endorsed or discounted but unmaturing at the balance sheet date.
- (4) As at 30 June 2023, there were no notes reclassified to accounts receivable due to the drawers' inability to settle the note.
- (5) For the period from 1 January to 30 June 2023, there were no notes receivable written off.

4. Accounts receivable

(1) Disclosure of accounts receivable by aging

Aging	30/6/2023		
	Accounts receivable	Provision for credit loss	Proportion (%)
Within 1 year	2,094,587,779.58	24,963,870.21	1.19
1 - 2 years	20,964,069.55	9,280,113.40	44.27
2 - 3 years	3,463,930.96	2,144,229.20	61.90
Over 3 years	67,452,065.90	66,083,186.94	97.97
Total	2,186,467,845.99	102,471,399.75	4.69

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

4. Accounts receivable - continued

(2) Disclosure of accounts receivable by categories

Credit rating	ECL rate (%)	30/6/2023			31/12/2022		
		Gross carrying amount	Provision for credit loss	Book value	Gross carrying amount	Provision for credit loss	Book value
A	0.00-0.10	1,348,465,570.21	628,740.36	1,347,836,829.85	757,893,845.42	254,506.65	757,639,338.77
B	0.10-0.30	648,061,012.35	593,266.86	647,467,745.49	437,329,923.88	579,435.66	436,750,488.22
C	0.30-50.00	95,320,508.67	13,436,823.75	81,883,684.92	91,915,183.34	12,581,359.16	79,333,824.18
D	50.00-100.00	94,620,754.76	87,812,568.78	6,808,185.98	83,024,004.24	80,597,965.97	2,426,038.27
Total		2,186,467,845.99	102,471,399.75	2,083,996,446.24	1,370,162,956.88	94,013,267.44	1,276,149,689.44

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

Item	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Opening balance	13,415,301.47	80,597,965.97	94,013,267.44
Gross carrying amount of accounts receivable at 1 January 2023			
-- Transfer to credit-impaired accounts receivables	-84,939.18	84,939.18	-
-- Reverse to not credit-impaired accounts receivable	-	-	-
Provision for the period	1,522,412.78	6,995,029.89	8,517,442.67
Reversal for the period	-845,775.96	-1,579,894.47	-2,425,670.43
Transfer-out on derecognition of financial assets (including direct write-down)	-	-	-
Other changes	651,831.86	1,714,528.21	2,366,360.07
Closing balance	14,658,830.97	87,812,568.78	102,471,399.75

(4) For the period from 1 January to 30 June 2023, there were no accounts receivable written off during this period.

(5) Top five balances of account receivables classified by debtor

Name of entities	30/6/2023	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision for credit loss
Client 1	654,725,695.87	Within 1 year, 1 - 2 years	29.94	4,556.21
Client 2	63,695,381.12	Within 1 year	2.91	-
Client 3	54,509,949.10	Within 1 year	2.49	-
Client 4	42,497,336.16	Within 1 year, 1 - 2 years	1.94	148.55
Client 5	32,409,055.59	Within 1 year	1.48	-
Total	847,837,417.84		38.76	4,704.76

5. Receivables financing

(1) Receivables financing classification

Item	30/6/2023	31/12/2022
Bank acceptance measured at fair value	-	163,766,913.10

(2) As at 30 June 2023, the Group has no pledged receivables financing.

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

5. Receivables financing - continued

- (3) As at 30 June 2023, receivables financing endorsed or discounted which are not yet due at the balance sheet date are as follows

Item	30/6/2023		31/12/2022	
	Derecognized	Recognized	Derecognized	Recognized
Bank acceptance measured at fair value	47,471,451.74	-	105,141,033.28	-

6. Prepayments

- (1) Presentation of prepayments by aging

Aging	30/6/2023			31/12/2022		
	Gross carrying amount	Proportion (%)	Provision for impairment	Gross carrying amount	Proportion (%)	Provision for impairment
Within 1 year	83,385,768.48	98.99	-	61,917,391.43	97.31	-
1 - 2 years	725,500.99	0.86	-	1,589,158.49	2.50	-
2 - 3 years	33,106.07	0.04	-	-	-	-
Over 3 years	96,875.50	0.11	-	120,875.50	0.19	-
Total	84,241,251.04	100.00	-	63,627,425.42	100.00	-

- (2) As at 30 June 2023, the Group has no significant prepayments aged more than one year.
- (3) Top five balances of prepayments at the end of the period classified by entities

Name of entities	Relationship with the Company	30/6/2023	Aging	Proportion of the closing balance to the total prepayments (%)	Reason for not being settled
Entity 1	Non-related party	10,378,696.99	Within 1 year	12.32	Unsettled prepaid communication expenses
Entity 2	Non-related party	7,913,085.18	Within 1 year	9.39	Unsettled advance premium
Entity 3	Non-related party	4,748,700.38	Within 1 year	5.64	Unsettled advance labor expenses
Entity 4	Non-related party	4,256,518.06	Within 1 year & 1 - 2 years	5.05	Unsettled prepaid communication expenses
Entity 5	Non-related party	3,074,177.02	Within 1 year & 1 - 2 years	3.65	Unsettled advance premium
Total		30,371,177.63		36.05	

7. Other receivables

7.1 Summary of other receivables

Item	30/6/2023	31/12/2022
Dividends receivable	1,386,530,246.60	416,040,485.62
Other receivables	619,906,260.78	532,801,608.68
Total	2,006,436,507.38	948,842,094.30

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

7. Other receivables - continued

7.2 Dividends receivable

(1) Presentation of dividends receivable

Name of investees	30/6/2023	31/12/2022
Shanghai International Port (Group) Co., Ltd. ("SIPG")	914,383,798.30	-
China Nanshan Development (Group) Incorporation ("Nanshan Group")	240,591,000.00	240,591,000.00
Qingdao Qianwan United Container Terminal Co., Ltd.	50,000,000.00	50,000,000.00
Liaoning Port Co., Ltd. ("Liaoning Port")	47,754,255.87	-
Zhanjiang Merchants Port City Investment Co., Ltd. ("Merchants Port City")	41,847,044.77	41,847,044.77
Qingdao Port International Co., Ltd.	41,451,110.91	-
Tin-Can Island Container Terminal Ltd	32,242,479.35	65,121,449.40
COSCO Logistics (Zhanjiang) Co., Ltd.	18,449,001.16	18,449,001.16
Others	1,199,474.53	448,447.23
Total	1,387,918,164.89	416,456,942.56
Less: Provision for credit loss	1,387,918.29	416,456.94
Book value	1,386,530,246.60	416,040,485.62

(2) Significant dividends receivable aged more than one year

Name of investee	30/6/2023	31/12/2022	Aging	Why unrecovered	Impaired or not, and basis of determination
Nanshan Group	111,042,000.00	111,042,000.00	1 - 2 years & 2 - 3 years	Relevant procedures are being handled and it is expected to be recovered by the end of 2023	No

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

Item	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Opening balance	416,456.94	-	-	416,456.94
Gross carrying amount of dividends receivable at 1 January 2023				
-- Transfer to stage 2	-	-	-	-
-- Transfer to stage 3	-	-	-	-
-- Reversal to stage 2	-	-	-	-
-- Reversal to stage 1	-	-	-	-
Provision for the period	971,461.22	-	-	971,461.22
Reversal for the period	-	-	-	-
Transfer-out on derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	0.13	-	-	0.13
Closing balance	1,387,918.29	-	-	1,387,918.29

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

7. Other receivables - continued

7.3 Other receivables

(1) Disclosure of other receivables by aging

Aging	30/6/2023		
	Other receivables	Provision for credit loss	Proportion (%)
Within 1 year	501,774,160.72	188,260,025.68	37.52
1 - 2 years	190,128,116.37	4,957,459.05	2.61
2 - 3 years	43,455,737.68	5,810,476.64	13.37
Over 3 years	887,594,183.14	804,017,975.76	90.58
Total	1,622,952,197.91	1,003,045,937.13	61.80

(2) Presentation of other receivables by nature

Item	30/6/2023	31/12/2022
Operation compensation (Note 1)	859,526,752.84	859,677,826.43
Advances	305,255,064.41	295,592,304.09
Land compensation (Note 2)	89,630,000.00	89,630,000.00
Deposits	47,560,784.42	26,402,747.81
Special subsidy	31,716,257.00	31,716,257.00
Others	289,263,339.24	233,051,614.17
Total	1,622,952,197.91	1,536,070,749.50
Less: Provision for credit loss	1,003,045,937.13	1,003,269,140.82
Book value	619,906,260.78	532,801,608.68

Note 1: This represents the operation compensation receivable by a subsidiary of the Company from the holding company of its minority shareholder in accordance with the agreement. As at 30 June 2023, the Group has fully made provision for credit losses on the accumulated outstanding compensation amounting to RMB 859,526,752.84 which has not been received yet.

Note 2: On 9 October 2021, Zhanjiang Port (Group) Co., Ltd., (hereinafter referred to as the "Zhanjiang Port"), a 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 equivalent to RMB 89,630,000.00. The aforementioned land was then returned before 31 December 2021. As at 30 June 2023, the above-mentioned land compensation of RMB 89,630,000.00 has not been recovered yet.

(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 while taking account of 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 30 June 2023, the credit risk and ECL of other receivables of each category of customers are presented as follows:

Credit rating	ECL rate (%)	30/6/2023				31/12/2022			
		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	618,034,114.14	-	-	618,034,114.14	532,760,873.61	-	-	532,760,873.61
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	1,004,918,083.77	1,004,918,083.77	-	-	1,003,309,875.89	1,003,309,875.89
Gross carrying amount		618,034,114.14	-	1,004,918,083.77	1,622,952,197.91	532,760,873.61	-	1,003,309,875.89	1,536,070,749.50
Provision for credit loss		25,765.15	-	1,003,020,171.98	1,003,045,937.13	24,451.35	-	1,003,244,689.47	1,003,269,140.82
Book value		618,008,348.99	-	1,897,911.79	619,906,260.78	532,736,422.26	-	65,186.42	532,801,608.68

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

Name of entities	30/6/2023	Provision for credit loss	ECL rate (%)	Reasons for provision
Entity 1	859,526,752.84	859,526,752.84	100.00	Expected to be unrecoverable (Note)
Entity 2	110,593,785.02	108,624,448.23	98.22	Expected to be unrecoverable
Entity 3	14,000,000.00	14,000,000.00	100.00	Expected to be unrecoverable
Total	984,120,537.86	982,151,201.07	— —	— —

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

(4) Provision for and recovery or reversal of credit loss of other receivables for the period

Item	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Opening balance	24,451.35	-	1,003,244,689.47	1,003,269,140.82
Gross carrying amount of other receivables at 1 January 2023				
--Transfer to stage 2	-	-	-	-
--Transfer to stage 3	-4,342.69	-	4,342.69	-
--Reversal to stage 2	-	-	-	-
--Reversal to stage 1	180,361.18	-	-180,361.18	-
Provision for the period	531.59	-	51,410.13	51,941.72
Reversal for the period	-175,236.28	-	-	-175,236.28
Other changes	-	-	-99,909.13	-99,909.13
Closing balance	25,765.15	-	1,003,020,171.98	1,003,045,937.13

(5) The Group has no other receivables written off for the period from 1 January to 30 June 2023.

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

7. Other receivables - continued

7.3 Other receivables - continued

- (6) At the end of the period, top five balances of other receivables classified by debtor are as follows:

Name of entities	Nature	30/6/2023	Aging	Proportion of the amount to the total other receivables (%)	Provision for credit loss at the end of the current period
Entity 1	Operation compensation	859,526,752.84	Within 1 year, over 3 years	52.96	859,526,752.84
Entity 2	Advances	122,674,255.48	Within 1 year, 1 - 2 years, 2 - 3 years	7.56	-
Entity 3	Advances	110,593,785.02	Within 1 year, 2 - 3 years, over 3 years	6.81	108,624,448.23
Entity 4	Land compensation	89,630,000.00	1 - 2 years	5.52	-
Entity 5	Advances	53,305,610.59	Within 1 year	3.28	-
Total		1,235,730,403.93		76.13	968,151,201.07

- (7) Receivables involving government grants

Name of entities	Item	30/6/2023	Aging	Time and amount expected to be received and its basis
Shantou CM Port Group Co., Ltd. ("Shantou Port")	Special subsidy for barge line business	24,800,000.00	2 - 3 years	Expected to be recovered by the end of 2023
Shantou Port	Business development subsidy	6,916,257.00	1 - 2 years	Expected to be recovered by the end of 2023
Total		31,716,257.00		

8. Inventories

- (1) Categories of inventories

Item	30/6/2023			31/12/2022		
	Gross carrying amount	Provision for decline in value of inventories	Book value	Gross carrying amount	Provision for decline in value of inventories	Book value
Raw materials	226,504,438.82	1,276,181.39	225,228,257.43	196,425,573.04	1,326,130.64	195,099,442.40
Goods on hand	18,387,867.55	-	18,387,867.55	17,248,970.37	-	17,248,970.37
Others	725,036.14	-	725,036.14	12,774,408.71	-	12,774,408.71
Total	245,617,342.51	1,276,181.39	244,341,161.12	226,448,952.12	1,326,130.64	225,122,821.48

- (2) Provision for decline in value of inventories

Item	31/12/2022	Provision		Decrease		30/6/2023
		Provision	Others	Reversal	Write-off	
Raw materials	1,326,130.64	-	15,375.59	65,324.84	-	1,276,181.39

- (3) As at 30 June 2023, 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	Book value at the end of the period	Fair value at the end of the period	Estimated disposal expenses	Disposal date
Disposal group held for sale (Note)	4,034,332,787.01	4,364,666,376.36	1,762,730.00	8 August 2023
Less: Provision for impairment of assets held for sale	-			
Book value	4,034,332,787.01			

Note: The Company's subsidiary Cyber Chic Company Limited listed its 45% equity in Ningbo Daxie China Merchants International Terminals Co., Ltd. ("Ningbo Daxie") at China Beijing Equity Exchange on 20 April 2023. On 19 May 2023, Ningbo Zhoushan Port Company Limited ("Ningbo Zhoushan") became the transferee. On 25 May 2023, Cyber Chic Company Limited and Ningbo Zhoushan signed the Equity Transfer Contract, with transfer price (inclusive of tax) amounting to RMB 1,845,000,000.00. As of 30 June 2023, the Transaction has not yet been completed.

10. Non-current assets due within one year

Item	30/6/2023	31/12/2022
Long-term receivables due within one year	59,092,591.98	903,128,422.35
Less: Provision for credit loss	59,092.59	903,128.42
Book value	59,033,499.39	902,225,293.93

11. Other current assets

Categories of other current assets:

Item	30/6/2023	31/12/2022
Input tax to be deducted and to be certified	74,840,534.57	70,627,183.33
Prepaid taxes	67,972,442.47	98,329,205.73
Others	5,982,724.60	16,946,751.47
Total	148,795,701.64	185,903,140.53
Less: Provision for credit loss	-	-
Book value	148,795,701.64	185,903,140.53

12. Long-term receivables

(1) Details of long-term receivables

Item	30/6/2023			31/12/2022			Range of discount rate at the end of the period
	Gross carrying amount	Provision for credit loss	Book value	Gross carrying amount	Provision for credit loss	Book value	
Advances to shareholders (Note 1)	4,220,399,632.45	4,220,399.63	4,216,179,232.82	3,864,736,673.31	3,864,736.67	3,860,871,936.64	4.75%-8.50%
Financing lease deposits	10,678,959.27	10,678.96	10,668,280.31	10,659,515.88	10,659.52	10,648,856.36	0-5.37%
Land compensation receivable (Note 2)	2,692,032,000.00	-	2,692,032,000.00	2,692,032,000.00	-	2,692,032,000.00	-
Total	6,923,110,591.72	4,231,078.59	6,918,879,513.13	6,567,428,189.19	3,875,396.19	6,563,552,793.00	-
Less: Long-term receivables due within 1 year	59,092,591.98	59,092.59	59,033,499.39	903,128,422.35	903,128.42	902,225,293.93	-
Long-term receivables due over 1 year	6,864,017,999.74	4,171,986.00	6,859,846,013.74	5,664,299,766.84	2,972,267.77	5,661,327,499.07	-

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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 aggregate of the Group's principal and interest receivable from Terminal Link SAS, equivalent to RMB 3,288,169,195.32.

As at 26 March 2020, China Merchants Port Holdings Company ("CM Port"), a subsidiary of the Company, provided a long-term loan to Terminal Link SAS for the terminal acquisition project and charged interest to Terminal Link SAS at an interest rate of 6%.

As of 31 May 2023, CM Port, a subsidiary of the Company, provided a long-term loan to Terminal Link SAS for its Thessaloniki Port Project and charged interest to Terminal Link SAS at an interest rate of 6.15%.

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 were equivalent to RMB 1,558,032,000.00. Therein, the land and attached building of approximately 183.63 mu has been handed over in 2019, while the remaining land and attached building of approximately 187.33 mu has been handed over in 2020. As at 30 June 2023, the land compensation totalling RMB 1,158,032,000.00 had 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 were equivalent to RMB 250,000,000.00. The transfer of above-mentioned land and attached buildings was completed before 31 December 2020. As at 30 June 2023, the land compensation totalling RMB 200,000,000.00 had not yet been recovered.

On 22 December 2020, Shantou Port entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Shantou Land Reserve Center. Pursuant to the contract, the land and attached buildings of approximately 648.78 mu located in Zhuchi Deepwater Port of Shantou should be returned to Shantou Land Reserve Center by Shantou Port, which is amounting to RMB 2,724,876,000.00. Among them, 320 mu of land and attached buildings had been transferred by 31 December 2020, which were equivalent to RMB 1,344,000,000.00; and the remaining 328.78 mu of land and attached buildings have not been transferred. As at 30 June 2023, the land compensation totalling RMB 1,334,000,000.00 had not yet been recovered.

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

12. Long-term receivables - continued

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

Item	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Opening balance	3,875,396.19	-	-	3,875,396.19
Gross carrying amount of long-term receivables at 1 January 2023				
-- Transfer to stage 2	-	-	-	-
-- Transfer to stage 3	-	-	-	-
-- Reversal to stage 2	-	-	-	-
-- Reversal to stage 1	-	-	-	-
Provision for the period	1,199,718.23	-	-	1,199,718.23
Reversal for the period	-844,035.83	-	-	-844,035.83
Transfer-out on derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Closing balance	4,231,078.59	-	-	4,231,078.59

- (3) As at 30 June 2023, there are no long-term receivables derecognized due to the transfer of financial assets.
- (4) As at 30 June 2023, there are no assets and liabilities arising from the transfer or continuing involvement of long-term receivables.

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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	31/12/2022	Changes for the period								30/6/2023	Balance of provision for impairment at the end of the period	
			Increase	Decrease	Investment profit or loss under the equity method	Reconciling items from other comprehensive income	Other equity movements	Distribution of cash dividends or profits declared	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	2,787,204,745.37	-	-	52,892,617.53	-	-	-	-	-	100,331,656.35	2,940,429,019.25	-
Port of Newcastle	Equity method	2,048,681,775.65	-	-	16,104,684.73	-1,446,746.71	-	-	-	-	47,953,982.50	2,111,293,696.17	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,502,540,532.71	-	-	65,204,791.15	-	1,538,101.66	-	-	-	-	1,569,283,425.52	-
Yantai Port Group Laizhou Port Co., Ltd.	Equity method	794,153,389.74	-	-	20,672,709.37	-	-1,476,439.54	-28,133,178.67	-	-	-	785,216,480.90	-
Others	Equity method	2,584,212,612.25	5,720,923.74	-	15,100,630.76	-	745,615.12	-100,454,790.83	-	-	21,479,598.97	2,526,804,590.01	-
Subtotal		9,716,793,055.72	5,720,923.74	-	169,975,433.54	-1,446,746.71	807,277.24	-128,587,969.50	-	-	169,765,237.82	9,933,027,211.85	-
II. Associates													
SIPG	Equity method	34,171,898,201.17	-	-	2,053,880,439.55	-6,899,675.46	-51,177,797.53	-914,383,798.30	-	-	-	35,253,317,369.43	-
Nanshan Group	Equity method	6,377,197,726.21	-	-	113,853,548.75	68,503,427.36	88,958.34	-	-	-	-3,151,081.70	6,556,492,578.96	-
Terminal Link SAS	Equity method	6,395,609,168.37	-	-	123,523,209.71	61,784,485.73	-	-375,045,012.35	-	-	217,267,732.58	6,423,139,584.04	-
Liaoning Port	Equity method	4,021,162,878.74	-	-	71,442,863.94	1,581,868.93	4,126,703.30	-47,754,255.87	-	-	-10,287,159.53	4,040,272,899.51	365,662,318.91
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	Equity method	7,403,186,521.01	-	-	21,312,200.00	-	-	-	-	-	-	7,424,498,721.01	-
Ningbo Zhoushan	Equity method	17,974,630,545.05	-	-	486,448,025.41	11,657,422.21	-22,722,867.87	-390,875,794.33	-	-	-	18,059,137,330.47	-
China Merchants Northeast Asia Development Investment Co., Ltd.	Equity method	1,017,010,205.71	-	-	3,116,967.23	-	-	-	-	-	-	1,020,127,172.94	-
Antong Holdings Co., Ltd. ("Antong Holdings") (Note)	Equity method	-	892,560,547.98	-	10,337,508.05	-	-	-	-	-	-	902,898,056.03	-
Others (Note)	Equity method	5,286,805,617.07	-	-	41,404,322.02	-31,451,275.23	-104,425.86	-81,607,955.82	-	-	148,312,961.70	5,363,359,243.88	2,381,331.36
Subtotal		82,647,500,863.33	892,560,547.98	-	2,925,319,084.66	105,176,253.54	-69,789,429.62	-1,809,666,816.67	-	-	352,142,453.05	85,043,242,956.27	368,043,650.27
Total		92,364,293,919.05	898,281,471.72	-	3,095,294,518.20	103,729,506.83	-68,982,152.38	-1,938,254,786.17	-	-	521,907,690.87	94,976,270,168.12	368,043,650.27

Note: As of 30 June 2023, the Company and its subsidiary China Ocean Shipping Tally Co., Ltd., Zhanjiang totally hold 6.83% equity in Antong Holdings, and assigned one director to Antong Holdings. Therefore, the Company has significant influence over Antong Holdings and reclassified its equity investment in Antong Holdings from other non-current assets to long-term equity investments in associates.

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

13. Long-term equity investments - continued

(2) Provisions for impairment losses of long-term equity investments

Item	31/12/2022	Effect of consolidation scope change	Increase	Decrease		Effect of translation of financial statements denominated in foreign currencies	30/6/2023
				Amount	Reason		
Liaoning Port	354,857,305.25	-	-	-	-	10,805,013.66	365,662,318.91
HOA THUONG CORPORATION	2,310,965.02	-	-	-	-	70,366.34	2,381,331.36
Total	357,168,270.27	-	-	-	-	10,875,380.00	368,043,650.27

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

14. Investments in other equity instruments

(1) Details of investments in other equity instruments

Investees	30/6/2023	31/12/2022
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	144,301,178.28	144,301,178.28
Others (Note)	9,955,002.00	27,644,096.74
Total	154,256,180.28	171,945,275.02

Note: The change for the period represents the transfer to held-for-sale assets. Details are set out in Note (VIII) 9.

(2) Details of investments in non-trading equity instruments

Item	Dividends income recognized for the period	Accumulated gains	Amounts transferred to retained earnings from other comprehensive income	Reason for designation as FVTOCI	Reason for transfer from other comprehensive income to retained earnings
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	8,824,500.00	130,791,178.28	-	The intention of holding is neither for sale nor profits in short-term	N/A
Others	-	927,502.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Total	8,824,500.00	131,718,680.28	-		

15. Other non-current financial assets

Item	30/6/2023	31/12/2022
Financial assets classified as at FVTPL	971,716,168.73	1,745,740,896.41
Including: Investments in equity instruments	971,716,168.73	1,745,740,896.41
Including: Qingdao Port International Co., Ltd.	943,850,357.04	767,553,775.66
Antong Holdings (Note)	-	950,321,309.06
Others	27,865,811.69	27,865,811.69

Note: Refer to Note (VIII) 13 (1) for details.

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

16. Investment properties

(1) Investment properties measured under the cost method

Item	Land use rights	Buildings	Total
I. Cost			
1. Balance at 1 January 2023	128,269,825.38	6,177,602,852.51	6,305,872,677.89
2. Increase for the period	8,388,170.37	13,446,587.56	21,834,757.93
(1) Purchase	-	606,207.86	606,207.86
(2) Transfer from fixed assets	-	12,840,379.70	12,840,379.70
(3) Transfer from intangible assets	8,388,170.37	-	8,388,170.37
3. Decrease in the current period	-	-	-
(1) Disposal	-	-	-
4. Balance at 30 June 2023	136,657,995.75	6,191,049,440.07	6,327,707,435.82
II. Accumulated depreciation and amortization			
1. Balance at 1 January 2023	43,054,991.58	1,139,127,566.75	1,182,182,558.33
2. Increase for the period	3,228,723.73	92,658,424.77	95,887,148.50
(1) Provision for the period	1,285,600.37	89,888,070.89	91,173,671.26
(2) Transfer from fixed assets	-	2,770,353.88	2,770,353.88
(3) Transfer from intangible assets	1,943,123.36	-	1,943,123.36
3. Decrease in the current period	-	-	-
(1) Disposal	-	-	-
4. Balance at 30 June 2023	46,283,715.31	1,231,785,991.52	1,278,069,706.83
III. Impairment provision			
1. Balance at 1 January 2023	-	-	-
2. Increase for the period	-	-	-
3. Decrease for the period	-	-	-
4. Balance at 30 June 2023	-	-	-
IV. Book value			
1. At 30 June 2023	90,374,280.44	4,959,263,448.55	5,049,637,728.99
2. At 1 January 2023	85,214,833.80	5,038,475,285.76	5,123,690,119.56

(2) Investment properties without ownership certificates

Item	Book value at 30/6/2023	Book value at 31/12/2022	Reasons for certificate of title not completed	Expected time of completion
Buildings and land use rights	23,121,370.28	24,008,665.10	Certificates of land use rights have not yet been obtained for some buildings	The certificate of title is underway

17. Fixed assets

17.1 Summary of fixed assets

Item	30/6/2023	31/12/2022
Fixed assets	29,368,062,834.14	32,033,317,707.66
Disposal of fixed assets	939,414.20	8,375.84
Total	29,369,002,248.34	32,033,326,083.50

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

17. Fixed assets - continued

17.2 Fixed assets

(1) Details of fixed assets

Item	Port and terminal facilities	Buildings	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Total
I. Cost					
1. Balance at 1 January 2023	33,376,255,522.14	2,027,195,029.06	17,467,174,796.88	2,314,581,094.83	55,185,206,442.91
2. Increase for the period	166,267,635.05	-	188,906,526.61	2,510,111.49	357,684,273.15
(1) Purchase	19,556,058.19	-	56,789,316.27	1,802,166.51	78,147,540.97
(2) Transfer from development expenditure	6,180,387.49	-	-	-	6,180,387.49
(3) Transfer from construction in progress	140,531,189.37	-	132,117,210.34	707,944.98	273,356,344.69
3. Decrease for the period	2,752,315,156.03	255,679,754.27	1,684,785,634.24	28,698,058.50	4,721,478,603.04
(1) Disposal or retirement	31,550,712.90	10,765,927.51	28,732,766.99	22,588,577.82	93,637,985.22
(2) Transfer to investment properties	-	12,840,379.70	-	-	12,840,379.70
(3) Transfer to assets held for sale	2,720,764,443.13	232,073,447.06	1,656,052,867.25	6,109,480.68	4,615,000,238.12
4. Adjustments to the amount pre-carried forward	-13,175,135.93	-	83,817.50	153,503.23	-12,937,815.20
5. Reclassification adjustment	-59,046,162.00	54,686,102.51	4,360,059.49	-	-
6. Effect of translation of financial statements denominated in foreign currencies	326,075,212.68	5,523,017.17	217,639,577.40	26,589,788.07	575,827,595.32
7. Balance at 30 June 2023	31,044,061,915.91	1,831,724,394.47	16,193,379,143.64	2,315,136,439.12	51,384,301,893.14
II. Accumulated depreciation					
1. Balance at 1 January 2023	10,720,998,321.19	635,722,974.00	10,636,302,077.50	1,095,290,493.80	23,088,313,866.49
2. Increase for the period	499,620,447.03	40,220,195.44	425,210,913.41	54,324,524.44	1,019,376,080.32
(1) Provision	499,620,447.03	40,220,195.44	425,210,913.41	54,324,524.44	1,019,376,080.32
3. Decrease for the period	1,125,790,748.86	86,044,776.86	1,117,181,049.65	26,675,935.40	2,355,692,510.77
(1) Disposal or retirement	24,707,161.36	10,228,860.28	24,782,219.42	21,440,552.66	81,158,793.72
(2) Transfer to investment properties	-	2,770,353.88	-	-	2,770,353.88
(3) Transfer to assets held for sale	1,101,083,587.50	73,045,562.70	1,092,398,830.23	5,235,382.74	2,271,763,363.17
4. Reclassification adjustment	-845,856.47	1,050,452.16	-204,595.69	-	-
5. Effect of translation of financial statements denominated in foreign currencies	74,573,669.64	1,449,687.99	115,937,277.13	8,706,119.44	200,666,754.20
6. Balance at 30 June 2023	10,168,555,832.53	592,398,532.73	10,060,064,622.70	1,131,645,202.28	21,952,664,190.24
III. Impairment provision					
1. Balance at 1 January 2023	57,546,986.63	5,985,164.85	42,717.28	-	63,574,868.76
2. Increase for the period	-	-	-	-	-
3. Disposal or retirement	-	-	-	-	-
4. Reclassification amount	-	-	-	-	-
5. Other decreases	-	-	-	-	-
6. Balance at 30 June 2023	57,546,986.63	5,985,164.85	42,717.28	-	63,574,868.76
IV. Book value					
1. At 30 June 2023	20,817,959,096.75	1,233,340,696.89	6,133,271,803.66	1,183,491,236.84	29,368,062,834.14
2. At 1 January 2023	22,597,710,214.32	1,385,486,890.21	6,830,830,002.10	1,219,290,601.03	32,033,317,707.66

(2) As at 30 June 2023, the Group had no temporarily idle fixed assets.

(3) Fixed assets leased out under operating leases

Item	30/6/2023	31/12/2022
Buildings	197,515,868.27	196,480,507.61
Port and terminal facilities	30,919,502.66	33,260,157.31
Machinery and equipment, furniture and fixture and other equipment	2,307,599.86	7,920,761.45
Total	230,742,970.79	237,661,426.37

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

17. Fixed assets - continued

17.2 Fixed assets - continued

(4) Fixed assets without ownership certificates

Item	Book value at 30/6/2023	Book value at 31/12/2022	Remarks
Buildings, port and terminal facilities	1,599,372,964.58	1,786,308,720.95	This is mainly because the land use rights of the land have not been obtained yet and the approval procedures have not yet been completed for certain buildings.

(5) Details of fixed assets depreciated but still in use and temporarily idle at the end of the period, and fixed assets disposed of and retired in the year:

Item	Amount	Remark
Cost of fixed assets fully depreciated but still in use as at the end of the period	4,191,753,815.46	
Cost of fixed assets temporarily idle as at the end of the period	-	
Fixed assets disposed and retired for the period:		
Including: Cost of fixed assets disposed and retired	93,637,985.22	
Net value of fixed assets disposed and retired	12,479,191.50	
Profit or loss on disposal or retirement of fixed assets	-6,724,988.70	

(6) Details of the Group's fixed assets with restricted ownership as at 30 June 2023 are shown in Note (VIII) 63.

17.3 Disposal of fixed assets

Item	30/6/2023	31/12/2022
Motor vehicles and cargo ships	862,574.35	-
Port and terminal facilities	43,926.96	-
Machinery and equipment, furniture and fixture and other equipment	29,934.91	8,375.84
Buildings	2,977.98	-
Total	939,414.20	8,375.84

18. Construction in progress

(1) Summary of construction in progress

Item	30/6/2023	31/12/2022
Construction in progress	2,472,492,744.00	2,405,872,478.61
Materials for construction of fixed assets	4,415,483.17	7,971,929.03
Total	2,476,908,227.17	2,413,844,407.64

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

18. Construction in progress - continued

(2) Details of construction in progress

Item	30/6/2023			31/12/2022		
	Gross carrying amount	Provision for impairment	Book value	Gross carrying amount	Provision for impairment	Book value
Port and terminal facilities	2,070,958,005.86	-	2,070,958,005.86	1,991,321,268.14	-	1,991,321,268.14
Infrastructure	201,735,167.90	-	201,735,167.90	201,444,537.67	-	201,444,537.67
Berths and yards	2,140,835.44	-	2,140,835.44	18,728,577.14	-	18,728,577.14
Others	197,658,734.80	-	197,658,734.80	194,378,095.66	-	194,378,095.66
Total	2,472,492,744.00	-	2,472,492,744.00	2,405,872,478.61	-	2,405,872,478.61

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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	31/12/2022	Increase for the period	Transfer to fixed assets	Other decreases for the period	Effect of translation of financial statements denominated in foreign currencies	30/6/2023	Proportion of accumulated construction investment in budget (%)	Construction progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the current period (%)	Capital source
Reconstruction project of HIPG container, oil terminal and tank area	2,817,485,265.02	817,365,084.37	-	-	-	28,776,658.92	846,141,743.29	57.68	57.68	-	-	-	Own funds and loans
General cargo terminal project at Donghai Island Port Area of Zhanjiang Port	905,348,400.00	448,877,835.04	-	-	-	-	448,877,835.04	49.58	49.58	44,364,372.49	-	-	Own funds and loans
Phase I project for the stuffing and destuffing service area of Baoman Port Area, Zhanjiang Port	683,007,100.00	269,045,354.01	50,186,817.21	-	-	-	319,232,171.22	46.74	46.74	23,748,849.77	4,195,807.57	3.50	Own funds and loans
Phase I expansion project for the container terminal at Baoman Port Area, Zhanjiang Port	2,342,775,800.00	191,463,684.57	-	-	-	-	191,463,684.57	8.17	8.17	953,620.60	-	-	Own funds and loans
Phase II terminal project for working area of Liaogeshan Port Area of Foshan Port	746,878,600.00	16,402,742.35	64,409,960.93	-	-	-	80,812,703.28	10.82	10.82	7,751,875.50	5,879,925.00	4.19	Own funds and loans
Haida dry bulk cargo storage yard and supporting facilities and land reclamation works at the back of the liquid bulk berth	61,000,000.00	60,576,339.80	418,555.20	-	-	-	60,994,895.00	99.99	99.99	-	-	-	Own funds
Zhanjiang Port bucket-wheel stacker reclaimer installation project	74,800,000.00	51,551,526.93	502,499.73	-	-	-	52,054,026.66	69.59	69.59	2,337,134.92	502,499.73	3.50	Own funds and loans
TCP138 kV gas insulated substation project	46,894,702.14	33,666,456.43	7,711,139.44	1,578,530.06	-	1,072,840.79	40,871,906.60	90.52	90.52	-	-	-	Own funds
Transtaineres 31 A 41	191,841,963.30	16,222,603.85	19,353,467.42	-	-	1,376,978.25	36,953,049.52	19.26	19.26	-	-	-	Own funds
Dachan Bay Phase II	918,521,317.23	24,872,917.72	10,659,821.88	-	-	-	35,532,739.60	3.87	3.87	-	-	-	Own funds
Total	8,788,553,147.69	1,930,044,545.07	153,242,261.81	1,578,530.06	-	31,226,477.96	2,112,934,754.78			79,155,853.28	10,578,232.30		

(4) Materials for construction of fixed assets

Item	30/6/2023			31/12/2022		
	Gross carrying amount	Provision for impairment	Book value	Gross carrying amount	Provision for impairment	Book value
Materials for construction of fixed assets	4,415,483.17	-	4,415,483.17	7,971,929.03	-	7,971,929.03

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

19. Right-of-use assets

(1) Details of right-of-use assets

Item	Port and terminal facilities	Buildings	Machinery and equipment, furniture and fixture and other equipment	Land	Motor vehicles, cargo ships and others	Total
I. Cost						
1. Balance at 1 January 2023	7,414,725,804.49	174,746,285.16	361,404,132.03	2,833,468,093.15	15,456,422.12	10,799,800,736.95
2. Increase for the period	-	28,068,531.69	-	1,196,619.58	5,119,357.99	34,384,509.26
(1) Purchase	-	28,068,531.69	-	1,196,619.58	5,119,357.99	34,384,509.26
3. Decrease for the period	4,045,800.11	20,012,413.69	-	-	7,620,740.24	31,678,954.04
(1) Termination of lease	1,079,443.59	20,012,413.69	-	-	7,620,740.24	28,712,597.52
(2) Other decreases	2,966,356.52	-	-	-	-	2,966,356.52
4. Effect of translation of financial statements denominated in foreign currencies	216,190,714.32	4,763,460.67	779,975.10	99,052,642.18	-	320,786,792.27
5. Balance at 30 June 2023	7,626,870,718.70	187,565,863.83	362,184,107.13	2,933,717,354.91	12,955,039.87	11,123,293,084.44
II. Accumulated depreciation						
1. Balance at 1 January 2023	940,705,350.30	59,749,857.79	119,454,049.67	326,945,093.98	10,304,162.88	1,457,158,514.62
2. Increase for the period	128,935,618.09	10,470,122.25	10,772,259.73	21,105,466.02	2,116,442.71	173,399,908.80
(1) Provision	128,935,618.09	10,470,122.25	10,772,259.73	21,105,466.02	2,116,442.71	173,399,908.80
3. Decrease for the period	434,260.05	20,012,425.31	-	-	7,620,740.24	28,067,425.60
(1) Termination of lease	434,260.05	20,012,425.31	-	-	7,620,740.24	28,067,425.60
4. Effect of translation of financial statements denominated in foreign currencies	23,078,225.25	1,078,828.47	759,236.09	11,967,558.35	-	36,883,848.16
5. Balance at 30 June 2023	1,092,284,933.59	51,286,383.20	130,985,545.49	360,018,118.35	4,799,865.35	1,639,374,845.98
III. Impairment provision						
1. Balance at 1 January 2023	-	-	-	-	-	-
2. Increase for the period	-	-	-	-	-	-
3. Decrease for the period	-	-	-	-	-	-
4. Balance at 30 June 2023	-	-	-	-	-	-
IV. Book value						
1. At 30 June 2023	6,534,585,785.11	136,279,480.63	231,198,561.64	2,573,699,236.56	8,155,174.52	9,483,918,238.46
2. At 1 January 2023	6,474,020,454.19	114,996,427.37	241,950,082.36	2,506,522,999.17	5,152,259.24	9,342,642,222.33

(2) Amount recognized in profit or loss

Category	Current period
Depreciation expenses of right-of-use assets (Note 1)	173,399,908.80
Interest expenses on lease liabilities (Note 2)	31,418,935.49
Expenses for short-term leases	27,727,081.54
Expenses for leases of low value assets	-
Variable lease payments not included in the measurement of lease liabilities (Note 3)	-
Revenue from sublease of right-of-use assets	5,446,966.10

Note 1: No depreciation expenses of right-of-use assets are capitalized in the period from 1 January to 30 June 2023.

Note 2: No interest expenses of lease liabilities are capitalized in the period from 1 January to 30 June 2023.

Note 3: No variable lease payments are included in the measurement of lease liabilities in the period from 1 January to 30 June 2023.

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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 period from 1 January to 30 June 2023 amount to RMB 185,790,438.60.
- (4) Lease assets of the Group with the lease term as follows:

Category	Lease term
Port, terminal facilities and land	1-99 years
Buildings	1-99 years
Machinery and equipment, furniture and fixture and other equipment	1-6 years
Motor vehicles and cargo ships	1-5 years
Others	1-7 years

20. Intangible assets

- (1) Details of intangible assets

Item	Land use rights	Terminal management rights	Others	Total
I. Cost				
1. Balance at 1 January 2023	15,314,517,408.67	9,033,916,504.04	1,500,585,297.68	25,849,019,210.39
2. Increase for the year	4,707,118.86	43,719,613.58	40,889,212.89	89,315,945.33
(1) Purchase	4,707,118.86	43,719,613.58	21,764,674.87	70,191,407.31
(2) Transfer from construction in progress	-	-	19,124,538.02	19,124,538.02
3. Decrease for the period	1,273,356,290.72	-	58,256,537.20	1,331,612,827.92
(1) Disposal	-	-	2,263,495.21	2,263,495.21
(2) Transfer to investment properties	8,388,170.37	-	-	8,388,170.37
(3) Transfer to held-for-sale assets	1,242,052,238.36	-	55,993,041.99	1,298,045,280.35
(4) Other decreases	22,915,881.99	-	-	22,915,881.99
4. Effect of translation of financial statements denominated in foreign currencies	6,817,634.87	736,700,068.21	68,483,026.94	812,000,730.02
5. Balance at 30 June 2023	14,052,685,871.68	9,814,336,185.83	1,551,701,000.31	25,418,723,057.82
II. Accumulated depreciation				
1. Balance at 1 January 2023	4,096,452,545.66	1,897,700,710.79	562,263,716.23	6,556,416,972.68
2. Increase for the year	179,624,677.82	137,166,812.77	40,582,392.29	357,373,882.88
(1) Provision	179,624,677.82	137,166,812.77	40,582,392.29	357,373,882.88
3. Decrease for the period	114,864,953.22	-	35,839,154.48	150,704,107.70
(1) Disposal	-	-	1,268.38	1,268.38
(2) Transfer to investment properties	1,943,123.36	-	-	1,943,123.36
(3) Transfer to held-for-sale assets	112,921,829.86	-	35,837,886.10	148,759,715.96
4. Effect of translation of financial statements denominated in foreign currencies	3,099,417.95	165,696,645.72	25,099,294.31	193,895,357.98
5. Balance at 30 June 2023	4,164,311,688.21	2,200,564,169.28	592,106,248.35	6,956,982,105.84
III. Impairment provision				
1. Balance at 1 January 2023	15,537,122.10	-	-	15,537,122.10
2. Increase for the period	-	-	-	-
3. Decrease for the period	-	-	-	-
4. Balance at 30 June 2023	15,537,122.10	-	-	15,537,122.10
IV. Book value				
1. At 30 June 2023	9,872,837,061.37	7,613,772,016.55	959,594,751.96	18,446,203,829.88
2. At 1 January 2023	11,202,527,740.91	7,136,215,793.25	938,321,581.45	19,277,065,115.61

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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 as at 30 June 2023:

Item	Book value at 30/6/2023	Book value at 31/12/2022
Land use rights (Note)	2,447,228,773.99	2,511,195,386.58

Note: At 30 June 2023, 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 815,234.87 m², and the land use rights for Dachan Bay Port area Phase II obtained by Ansuji Terminals Warehousing Service (Shenzhen) Co., Ltd. ("ASJ"), of which the costs are RMB 1,235,852,249.87 and RMB 918,521,317.23, respectively.

The 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 cannot 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.

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

21. Development expenditure

Item	31/12/2022	Increase for the period	Decrease for the period				Effect of translation of financial statements denominated in foreign currencies	30/6/2023
			Transfer to intangible assets	Transfer to construction in progress	Transfer to fixed assets	Transfer to profit or loss		
Eport 3.0	-	21,219,772.61	-	-	-	-	-	21,219,772.61
The Greater Bay Area combined port program	-	10,773,326.59	-	-	-	10,773,326.59	-	-
Intelligent management platform system	-	6,810,988.87	-	-	-	6,810,988.87	-	-
R&D of intelligent gate system	-	4,841,003.43	-	-	-	4,841,003.43	-	-
RMG automation of the yard operation	-	3,227,335.61	-	-	-	3,227,335.61	-	-
Intelligent terminal program	-	3,043,978.94	-	-	-	3,043,978.94	-	-
"Hongzhang" Super Computing Cluster and Port AI model construction system project	6,219,670.14	36,856.00	-	-	-	-	-	6,256,526.14
Others	11,192,526.02	96,701,343.25	-	-	6,180,387.49	92,344,677.28	-	9,368,804.50
Total	17,412,196.16	146,654,605.30	-	-	6,180,387.49	121,041,310.72	-	36,845,103.25

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

22. Goodwill

(1) Cost of goodwill

Investees	31/12/2022	Increase	Decrease	Effect of translation of financial statements denominated in foreign currencies	30/6/2023
TCP	2,716,399,522.38	-	-	344,564,533.48	3,060,964,055.86
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 (Note)	188,497,194.41	-	188,497,194.41	-	-
Others	288,255,850.88	-	-	-	288,255,850.88
Total	7,382,089,935.42	-	188,497,194.41	344,564,533.48	7,538,157,274.49

Note: The reasons for decrease in the period are detailed in Note (VIII) 9.

(2) Provision for impairment of goodwill

Investees	31/12/2022	Increase	Decrease	Effect of translation of financial statements denominated in foreign currencies	30/6/2023
Zhanjiang Port	418,345,307.68	-	-	-	418,345,307.68
Shantou Port	552,317,736.65	-	-	-	552,317,736.65
Total	970,663,044.33	-	-	-	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, the way of management 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 30 June 2023, 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 Lianyunjie Container Terminals Co., Ltd., Anxunjie Container Terminals (Shenzhen) Co., Ltd.; CM Port; 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 26 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 parameters of key assumptions determined by the Group's management are in line with the Group's historical experience or external source of information.

23. Long-term prepaid expenses

The items of long-term prepaid expenses are as follows:

Item	31/12/2022	Increase for the period	Amortization for period	Other decreases	30/6/2023	Reason for other decreases
Tonggu channel widening project (Note 1)	455,446,696.75	-	7,256,445.77	-	448,190,250.98	
Public channel widening project in west port area (Note 2)	249,437,402.87	-	4,959,514.32	1,538,430.04	242,939,458.51	Reclassification to dredging engineering
Dredging project	69,760,419.37	10,912,085.19	7,650,248.96	-	73,022,255.60	
Relocation project of Nanhai Rescue Bureau	37,554,111.50	-	553,684.20	-	37,000,427.30	
Leasehold improvement	20,631,173.37	2,325,631.13	982,741.14	-	21,974,063.36	
Others	153,527,101.04	40,924,050.07	22,150,670.48	8,932,387.99	163,368,092.64	Transfer to held-for-sale assets
Total	986,356,904.90	54,161,766.39	43,553,304.87	10,470,818.03	986,494,548.39	

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

23. Long-term prepaid expenses - continued

Note 1: This represents the Group's actual expenses on the Shenzhen West Port Area Tonggu Channel 210-270 Meters Widening Project. According to relevant resolutions of Shenzhen municipal government, the expenses incurred for the 210-240 Meters Widening Project are born by the enterprise and government on 60% to 40% principle, and the 240-270 Meters 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 life of 35 and 40 years using the straight-line method since the completion of the two widening projects in 2008 and 2019, respectively.

Note 2: This represents the Group's actual expenses on the Public Channel Widening Project in Shenzhen West Port Area, 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	30/6/2023		31/12/2022 (restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit	753,812,553.51	184,069,224.61	756,772,558.79	184,729,651.97
Terminal management rights of Colombo International Container Terminals Limited ("CICT")	727,370,658.74	218,211,197.62	702,633,317.13	210,789,995.14
Leasing business	615,522,900.67	171,780,408.15	582,736,512.28	164,262,934.19
Provision for credit loss	198,117,679.78	38,741,993.22	190,727,520.03	35,544,695.31
Accrued and unpaid wages	147,153,190.69	32,325,130.15	161,026,788.29	35,802,355.38
Depreciation of fixed assets	140,159,191.44	35,039,797.86	154,724,225.49	35,753,675.92
Deductible losses	128,172,599.24	22,996,737.33	182,211,924.34	40,193,891.36
Provisions	37,446,005.96	12,731,642.03	35,365,156.43	12,024,153.19
Deferred income	37,105,912.07	8,860,569.11	36,723,054.56	8,709,144.22
Amortization of computer software	9,315,400.29	2,328,850.07	9,291,532.77	2,322,883.19
Provision for impairment of assets	5,507,073.15	1,376,768.29	5,507,073.16	1,376,768.29
Organization costs	3,498,150.00	874,537.50	3,498,150.00	874,537.50
Others	48,710,363.43	7,223,105.47	57,124,137.75	15,595,505.07
Total	2,851,891,678.97	736,559,961.41	2,878,341,951.02	747,980,190.73

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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	30/6/2023		31/12/2022 (restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accrued dividend income tax	38,640,966,994.57	2,614,191,523.81	37,565,601,815.13	2,568,624,605.88
Fair value adjustment of assets acquired by business combination	6,336,801,036.16	1,396,223,379.41	7,755,954,464.86	1,762,190,010.27
Depreciation of fixed assets	980,326,962.11	269,370,246.17	1,119,997,714.31	280,579,814.18
Leasing business	814,739,123.95	232,167,612.81	783,000,219.10	224,483,346.07
Changes in fair value of other non-current financial assets	501,389,851.26	136,332,154.29	330,012,225.76	82,503,056.44
Terminal management rights of CICT	313,138,100.62	93,941,430.19	302,488,503.92	90,746,551.18
Changes in fair value of investments in other equity instruments	130,791,178.28	32,697,794.57	130,791,178.28	32,697,794.57
Others	1,164,498,193.47	127,470,828.25	1,169,095,183.52	126,676,026.52
Total	48,882,651,440.42	4,902,394,969.50	49,156,941,304.88	5,168,501,205.11

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

Item	Offset amount of deferred tax assets and liabilities at 30/6/2023	Balance of deferred tax assets or liabilities after offsetting at 30/6/2023	Offset amount of deferred tax assets and liabilities at 31/12/2022 (restated)	Balance of deferred tax assets or liabilities after offsetting at 31/12/2022 (restated)
Deferred tax assets	-324,332,741.27	412,227,220.14	-313,481,369.78	434,498,820.95
Deferred tax liabilities	-324,332,741.27	4,578,062,228.23	-313,481,369.78	4,855,019,835.33

(4) Deductible temporary differences and deductible losses for which deferred tax assets are not recognized

Item	30/6/2023	31/12/2022
Deductible temporary differences	877,051,801.50	930,204,772.41
Deductible losses	2,025,767,945.94	2,112,659,943.00
Total	2,902,819,747.44	3,042,864,715.41

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 are recognized.

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

Year	30/6/2023	31/12/2022
2023	320,313,610.88	515,101,493.80
2024	370,378,814.60	488,358,232.03
2025	314,003,118.58	375,208,491.05
2026	105,721,728.09	112,756,494.15
2027	630,699,970.36	600,178,442.73
2028	262,413,482.74	-
Deductible losses due after 2029	22,237,220.69	21,056,789.24
Total	2,025,767,945.94	2,112,659,943.00

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

25. Other non-current assets

Item	30/6/2023	31/12/2022
Advances for channel project (Note)	1,001,532,979.67	989,752,762.75
Prepayments for fixed assets	167,943,529.78	117,094,834.14
Prepayments for terminal franchise	29,876,385.37	27,493,116.21
Others	5,484,540.20	52,448,665.69
Total	1,204,837,435.02	1,186,789,378.79
Less: Impairment provision	-	-
Net book value	1,204,837,435.02	1,186,789,378.79

Note: 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 Company included the advances for 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	30/6/2023	31/12/2022
Credit loan	4,925,403,277.82	7,149,322,782.85
Pledged loan (Note 1)	25,024,305.54	15,015,583.33
Guaranteed loan (Note 2)	30,024,583.33	-
Total	4,980,452,166.69	7,164,338,366.18

Note 1: The Company's subsidiary Guangdong Yide Port Co., Ltd. ("Yide Port") obtained short-term borrowings of RMB 15,014,166.66 (31 December 2022: RMB 15,015,583.33) from China Merchants Bank Co., Ltd. by pledging its fixed assets. The Company's subsidiary CM Port (Zhoushan) RoRo Wharf Co., Ltd. ("Zhoushan RoRo") obtained short-term borrowings of RMB 10,010,138.88 from China Merchants Bank Co., Ltd. by pledging its land use rights and fixed assets.

Note 2: This loan was guaranteed by the Company's subsidiary Guangdong Zhanjiang Port Logistics Co., Ltd ("Zhanjiang Port Logistics").

(2) At 30 June 2023, the Group has no outstanding short-term borrowings that were overdue.

27. Notes payable

Category	30/6/2023	31/12/2022
Bank acceptance	39,276,000.00	-
Total	39,276,000.00	-

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

28. Accounts payable

Item	30/6/2023	31/12/2022
Service fee payable	190,032,871.47	299,350,272.24
Construction cost payable	84,066,275.41	110,687,325.42
Payables on materials	61,847,740.98	132,460,163.17
Payables on equipment	37,363,790.52	87,445,302.02
Rent payable	9,164,641.30	8,304,019.32
Others	148,743,679.94	172,902,315.49
Total	531,218,999.62	811,149,397.66

(1) Aging of accounts payable:

Aging	30/6/2023		31/12/2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	448,646,072.53	84.46	710,976,970.28	87.65
1 - 2 years (inclusive)	25,833,900.12	4.86	47,038,049.65	5.80
2 - 3 years (inclusive)	51,536,035.13	9.70	26,667,189.69	3.29
Over 3 years	5,202,991.84	0.98	26,467,188.04	3.26
Total	531,218,999.62	100.00	811,149,397.66	100.00

(2) Significant accounts payable aged more than one year

Item	30/6/2023	Aging	Reason for outstanding
Quanzhou Antong Logistics Co., Ltd.	16,948,161.45	2 - 3 years	To be paid upon confirmation by both parties

29. Receipts in advance

Item	30/6/2023	31/12/2022
Land transfer fee received in advance	20,000,000.00	-
Rent received in advance	10,098,709.48	6,205,443.31
Management fee received in advance	2,652,350.02	-
Others	9,507,534.31	3,681,088.28
Total	42,258,593.81	9,886,531.59

(1) Aging of receipts in advance

Aging	30/6/2023		31/12/2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	42,258,593.81	100.00	9,884,079.59	99.98
1 - 2 years (inclusive)	-	-	-	-
2 - 3 years (inclusive)	-	-	-	-
Over 3 years	-	-	2,452.00	0.02
Total	42,258,593.81	100.00	9,886,531.59	100.00

(2) There are no significant receipts in advance aged more than one year as at 30 June 2023.

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

30. Contract liabilities

(1) Presentation of contract liabilities

Item	30/6/2023	31/12/2022
Service fee received in advance	100,041,676.37	59,729,035.75
Port charges received in advance	54,819,723.10	55,045,635.27
Warehousing fee received in advance	5,354,937.00	3,048,588.90
Others	31,562,776.59	24,076,291.11
Total	191,779,113.06	141,899,551.03

- (2) For the period from 1 January to 30 June 2023, there were no significant changes in the carrying amount of contract liabilities.
- (3) There are no significant contract liabilities aged more than one year at 30 June 2023.
- (4) Qualitative and quantitative analysis of contract liabilities

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

- (5) Revenue recognized in the current period and included in the opening book value of contract liabilities

An amount of RMB 79,764,653.59 included in the book value of contract liabilities at the beginning of the period has been recognized as revenue in the current period, including contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of port charges in advance amounting to RMB 50,007,516.99, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of service fee in advance amounting to RMB 18,149,183.51, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of warehousing fee in advance amounting to RMB 2,595,963.53 as well as contract liabilities arising from settled but unfinished construction resulting from other contracts amounting to RMB 9,011,989.56.

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

31. Employee benefits payable

(1) Presentation of employee benefits payable

Item	31/12/2022	Increase for the period	Decrease for the period	30/6/2023
1. Short-term benefits	921,533,425.99	1,591,769,249.50	1,767,176,376.38	746,126,299.11
2. Post-employment benefits - defined contribution plan	13,383,514.93	178,335,264.80	181,832,454.28	9,886,325.45
3. Termination benefits	2,423,282.78	2,438,601.81	4,861,884.59	-
4. Other benefits due within one year	-	1,676,396.07	1,676,396.07	-
5. Others	-505,505.57	856,597.71	1,024,103.34	-673,011.20
Total	936,834,718.13	1,775,076,109.89	1,956,571,214.66	755,339,613.36

(2) Presentation of short-term benefits

Item	31/12/2022	Increase for the period	Decrease for the period	30/6/2023
1. Wages and salaries, bonuses, allowances and subsidies	897,442,262.83	1,294,623,152.06	1,472,900,805.38	719,164,609.51
2. Staff welfare	-	68,343,118.38	65,056,692.94	3,286,425.44
3. Social security contributions	10,545,539.44	95,162,511.21	96,039,256.25	9,668,794.40
Including: Medical insurance	8,631,543.96	81,077,005.05	82,369,868.54	7,338,680.47
Work injury insurance	53,916.77	8,223,902.44	8,276,494.06	1,325.15
Others	1,860,078.71	5,861,603.72	5,392,893.65	2,328,788.78
4. Housing funds	-95,060.47	100,325,318.42	100,142,141.26	88,116.69
5. Union running costs and employee education costs	13,642,129.96	25,673,626.92	25,940,647.51	13,375,109.37
6. Other short-term benefits	-1,445.77	7,641,522.51	7,096,833.04	543,243.70
Total	921,533,425.99	1,591,769,249.50	1,767,176,376.38	746,126,299.11

(3) Defined benefit plans

Item	31/12/2022	Increase for the period	Decrease for the period	30/6/2023
1. Basic pension	9,761,086.14	132,436,195.05	134,210,130.62	7,987,150.57
2. Unemployment insurance	49,026.91	2,680,913.92	2,728,520.16	1,420.67
3. Enterprise annuity contribution	3,573,401.88	43,218,155.83	44,893,803.50	1,897,754.21
Total	13,383,514.93	178,335,264.80	181,832,454.28	9,886,325.45

The Company and its domestic subsidiaries participate in the pension insurance and unemployment insurance plans established by government institutions as required. According to such plans, the Group contributes to the plans at the ratio set by local government. The Group has established annuity system and pays annuity according to the annuity systems of the Company and its domestic subsidiaries. In addition to the above-mentioned contributions, the Group undertakes no further payment obligations. The relevant expenditures are included in the current 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	30/6/2023	31/12/2022
Enterprise income tax	882,542,845.77	804,846,345.79
VAT	26,587,696.43	30,032,002.80
Others	114,236,420.22	83,054,820.50
Total	1,023,366,962.42	917,933,169.09

33. Other payables

(1) Summary of other payables

Item	30/6/2023	31/12/2022
Dividends payable	1,453,247,032.09	92,374,921.29
Other payables	1,712,152,062.25	1,663,510,336.97
Total	3,165,399,094.34	1,755,885,258.26

(2) Dividends payable

Item	30/6/2023	31/12/2022
Ordinary share dividends	1,453,247,032.09	92,374,921.29
Including: External parties	683,157,956.17	-
China Merchants Union (BVI) Limited	495,615,718.43	-
Sinomart Kts Development Limited	124,474,409.72	-
China Merchants Zhangzhou Development Zone Co., Ltd. (Note)	40,000,000.00	20,000,000.00
Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	34,598,645.00	41,400,234.06
Dalian Port Container Development Co., Ltd. ("Dalian Port Container") (Note)	27,160,696.61	14,000,000.00
China Merchants Investment Development (Hong Kong) Limited	13,036,489.20	-
Dalian City Investment Holding Group Co., Ltd.	11,648,655.69	3,527,787.23
Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics")	11,575,104.42	3,000,000.00
Yingkou Port Group Co., Ltd. ("Yingkou Port Group")	5,372,456.78	-
Qingdao Qingbao Investment Holding Co., Ltd.	4,950,000.07	-
Orienture Holdings Company Limited	1,656,900.00	-
Sri Lanka Ports Authority	-	10,446,900.00

Note: As at 30 June 2023, the significant balance of dividends payable aged over one year includes dividends of RMB 20,000,000.00 due to China Merchants Zhangzhou Development Zone Co., Ltd. and dividends of RMB 11,000,000.00 due to Dalian Port Container, representing the 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) Presentation of other payables by nature

Item	30/6/2023	31/12/2022
Construction cost and quality warranty	595,613,589.84	643,816,817.51
Deposits	238,328,795.96	221,628,920.81
Customer discount (Note)	161,226,173.64	164,622,341.62
Accrued expenses	158,156,770.10	190,048,988.98
Investment by minority shareholders	107,188,200.00	-
Port construction and security fee	30,690,945.02	36,697,168.04
Balance of land use rights transfer	-	11,295,700.00
Others	420,947,587.69	395,400,400.01
Total	1,712,152,062.25	1,663,510,336.97

Note: Refer to Note (VIII) 51 (3) for details.

(b) Significant other payables with aging over 1 year

Name of entities	Amount owed	Aging	Reason for being outstanding
Bureau of Communications of Shenzhen Municipality (Ports Administration of Shenzhen Municipality)	79,639,296.08	Within 1 year, 2 - 3 years and over 3 years	To be paid upon confirmation by both parties
CCCC Water Transportation Consultants Co., Ltd.	58,666,012.94	Within 1 year, 1 - 2 years and over 3 years	Contractual criteria for settlement not yet satisfied
Shanghai Zhenhua Heavy Industries Co., Ltd.	38,019,307.07	Within 1 year and over 3 years	Contractual criteria for settlement not yet satisfied
Shantou Transportation Bureau	31,358,355.47	Over 3 years	To be paid upon confirmation by both parties
CCCC Fourth Navigation Engineering Bureau Co., Ltd.	28,041,859.09	Within 1 year, 1 - 2 years and 2 - 3 years	To be paid upon confirmation by both parties
Guangdong Jiaye Reserve Logistics Co., Ltd.	25,000,000.00	Over 3 years	To be paid upon confirmation by both parties
Guangdong Province Planning & Design Institute for Water Transportation Co., Ltd.	17,712,952.93	Within 1 year, 1 - 2 years	To be paid upon confirmation by both parties
Dalian Huarui Heavy Industry Group Co., Ltd.	12,163,435.90	2 - 3 years	To be paid upon confirmation by both parties
China First Metallurgical Group Co., Ltd.	10,133,596.36	2 - 3 years	Contractual criteria for settlement not yet satisfied
Wuxi Huadong Heavy Machinery Co., Ltd.	10,090,410.68	1 - 2 years	Contractual criteria for settlement not yet satisfied
China Merchants Real Estate (Shenzhen) Co., Ltd.	10,079,369.00	Over 3 years	To be paid upon confirmation by both parties
Guangdong New Groton Group Co., Ltd. (Formerly known as "Guangdong Hengtai Guotong Industrial Co., Ltd.")	10,000,000.00	Over 3 years	Contractual criteria for settlement not yet satisfied
Shantou Municipal Finance Bureau	10,000,000.00	Over 3 years	To be paid upon confirmation by both parties
CCCC Guangzhou Dredging Co., Ltd.	9,473,367.45	Within 1 year and 2 - 3 years	Contractual criteria for settlement not yet satisfied
Shenzhen Penglilong Industrial Co., Ltd.	8,158,000.00	1 - 2 years, 2 - 3 years and over 3 years	To be paid upon confirmation by both parties
Shanxi Nonferrous Construction Co., Ltd.	7,880,134.55	1 - 2 years and 2 - 3 years	To be paid upon confirmation by both parties
Suhua Construction Group Co. Ltd.	7,423,728.26	1 - 2 years	Contractual criteria for settlement not yet satisfied
CCCC Third Harbor Engineering Co., Ltd.	7,389,710.80	1 - 2 years and over 3 years	Contractual criteria for settlement not yet satisfied
Shenzhen Aohua Zhongmao Industry Co., Ltd.	6,158,000.00	1 - 2 years, 2 - 3 years and over 3 years	To be paid upon confirmation by both parties
Maersk Supply Chain Management (Guangdong) Co. Ltd.	5,133,642.80	Within 1 year, 1 - 2 years, 2 - 3 years and over 3 years	To be paid upon confirmation by both parties
Total	392,521,179.38		

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

34. Held-for-sale liabilities

Item	Book value at 30/6/2023	Fair value at 30/6/2023	Estimated costs of disposal	Disposal date
Held-for-sale disposal group (Note)	681,983,479.70	681,983,479.70	1,762,730.00	8 August 2023
Book value	681,983,479.70			

Note: Details are set out in Note (VIII) 9.

35. Non-current liabilities due within one year

Item	30/6/2023	31/12/2022
Long-term borrowings due within one year (Note (VIII) 37)	1,814,982,837.14	2,313,191,859.96
Including: Credit borrowings	1,305,069,818.27	1,368,934,869.99
Guaranteed borrowings	224,663,564.89	219,564,028.82
Mortgage and pledged borrowings	285,249,453.98	724,692,961.15
Bonds payable due within one year (Note (VIII) 38)	10,977,033,748.51	8,668,651,537.27
Lease liabilities due within one year (Note (VIII) 39)	271,617,997.07	306,942,164.80
Long-term payables due within one year (Note (VIII) 40)	170,057,437.21	155,665,725.85
Long-term employee benefits payable due within one year (Note (VIII) 41)	54,069,377.57	54,414,877.57
Other non-current liabilities due within one year (Note (VIII) 44)	134,713,435.00	142,357,523.50
Total	13,422,474,832.50	11,641,223,688.95

36. Other current liabilities

Item	30/6/2023	31/12/2022
Short-term bonds payable	4,017,249,315.07	3,017,713,424.64
Short-term finance lease payments (Note)	359,485,676.59	-
Accrued professional agency fee	120,246,462.98	124,799,040.22
Others	3,249,859.12	18,635,061.10
Total	4,500,231,313.76	3,161,147,525.96

Note: The Company's subsidiary CICT signed the sale and leaseback finance lease contract with Ocean Driller III Limited on 6 April 2023.

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36. Other current liabilities - continued

Changes in short-term bonds payable:

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	31/12/2022	Amount issued in the current period	Interest accrued based on par value	Discount or premium amortization	Repayment in the current period	30/6/2023
2.35% RMB 2 billion Super & Short-term Commercial Paper	2,000,000,000.00	2023-3-1	180 days	2,000,000,000.00	-	2,000,000,000.00	15,452,054.80	-	-	2,015,452,054.80
2.05% RMB 2 billion Super & Short-term Commercial Paper	2,000,000,000.00	2023-6-14	180 days	2,000,000,000.00	-	2,000,000,000.00	1,797,260.27	-	-	2,001,797,260.27
1.93% RMB 2 billion Super & Short-term Commercial Paper	2,000,000,000.00	2022-9-8	180 days	2,000,000,000.00	2,012,055,890.40	-	6,979,725.60	-	2,019,035,616.00	-
1.75% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2022-9-1	270 days	1,000,000,000.00	1,005,657,534.24	-	7,287,671.24	-	1,012,945,205.48	-
Total	7,000,000,000.00			7,000,000,000.00	3,017,713,424.64	4,000,000,000.00	31,516,711.91	-	3,031,980,821.48	4,017,249,315.07

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

37. Long-term borrowings

Item	30/6/2023	31/12/2022	Range of period-end interest rate
Credit borrowings	15,285,297,084.99	12,319,883,867.05	1.20%-4.20%
Guaranteed borrowings (Note 1)	912,663,564.89	1,020,670,858.02	1.20%-12.78%
Mortgage and pledged borrowings (Note 2)	1,700,628,445.86	1,362,736,312.74	3.20%-6.18%
Total	17,898,589,095.74	14,703,291,037.81	
Less: Long-term borrowings due within one year	1,814,982,837.14	2,313,191,859.96	
Including: Credit borrowings	1,305,069,818.27	1,368,934,869.99	
Guaranteed borrowings	224,663,564.89	219,564,028.82	
Mortgage and pledged borrowings	285,249,453.98	724,692,961.15	
Long-term borrowings due after one year	16,083,606,258.60	12,390,099,177.85	

Note 1: The borrowings are guaranteed by Magang Godown & Wharf, China Merchants Port (Shenzhen) Co., Ltd., China Merchants Port Holdings Company Limited and Zhanjiang Port Logistics.

Note 2: At 30 June 2023, the Group obtained long-term borrowings of RMB 1,700,628,445.86 (31 December 2022: RMB 1,362,736,312.74) by pledging all its equity in Thesar Maritime Limited ("TML"), the land use rights, fixed assets and construction in progress held by Yide Port, and the land use rights of Shenzhen Haixing Harbor Development Co., Ltd. ("Shenzhen Haixing") as well as the land use rights of Guangdong Shunkong Port Development and Construction Co., Ltd. ("Shunkong Port").

Details of mortgage and pledged borrowings are as follows:

Company name	30/6/2023	31/12/2022	Mortgages and pledges
Bank of China Qianhai Shekou Branch	1,294,970,617.81	280,013,198.30	Land use rights of Shenzhen Haixing
China Construction Bank Shunde Branch	221,448,905.92	236,479,995.32	Land use rights, fixed assets and construction in progress of Yide Port
International Finance Corporation	65,706,976.53	123,849,460.76	The Group's entire equity in TML
African Development Bank	30,170,374.80	56,864,864.36	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	24,860,911.78	46,859,749.65	
The Opec Fund For International Development	21,296,984.62	40,139,904.25	
Societe de Promotion et de Participation pour la Cooperation Economique S.A.	21,311,742.67	40,170,265.09	
Deutsche Investitions-und Entwicklungsgesellschaft MBH	17,747,210.06	33,449,920.21	
Bank of Communications Guangdong Branch	3,114,721.67	-	Land use rights of Shunkong Port
China Development Bank Corporation	-	494,997,308.55	The Group's entire equity in CICT
China Mingsheng Bank Zhoushan Branch	-	9,911,646.25	Land use rights and fixed assets of Zhoushan RoRo
Total	1,700,628,445.86	1,362,736,312.74	

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

38. Bonds payable

(1) Bonds payable

Item	30/6/2023	31/12/2022
4.375%, USD 900 million corporate bond	6,600,668,078.86	6,371,347,105.64
5.000%, USD 600 million corporate bond	4,378,503,545.01	4,227,154,465.35
4.750%, USD 500 million corporate bond	3,668,358,452.85	3,542,544,662.47
4.000%, USD 500 million corporate bond	3,605,706,452.74	3,482,186,896.02
2.690% RMB 3 billion corporate bond	3,067,434,246.55	3,027,415,890.40
2.450% RMB 3 billion corporate bond	3,060,008,219.16	3,023,560,273.97
3.360%, RMB 2 billion corporate bond	2,065,911,232.86	2,032,587,397.25
3.520%, RMB 2 billion corporate bond	2,014,658,630.13	2,050,147,945.19
Total	28,461,248,858.16	27,756,944,636.29
Less: Bonds payable due within one year	10,977,033,748.51	8,668,651,537.27
Bonds payable due after one year	17,484,215,109.65	19,088,293,099.02

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

38. Bonds payable - continued

(2) Changes in bonds payable

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	31/12/2022	Amount issued in the current period	Interest accrued based on par value	Discount or premium amortization	Repayment in the current period	Effect of translation of financial statements denominated in foreign currencies	30/6/2023
4.375%, USD 900 million corporate bond	USD 900,000,000.00	2018-08-06	5 years	USD900,000,000.00	6,371,347,105.64	-	135,133,582.13	5,842,950.26	136,124,163.00	224,468,603.83	6,600,668,078.86
5.000%, USD 600 million corporate bond	USD 600,000,000.00	2018-08-06	10 years	USD600,000,000.00	4,227,154,465.35	-	103,416,062.23	2,757,811.68	103,713,648.00	148,888,853.75	4,378,503,545.01
4.750%, USD 500 million corporate bond	USD 500,000,000.00	2015-08-03	10 years	USD500,000,000.00	3,542,544,662.47	-	81,949,338.44	1,291,412.59	82,193,668.69	124,766,708.04	3,668,358,452.85
4.000%, USD 500 million corporate bond	USD 500,000,000.00	2022-06-01	5 years	USD500,000,000.00	3,482,186,896.02	-	68,789,349.01	1,262,840.14	69,127,421.00	122,594,788.57	3,605,706,452.74
2.690%, RMB 3 billion corporate bond	RMB 3,000,000,000.00	2022-08-29	3 years	RMB 3,000,000,000.00	3,027,415,890.40	-	40,018,356.15	-	-	-	3,067,434,246.55
2.450%, RMB 3 billion corporate bond	RMB 3,000,000,000.00	2022-09-05	2 years	RMB 3,000,000,000.00	3,023,560,273.97	-	36,447,945.19	-	-	-	3,060,008,219.16
3.360%, RMB 2 billion corporate bond	RMB 2,000,000,000.00	2020-07-07	3 years	RMB 2,000,000,000.00	2,032,587,397.25	-	33,323,835.61	-	-	-	2,065,911,232.86
3.520%, RMB 2 billion corporate bond	RMB 2,000,000,000.00	2021-04-14	3 years	RMB 2,000,000,000.00	2,050,147,945.19	-	34,910,684.94	-	70,400,000.00	-	2,014,658,630.13
Total					27,756,944,636.29	-	533,989,153.70	11,155,014.67	461,558,900.69	620,718,954.19	28,461,248,858.16
Less: Bonds payable due within one year					8,668,651,537.27						10,977,033,748.51
Bonds payable due after one year					19,088,293,099.02						17,484,215,109.65

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

39. Lease liabilities

(1) Lease liabilities

Category	30/6/2023	31/12/2022
Lease payments	1,886,298,589.12	1,963,098,776.36
Unrecognized financing cost	-703,582,182.39	-707,805,697.52
Total	1,182,716,406.73	1,255,293,078.84
Less: Lease liabilities due within one year	271,617,997.07	306,942,164.80
Lease liabilities due after one year	911,098,409.66	948,350,914.04

(2) Maturity of lease liabilities

Item	30/6/2023
Minimum lease payments under non-cancellable leases:	
1 st year subsequent to the balance sheet date	327,019,170.03
2 nd year subsequent to the balance sheet date	121,058,197.10
3 rd year subsequent to the balance sheet date	57,729,132.27
Subsequent years	1,380,492,089.72
Total	1,886,298,589.12

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

40. Long-term payables

(1) Summary of long-term payables

Category	30/6/2023	31/12/2022
Long-term payables	4,091,933,479.34	3,698,632,219.45
Special payables	5,248,996.06	8,349,096.71
Total	4,097,182,475.40	3,706,981,316.16
Less: Long-term payables due within one year	170,057,437.21	155,665,725.85
Long-term payables due after one year	3,927,125,038.19	3,551,315,590.31

(2) Long-term payables

Category	30/6/2023	31/12/2022
Terminal management rights (Note 1)	4,050,735,426.35	3,657,579,951.15
Finance lease payable (Note 2)	41,198,052.99	41,052,268.30
Total	4,091,933,479.34	3,698,632,219.45
Less: Long-term payables due within one year	170,057,437.21	155,665,725.85
Long-term payables due after one year	3,921,876,042.13	3,542,966,493.60

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

40. Long-term payables - continued

(2) Long-term payables - continued

Note 1: As at 12 August 2011, the Group reached a 35-year agreement of building, operation and transfer (hereinafter referred to as "BOT") with Sri Lanka Port Authority through a subsidiary CICT, on the building, operation, management and development of the Colombo Port South Container Terminal. The purchase amount of above-mentioned terminal operating rights 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 30 June 2023, the amount payable for the purchase of terminal operation rights is RMB 869,281,376.60.

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 "APPA"). The agreement provides an initial term of 25 years for the concessions. In April 2016, TCP and APPA entered into a supplemental agreement, which extended the period to 50 years and will be expired in October 2048.

As at 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 readjusted the royalties using the IPCA index. As at 30 June 2023, the amount of royalty payable was RMB 3,181,454,049.75.

Note 2: The Company's subsidiary Zhoushan RoRo signed the sale and leaseback finance lease contract with China Merchants Finance Lease (Tianjin) Co., Ltd. on 15 June 2022.

(3) Special payables

Item	31/12/2022	Increase for the period	Decrease for the period	30/6/2023	Reason
Employee housing fund	5,126,641.68	122,354.38	-	5,248,996.06	Note
Model worker innovation studio	3,222,455.03	-	3,222,455.03	-	
Total	8,349,096.71	122,354.38	3,222,455.03	5,248,996.06	

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

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

41. Long-term employee benefits payable

(1) Long-term employee benefits payable

Item	30/6/2023	31/12/2022
Post-employment benefits - net liabilities of defined benefits plan	521,164,946.43	516,950,669.03
Termination benefits	58,939,138.66	64,274,552.96
Others (Note)	98,312,058.16	112,285,587.01
Total	678,416,143.25	693,510,809.00
Less: Long-term employee benefits payable due within one year	54,069,377.57	54,414,877.57
Long-term employee benefits payable due after one year	624,346,765.68	639,095,931.43

Note: It is the employee resettlement cost related to land acquisition and reserve of Shantou Port, a subsidiary of the Company.

(2) Changes in defined benefits plan

Present value of defined benefit plan obligation:

Item	Current period	Prior period
I. Opening balance	516,950,669.03	463,858,274.44
II. Defined benefit cost included in profit or loss for the period	10,350,000.04	10,819,999.96
1. Current service cost	2,730,200.04	3,684,999.98
2. Past service cost	-	-
3. Interest adjustment	7,619,800.00	7,134,999.98
III. Defined benefits cost included in other comprehensive income	789,488.92	-4,486.41
1. Actuarial gains (losses)	-	-
2. Effect of exchange rate changes	789,488.92	-4,486.41
IV. Other changes	-6,925,211.56	-14,830,848.32
1. Benefits paid	-6,925,211.56	-14,830,848.32
V. Closing balance	521,164,946.43	459,842,939.67

The Company's subsidiaries provide 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 its liabilities based on the actuarial results. The relevant actuarial gains or losses are included in other comprehensive income and cannot be reclassified into profit or loss in the future. Past service costs are recognized in profit or loss for the period in which the plan is revised. The net interest is determined by multiplying the defined benefit plan net debt or net assets by the appropriate discount rate.

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

42. Provisions

Item	31/12/2022	Increase for the period	Decrease for the period	Effect of translation of financial statements denominated in foreign currencies	30/6/2023	Reason
Pending litigation	35,365,156.43	5,253,270.76	7,242,757.26	4,070,336.03	37,446,005.96	Note
Sales discount	-	54,133,163.40	54,133,163.40	-	-	
Total	35,365,156.43	59,386,434.16	61,375,920.66	4,070,336.03	37,446,005.96	

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

43. Deferred income

Item	31/12/2022	Increase for the period	Decrease for the period	30/6/2023
Government grants	1,031,273,189.74	11,800,000.00	24,115,933.58	1,018,957,256.16
Total	1,031,273,189.74	11,800,000.00	24,115,933.58	1,018,957,256.16

Items involving government grants are as follows:

Government grants	31/12/2022	Increase	Recognized in other comprehensive income	30/6/2023	Related to assets /related to income
Refund from marine reclamation land	317,122,316.63	-	9,674,583.96	307,447,732.67	Related to assets
Tonggu channel widening project (Note)	255,256,506.12	-	3,528,891.78	251,727,614.34	Related to assets
Special subsidy for facilities and equipment	222,967,600.39	3,300,000.00	4,779,227.32	221,488,373.07	Related to assets
Public channel widening project in west port area (Note)	203,221,719.30	-	2,719,858.14	200,501,861.16	Related to assets
Government subsidies for intelligent system	12,936,438.51	-	1,120,747.05	11,815,691.46	Related to assets
Refund of land transfer charges	6,034,266.57	-	133,600.02	5,900,666.55	Related to assets
Others	13,734,342.22	8,500,000.00	2,159,025.31	20,075,316.91	Related to assets
Total	1,031,273,189.74	11,800,000.00	24,115,933.58	1,018,957,256.16	

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

44. Other non-current liabilities

Item	30/6/2023	31/12/2022
Actuarial expenses for difference in pension benefits of staff in Public Security Bureau (Note 1)	170,012,177.67	175,742,813.67
Third party borrowings (Note 2)	139,273,435.00	143,755,523.50
Berth priority call right (Note 3)	1,922,598.07	4,480,217.05
Related party borrowings	-	3,162,000.00
Others	2,096,824.80	1,600,086.28
Total	313,305,035.54	328,740,640.50
Less: Other non-current liabilities due within one year	134,713,435.00	142,357,523.50
Including: Actuarial expenses for difference in pension benefits of staff in Public Security Bureau (Note 1)	15,440,000.00	15,440,000.00
Third party borrowings	119,273,435.00	123,755,523.50
Related party borrowings	-	3,162,000.00
Other non-current liabilities due after one year	178,591,600.54	186,383,117.00

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

44. Other non-current liabilities - continued

Note 1: This represents the difference between the pension benefits borne by Zhanjiang Port under original standards and the pension benefits of policeman of Zhanjiang City. Zhanjiang Port has recognized related liabilities of RMB 170,012,177.67 according to the actuarial results.

Note 2: This represents the principal and interest of borrowings obtained by the Company's subsidiary Shunkong Port from Guangdong Shunkong Transportation Investment Co., Ltd., a related party of its minority shareholder Guangdong Shunkong City Investment Real Estate Co., Ltd.

Note 3: This represents the berth priority call right as agreed in the contract entered into with the customers in 2003, with total amount of USD 14,000,000.00. The Group must give priority to the berthing requirements of the contracted customers during the contract period. The Group amortized the berth priority right over 20 years using straight-line method. For the period from 1 January to 30 June 2023, the amount included in operating income is RMB 2,557,618.98.

45. Share capital

Item	31/12/2022	Changes for the period					30/6/2023
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
For the period from 1 January to 30 June 2023							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	576,709,537.00	-	-	-	-	-	576,709,537.00
3. Other domestic shares	7,366.00	-	-	-	-	-	7,366.00
4. Foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	576,716,903.00	-	-	-	-	-	576,716,903.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	1,742,468,718.00	-	-	-	-	-	1,742,468,718.00
2. Foreign capital shares listed domestically	179,889,040.00	-	-	-	-	-	179,889,040.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	1,922,357,758.00	-	-	-	-	-	1,922,357,758.00
III. Total shares	2,499,074,661.00	-	-	-	-	-	2,499,074,661.00

Item	12/31/2021	Changes for the period					31/12/2022
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
For the year ended 31 December 2022							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	576,709,537.00	-	-	-	576,709,537.00	576,709,537.00
3. Other domestic shares	9,821.00	-	-	-	-2,455.00	-2,455.00	7,366.00
4. Foreign shares	1,148,648,648.00	-	-	-	-1,148,648,648.00	-1,148,648,648.00	-
Total restricted tradable shares	1,148,658,469.00	576,709,537.00	-	-	-1,148,651,103.00	-571,941,566.00	576,716,903.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	593,819,745.00	-	-	-	1,148,648,973.00	1,148,648,973.00	1,742,468,718.00
2. Foreign capital shares listed domestically	179,886,910.00	-	-	-	2,130.00	2,130.00	179,889,040.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	773,706,655.00	-	-	-	1,148,651,103.00	1,148,651,103.00	1,922,357,758.00
III. Total shares	1,922,365,124.00	576,709,537.00	-	-	-	576,709,537.00	2,499,074,661.00

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

46. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
For the period from 1 January to 30 June 2023				
Capital premium	34,208,812,963.50	366,783,906.99	-	34,575,596,870.49
Including: Capital contributed by investors	17,068,816,277.34	-	-	17,068,816,277.34
Differences arising from business combination involving enterprises under common control	13,302,937,205.73	-	-	13,302,937,205.73
Differences arising from acquisition of minority interests (Note 1)	2,165,423,814.02	366,783,906.99	-	2,532,207,721.01
Others	1,671,635,666.41	-	-	1,671,635,666.41
Other capital reserve	542,827,871.75	859,840.86	48,909,049.82	494,778,662.79
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Unexercised share-based payment (Note 2)	5,591,402.00	859,840.86	-	6,451,242.86
Other changes in owners' equity of the investee under the equity method other than changes in net profit or loss, profit distribution and other comprehensive income	540,017,602.75	-	48,909,049.82	491,108,552.93
Total	34,751,640,835.25	367,643,747.85	48,909,049.82	35,070,375,533.28
2022				
Capital premium	23,189,922,809.62	11,018,890,153.88	-	34,208,812,963.50
Including: Capital contributed by investors	7,012,992,483.94	10,055,823,793.40	-	17,068,816,277.34
Differences arising from business combination involving enterprises under common control	13,302,937,205.73	-	-	13,302,937,205.73
Differences arising from acquisition of minority interests	1,215,209,939.74	950,213,874.28	-	2,165,423,814.02
Others	1,658,783,180.21	12,852,486.20	-	1,671,635,666.41
Other capital reserve	402,779,949.08	151,303,029.21	11,255,106.54	542,827,871.75
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Unexercised share-based payment	9,956,938.60	5,617,671.30	9,983,207.90	5,591,402.00
Other changes in owners' equity of the investee under the equity method other than changes in net profit or loss, profit distribution and other comprehensive income	395,604,143.48	145,685,357.91	1,271,898.64	540,017,602.75
Total	23,592,702,758.70	11,170,193,183.09	11,255,106.54	34,751,640,835.25

Note 1: The Company and its subsidiary, Port Development (Hong Kong) Co., Ltd., increased the holding of ordinary shares in CM Port, resulting in an increase of RMB 366,783,906.99 in capital reserve in the current year. Refer to Note (X) 2 for details.

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

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

47. Other comprehensive income

Item	Opening balance	Amount incurred in the period					Less: Other changes	Closing balance
		Pre-tax amount for the period	Less: Amount included in other comprehensive income in the prior periods transferred to profit or loss this period	Less: Income tax expense	Post-tax income attributable to owners of the Company	Post-tax income attributable to minority shareholders		
For the period from 1 January to 30 June 2023:								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	51,014,303.06	64,821,997.20	-	-	29,979,361.65	34,842,635.55	-	80,993,664.71
Including: Changes arising from remeasurement of defined benefits plan	-10,189,712.88	-	-	-	-	-	-	-10,189,712.88
Other comprehensive income that can't be transferred to profit or loss under the equity method	-8,907,673.34	64,821,997.20	-	-	29,979,361.65	34,842,635.55	-	21,071,688.31
Changes in fair value of investments in other equity instruments	70,111,689.28	-	-	-	-	-	-	70,111,689.28
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-740,567,922.92	1,362,351,707.87	-	-	308,838,022.14	1,053,513,685.73	-	-431,729,900.78
Including: Other comprehensive income that may be transferred to profit or loss under the equity method	-60,762,188.43	38,907,509.63	-	-	18,341,346.24	20,566,163.39	-	-42,420,842.19
Translation differences of financial statements denominated in foreign currencies	-679,805,734.49	1,323,444,198.24	-	-	290,496,675.90	1,032,947,522.34	-	-389,309,058.59
Total other comprehensive income	-689,553,619.86	1,427,173,705.07	-	-	338,817,383.79	1,088,356,321.28	-	-350,736,236.07
2022 (restated)								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	81,233,996.26	-72,230,027.20	-	329,334.05	-22,706,023.29	-49,853,337.96	7,513,669.91	51,014,303.06
Including: Changes arising from remeasurement of defined benefits plan	2,603,415.85	-49,039,668.45	-	-	-12,793,128.73	-36,246,539.72	-	-10,189,712.88
Other comprehensive income that can't be transferred to profit or loss under the equity method	2,643,088.68	-25,906,733.50	-	-	-11,550,762.02	-14,355,971.48	-	-8,907,673.34
Changes in fair value of investments in other equity instruments	75,987,491.73	2,716,374.75	-	329,334.05	1,637,867.46	749,173.24	7,513,669.91	70,111,689.28
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-971,359,314.44	1,701,191,299.27	-	-	230,791,391.52	1,470,399,907.75	-	-740,567,922.92
Including: Other comprehensive income that may be transferred to profit or loss under the equity method	49,431,519.10	-246,633,232.89	-	-	-110,193,707.53	-136,439,525.36	-	-60,762,188.43
Translation differences of financial statements denominated in foreign currencies	-1,020,790,833.54	1,947,824,532.16	-	-	340,985,099.05	1,606,839,433.11	-	-679,805,734.49
Total other comprehensive income	-890,125,318.18	1,628,961,272.07	-	329,334.05	208,085,368.23	1,420,546,569.79	7,513,669.91	-689,553,619.86

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

48. Special reserve

Item	31/12/2022	Increase	Decrease	30/6/2023
Safety production costs	26,358,259.97	31,106,449.65	13,580,359.97	43,884,349.65

49. Surplus reserve

Item	31/12/2022	Increase	Decrease	30/6/2023
Statutory surplus reserve	1,001,917,449.15	-	-	1,001,917,449.15

Note: According to the *Company Law of the Peoples Republic of China* and the Articles of Association of the Company, the Company makes appropriation to statutory surplus reserve at 10% of the net profit for the year. The appropriation may be ceased when the accumulated amount of statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve may be used to make up for losses or increase the share capital upon approval. The amount of appropriation to discretionary surplus reserve is proposed by the board of directors and approved by the shareholders meeting. The discretionary surplus reserve may be used to make up for losses of previous years or increase the share capital upon approval.

50. Unappropriated profit

Item	Amount	Proportion of appropriation or allocation
For the period from 1 January to 30 June 2023		
Unappropriated profit at the end of prior period before adjustment	16,679,688,347.09	
Add: Adjustment of unappropriated profit at the beginning of the period	22,299,954.05	
Including: Changes in accounting policies	22,299,954.05	
Unappropriated profit at the beginning of period after adjustment	16,701,988,301.14	
Add: Net profit attributable to shareholders of the Company for the period	1,902,334,759.43	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	1,124,583,597.45	Note
Difference in pension benefits	-	
Others	-	
Unappropriated profit at the end of the period	17,479,739,463.12	

Item	Amount	Proportion of appropriation or allocation
For the year ended 31 December 2022 (restated)		
Unappropriated profit at the end of prior year before adjustment	14,205,879,106.49	
Add: Adjustment of unappropriated profit at the beginning of the year	21,052,360.17	
Including: Changes in accounting policies	21,052,360.17	
Unappropriated profit at the beginning of the year after adjustment	14,226,931,466.66	
Add: Net profit attributable to shareholders of the Company for the year	3,338,693,816.70	
Transfer of other comprehensive income	7,513,669.91	
Less: Appropriation to statutory surplus reserve	40,734,887.15	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	826,617,003.32	
Difference in pension benefits	3,798,761.66	
Others	-	
Unappropriated profit at the end of the year	16,701,988,301.14	

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

50. Unappropriated profit - continued

Note : According to the resolution of 2022 shareholders meeting held on 22 May 2023, the Company distributed cash dividends of RMB 4.50 (inclusive of tax) for every 10 shares, totaling up to RMB 1,124,583,597.45 on the basis of the total shares of 2,499,074,661 shares at the end of 2022.

51. Operating income and operating costs

(1) Operating income and operating costs

Item	Current period		Prior period	
	Income	Cost	Income	Cost
Principal operation	7,708,854,212.85	4,408,430,226.61	8,082,386,860.84	4,522,454,260.85
Other operations	86,407,358.14	111,513,527.18	68,075,506.35	114,914,620.80
Total	7,795,261,570.99	4,519,943,753.79	8,150,462,367.19	4,637,368,881.65

(2) Revenue from contracts

Categories of contracts	Ports operation	Bonded logistics operation	Other operation	Total
Mainland China, Hong Kong and Taiwan region	5,293,340,883.37	245,225,754.19	86,407,358.14	5,624,973,995.70
- Pearl River Delta	3,097,351,341.64	170,943,597.08	86,407,358.14	3,354,702,296.86
- Yangtze River Delta	454,417,897.17	-	-	454,417,897.17
- Bohai Rim	34,005,738.63	74,282,157.11	-	108,287,895.74
- Other regions	1,707,565,905.93	-	-	1,707,565,905.93
Other countries	2,150,550,737.41	19,736,837.88	-	2,170,287,575.29
Total	7,443,891,620.78	264,962,592.07	86,407,358.14	7,795,261,570.99

(3) Description of performance obligations

The Group provides wharf services, bonded logistics services and other services. These services are obligations satisfied over time. For wharf services, as the handling time for containers and bulk cargos is short, the management believes that it is an appropriate method to recognize the fulfillment of performance obligation and revenue upon the completion of the services. For bonded logistics services and other services, the customers evenly obtain and consume economic benefits from the Group's performance of contract, meanwhile charging rules as agreed in contract terms usually adopt daily/month/yearly basis. During the process of rendering services, the Group recognizes revenue using the 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 rates or discounts. At the end of the period, as the business quantity finally realized within the contract period is uncertain, the contract consideration is subject to variable factors. The management includes this part of discount in other payables and provisions, rather than including it in the transaction prices. At the end of the period, the variable considerations arising from sales discount are set out in Note (VIII) 33 (3) and Note (VIII) 42.

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

52. Taxes and levies

Item	Current period	Prior period
Property tax	37,043,349.16	36,445,186.60
Land use tax	21,497,609.30	18,256,154.56
City construction and maintenance tax	3,574,919.14	4,410,503.24
Education surcharges and local education surcharges	2,755,664.80	3,271,326.62
Stamp duty	1,784,831.65	2,171,053.36
Others (Note)	75,120,958.39	70,960,315.69
Total	141,777,332.44	135,514,540.07

Note: Others mainly represent the Program of Social Integration and Contribution for the Financing of Social Security and Tax on Services, with total amount of BRL 50,576,365.39 (equivalent to RMB 68,998,672.97) assumed by Company's subsidiary TCP in the current period.

53. Administrative expenses

Item	Current period	Prior period
Employee benefits	588,853,219.14	602,477,006.88
Depreciation expenses	37,022,009.61	39,373,984.62
Amortization of intangible assets	28,171,677.17	28,961,337.07
Fees paid to agencies	17,093,174.16	35,451,603.67
Others	119,776,074.57	106,238,728.31
Total	790,916,154.65	812,502,660.55

54. Financial expenses

Item	Current period	Prior period
Interest expenses	967,915,432.19	941,760,614.15
Less: Capitalized interest expenses	22,358,449.22	14,559,885.48
Less: Interest income	248,901,354.18	212,820,789.37
Interest expenses of terminal management rights (Note)	135,914,691.46	175,512,351.90
Exchange differences	93,018,282.35	409,143,801.31
Interest expenses of lease liabilities	31,418,935.49	38,284,349.10
Handling fee	2,299,754.36	12,011,540.57
Others	1,142,449.45	2,613,065.49
Total	960,449,741.90	1,351,945,047.67

Note: Details are set out in Note (VIII) 40.

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

55. Other income

Item	Current period	Prior period
Transfer from deferred income (Note (VIII) 43)	24,115,933.58	22,802,653.80
Weighted deduction of VAT	14,133,305.35	14,149,044.01
Subsidy for business development	10,065,510.04	31,566,099.04
Subsidy for business operation	6,146,204.98	8,918,543.30
Subsidy for job stabilization	1,607,911.86	4,738,985.48
Others	6,488,077.46	5,305,499.02
Total	62,556,943.27	87,480,824.65

56. Investment income

(1) Details of investment income

Item	Current period	Prior period
Gains from long-term equity investments under the equity method	3,095,294,518.20	4,211,173,480.05
Including: Gains from long-term equity investments in associates under the equity method	2,925,319,084.66	4,013,474,427.71
Including: Gains from long-term equity investments in joint ventures under the equity method	169,975,433.54	197,699,052.34
Investment income on held-for-trading financial assets	42,382,509.61	143,904,101.39
Investment income on other non-current financial assets	40,991,190.59	-
Dividend income on investments in other equity instruments	8,824,500.00	240,001.47
Investment income from disposal of long-term equity investment	-	-43,817.42
Total	3,187,492,718.40	4,355,273,765.49

(2) Details of gains from long-term equity investments under the equity method

Investee	Current period	Prior period	Reason for changes
SIPG	2,053,880,439.55	2,960,021,044.89	Changes in net profit of investee
Ninbo Zhoushan	486,448,025.41	125,568,457.33	Changes in net profit of investee
Terminal Link SAS	123,523,209.71	198,772,626.71	Changes in net profit of investee
Nanshan Group	113,853,548.75	50,936,344.06	Changes in net profit of investee
Liaoning Port	71,442,863.94	83,953,806.32	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	65,204,791.15	56,430,615.96	Changes in net profit of investee
Euro-Asia Oceangate S. à r.l.	52,892,617.53	48,659,755.96	Changes in net profit of investee
Port De Djibouti S.A	46,389,947.52	511,374,203.72	Changes in net profit of investee
Modern Terminals Limited	24,704,316.27	67,145,545.55	Changes in net profit of investee
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	21,312,200.00	13,281,800.00	Changes in net profit of investee
Yantai Port Group Laizhou Port Co., Ltd.	20,672,709.37	22,069,427.08	Changes in net profit of investee
Others	14,969,849.00	72,959,852.47	Changes in net profit of investee
Total	3,095,294,518.20	4,211,173,480.05	

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

57. Gains (losses) from changes in fair value

Item	Current period	Prior period
Held-for-trading financial assets	29,660,173.93	8,456,691.77
Other non-current financial assets	113,377,129.75	-46,482,804.35
Including: Financial assets at FVTPL	113,377,129.75	-46,482,804.35
Total	143,037,303.68	-38,026,112.58

58. Gains (losses) on impairment of credit

Item	Current period	Prior period
I. Gains (losses) on impairment of credit of accounts receivable	-6,091,772.24	2,604,456.88
II. Gains (losses) on impairment of credit of other receivables	-848,166.66	449,134.32
III. Gains (losses) on impairment of credit of long-term receivables	-355,682.40	-171,178.59
Total	-7,295,621.30	2,882,412.61

59. Gains (losses) on disposal of assets

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the current period
Gains (losses) on disposal of non-current assets	352,045.75	-207,276.37	352,045.75
Including: Gains (losses) on disposal of fixed assets	332,086.56	-723,828.56	332,086.56
Other income	19,959.19	516,552.19	19,959.19

60. Non-operating income

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the current period
Liquidated damages received	11,941,072.67	3,789,301.53	11,941,072.67
Management service fee and directors' remuneration	7,244,883.79	5,397,021.58	7,244,883.79
Relocation compensation received	4,301,000.00	-	4,301,000.00
Land rent relief	2,687,908.22	2,655,624.40	2,687,908.22
Gains from damage or retirement of non-current assets	1,501,585.40	1,440,232.40	1,501,585.40
Including: Gains from from damage or retirement of fixed assets	1,495,213.72	1,440,232.40	1,495,213.72
Government grants	51,161.13	1,261,712.56	51,161.13
Exempted current accounts	15,000.00	4,634,628.05	15,000.00
Insurance compensation received	12,234.79	375,097.87	12,234.79
Others	8,828,638.46	639,308.00	8,828,638.46
Total	36,583,484.46	20,192,926.39	36,583,484.46

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

61. Non-operating expenses

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the current period
Losses on retirement of non-current assets	8,552,288.98	2,984,083.67	8,552,288.98
Including: Losses on damage or retirement of fixed assets	8,552,288.98	2,984,083.67	8,552,288.98
Compensation, liquidated damages and penalties	1,008,437.74	-	1,008,437.74
External donations	196,195.88	231,477.20	196,195.88
Litigation losses	-	16,732,991.55	-
Others	322,080.73	318,905.87	322,080.73
Total	10,079,003.33	20,267,458.29	10,079,003.33

62. Income tax expenses

Item	Current period	Prior period (restated)
Current tax expenses	526,429,958.55	553,914,215.26
Deferred tax expenses	86,789,894.01	65,218,762.89
Total	613,219,852.56	619,132,978.15

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

Item	Current period
Gross profit	4,673,846,473.26
Income tax expenses calculated at 25%	1,168,461,618.32
Effect of non-deductible cost, expenses and losses	104,920,871.30
Accrued income tax expenses	174,637,852.83
Effect of deductible temporary differences or deductible losses for which the deferred tax assets are not recognized in current period	84,278,964.30
Effect of tax-free income (Note)	-544,413,512.91
Effect of tax incentives and changes in tax rate	-230,326,665.55
Effect of different tax rates of subsidiaries operating in other jurisdictions	-124,623,839.20
Effect of utilizing deductible losses for which the deferred tax assets were not recognized in prior period	-15,451,288.66
Effect of adjustments to prior-year income tax	-18,575,796.97
Others	14,311,649.10
Income tax expenses	613,219,852.56

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

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

63. Assets with restricted ownership or use right

Item	30/6/2023	31/12/2022
Equity investment in TML (Note 1)	1,133,181,949.12	1,047,063,416.30
Fixed assets (Note 2)	753,008,833.33	341,870,382.84
Intangible assets (Note 2)	474,487,529.49	222,040,259.68
Construction in progress (Note 2)	7,120,027.83	4,298,598.50
Cash and bank balances (Note 3)	3,545,619.20	9,309,145.94
Equity investment in CICT (Note 1)	-	2,115,796,097.99
Total	2,371,343,958.97	3,740,377,901.25

Note 1: Details of mortgaged equity and interests are set out in Note (VIII) 37.

Note 2: Details of pledged borrowings are set out in Note (VIII) 26 and Note (VIII) 37. Details of sale and leaseback transactions are set out in Note (VIII) 36 and Note (VIII) 40.

Note 3: Details of restricted cash and bank balances are set out in Note (VIII) 1.

64. Other comprehensive income, net of tax

Details are set out in Note (VIII) 47.

65. Items in cash flow statement

(1) Other cash receipts relating to operating activities

Item	Current period	Prior period
Interest income	158,498,388.26	92,837,488.11
Government grants	37,471,669.54	42,016,594.20
Guarantees and deposits	30,744,990.97	26,742,477.96
Rentals	6,510,750.65	2,869,149.16
Insurance compensation	1,998,402.38	1,210,988.68
Others	138,575,220.13	282,982,833.45
Total	373,799,421.93	448,659,531.56

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

65. Items in cash flow statement - continued

(2) Other cash payments relating to operating activities

Item	Current period	Prior period
Advances payment	93,657,548.56	188,969,753.65
Operating expenses such as operating costs and administration expenses	125,945,130.98	110,138,728.88
Guarantees and deposits	13,258,231.38	15,253,990.79
Harbor dues on cargo	6,085,935.98	6,923,999.90
Rentals	23,988,105.53	13,157,361.39
Port charges	2,639,938.00	3,234,003.82
Others	123,054,086.20	73,444,972.12
Total	388,628,976.63	411,122,810.55

(3) Other cash receipts relating to investing activities

Item	Current period	Prior period
Receipt of interest on project advances	87,390,340.59	81,787,395.95
Others	15,768,702.30	12,778,782.74
Total	103,159,042.89	94,566,178.69

(4) Other cash payments relating to investing activities

Item	Current period	Prior period
Disposal costs of retired assets	7,340,158.92	1,419,567.81
Taxes on land acquisition and reserve paid by Antongjie Wharf Warehousing Service (Shenzhen) Co., Ltd. ("ATJ")	-	947,523,385.44
Staff relocation cost in respect of land acquisition and reserve paid by Shantou Port	-	18,761,552.44
Others	6,146.71	8,228.73
Total	7,346,305.63	967,712,734.42

(5) Other cash receipts relating to financing activities

Item	Current period	Prior period
Receipt of sale and leaseback payment	322,200,480.00	50,000,000.00
Others	160,820.44	2,897,609.21
Total	322,361,300.44	52,897,609.21

(6) Other cash payments relating to financing activities

Item	Current period	Prior period
Payment for the Company's acquisition of minority interests of CM Port	302,638,065.73	74,787,051.66
Payments of rental expenses	168,480,367.22	129,259,179.22
Payment of financing costs	1,314,920.07	16,628,834.22
Others	2,422,683.83	4,302,053.94
Total	474,856,036.85	224,977,119.04

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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	Current period	Prior period (restated)
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	4,060,626,620.70	4,886,494,162.50
Add: Provision for impairment losses of assets	-65,324.84	-
Provision for impairment losses of credit	7,295,621.30	-2,882,412.61
Depreciation of fixed assets	1,019,376,080.32	993,740,407.62
Depreciation of investment property	91,173,671.26	92,083,960.88
Depreciation of right-of-use assets	173,399,908.80	174,019,155.17
Amortization of intangible assets	357,373,882.88	319,604,700.15
Amortization of long-term prepaid expenses	43,553,304.87	37,291,473.18
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	-352,045.75	207,276.37
Losses on retirement of fixed assets, intangible assets and other long-term assets	7,050,703.58	1,543,851.27
Losses (gains) on changes in fair value	-143,037,303.68	38,026,112.58
Financial expenses	1,091,936,549.51	1,456,795,942.93
Investment losses (gains)	-3,187,492,718.40	-4,355,273,765.49
Decrease (increase) in deferred tax assets	22,271,600.81	-3,364,145.57
Increase in deferred tax liabilities	64,518,293.20	68,582,908.46
Decrease (increase) in inventories	-27,601,948.90	-24,682,369.59
Decrease (increase) in operating receivables	-1,087,893,594.91	-487,958,209.89
Increase (decrease) in operating payables	-181,287,994.79	27,022,129.13
Net cash flows from operating activities	2,310,845,305.96	3,221,251,177.09
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 held under finance leases	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	14,556,330,454.28	14,123,520,754.66
Less: Opening balance of cash	13,567,309,471.62	12,727,355,238.36
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	989,020,982.66	1,396,165,516.30

(2) Cash and cash equivalents

Item	30/6/2023	31/12/2022
I. Cash	14,556,330,454.28	13,567,309,471.62
Including: Cash on hand	5,239,515.56	726,960.10
Bank deposits available for payment at any time	14,248,343,177.54	13,045,336,190.09
Other monetary funds available for payment at any time	175,363,071.85	521,246,321.43
Cash and bank balances corresponding to the transfer of Ningbo Daxie to held-for-sale category	127,384,689.33	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	14,556,330,454.28	13,567,309,471.62

CHINA MERCHANTS PORT GROUP CO., LTD.

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

67. Foreign currency monetary items

Item	Foreign currency balance at 30/6/2023	Exchange rate	Balance in RMB at 30/6/2023
Cash and bank balances			1,824,290,197.00
Including: HKD	21,872,665.74	0.9205	20,133,788.81
USD	190,091,806.99	7.2098	1,370,523,910.04
EUR	31,014,214.28	7.8773	244,308,270.15
RMB	189,324,228.00	1.0000	189,324,228.00
Accounts receivable			555,416,907.52
Including: HKD	423,566.91	0.9205	389,893.34
USD	5,683,083.17	7.2098	40,973,893.04
EUR	65,257,527.47	7.8773	514,053,121.14
Other receivables			1,277,212,760.76
Including: HKD	68,373,407.85	0.9205	62,937,721.93
USD	22,819.80	7.2098	164,526.19
EUR	5,515,917.29	7.8773	43,450,535.27
RMB	1,170,659,977.37	1.0000	1,170,659,977.37
Long-term receivables			205,820,084.52
Including: EUR	26,128,252.64	7.8773	205,820,084.52
Other non-current assets			30,930,742.61
Including: EUR	3,926,566.54	7.8773	30,930,742.61
Short-term borrowings			2,343,078,000.00
Including: USD	110,000,000.00	7.2098	793,078,000.00
RMB	1,550,000,000.00	1.0000	1,550,000,000.00
Accounts payable			27,024,927.97
Including: HKD	1,310,537.99	0.9205	1,206,350.22
EUR	3,277,592.29	7.8773	25,818,577.75
Other payables			453,014,922.60
Including: HKD	33,545,375.26	0.9205	30,878,517.93
USD	39,765,925.33	7.2098	286,704,368.44
EUR	16,985,975.26	7.8773	133,803,622.92
RMB	1,628,413.31	1.0000	1,628,413.31
Non-current liabilities due within one year			7,447,686,725.37
Including: USD	938,863,965.69	7.2098	6,769,021,419.83
RMB	678,665,305.54	1.0000	678,665,305.54
Long-term borrowings			4,838,784,035.00
Including: EUR	22,950,000.00	7.8773	180,784,035.00
RMB	4,658,000,000.00	1.0000	4,658,000,000.00
Bonds payable			11,484,215,109.68
Including: USD	1,592,861,814.43	7.2098	11,484,215,109.68

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

68. Government grants

(1) New government grants for the period

Type	Amount	Item	Account	Amount included in profit or loss for the period
Related to income	10,065,510.04	Subsidy for business development	Other income	10,065,510.04
Related to assets	8,500,000.00	Others	Deferred income	1,600,000.03
Related to income	6,146,204.98	Subsidy for business operation	Other income	6,146,204.98
Related to assets	3,300,000.00	Special subsidies for facilities and equipment	Deferred income	36,263.74
Related to income	1,607,911.86	Subsidy for job stabilization	Other income	1,607,911.86
Related to income	4,652,775.90	Others	Other income	4,652,775.90
Related to income	51,161.13	Others	Non-operating income	51,161.13
Total	34,323,563.91			24,159,827.68

69. Leases

(1) Lessor under operating leases

Item	Amount
I. Revenue	
Lease income	156,011,442.22
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	183,997,926.53
2 nd year	135,817,724.79
3 rd year	113,599,395.19
4 th year	97,394,090.85
5 th year	60,264,411.35
Over 5 years	185,727,124.72

Note: The operating leases where the Group as the lessor are related to port and terminal facilities, machinery and equipment, motor vehicles, land and buildings, with lease terms ranging from 0.5 year to 50 years and an option to renew the leases of port and terminal facilities, machinery equipment, land and buildings. The Group considers that as the leased assets are properly used, unguaranteed balance of such assets does not constitute material risk of the Group.

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

69. Leases - continued

(2) Lessee

Item	Amount
Interest expense on lease liabilities	31,418,935.49
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	27,727,081.54
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	-
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	5,446,966.10
Total cash outflows relating to leases	185,790,438.60
Profit (loss) arising from sale and leaseback transactions	-33,565,846.07
Cash inflows from sale and leaseback transactions	322,200,480.00
Cash outflows from sale and leaseback transactions	97,155,869.70
Others	-

(IX) CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination not involving enterprises under common control

The Group has no business combination not involving enterprises under common control in the current period.

2. Business combination involving enterprises under common control

The Group has no business combination involving enterprises under common control in the current period.

3. Reverse purchase

The Group has no reverse purchase in the current period.

4. Disposal of subsidiary

There is no loss of control over subsidiary due to the Group's disposal of investment in the subsidiary in the current period.

5. Changes in scope of consolidation for other reasons

The Group has no changes in scope of consolidation for other reasons other than the establishment of new subsidiaries in the current period.

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(X) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group - Major subsidiaries

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. ("Wharf Holdings Hong Kong")	HK China	HK China	Investment holding	HKD 1,000,000	100.00	-	Established through investment
Dongguan Shenchiwan Port Affairs Co., Ltd.	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	10,000.00	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
CM Port (Note 1)	HK China	HK China	Investment holding	HKD 46,668,174,000	0.37	46.10	Business combination involving enterprises under common control
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
Dalian Port Logistics Network Co., Ltd.	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 67,400,000	-	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	1,000.00	-	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	-	70.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Port Co., Ltd.	Zhangzhou China	Zhangzhou China	Logistics support services	116,700.00	-	60.00	Business combination involving enterprises under common control
Zhangzhou Investment Promotion Bureau Xiamenwan Port Affairs Co., Ltd. ("Xiamenwan Port Affairs") (Note 2)	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 Lianyungjie 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	-	80.00	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

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(X) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - Major subsidiaries - 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	
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
Lome Container Terminal S.A. (Note 3)	Republic of Togo	Republic of Togo	Logistics support services	XOF 200,000,000	-	35.00	Business combination involving enterprises under common control
Gainpro Resources Limited	BVI	BVI	Investment holding	USD 1.00	-	76.50	Business combination involving enterprises under common control
Hambantota International Port Group (Private) Limited	Sri Lanka	Sri Lanka	Logistics support services	USD 1,145,480,000	-	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
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	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
Zhoushan RoRo	Zhoushan China	Zhoushan China	Logistics support services	17,307.86	51.00	-	Asset acquisition
Shenzhen Haixing Logistics Development Co., Ltd.	Shenzhen China	Shenzhen China	Logistics support services	7,066.79	-	67.00	Asset acquisition
Zhanjiang Port	Zhanjiang China	Zhanjiang China	Logistics support services	587,420.91	30.78	27.58	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. (Note 4)	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
Zhanjiang Port Logistics	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	-	51.00	Business combination not involving enterprises under common control
Ningbo Daxie (Note 5)	Ningbo China	Ningbo 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
Malai Warehousing (Shenzhen) Co., Ltd	Shenzhen China	Shenzhen China	Owning China Qianhai property	HKD 1,600,000,000	-	100.00	Business combination not involving enterprises under common control
Ports Development (Hong Kong) Limited	Hong Kong China	Hong Kong China	Investment holding	2,768,291.56	100.00	-	Established through investment
Shunkong Port	Foshan China	Foshan China	Property development and management	6,122.45	51.00	-	Asset acquisition

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(X) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - Major subsidiaries - continued

Note 1: As at 19 June 2018, the Company and China Merchants Group (Hong Kong) Co., Ltd. ("CMHK") entered into an "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 CM Port in respect of its voting power of CM Port as entrusted, and performs the voting as per the Company's opinion. In March 2022, the Company transferred its 43.00% equity contribution in China Merchants Port Holdings Company Limited to the wholly-owned subsidiary Ports Development (Hong Kong) Co., Ltd.

In the first half of 2023, the Ports Development (Hong Kong) Limited acquired the ordinary shares of CM Port, totaling to 31,098,000 shares, from the secondary market. Upon completion of the aforesaid acquisition, the ratio of ordinary shares held by the Group in total issued ordinary shares of CM Port changed from 45.69% to 46.47%, and CMHK held 22.42% of total issued ordinary shares of CM Port. Therefore, the Company had total 68.89% voting power and can exercise control over CM Port.

Note 2: The Group and China Merchants Zhangzhou Development Zone Co., Ltd. entered into an "Equity Custody Agreement", according to which China Merchants Zhangzhou Development Zone Co., Ltd. entrusted its 29.00% equity of ZCMG to the Group for operation and management. Therefore, the Group has 60.00% voting power of ZCMG and includes it in the scope of consolidation of the consolidated financial statements.

Note 3: The Group is entitled to the nomination of most members of the executive commission and has control over Lome Container Terminal S.A. Therefore, the Group includes it in the scope of consolidation of the consolidated financial statements.

Note 4: The Group holds 50.00% equity interest in Zhanjiang Port Petrochemical Terminal Co., Ltd. According to the agreement, the Group has control over Zhanjiang Port Petrochemical Terminal Co., Ltd., and therefore includes it in the scope of consolidation of the consolidated financial statements.

Note 5: 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 over Ningbo Daxie. 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 50.00% of the voting rights in Ningbo Daxie. As a result, the Group is able to exercise control over Ningbo Daxie and includes it in the scope of consolidation of the consolidated financial statements.

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(X) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(2) Significant 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 period	Dividends distributed to minority shareholders declared in the current period	Balance of minority interests at the end of the current period
CM Port	53.53	2,083,878,816.30	128,046,891.56	69,526,390,590.61

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(X) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

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

Name of the subsidiary	30/6/2023						31/12/2022					
	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
CM Port	17,574,781,518.74	137,615,842,268.21	155,190,623,786.95	18,368,245,736.04	27,748,657,412.58	46,116,903,148.62	12,837,082,258.94	137,558,098,661.09	150,395,180,920.03	18,761,895,893.60	25,152,356,977.50	43,914,252,871.10

Name of the subsidiary	Current period				Prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CM Port	5,194,887,619.90	3,414,374,406.15	4,971,619,164.12	1,737,702,226.98	5,454,127,408.32	4,517,046,368.18	5,248,402,438.99	2,560,440,425.29

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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

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

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

Item	CM Port
Purchase cost	
- Cash	315,490,758.22
- Non-cash assets	-
Total purchase cost	315,490,758.22
Less: Share of net assets of subsidiaries calculated according to the proportion of equity acquired	682,274,665.21
Difference	-366,783,906.99
Including: Adjusted capital reserve	366,783,906.99
Adjusted surplus reserve	-
Adjusted undistributed profit	-

3. Interests in joint ventures or associates

(1) Significant joint ventures or associates

Investees	Principal place of business	Place of registration	Nature of business	Shareholding ratio of the Group (%)		Accounting method of investments in associates
				Direct	Indirect	
Associates						
Shanghai International Port (Group) Co., Ltd.	Shanghai, PRC	Shanghai, PRC	Port and container terminal business	-	28.05	Equity method
Ningbo Zhoushan	Ningbo PRC	Ningbo PRC	Water transport	20.98	2.10	Equity method

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(X) EQUITY IN OTHER ENTITIES - continued

4. Key financial information of significant associates

Item	30/6/2023/ Current period		31/12/2022/ Prior period
	SIPG	Ningbo Zhoushan (Note)	SIPG
Current assets	52,474,978,601.95	25,812,218,000.00	46,525,054,810.02
Including: Cash and cash equivalents	32,950,527,813.29	12,382,499,000.00	26,843,326,028.04
Non-current assets	140,513,833,339.80	84,485,781,000.00	135,276,650,788.84
Total assets	192,988,811,941.75	110,297,999,000.00	181,801,705,598.86
Current liabilities	23,271,988,342.86	22,619,439,000.00	25,863,891,496.14
Non-current liabilities	43,742,185,804.09	10,190,878,000.00	34,770,765,671.21
Total liabilities	67,014,174,146.95	32,810,317,000.00	60,634,657,167.35
Minority interests	9,789,122,305.98	4,997,761,000.00	8,839,640,972.54
Equity attributable to shareholders of the Company	116,185,515,488.82	72,489,921,000.00	112,327,407,458.97
Share of net assets calculated based on the proportion of ownership interests	32,590,037,094.61	16,730,673,766.80	31,507,837,792.24
Adjustments			
- Goodwill	2,427,508,397.27	1,231,115,756.87	2,427,508,397.27
- Others	235,771,877.55	97,347,806.80	236,552,011.66
Book value of equity investments in associates	35,253,317,369.43	18,059,137,330.47	34,171,898,201.17
Fair value of publicly quoted equity investments in associates	34,289,392,436.25	15,219,317,690.55	34,877,210,592.30
Operating income	16,111,541,335.25	12,227,049,000.00	20,094,438,005.89
Net profit	7,738,322,182.71	2,467,948,000.00	11,182,647,136.56
Other comprehensive income	-25,369,452.55	37,289,000.00	-375,283,422.31
Total comprehensive income	7,712,952,730.16	2,505,237,000.00	10,807,363,714.25
Dividends received from associates in the current year	914,383,798.30	390,875,794.33	1,240,949,440.54

Note: The financial data of Ningbo Zhoushan is accurate to thousand.

5. Summarized financial information of insignificant associates and joint ventures

	30/6/2023/ Current period	31/12/2022/ Prior period
Joint ventures:		
Total carrying amount of investments	9,933,027,211.85	9,716,793,055.72
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	169,975,433.54	197,699,052.34
- Other comprehensive income	-1,446,746.71	-
- Total comprehensive income	168,528,686.83	197,699,052.34
Associates:		
Total carrying amount of investments	31,730,788,256.37	48,475,602,662.16
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	384,990,619.70	1,053,453,382.82
- Other comprehensive income	100,418,506.79	-96,067,083.31
- Total comprehensive income	485,409,126.49	957,386,299.51

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

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(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 30 June 2023, the balance of the Group's assets and liabilities are both denominated in functional currency or the currency that has pegged exchange rate against the functional currency, except that the assets and liabilities set out below are recorded using the currency that is neither functional currency nor currency that has pegged exchange rate against the functional currency. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Item	30/6/2023	31/12/2022
Cash and bank balances	294,222,461.72	799,833,569.05
Accounts receivable	41,958,030.12	29,766,083.42
Other receivables	1,237,917,013.99	360,531,571.16
Long-term receivables	204,770,635.01	-
Short-term borrowings	1,550,000,000.00	4,090,000,000.00
Accounts payable	1,243,429.31	2,372,883.60
Other payables	63,467,778.16	246,131,122.92
Non-current liabilities due within one year	678,665,305.54	670,000,000.00
Long-term borrowings	4,658,000,000.00	3,669,000,000.00

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures. According to the current risk exposure and judgment on the exchange rate movements, management considers it is unlikely that the exchange rate changes in the future one year will result in significant loss to the Group.

Sensitivity analysis on currency risk

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

Item	Changes in exchange rate	The current period		The prior period	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	-276,673,157.63	-276,673,157.63	-142,170,160.72	-142,170,160.72
All foreign currencies	5% decrease against RMB	276,673,157.63	276,673,157.63	142,170,160.72	142,170,160.72
All foreign currencies	5% increase against USD	4,281,779.89	4,281,779.89	5,174,284.81	5,174,284.81
All foreign currencies	5% decrease against USD	-4,281,779.89	-4,281,779.89	-5,174,284.81	-5,174,284.81
All foreign currencies	5% increase against HKD	2,568,826.80	2,568,826.80	-208,703,403.25	-208,703,403.25
All foreign currencies	5% decrease against HKD	-2,568,826.80	-2,568,826.80	208,703,403.25	208,703,403.25
All foreign currencies	5% increase against EUR (including FCFA)	11,197,132.33	11,197,132.33	319,495.78	319,495.78
All foreign currencies	5% decrease against EUR (including FCFA)	-11,197,132.33	-11,197,132.33	-319,495.78	-319,495.78

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(XI) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

2. Interest rate risk - changes in cash flows

Risk of changes in cash flows of financial instruments arising from interest rate changes is mainly related to bank loans with floating interest rate. (See Note (VIII) 26 and Note (VIII) 37). 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 affects its fair value, and all interest rate hedging are expected to be highly effective;
- The changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discounting method by applying the market interest rate at balance sheet date.

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

Item	Changes in interest rate	The current period		The prior period	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings and long-term borrowings	1% increase	-218,624,405.40	-218,624,405.40	-206,916,565.57	-206,916,565.57
Short-term borrowings and long-term borrowings	1% decrease	218,624,405.40	218,624,405.40	206,916,565.57	206,916,565.57

3. Liquidity risk

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

As at 30 June 2023, the Group had total current liabilities in excess of total current assets of RMB 1,400,548,100.60. At 30 June 2023, the Group had available and unused line of credit and bonds amounting to RMB 67,024,496,484.81, which is greater than the balance of the net current liabilities, and may obtain fund support within the line of credit and bonds as necessary. Therefore, the Group's management believes that the Group has no significant liquidity risk.

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(XI) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

3. Liquidity risk - continued

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

Item	Carrying amount	Gross amount	Within 1 year	1 to 5 years	Over 5 years
Short-term borrowings	4,980,452,166.69	4,999,000,302.03	4,999,000,302.03	-	-
Notes payable	39,276,000.00	39,276,000.00	39,276,000.00	-	-
Accounts payable	531,218,999.62	531,218,999.62	531,218,999.62	-	-
Other payables	3,165,399,094.34	3,165,399,094.34	3,165,399,094.34	-	-
Non-current liabilities due within one year	13,352,965,454.93	14,585,327,619.79	14,585,327,619.79	-	-
Other current liabilities	4,500,231,313.76	4,523,438,051.61	4,523,438,051.61	-	-
Long-term borrowings	16,083,606,258.60	17,365,388,360.36	-	14,677,028,731.77	2,688,359,628.59
Bonds payable	17,484,215,109.65	19,115,516,441.30	-	14,797,858,995.11	4,317,657,446.19
Lease liabilities	911,098,409.66	1,559,279,419.09	-	235,516,609.13	1,323,762,809.96
Other non-current liabilities	20,000,000.00	20,126,123.29	-	20,126,123.29	-
Long-term payables	3,921,876,042.13	3,923,378,023.26	-	685,702,684.83	3,237,675,338.43

(XII) DISCLOSURE OF FAIR VALUE

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

Item	Fair value at 30/6/2023			
	Level 1	Level 2	Level 3	Total
Measurement at fair value continuously				
Held-for-trading financial assets	-	4,645,336,576.09	-	4,645,336,576.09
Other non-current financial assets	943,850,357.04	-	27,865,811.69	971,716,168.73
Investments in other equity instruments	-	-	154,256,180.28	154,256,180.28
Total assets measured at fair value continuously	943,850,357.04	4,645,336,576.09	182,121,991.97	5,771,308,925.10

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

The market prices of held-for- other non-current financial assets are determined at the closing price of the equity instrument at Stock Exchange on 30 June 2023.

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 the period	Valuation techniques	Inputs
Held-for-trading financial assets	4,645,336,576.09	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 rate of return as the input.

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(XII) DISCLOSURE OF FAIR VALUE - continued

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 the period	Valuation techniques	Inputs
Other equity instrument investments	154,256,180.28	Net worth method	Carrying amount
Other non-current financial assets	2,000,000.00	Cash flow discounting	Discount rate
Other non-current financial assets	723,955.24	Net worth method	Carrying amount
Other non-current financial assets	25,141,856.45	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.

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 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.

(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	2.21	63.01 (Note)

Note: Broadford Global Limited directly holds 2.21% equity of the Company, and indirectly holds 14.84% and 45.96% equity of the Company through the subsidiaries China Merchants Gangtong Development (Shenzhen) Co., Ltd. and China Merchants Port Investment Development Co., Ltd. respectively.

The ultimate controlling shareholder of the Company is China Merchants Group.

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

2. Subsidiaries of the Company

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

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 associates that have related party transactions with the Group in the current period, or formed balances of related party transactions with the Group in the prior period are as follows:

Name of joint ventures or associates	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 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 and its subsidiaries	Associate
Great Horn Development Company FZCo	Associate
Port de Djibouti S.A.	Associate
Terminal Link SAS	Associate
Tin-Can Island Container Terminal Ltd	Associate
Guizhou Qiangongnan Continental Land Port Operation Co., Ltd.	Associate
Nanshan Group and its subsidiaries	Associate
SIPG	Associate
Ningbo Zhoushan and its subsidiaries	Associate
Shenzhen Baohong Technology Co., Ltd.	Associate
Tianjin Haitian Bonded Logistics Co., Ltd.	Associate
Merchants Port City	Associate
Zhanjiang Xiagang United Development 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
Lac Assal Investment Holding Company Limited	Associate
CM Port Chuangrong (Shenzhen) Technology Co., Ltd.	Associate
Ningbo Port Container Transportation Co., Ltd.	Associate
Shenzhen Chiwan Oriental Logistics Co., Ltd.	Associate
New Land-Sea Corridor Operation (Zhanjiang) Co., Ltd.	Associate
Liaoning Port and its subsidiaries	Associate, 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

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
Guangdong Shunkong City Investment Real Estate Co., Ltd.	Minority shareholder of subsidiary
Baosteel Zhanjiang Iron & Steel Co., Ltd.	Minority shareholder of subsidiary
China Merchants Union (BVI) Limited	Minority shareholder of subsidiary
China Marine Shipping Agency Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate controlling shareholder
South China Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
EuroAsia Dockyard Enterprise and Development Limited	Controlled by the same ultimate controlling shareholder
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
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 Real Estate Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Property Management (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards (Shekou) Limited	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards Limited	Controlled by the same ultimate controlling shareholder
China Merchants International Cold Chain (Shenzhen) Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Group Finance Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Port Investment Development Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants 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 Zhangzhou Development Zone Power Supply Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Securities Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Traffic Import and Export Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Guangdong 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 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 Zhangzhou Development Zone Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Agency Shenzhen Co. Ltd.	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
Yingkou Port Group and its subsidiaries	Controlled by the same ultimate controlling shareholder
Liaoning Port Group Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Yangtze River Shipping 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 West Port Security Service 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
Dalian Port Communications Engineering Co., Ltd.	Controlled by the same ultimate controlling shareholder
Dalian Jifa South Coast International Logistics 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
Dalian Jifa Port Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
Qingdao Sinotrans Mining Technology Co., Ltd.	Controlled by the same ultimate controlling shareholder
Yingkou Xingang Kuangshi Terminals Co., Ltd.	Controlled by the same ultimate controlling shareholder
Dandong Port Group Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Investment Development (Hong Kong) Limited	Controlled by the same ultimate controlling shareholder
Ocean Driller III Limited	Controlled by the same ultimate controlling shareholder
Orienture Holdings Company Limited	Controlled by the same ultimate controlling shareholder
Shenzhen Zhonghang Buildings Technology Co., Ltd.	Controlled by the same ultimate controlling shareholder
Dalian Bonded Zone Yongdixin Real Estate Development & Construction Co., Ltd.	Controlled by the same ultimate controlling shareholder
Khor Ambado FZCo	Significantly influenced by the ultimate controlling shareholder
China Merchants Bank Co., Ltd.	Significantly influenced by the ultimate controlling shareholder
China Merchants (Shenzhen) Power Supply Co., Ltd.	Significantly influenced by the ultimate controlling shareholder
Shenzhen Wanhai Building Management Co., Ltd.	Significantly influenced by the ultimate controlling shareholder

5. Related party transactions

(1) Rendering and receipt of services

Related parties	Content of transaction	Pricing method and decision-making process of related transactions	Current period	Prior period
Receipt of services:				
China Merchants Bank Co., Ltd.	Purchase of structured deposits	Negotiation	2,080,000,000.00	1,000,000,000.00
Shenzhen Bay Electricity Industry Co., Ltd.	Service expenditure	Negotiation	26,554,647.89	27,561,760.64
Shenzhen Nanyou (Holdings) Ltd.	Service expenditure	Negotiation	18,821,945.88	-
China Merchants Group Finance Company Limited	Interest payments	Negotiation	12,606,686.11	44,331,121.77
China Merchants (Shenzhen) Power Supply Co., Ltd.	Property utilities	Negotiation	8,840,100.79	-
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service expenditure	Negotiation	7,940,246.77	8,365,470.62
China Merchants Bank Co., Ltd.	Interest payments	Negotiation	7,939,144.17	4,008,117.76
Ningbo Zhoushan and its subsidiaries	Service expenditure	Negotiation	6,331,246.17	7,859,747.95
China Merchants Property Management (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	5,330,755.99	1,921,021.77
Shenzhen West Port Security Service Co., Ltd.	Service expenditure	Negotiation	5,307,294.72	5,661,635.33
Sinoway Shipping Ltd.	Service expenditure	Negotiation	4,177,670.01	-
Yiu Lian Dockyards Limited	Service expenditure	Negotiation	4,119,568.07	3,807,933.17
Shenzhen Chiwan Oriental Logistics Co., Ltd.	Service expenditure	Negotiation	3,506,393.15	4,263,289.81
Nanshan Group and its subsidiaries	Service expenditure	Negotiation	2,819,999.34	9,105,672.16
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Service expenditure	Negotiation	2,689,704.35	2,443,269.20
Hoi Tung (Shanghai) Company Limited	Service expenditure	Negotiation	2,045,941.84	3,971,930.07
Yingkou Port Group and its subsidiaries	Service expenditure	Negotiation	1,779,632.70	2,043,787.06
Shenzhen Zhonghang Buildings Technology Co., Ltd.	Service expenditure	Negotiation	1,309,197.64	-
China Marine Shipping Agency Shenzhen Co., Ltd.	Service expenditure	Negotiation	1,146,792.55	1,323,605.65
China Ocean Shipping Tally Shenzhen Co., Ltd.	Service expenditure	Negotiation	852,794.75	1,182,219.25
Liaoning Port and its subsidiaries	Service expenditure	Negotiation	742,931.66	-
COSCO Logistics (Zhanjiang) Co., Ltd.	Service expenditure	Negotiation	465,252.15	1,278,998.39
China Marine Shipping Guangdong Co., Ltd.	Service expenditure	Negotiation	6,037.73	2,578,833.07
China Merchant Food (China) Co., Ltd.	Service expenditure	Negotiation	-	219,125.15
Other related parties	Service expenditure	Negotiation	6,533,670.99	6,018,119.16
Total			2,211,867,655.42	1,137,945,657.98

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of services - continued

Related parties	Content of transaction	Pricing method and decision-making process of related transactions	Current period	Prior period
Rendering of services:				
COSCO Logistics (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	110,744,402.53	93,854,144.35
Terminal Link SAS	Interest income	Negotiation	88,397,856.38	81,787,132.97
Antong Holdings Co., Ltd. and its subsidiaries	Service revenue	Negotiation	17,464,158.08	57,252,837.30
China Ocean Shipping Agency (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	34,373,990.47	29,767,054.90
Liaoning Port and its subsidiaries	Service revenue	Negotiation	29,653,667.27	50,771,513.32
China Merchants Bank Co., Ltd.	Interest income	Negotiation	29,498,613.99	23,990,575.31
Qingdao Qianwan United Container Terminal Co., Ltd.	Service revenue	Negotiation	28,810,177.52	27,999,029.61
Port of Newcastle and its subsidiaries	Interest income	Negotiation	24,964,528.83	30,137,869.75
China Merchants Group Finance Company Limited	Interest income	Negotiation	14,717,409.20	10,308,105.49
China Marine Shipping Agency Guangdong Co., Ltd.	Service revenue	Negotiation	14,170,082.79	28,379,378.60
Yingkou Port Group and its subsidiaries	Service revenue	Negotiation	13,685,712.13	26,048,896.47
China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	Service revenue	Negotiation	13,335,734.13	14,952,848.57
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service revenue	Negotiation	8,873,051.78	2,006,982.68
Yiu Lian Dockyards (Shekou) Limited	Service revenue	Negotiation	6,049,745.64	7,624,158.50
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Service revenue	Negotiation	5,930,892.23	3,183,820.61
CM Port Chuangrong (Shenzhen) Technology Co., Ltd.	Service revenue	Negotiation	5,399,572.64	4,622,170.92
Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	Service revenue	Negotiation	5,122,531.86	1,055,634.00
Shenzhen Baohong Technology Co., Ltd.	Service revenue	Negotiation	4,665,334.02	1,051,551.12
Sinotrans Container Lines Co., Ltd.	Service revenue	Negotiation	4,361,180.07	4,203,154.01
China Merchants International Cold Chain (Shenzhen) Company Limited	Service revenue	Negotiation	3,573,112.10	2,053,124.00
China Ocean Shipping Agency Shenzhen	Service revenue	Negotiation	3,530,714.66	2,841,490.56
Sinotrans Central China Co., Ltd.	Service revenue	Negotiation	3,529,371.64	4,226,183.28
New Land-Sea Corridor Operation (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	3,141,567.23	-
China Merchant Food (China) Co., Ltd.	Service revenue	Negotiation	2,910,341.70	-
China Traffic Import and Export Co., Ltd.	Service revenue	Negotiation	2,736,536.28	-
EuroAsia Dockyard Enterprise and Development Limited	Service revenue	Negotiation	2,687,908.22	-
China Marine Shipping Agency Shenzhen Co., Ltd.	Service revenue	Negotiation	2,560,367.14	2,397,694.66
Qingdao Sinotrans Mining Technology Co., Ltd.	Service revenue	Negotiation	2,375,278.56	-
Sinoway Shipping Ltd.	Service revenue	Negotiation	2,310,227.52	6,695,198.11
Liaoning Port Group Co., Ltd.	Service revenue	Negotiation	2,238,202.80	4,971,803.76
China Yangtze River Shipping Co., Ltd.	Service revenue	Negotiation	1,981,380.75	2,750,508.20
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	1,762,582.00	-
Qingdao Qianwan New United Container Terminal Co., Ltd.	Service revenue	Negotiation	1,569,368.32	1,538,691.31
China Merchants Port Investment Development Company Limited	Service revenue	Negotiation	1,554,377.36	1,327,585.66
Qingdao Wutong Century Supply Chain Co., Ltd.	Service revenue	Negotiation	1,341,694.24	-
China Merchants Securities Co., Ltd.	Service revenue	Negotiation	1,333,059.69	-
Sinotrans Container Lines (Hong Kong) Company Limited	Service revenue	Negotiation	1,245,082.16	1,694,057.81
Nanshan Group and its subsidiaries	Service revenue	Negotiation	1,125,136.47	-
Yantai Port Group Laizhou Port Co., Ltd.	Service revenue	Negotiation	1,037,735.84	1,037,735.84
Shantou Zhonglian Tally Co., Ltd.	Service revenue	Negotiation	944,703.77	1,177,326.80
Shantou International Container Terminals Limited	Service revenue	Negotiation	541,094.54	481,962.75
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Service revenue	Negotiation	444,576.29	299,871.32
Sinotrans Shantou Co., Ltd.	Service revenue	Negotiation	374,736.65	-
China Marine Shipping Guangdong Co., Ltd.	Service revenue	Negotiation	274,751.81	263,547.18
Guizhou East Land Port Operation Co., Ltd.	Service revenue	Negotiation	229,699.99	423,517.06
South China Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	2,983.02	886,573.85
China Marine Shipping Agency Ningbo Co., Ltd.	Service revenue	Negotiation	-	106,096,787.01
Guizhou Qiangongnan Continental Land Port Operation Co., Ltd.	Service revenue	Negotiation	-	1,447,018.87
Sinotrans (HK) Shipping Limited	Service revenue	Negotiation	-	66,202.55
Other related parties	Service revenue	Negotiation	10,917,789.91	5,978,857.08
Other related parties	Interest income	Negotiation	609,957.55	777,053.20
Total			519,102,979.77	648,429,649.34

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties

The Group as the lessor:

Name of the lessee	Type of leased assets	Pricing method and decision-making process of related transactions	Lease income recognized in the current period	Lease income recognized in the prior period
Qingdao Qianwan West Port United Wharf Co., Ltd.	Port and terminal facilities	Negotiation	6,848,492.44	5,069,188.08
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Port and terminal facilities	Negotiation	3,449,293.79	1,914,400.91
China Merchant Food (China) Co., Ltd.	Buildings	Negotiation	2,910,341.70	2,773,119.96
China Traffic Import and Export Co., Ltd.	Buildings	Negotiation	2,736,536.28	2,736,536.28
Qingdao Sinotrans Mining Technology Co., Ltd.	Port and terminal facilities	Negotiation	2,375,278.56	2,375,278.56
Qingdao Qianwan United Container Terminal Co., Ltd.	Buildings	Negotiation	1,661,969.04	1,453,403.34
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Port and terminal facilities	Negotiation	1,444,859.56	561,911.99
CM Port Chuangrong (Shenzhen) Technology Co., Ltd.	Port and terminal facilities	Negotiation	1,430,912.28	-
Qingdao Wutong Century Supply Chain Co., Ltd.	Port and terminal facilities	Negotiation	1,341,694.24	-
China Merchants Securities Co., Ltd.	Buildings	Negotiation	1,333,059.69	1,270,897.29
Nanshan Group and its subsidiaries	Buildings	Negotiation	1,125,136.47	1,135,355.02
Yiu Lian Dockyards (Shekou) Limited	Buildings	Negotiation	1,122,531.42	1,091,340.94
Other related parties	Buildings, port and terminal facilities	Negotiation	4,228,541.56	3,151,714.13
Total			32,008,647.03	23,533,146.50

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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 lessee:

Name of the lessor	Type of leased assets	Rent for short-term leases and leases of low-value assets that is accounted for using simplified approach		Variable lease payment not included in the measurement of lease liabilities		Rent paid		Interest expenses on lease liabilities assumed		Increase in right-of-use assets	
		Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Port and terminal facilities	1,984,330.20	-	-	-	2,103,390.00	-	-	-	-	-
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Land use rights	1,984,330.20	-	-	-	1,984,330.19	-	-	-	-	-
Shenzhen Nanyou (Holdings) Ltd.	Land use rights	997,776.60	997,776.60	-	-	997,776.60	873,054.50	-	-	-	-
China Merchants International Cold Chain (Shenzhen) Company Limited	Port and terminal facilities	148,500.00	-	-	-	946,881.45	29,492,822.34	21,273.00	3,317,801.93	-	-
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Buildings	72,331.43	-	-	-	71,337.15	29,249,729.17	-	4,141,464.12	-	-
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings	-	3,262,409.54	-	1,729,077.06	-	1,729,077.06	-	-	-	-
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings	-	188,604.84	-	-	3,190,516.56	199,921.13	277,944.19	-	4,809,924.03	-
Dalian Port Group Corporation Limited	Buildings	-	71,337.12	-	71,337.12	40,000.00	74,904.00	3,316.24	-	-	-
China Merchants Finance Lease (Tianjin) Co., Ltd.	Port and terminal facilities	-	11,040.00	-	-	19,394,624.82	242,028.00	2,195,437.17	3,915,561.44	-	81,529,585.77
Nanshan Group and its subsidiaries	Others	-	-	-	-	33,509,385.63	32,049,532.79	2,551,815.97	2,248,991.92	-	-
China Merchants Finance Lease (Shanghai) Co., Ltd.	Port and terminal facilities	-	-	-	-	29,151,135.25	-	1,841,875.41	5,682.95	-	-
China Merchants Finance Lease (Shanghai) Co., Ltd.	Machinery and equipment, port and terminal facilities	-	-	-	-	28,924,934.03	1,773,985.94	2,720,974.54	141,650.14	-	1,079,443.53
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery and equipment	-	-	-	-	23,190,959.27	1,097,438.83	905,080.70	127,512.83	-	2,377,742.19
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Port and terminal facilities	-	-	-	-	15,292,027.67	-	588,203.18	32,692.70	-	-
EuroAsia Dockyard Enterprise and Development Limited	Port and terminal facilities	-	-	-	-	7,571,928.07	18,076,245.95	332,056.61	2,033,491.49	-	-
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Land use rights	-	-	-	-	3,057,533.64	7,943,326.82	195,881.64	298,580.40	-	-
Baosteel Zhanjiang Iron & Steel Co., Ltd.	Machinery and equipment	-	-	-	-	1,800,000.00	-	23,339.88	-	5,119,357.99	-
Nanshan Group and its subsidiaries	Buildings	-	-	-	-	1,381,953.01	-	47,911.96	4,862.54	33,834.89	-
Shenzhen Wanhai Building Management Co., Ltd.	Buildings	-	-	-	-	610,722.00	-	33,840.58	-	-	-
Dalian Bonded Zone Yongdexin Real Estate Development&Construction Co.,Ltd.	Buildings	-	-	-	-	206,927.36	-	-	-	-	-
Nanshan Group and its subsidiaries	Port and terminal facilities	-	-	-	-	54,039.19	-	4,069.43	299,721.13	-	17,330,062.14
Dalian Port Communications Engineering Co., Ltd.	Buildings	-	-	-	-	25,000.00	3,356,220.00	4,842.09	125,995.63	-	-
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Buildings	-	-	-	-	-	-	-	-	-	66,214,506.44
Total		5,187,268.43	4,531,168.10	-	1,800,414.18	173,505,401.89	126,158,286.53	11,747,862.59	16,694,009.22	9,963,116.91	168,531,340.07

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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 date	Has the guarantee been completed or not
For the period from 1 January to 30 June 2023					
Khor Ambado FZCo (Note 1)	208,103,040.00	124,232,980.55	24 May 2019	2032	No
Terminal Link SAS (Note 2)	116,841,186.00	116,841,186.00	25 January 2023	2030	No
Terminal Link SAS (Note 2)	68,978,915.47	68,978,915.47	11 June 2013	2033	No
Total	393,923,141.47	310,053,082.02			
For the period from 1 January to 30 June 2022					
Khor Ambado FZCo	192,528,000.00	115,901,056.33	24 May 2019	2032	No
Terminal Link SAS	68,508,952.47	68,508,952.47	11 June 2013	2033	No
Total	261,036,952.47	184,410,008.80			

Note 1: Khor Ambado FZCo is a related company of the Group's common ultimate controlling shareholder. The Group provides guarantee for its bank loan financing and other liabilities, with actual guaranteed amount of RMB 124,232,980.55 as at 30 June 2023.

Note 2: 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 provide 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 associate. The actual guaranteed amount is RMB 185,820,101.47 as at 30 June 2023. If any guarantee liability occurs, the Group will compensate CMA CGM S.A.

(4) Borrowings and loans with related parties

Related parties	Amount	Commencement date	Maturity date	Description
For the period from 1 January to 30 June 2023				
Borrowings				
Ocean Driller III Limited	345,115,822.78	Actual borrowing date	Agreed repayment date	Other current liabilities
China Merchants Group Finance Company Limited	199,584,899.98	Actual borrowing date	Agreed repayment date	Long-term borrowings
China Merchants Group Finance Company Limited	113,176,240.10	Actual borrowing date	Agreed repayment date	Long-term borrowings
China Merchants Bank Company Limited	40,035,555.56	Actual borrowing date	Agreed repayment date	Long-term borrowings
China Merchants Bank Company Limited	30,026,666.67	Actual borrowing date	Agreed repayment date	Long-term borrowings
China Merchants Bank Company Limited	30,024,583.33	Actual borrowing date	Agreed repayment date	Short-term borrowings
China Merchants Group Finance Company Limited	22,279,250.01	Actual borrowing date	Agreed repayment date	Short-term borrowings
China Merchants Group Finance Company Limited	15,248,987.50	Actual borrowing date	Agreed repayment date	Short-term borrowings
China Merchants Bank Company Limited	10,010,138.88	Actual borrowing date	Agreed repayment date	Short-term borrowings
China Merchants Group Finance Company Limited	4,400,000.00	Actual borrowing date	Agreed repayment date	Long-term borrowings
China Merchants Group Finance Company Limited	1,037,232.14	Actual borrowing date	Agreed repayment date	Long-term borrowings
Total	810,939,376.95			

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(XIII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions – continued

(5) Compensation for key management personnel

Item	Current period	Prior period
Compensation for key management personnel	8,972,032.11	7,241,617.16

6. Amounts due from/to related parties

(1) Amounts due from related parties

Item	Related parties	30/6/2023	31/12/2022
Cash and bank balances	China Merchants Bank Co., Ltd.	3,456,133,319.05	3,387,973,124.59
	China Merchants Group Finance Company Limited	913,608,945.27	1,841,698,554.32
	Total	4,369,742,264.32	5,229,671,678.91
Held-for-trading financial assets	China Merchants Bank Co., Ltd.	200,045,205.48	900,061,111.11
Accounts receivable	Ningbo Zhoushan and its subsidiaries	37,804,919.25	20,289,988.06
	Antong Holdings and its subsidiaries	32,409,055.59	8,395,245.04
	COSCO Logistics (Zhanjiang) Co., Ltd.	23,945,432.88	4,045,734.88
	Qingdao Qianwan West Port United Wharf Co., Ltd.	11,913,130.47	3,749,064.99
	Liaoning Port and its subsidiaries	4,184,092.39	3,680,900.00
	Qingdao Qianwan United Container Terminal Co., Ltd.	6,806,195.28	1,729,380.01
	Dalian Container Terminal Co., Ltd.	5,242,584.00	1,957,840.00
	China Marine Shipping Agency Guangdong Co., Ltd.	4,030,535.11	17,505,768.03
	Sinoway Shipping Ltd.	3,864,727.49	4,564,389.71
	Yiu Lian Dockyards (Shekou) Limited	3,406,789.70	3,554,521.60
	China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	3,360,052.88	1,530,505.68
	Khor Ambado FZCo	3,218,054.14	3,108,610.49
	Qingdao Sinotrans Mining Technology Co., Ltd.	2,494,042.50	-
	Liaoning Port Group Co., Ltd.	1,741,331.00	1,821,581.00
	China Ocean Shipping Agency Shenzhen Co. Ltd.	1,884,463.67	758,113.05
	Sinotrans Container Lines Co., Ltd.	1,876,052.25	1,287,851.75
	Dalian Jifa South Coast International Logistics Co., Ltd.	1,412,854.00	1,839,478.79
	Qingdao Sinotrans Supply Chain Management Co., Ltd.	1,318,977.83	-
	China Marine Shipping Agency Shenzhen Co., Ltd.	1,142,726.73	-
	Nanshan Group and its subsidiaries	1,128,726.86	1,404,627.23
	Yingkou Port Group and its subsidiaries	905,891.08	160,491.00
	Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	824,921.08	-
	Dandong Port Group Co., Ltd.	699,129.77	-
	Sinotrans (HK) Shipping Limited	696,710.99	375,748.78
	Dalian Jifa Port Logistics Co., Ltd.	237,340.00	2,220,941.63
	Great Horn Development Company FZCo	-	2,157,859.50
	PORT DE DJIBOUTI S.A.	-	1,770,749.55
	South China Sinotrans Supply Chain Management Co., Ltd.	-	659,854.40
	China Marine Shipping Agency Ningbo Co., Ltd.	-	164,981.21
	Other related parties	10,909,930.40	13,549,055.64
	Total	167,458,667.34	102,283,282.02

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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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 parties	30/6/2023	31/12/2022
Dividends receivable	SIPG	914,383,798.30	-
	Nanshan Group and its subsidiaries	240,591,000.00	240,591,000.00
	Qingdao Qianwan United Container Terminal Co., Ltd.	50,000,000.00	50,000,000.00
	Liaoning Port and its subsidiaries	47,754,255.87	-
	Merchants Port City	41,847,044.77	41,847,044.77
	Tin-Can Island Container Terminal Ltd	32,242,479.35	65,121,449.40
	COSCO Logistics (Zhanjiang) Co., Ltd.	18,449,001.16	18,449,001.16
	Other related parties	983,074.53	232,047.23
	Total	1,346,250,653.98	416,240,542.56
Other receivables	Shenzhen Nanyou (Holdings) Ltd.	30,639,652.92	6,725,260.86
	PORT DE DJIBOUTI S.A.	25,682,093.92	24,808,664.70
	Ocean Driller III Limited	17,664,009.99	-
	Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	6,310,000.00	6,310,000.00
	Zhoushan Blue Ocean Investment Co., Ltd.	4,996,989.39	4,996,989.39
	China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	2,899,163.95	2,899,163.95
	Nanshan Group and its subsidiaries	1,625,476.17	1,009,839.70
	EuroAsia Dockyard Enterprise and Development Limited	1,556,035.29	1,510,055.76
	Liaoning Port and its subsidiaries	1,242,721.60	-
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	1,166,408.40	1,132,846.40
	Yingkou Port Group and its subsidiaries	721,626.07	-
	Dalian Port Group Corporation Limited	151,000.00	-
	Liaoning Port Group Co., Ltd.	45,000.00	-
	Chu Kong River Trade Terminal Co., Ltd.	-	36,053,588.00
	Other related parties	5,198,438.65	3,550,453.73
	Total	99,898,616.35	88,996,862.49
Prepayments	Nanshan Group and its subsidiaries	-	9,000.00
	Other related parties	19,146.00	6,351.75
	Total	19,146.00	15,351.75
Non-current assets due within one year	Terminal Link SAS	49,092,591.98	46,409,214.10
	China Merchants Finance Lease (Shanghai) Co., Ltd.	6,200,000.00	-
	China Merchants Finance Lease (Tianjin) Co., Ltd.	3,800,000.00	3,800,000.00
	Port of Newcastle and its subsidiaries	-	852,919,208.25
	Total	59,092,591.98	903,128,422.35
Long-term receivables	Terminal Link SAS	3,239,076,603.34	2,931,108,250.96
	Port of Newcastle and its subsidiaries	897,930,437.13	-
	Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	34,300,000.00
	China Merchants Finance Lease (Tianjin) Co., Ltd.	678,959.27	659,515.88
	China Merchants Finance Lease (Shanghai) Co., Ltd.	-	6,200,000.00
	Total	4,171,985,999.74	2,972,267,766.84

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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 parties	30/6/2023	31/12/2022
Short-term borrowings	China Merchants Group Finance Company Limited	50,041,666.68	413,453,629.50
	China Merchants Bank Co., Ltd.	55,048,888.87	15,015,583.33
	Total	105,090,555.55	428,469,212.83
Other current liabilities	Ocean Driller III Limited	359,485,676.59	-
	China Merchants Group Finance Company Limited	-	10,056,575.34
	Total	359,485,676.59	10,056,575.34
Accounts payable	Antong Holdings and its subsidiaries	16,948,161.45	16,948,161.45
	Ningbo Zhoushan and its subsidiaries	14,691,952.29	16,725,206.29
	Shenzhen Bay Electricity Industry Co., Ltd.	13,411,684.81	4,920,501.06
	Qingdao Qianwan West Port United Wharf Co., Ltd.	10,951,732.69	8,007,474.16
	Nanshan Group and its subsidiaries	6,475,661.69	4,259,215.79
	EuroAsia Dockyard Enterprise and Development Limited	3,176,882.16	2,363,408.70
	Ningbo Port Container Transportation Co., Ltd.	2,729,528.00	-
	China Merchants Port Investment Development Company Limited	1,160,252.40	1,203,536.99
	Hoi Tung (Shanghai) Company Limited	950,288.08	-
	Yiu Lian Dockyards Limited	746,718.81	792,077.94
	Sinoway Shipping Ltd.	-	4,886,700.00
	China Marine Shipping Agency Shenzhen Co., Ltd.	-	248,149.17
	Other related parties	3,176,891.79	4,212,603.81
Total	74,419,754.17	64,567,035.36	
Receipts in advance	China Merchants Port Investment Development Company Limited	7,075,471.70	-
	Qingdao Qianwan United Container Terminal Co., Ltd.	1,520,491.45	-
	Qingdao Wutong Century Supply Chain Co., Ltd.	285,725.30	196,301.30
	Other related parties	80,300.02	160,600.00
	Total	8,961,988.47	356,901.30
Contract liabilities	Liaoning Port and its subsidiaries	11,980,719.61	-
	Antong Holdings and its subsidiaries	5,999,790.00	1,468,616.91
	Liaoning Port Group Co., Ltd.	5,175,924.46	-
	COSCO Logistics (Zhanjiang) Co., Ltd.	1,505,816.58	1,275,397.28
	China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	837,801.45	-
	Dalian Container Terminal Co., Ltd.	-	9,679,785.44
	Dandong Port Group Co., Ltd.	-	3,842,709.07
	Qingdao Qianwan United Container Terminal Co., Ltd.	-	1,556,753.55
	Yingkou Xingang Kuangshi Terminals Co., Ltd.	-	1,514,844.30
	Qingdao Sinotrans Supply Chain Management Co., Ltd.	-	368,484.60
	Other related parties	2,954,444.57	2,508,480.44
Total	28,454,496.67	22,215,071.59	

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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 parties	30/6/2023	31/12/2022
Dividends payable	China Merchants Union (BVI) Limited	495,615,718.43	-
	China Merchants Zhangzhou Development Zone Co., Ltd.	40,000,000.00	20,000,000.00
	Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	34,598,645.00	41,400,234.06
	Dalian Port Container	27,160,696.61	14,000,000.00
	China Merchants Investment Development (Hong Kong) Limited	13,036,489.20	-
	Jifa Logistics	11,575,104.42	3,000,000.00
	Yingkou Port Group and its subsidiaries	5,372,456.78	-
	Orienteur Holdings Company Limited	1,656,900.00	-
	Sri Lanka Ports Authority	-	10,446,900.00
Total	629,016,010.44	88,847,134.06	
Other payables	Lac Assal Investment Holding Company Limited	65,465,131.55	47,359,371.46
	China Merchants Real Estate (Shenzhen) Co., Ltd.	10,079,369.00	10,079,369.00
	China Merchants Port Investment Development Company Limited	3,367,817.67	12,730,734.37
	Zhanjiang Xiagang United Development Co., Ltd.	3,089,624.74	4,130,081.82
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	2,468,481.60	1,439,753.57
	Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	1,668,710.30	3,750,000.03
	China Merchant Food (China) Co., Ltd.	1,069,017.00	1,628,515.12
	China Traffic Import and Export Co., Ltd.	1,055,975.76	1,069,017.00
	Hoi Tung (Shanghai) Company Limited	901,185.39	-
	Shenzhen Baohong Technology Co., Ltd.	749,269.39	3,263,853.86
	Antong Holdings and its subsidiaries	62,532.00	-
	China Merchants Real Estate Co., Ltd.	-	6,420,820.68
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	-	749,269.39
Other related parties	5,480,784.29	6,732,058.14	
Total	95,457,898.69	99,352,844.44	
Non-current liabilities due within one year	China Merchants Group Finance Company Limited	314,129,814.17	110,838,087.45
	China Merchants Finance Lease (Shanghai) Co., Ltd.	102,770,924.39	103,236,707.51
	Nanshan Group and its subsidiaries	65,457,241.76	65,165,836.97
	China Merchants Finance Lease (Tianjin) Co., Ltd.	32,122,756.22	32,339,542.44
	China Merchants Tongshang Finance Lease Co., Ltd.	22,829,945.85	45,115,824.42
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	21,660,807.10	37,012,422.69
	China Merchants Bank Co., Ltd.	11,349,279.17	11,362,639.43
	EuroAsia Dockyard Enterprise and Development Limited	7,450,087.55	14,255,883.08
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	6,154,654.29	-
	Baosteel Zhanjiang Iron & Steel Co., Ltd.	1,651,756.23	-
	China Merchants International Cold Chain (Shenzhen) Company Limited	881,354.93	1,050,270.17
	Guangdong Shunkong City Investment Real Estate Co. Ltd.	-	3,162,000.00
	Other related parties	1,460,695.52	1,962,815.09
Total	587,919,317.18	425,502,029.25	

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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 parties	30/6/2023	31/12/2022
Other non-current liabilities	Nanshan Group and its subsidiaries	1,135,387.64	-
Lease liabilities	Nanshan Group and its subsidiaries	33,064,089.35	65,431,073.09
	China Merchants Finance Lease (Shanghai) Co., Ltd.	25,000,000.00	75,833,546.45
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	3,235,085.58	-
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	3,024,175.27	5,993,041.70
	China Merchants Finance Lease (Tianjin) Co., Ltd.	-	15,833,403.29
	China Merchants International Cold Chain (Shenzhen) Company Limited	-	253,362.41
	Other related parties	248,727.97	803,148.25
Total	64,572,078.17	164,147,575.19	
Long-term borrowings	China Merchants Group Finance Company Limited	547,218,656.91	445,490,692.58
	China Merchants Bank Co., Ltd.	351,500,000.00	325,000,000.00
	Total	898,718,656.91	770,490,692.58
Long-term payables	China Merchants Finance Lease (Tianjin) Co., Ltd.	41,198,052.99	41,052,268.30

(XIV) SHARE-BASED PAYMENTS

1. Summary of share-based payments

Total number of the Company's equity instruments granted during the period	None
Total number of the Company's equity instruments vested during the period	None
Total number of the Company's equity instruments lapsed during the period	None
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	Exercise price is RMB 14.28 to RMB 16.53; remaining contractual life is 43 months
Range of exercise prices and remaining contractual life of the Company's other equity instruments outstanding at the end of the period	None

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(XIV) SHARE-BASED PAYMENTS - continued

2. Equity-settled share-based payments

The method of determining the fair value of equity instruments at the grant date	The Black-Scholes model is adopted to estimate the cost of granted stock options
Basis for determining the number of equity instruments expected to be vested	On each balance sheet date in the vesting period, the best estimate is made and the number of equity instruments expected to be vested is revised based on the latest follow-up information such as changes in the number of vested employees.
Reasons for the significant difference between the estimates in the current period and that in the prior period	The vesting conditions for the second exercise period of the first batch are not satisfied The vesting conditions for the first exercise period of the reserved portion are not yet satisfied
Amounts of equity-settled share-based payments accumulated in capital reserve	6,451,242.86
Total expenses recognized for equity-settled share-based payments	1,352,847.60

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, ([2019] No. 748, SASAC), and as deliberated and approved by the 1st Extraordinary General Meeting of the Company in 2020 dated 3 February 2020, the Company granted 238 incentive recipients 17,198,000 stock options on 3 February 2020 with an exercise price of RMB 17.80 per share. With a lockup period of 24 months from the grant 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 three batches, specifically 40% for the first batch (after 24 months but within 36 months subsequent to the grant date), 30% for the second batch (after 36 months but within 48 months subsequent to the grant date); 30% for the third batch (after 48 months but within 84 months subsequent to the grant date); each share option represents the right to subscribe a share of ordinary share of the Company.

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 grant date is 29 January 2021. On 29 January 2022, the Company adjusted the exercise price of the reserved portion of stock option to RMB 14.71 per share. With a lockup period of 24 months from the grant 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 grant date), and the remaining 50% for the second batch (after 36 months but within 72 months subsequent to the grant 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. Equity-settled share-based payments - continued

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, on 29 January 2022, the Company uniformly adjusted the exercise prices of the first batch and reserved portion of stock option granted under stock option incentive plan (phase I) from RMB 17.34 per share to RMB 16.96 per share and from RMB 15.09 per share to RMB 14.71 per share respectively; On 20 January 2023, the Company uniformly adjusted the exercise prices of the first batch and reserved portion of stock option granted under stock option incentive plan (phase I) from RMB 16.96 per share to RMB 16.53 per share and from RMB 14.71 per share to RMB 14.28 per share respectively;

On 14 February 2022, the Company cancelled 6,380,000 stock options corresponding to the first exercise period of the stock option (initially granted batch) under stock option incentive plan (phase I) of the Company as the vesting conditions of the first exercise period of the stock option (initially granted batch) under stock option incentive plan (phase I) of the Company have not been satisfied. As 10 recipients to the incentive plan retired or ceased to be employed by the Company, the corresponding 1,248,000 stock options were cancelled.

On 7 February 2023, the Company cancelled 3,886,800 stock options corresponding to the second exercise period of the stock option (initially granted batch) under stock option incentive plan (phase I) of the Company as the vesting conditions of the second exercise period of the stock option (initially granted batch) under stock option incentive plan (phase I) of the Company have not been satisfied; The Company cancelled 265,000 stock options corresponding to the first exercise period of the stock option (reserved portion) under stock option incentive plan (phase I) of the Company as the vesting conditions of the first exercise period of the stock option (reserved portion) under stock option incentive plan (phase I) of the Company have not been satisfied. As 21 recipients to the incentive plan retired or ceased to be employed by the Company, the corresponding 1,796,400 stock options were cancelled.

(XV) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Item	30/6/2023	31/12/2022
Commitments that have been entered into but have not been recognized in the financial statements		
- Commitment to make contributions to the investees	458,281,675.87	38,956,185.01
- Commitment to acquire and construct long-term assets	1,731,571,969.81	1,802,316,899.52
- Commitment to invest port construction	5,741,342.60	5,571,690.76
- Others	383,560.31	383,560.31
Total	2,195,978,548.59	1,847,228,335.60

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(XV) COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies

Item	30/6/2023	31/12/2022
Contingent liabilities arising from litigations (Note 1)	943,254,239.79	279,438,527.06
Guarantees for borrowings of associates (Note 2)	310,053,082.02	186,672,528.21
Total	1,253,307,321.81	466,111,055.27

Note 1: This mainly represents the significant contingent liabilities arising from the pending litigations between TCP and its subsidiaries and the local tax authority, employee or former employee. According to the latest estimates of the Group's management, the possible compensation is RMB 943,254,239.79 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.

Zhanjiang Port, a subsidiary of the Company, entered into an EPC contract for the General Cargo Terminal Project at Donghai Island Port Area of Zhanjiang Port with CCCC Water Transport Planning and Design Institute Co., Ltd. on 28 June 2016, with the agreed construction period from 28 June 2016 to 8 June 2018. After the contract was signed, the overall progress of the project construction was delayed due to the optimization and adjustment of the layout plan and process design for the terminal. In December 2022, CCCC Water Transport Planning and Design Institute Co., Ltd. filed a litigation to the court for losses caused by delay in construction, adjustment to project scale, changes in design, and other reasons, and require Zhanjiang Port for compensation.

As at 31 December 2022, the claims of CCCC Water Transport Planning and Design Institute Co., Ltd. were inconsistent with those agreed in the contract, the relevant result of the litigation could not be reasonably estimated, and the management of the Group believed that the possibility of loss was quite low, therefore, no provisions were made for the above pending litigation.

Note 2: As of 30 June 2023, the guarantees provided by the Group to related parties are set out in Note (XIII) 5 (3).

As of 30 June 2023, the Group's directors assessed the risk of default by related parties in respect of above loans and other liabilities. The directors believe that the risk is immaterial and there is minor possibility of loss due to the guarantee.

As of 30 June 2023, in addition to aforesaid contingencies, the Group had no other significant guarantee or contingencies that need to be explained.

(XVI) EVENTS AFTER THE BALANCE SHEET DATE

1. Disposal of equity interests in Ningbo Daxie

As of 30 June 2023, the Company's subsidiary Cyber Chic Company Limited had not completed the disposal of 45% equity interests in Ningbo Daxie. On 8 August 2023, the equity transfer was completed. Therefore, the Group no longer holds equity interests in Ningbo Daxie and no longer includes it in the scope of consolidated financial statements.

2. Commitment of capital injection into the investee

On 21 April 2023, Fortune Centre Group Limited, a subsidiary of the Company, entered into a shareholders agreement (the "Shareholders Agreement") with Access Engineering PLC and Sri Lanka Ports Authority with respect to the establishment and governance of the project company for the implementation of South Asia Commercial and Logistics Hub Project ("SACLH Project"). The project company has issued share capital of USD 84,000,000.00. Therein, Fortune Centre Group Limited, Access Engineering PLC. And Sri Lanka Ports Authority respectively agreed to make cash contributions of USD 58.8 million, USD 12.6 million and USD 12.6 million, accounting for 70%, 15% and 15% of the total issued share capital, respectively. The Group has the rights to assign the majority of the members of the Board of Directors of the project company. Therefore, the Group has control over the project company and includes it in the scope of consolidated financial statements.

In July 2023, Fortune Centre Group Limited, a subsidiary of the Company, entered into a supplementary agreement to the Shareholders Agreement with Access Engineering PLC and Sri Lanka Ports Authority, changing the total share capital of the project company from USD 84 million to USD 78.9 million. As of the approval date of the financial statements, the Group has injected capital of USD 12 million and the capital injection has not yet been completed.

(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. The CODM considers the Group's operations from the two aspects of business and geographic segments.

The operating segments for which their individual financial information is available are identified by the CODM and are operated by their respective management teams. These operating segments are aggregated and form reporting segments of the Group.

(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

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

The management assesses the performance of the Group's business operations including ports operation, bonded logistics operation and other operations from the business and geographic segments perspectives

Ports operation

Ports operation includes container terminal operation, bulk and general cargo terminal operation operated by the Group's associates and joint ventures.

The Group's ports operation is reported as follows:

(a) Mainland China, Hong Kong and Taiwan

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

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

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, logistics operations operated by the Group's associates, and 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. For the purpose of segment reporting, the operating segments with similar economic characteristics are aggregated into reporting 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.

(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

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

Other operations - continued

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 the purpose of segment reporting, these operating segments have been aggregated into reporting segments according to the natures of their operations to present more meaningful information.

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

The revenue from a major customer of ports operation amounts to RMB 785,642,084.52 representing 10.08 % (For the period from 1 January to 30 June 2022: 9.73%) of the Group's operating income for the period from 1 January to 30 June 2023.

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(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Financial information of reporting segments

Segment information for the period from 1 January to 30 June 2023 is as follows:

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other regions	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	3,097,351,341.64	454,417,897.17	34,005,738.63	1,707,565,905.93	2,150,550,737.41	7,443,891,620.78	264,962,592.07	86,407,358.14	-	7,795,261,570.99
Operating cost	1,682,854,605.81	324,518,375.72	27,745,460.78	1,244,020,127.84	991,877,837.27	4,271,016,407.42	137,413,819.19	111,513,527.18	-	4,519,943,753.79
Segment operating profit (loss)	1,414,496,735.83	129,899,521.45	6,260,277.85	463,545,778.09	1,158,672,900.14	3,172,875,213.36	127,548,772.88	-25,106,169.04	-	3,275,317,817.20
Adjustments:										
Taxes and levies	19,526,223.00	753,587.52	750,216.83	23,234,524.85	73,010,300.82	117,274,853.02	12,504,446.59	11,998,032.83	-	141,777,332.44
Administrative expense	198,241,152.78	19,077,539.33	4,226,647.69	243,950,580.76	121,326,402.72	586,822,323.28	23,123,474.76	532,016.34	180,438,340.27	790,916,154.65
R&D expenses	94,730,593.45	19,694,430.12	-	6,616,287.15	-	121,041,310.72	-	-	-	121,041,310.72
Financial expenses	28,664,425.22	24,980,305.30	2,341,420.05	47,653,186.79	48,707,223.33	152,346,560.69	4,025,526.29	15,542,184.34	788,535,470.58	960,449,741.90
Other income	20,795,181.81	8,774,798.69	3,918.26	25,020,275.37	-	54,594,174.13	7,676,617.28	286,151.86	-	62,556,943.27
Investment income	31,088,848.04	2,576,081,993.76	223,213,146.95	20,281,271.27	179,713,787.90	3,030,379,047.92	16,346,214.88	127,311,637.93	13,455,817.67	3,187,492,718.40
Gains (losses) from changes in fair value	27,635,522.77	-	171,253,003.44	-4,977,932.24	-	193,910,593.97	-57,875,873.69	5,674,527.84	1,328,055.56	143,037,303.68
Impairment gains (losses) of credit	-647,077.22	-	-	791,105.35	-7,855,915.77	-7,711,887.64	416,266.34	-	-	-7,295,621.30
Impairment gains of assets	65,324.84	-	-	-	-	65,324.84	-	-	-	65,324.84
Gains (losses) from disposal of assets	656,081.83	-	-7,362.22	-15,292.67	3,645.68	637,072.62	-285,026.87	-	-	352,045.75
Operating profit (loss)	1,152,928,223.45	2,650,250,451.63	393,404,699.71	183,190,625.62	1,087,490,491.08	5,467,264,491.49	54,173,523.18	80,093,915.08	-954,189,937.62	4,647,341,992.13

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(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Financial information of reporting segments - continued

Segment information for the period from 1 January to 30 June 2023 is as follows: - continued

Item	Ports operation					Other regions	Sub-total	Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan										
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others							
Non-operating income	20,290,570.27	202,798.18	50,473.44	2,977,967.67	9,780,181.63	33,301,991.19	99,471.76	120,985.48	3,061,036.03	36,583,484.46	
Non-operating expenses	5,761,171.09	213,965.02	-	3,056,124.97	1,047,742.25	10,079,003.33	-	-	-	10,079,003.33	
Gross profit (loss)	1,167,457,622.63	2,650,239,284.79	393,455,173.15	183,112,468.32	1,096,222,930.46	5,490,487,479.35	54,272,994.94	80,214,900.56	-951,128,901.59	4,673,846,473.26	
Income tax expenses	284,023,720.30	98,953,958.65	52,291,098.46	35,294,704.60	109,190,020.21	579,753,502.22	16,942,381.55	16,149,388.08	374,580.71	613,219,852.56	
Net profit (loss)	883,433,902.33	2,551,285,326.14	341,164,074.69	147,817,763.72	987,032,910.25	4,910,733,977.13	37,330,613.39	64,065,512.48	-951,503,482.30	4,060,626,620.70	
Segment assets	24,077,034,824.03	60,067,762,451.82	9,816,804,596.68	27,625,611,169.76	47,152,109,689.23	168,739,322,731.52	3,971,154,263.99	19,585,631,808.90	12,632,780,604.92	204,928,889,409.33	
Total assets in the financial statements										204,928,889,409.33	
Segment liabilities	7,030,968,571.00	1,976,037,523.47	142,578,115.06	7,412,483,599.88	7,539,593,421.93	24,101,661,231.34	382,986,037.09	703,952,392.58	48,988,629,180.92	74,177,228,841.93	
Total liabilities in the financial statements										74,177,228,841.93	
Supplementary information:											
Depreciation and amortization	639,599,877.02	111,508,652.47	441,032.34	429,560,132.83	433,516,442.65	1,614,626,137.31	44,093,152.92	12,278,103.04	13,879,454.86	1,684,876,848.13	
Interest income	24,037,169.58	659,332.12	337,995.32	12,375,739.77	143,657,830.50	181,068,067.29	419,363.09	898,417.50	66,515,506.30	248,901,354.18	
Interest expenses	44,714,677.00	6,591,958.47	-	58,488,953.57	195,722,581.32	305,518,170.36	4,367,885.32	9,846,807.92	793,157,746.32	1,112,890,609.92	
Investment income from long-term equity investment under the equity method	29,199,934.90	2,540,328,464.96	182,221,956.36	20,172,521.27	179,713,787.90	2,951,636,665.39	16,346,214.88	127,311,637.93	-	3,095,294,518.20	
Long-term equity investment under equity method	1,813,117,599.50	53,312,454,699.90	8,694,304,892.54	1,718,018,313.90	13,417,899,893.72	78,955,795,399.56	1,736,168,937.02	14,284,305,831.54	-	94,976,270,168.12	
Non-current assets other than long-term equity investment	18,097,790,529.49	401,611,000.59	15,379,045.27	20,222,118,801.41	26,461,825,273.66	65,198,724,650.42	2,022,680,892.60	4,922,045,463.32	1,477,890,583.32	73,621,341,589.66	

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(XVII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Financial information of reporting segments - continued

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

Revenue from external transactions	Current period	Prior period
Mainland China, Hong Kong and Taiwan	5,624,973,995.70	6,200,189,217.85
Pearl River Delta	3,354,702,296.86	3,622,864,022.12
Yangtze River Delta	454,417,897.17	649,729,096.28
Bohai Rim	108,287,895.74	104,952,044.58
Others	1,707,565,905.93	1,822,644,054.87
Other regions	2,170,287,575.29	1,950,273,149.34
Total	7,795,261,570.99	8,150,462,367.19

Total non-current assets	30/6/2023	31/12/2022
Mainland China, Hong Kong and Taiwan	127,678,176,348.55	130,723,044,577.52
Pearl River Delta	42,501,553,761.46	42,150,053,552.57
Yangtze River Delta	53,714,065,700.49	56,350,210,822.78
Bohai Rim	9,223,994,377.29	9,147,542,234.74
Others	22,238,562,509.31	23,075,237,967.43
Other regions	40,919,435,409.23	38,433,802,661.11
Total	168,597,611,757.78	169,156,847,238.63

(3) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 1,840,216,846.81, accounting for 23.61% of the Group's total operating income.

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

1. Other receivables

(1) Summary of other receivables

Item	30/6/2023	31/12/2022
Dividends receivable	165,497,659.95	147,896,763.88
Other receivables	1,253,023,972.63	2,601,740,991.35
Total	1,418,521,632.58	2,749,637,755.23

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

1. Other receivables - continued

(2) Dividends receivable

(a) Presentation of dividends receivable

Name of companies	30/6/2023	31/12/2022
Chiwan Wharf (Hong Kong)	147,680,363.88	147,680,363.88
CM Port	8,083,560.00	-
CM International Tech	9,517,336.07	-
China Petroleum Sales Co., Ltd. Guangdong Shenzhen Petroleum Company	216,400.00	216,400.00
Total	165,497,659.95	147,896,763.88
Less: Provision for credit loss	-	-
Carrying amount	165,497,659.95	147,896,763.88

(b) Significant dividends receivable aged over 1 year

Item	30/6/2023	31/12/2022	Aging	Reason for outstanding	Impaired or not
Chiwan Wharf (Hong Kong)	147,680,363.88	147,680,363.88	2 - 3 years	Procedures are being handled and it is expected to be recovered in 2023	No

(3) Other receivables

(a) Disclosure of other receivables by aging

Aging	30/6/2023		
	Other receivables	Provision for credit loss	Proportion of provision (%)
Within 1 year	1,250,228,057.16	-	-
1 to 2 years	2,467,600.00	-	-
2 to 3 years	-	-	-
Over 3 years	711,772.07	383,456.60	53.87
Total	1,253,407,429.23	383,456.60	0.03

(b) 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 economic conditions and forecast of future economic conditions.

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

(3) Other receivables - continued

(b) Provision for credit loss of other receivables - continued

At 30 June 2023, the credit risk and expected credit loss of other receivables by categories of customers are as follows:

Credit rating	Expected credit loss ratio (%)	30/6/2023				31/12/2022			
		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	1,253,023,972.63	-	-	1,253,023,972.63	2,601,740,991.35	-	-	2,601,740,991.35
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		1,253,023,972.63	-	383,456.60	1,253,407,429.23	2,601,740,991.35	-	383,456.60	2,602,124,447.95
Provision for credit loss		-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Book value		1,253,023,972.63	-	-	1,253,023,972.63	2,601,740,991.35	-	-	2,601,740,991.35

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

1. Other receivables - continued

(3) Other receivables - continued

(c) Provision, recovery or reversal of credit loss of other receivables in the current period

Item	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2023	-	-	383,456.60	383,456.60
Carrying amount of other receivables at 1 January 2023				
-- Transfer to stage 2	-	-	-	-
-- Transfer to stage 3	-	-	-	-
-- Transfer back to stage 2	-	-	-	-
-- Transfer back to stage 1	-	-	-	-
Provision for the period	-	-	-	-
Reversal	-	-	-	-
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Balance at 30 June 2023	-	-	383,456.60	383,456.60

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

(e) Presentation of other receivables by nature

Item	30/6/2023	31/12/2022
Loans to related parties	1,235,854,890.39	2,596,356,894.67
Rent receivable	9,417,444.96	-
Advances	4,933,126.00	2,467,600.00
Others	3,201,967.88	3,299,953.28
Total	1,253,407,429.23	2,602,124,447.95
Less: Provision for credit loss	383,456.60	383,456.60
Book value	1,253,023,972.63	2,601,740,991.35

(f) There is no other receivables write-off during this period.

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

1. Other receivables - continued

(3) Other receivables - continued

(g) The top five balances of other receivables classified by debtor

Company name	Relationship with the Company	Nature	30/6/2023	Aging	Proportion of the amount to the total other receivable (%)	Closing balance of provision for credit loss
Chiwan Wharf Holdings (Hong Kong) Ltd.	Subsidiary	Related party loans	1,091,029,629.39	Within 1 year	87.05	
Shunkong Port	Subsidiary	Related party loans	144,825,261.00	Within 1 year	11.55	
Shenzhen Chiwan Port Development Co., Ltd.	Subsidiary	Rent receivable	7,594,959.30	Within 1 year	0.61	
CM International Tech	Subsidiary	Advances	2,467,600.00	1 - 2 years	0.20	
Shenzhen Merchants Qianhaiwan Real Estate Co., Ltd.	Related party	Rent receivable	1,822,485.66	Within 1 year	0.15	
Total			1,247,739,935.35		99.56	

CHINA MERCHANTS PORT GROUP CO., LTD.

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

2. Long-term equity investments

Investee	01/01/2023	Changes for the period							30/6/2023	Closing balance of impairment provision	
		Additional investment	Reduction in investment	Investment income under the equity method	Adjustment of other comprehensive income	Other equity movements	Announced distribution of cash dividends or profit	Impairment provision			Effect of translation of financial statements denominated in foreign currencies
I. Subsidiary											
Ports Development (Hong Kong) Limited	29,203,045,326.23	-	-	-	-	-	-	-	-	29,203,045,326.23	-
Zhanjiang Port	3,381,825,528.52	-	-	-	-	-	-	-	-	3,381,825,528.52	-
Chiwan Container Terminal Co., Ltd.	421,023,199.85	-	-	-	-	-	-	-	-	421,023,199.85	-
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	-
Dongguan Shenchiwian Port Affairs Co., Ltd.	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00	-
Dongguan Shenchiwian Wharf Co., Ltd.	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00	-
CM Port	168,841,768.35	656,564.40	-	-	-	-	-	-	-	169,498,332.75	-
CM Port (Zhoushan) RoRo Logistics Co., Ltd.	149,709,800.00	-	-	-	-	-	-	-	-	149,709,800.00	-
Yide Port	131,866,700.00	-	-	-	-	-	-	-	-	131,866,700.00	-
Shunkong Port	50,000,000.00	-	-	-	-	-	-	-	-	50,000,000.00	-
Shenzhen Chiwan Tugboat Co., Ltd.	24,000,000.00	-	-	-	-	-	-	-	-	24,000,000.00	-
CM International Tech	20,561,075.02	-	-	-	-	-	-	-	-	20,561,075.02	-
Shenzhen Chiwan International Freight Agency Co., Ltd.	5,500,000.00	-	-	-	-	-	-	-	-	5,500,000.00	-
Sanya Merchants Port Development Co., Ltd.	2,040,000.00	-	-	-	-	-	-	-	-	2,040,000.00	-
Chiwan Wharf Holdings (Hong Kong) Ltd.	1,070,000.00	-	-	-	-	-	-	-	-	1,070,000.00	-
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	-	-	-	-	-	-	1,051,789.43	-
Sub-total	34,379,263,998.49	656,564.40	-	-	-	-	-	-	-	34,379,920,562.89	-
II. Associate											
Ningbo Zhoushan	16,228,879,526.87	-	-	450,553,881.92	10,596,817.21	-20,538,794.98	-355,122,265.53	-	-	16,314,369,165.49	-
China Merchants Northeast Asia Development & Investment Co., Ltd.	1,017,010,205.71	-	-	3,116,967.23	-	-	-	-	-	1,020,127,172.94	-
China Merchants Bonded Logistics Co., Ltd.	412,362,918.79	-	-	20,604,000.00	-	-	-	-	-	432,966,918.79	-
Antong Holdings (Note)	-	892,445,435.37	-	10,337,508.05	-	-	-	-	-	902,782,943.42	-
Sub-total	17,658,252,651.37	892,445,435.37	-	484,612,357.20	10,596,817.21	-20,538,794.98	-355,122,265.53	-	-	18,670,246,200.64	-
III. Joint venture											
Yantai Port Group Laizhou Port Co., Ltd.	794,153,389.74	-	-	20,672,709.37	-	-1,476,439.54	-28,133,178.67	-	-	785,216,480.90	-
Fujian Zhaohang Logistics Management Partnership (Limited Partnership)	592,134,266.75	-	-	8,836,887.70	-	-	-	-	-	600,971,154.45	-
Shenzhen Gangteng Internet Technology Co., Ltd.	9,809,165.14	3,750,000.00	-	-764,032.37	-	-	-	-	-	12,795,132.77	-
Sub-total	1,396,096,821.63	3,750,000.00	-	28,745,564.70	-	-1,476,439.54	-28,133,178.67	-	-	1,398,982,768.12	-
Total	53,433,613,471.49	896,851,999.77	-	513,357,921.90	10,596,817.21	-22,015,234.52	-383,255,444.20	-	-	54,449,149,531.65	-

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(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 - continued

Note : Details are set out in Note (VIII) 13.

3. Operating income and operating costs

Item	Current period		Prior period	
	Revenue	Cost	Revenue	Cost
Principal operations	-	-	-	1,132,979.70
Other operations	8,968,995.20	1,843,205.76	-	-
Total	8,968,995.20	1,843,205.76	-	1,132,979.70

4. Investment income

(1) Details of investment income

Item	Current period	Prior period
Gains from long-term equity investments under the equity method	513,357,921.90	136,885,266.28
Gains from long-term equity investments under the cost method	405,401,855.31	546,403,227.17
Gains from held-for-trading financial assets	27,032,712.34	79,627,913.70
Gains from other equity instruments investments	8,824,500.00	-
Gains from disposal of long-term equity investments	-	-43,817.42
Total	954,616,989.55	762,872,589.73

(2) Gains from long-term equity investments under the cost method

Investees	Current period	Prior period	Reason for changes comparing with prior period
Chiwan Container Terminal Co., Ltd.	149,527,479.94	166,925,696.05	Changes in profit distribution of investee
Shenzhen Chiwan Harbor Container Co. Ltd.	111,712,423.41	173,751,858.77	Changes in profit distribution of investee
Zhanjiang Port	36,552,790.18	91,862,080.91	Changes in profit distribution of investee
Dongguan Chiwan Terminal Co., Ltd.	33,386,741.74	37,543,998.58	Changes in profit distribution of investee
Dongguan Chiwan Warf Co., Ltd.	26,519,896.50	18,111,237.23	Changes in profit distribution of investee
Shenzhen Chiwan Tugboat Co., Ltd.	20,137,075.44	29,238,925.84	Changes in profit distribution of investee
Shenzhen Chiwan Port Development Co., Ltd.	9,751,697.73	20,415,654.72	Changes in profit distribution of investee
CM International Tech	9,517,336.07	-	Changes in profit distribution of investee
CM Port	8,083,560.00	8,322,676.13	Changes in profit distribution of investee
Shenzhen Chiwan International Freight Agency Co., Ltd.	212,854.30	231,098.94	Changes in profit distribution of investee
Total	405,401,855.31	546,403,227.17	

CHINA MERCHANTS PORT GROUP CO., LTD.

**SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
(Unless otherwise specified, the monetary unit shall be RMB.)**

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	Amount	Remarks
Losses on disposal of non-current assets	-6,698,657.83	
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)	46,639,497.49	
Money lending income earned from non-financial institutions in profit or loss	113,972,342.76	
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., staffing expenditure, 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 involving enterprises under common control from the beginning of the period up to the business combination date	-	
Gains or losses arising from contingencies other than those related to normal operating business	-	
Gains from changes of fair value of held-for-trading financial assets, derivative financial assets, other non-current financial assets, held-for-trading financial liabilities, derivative financial liabilities other than effective hedging operation relating to the Company's normal operations, and the investment income from disposal of the above held-for-trading financial assets/financial liabilities and other debt investments	143,037,303.68	
Reversal of provision for accounts receivable that are tested for credit loss individually	2,371,890.55	
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 of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations on profit or loss	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	33,504,023.58	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	-65,076,056.83	
Effects of minority interest (after tax)	-166,808,957.12	
Total	100,941,386.28	

CHINA MERCHANTS PORT GROUP CO., LTD.

SUPPLEMENTARY INFORMATION

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023

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

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.

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	3.4343	0.7612	0.7612
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	3.2520	0.7208	0.7208
