



**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**2015 ANNUAL REPORT**

**Disclosed on 28 March 2016**

## **Section I. Important Statements, Contents & Terms**

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

Board Chairman Shi Wei, Chief Financial Officer Zhang Fang and Financial Manager Li Li hereby guarantee the factuality, accuracy and completeness of the Financial Report in this Report.

This Report has been reviewed and approved by all directors at the 5<sup>th</sup> Meeting of the 8<sup>th</sup> Board of Directors.

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

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

The Company’s preliminary plan for profit distribution upon the review and approval at the board meeting: Based on the total shares of 644,763,730, a cash dividend of RMB4.10 (tax included) will be distributed to all the shareholders for every 10 shares that they hold. No bonus shares will be granted and no capital reserve will be turned into share capital.

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

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## Terms

Term	Content
Company, the Company or Chiwan Wharf	Shenzhen Chiwan Wharf Holdings Limited
CMG	China Merchants Group
CMHI	China Merchants Holdings (International) Company Limited
CND Group	China Nanshan Development (Group) Inc.
Malai Storage	Shenzhen Malai Storage Co., Ltd.
KFEL	Keen Field Enterprises Limited
CDF	China Development Finance Company Ltd.
CCT	Chiwan Container Terminal Co., Ltd. (controlled subsidiary of the Company)
SASAC of the State Council	State-Owned Assets Supervision and Administration Commission of the State Council
CSRC	China Securities Regulation Commission
Shenzhen CSRC	Shenzhen Bureau of China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
“The Company Law”	“The Company Law of the People’s Republic of China”
“The Securities Law”	“The Securities Law of the People’s Republic of China”
“The Articles of Association”	“The Articles of Association of Shenzhen Chiwan Wharf Holdings Limited”
“The Stock Listing Rules”	“The Stock Listing Rules of Shenzhen Stock Exchange”

## Section II. Company Profile & Financial Highlights

### I. Company information

Stock abbr.	Chiwan Wharf A, Chiwan Wharf B	Stock code	000022, 200022
Stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳赤湾港航股份有限公司		
Abbr. of the Chinese name of the Company	深赤湾		
English name of the Company (if any)	Shenzhen Chiwan Wharf Holdings Limited		
Abbr. of the English name of the Company (if any)	Chiwan Wharf		
Legal representative of the Company	Shi Wei		
Registered address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC		
Zip code	518067		
Office address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC		
Zip code	518067		
Internet website of the Company	<a href="http://www.szcwh.com">http://www.szcwh.com</a>		
Email address	<a href="mailto:cwh@szcwh.com">cwh@szcwh.com</a>		

### II. Contact us

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

### III. About information disclosure and where this Report is placed

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

**IV. Changes in the registered information**

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

**V. Other information**

The CPAs firm hired by the Company:

Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai, P.R.C.
Signing accountants	Li Weihua, Su Min

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

Applicable  Inapplicable

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

Applicable  Inapplicable

**VI. Accounting and financial highlights**

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

Yes  No

Unit: RMB Yuan

Item	2015	2014	Increase/decrease of current year over last year	2013
Operating revenues	1,872,608,596.16	1,804,766,176.31	3.76%	1,780,774,836.30
Net profits attributable to shareholders of the parent	527,751,492.42	417,594,271.33	26.38%	502,894,547.79
Net profits attributable to shareholders of the parent after extraordinary gains and losses	528,043,530.88	417,628,589.12	26.44%	502,469,158.84
Net cash flows from operating activities	977,850,737.45	818,315,147.74	19.50%	897,178,297.23
Basic EPS (RMB Yuan/share)	0.819	0.648	26.39%	0.780
Diluted EPS (RMB Yuan/share)	0.819	0.648	26.39%	0.780
Weighted average ROE (%)	12.34%	10.36%	1.98%	13.26%
Item	As at 31 Dec. 2015	As at 31 Dec. 2014	Increase/decrease of current year-end than last year-end	As at 31 Dec. 2013
Total assets	6,913,772,876.99	6,935,824,199.68	-0.32%	7,346,529,214.70
Net assets attributable to shareholders of the Company	4,439,600,537.05	4,115,298,831.59	7.88%	3,947,846,392.77

**VII. Differences between accounting data under domestic and overseas accounting standards****1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards**

No such differences

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

No such differences

**VIII. Financial highlights by quarter**

Unit: RMB Yuan

Item	Q1	Q2	Q3	Q4
Operating revenues	407,974,820.55	472,813,188.23	509,817,001.86	482,003,585.52
Net profits attributable to shareholders of the parent	102,580,695.58	139,396,676.76	175,532,433.81	110,241,686.27
Net profits attributable to shareholders of the parent after extraordinary gains and losses	104,753,391.40	139,009,690.31	175,272,326.54	109,008,122.63
Net cash flows from operating activities	161,160,849.20	204,361,665.51	279,497,564.39	332,830,658.35

**IX. Extraordinary gains and losses**

Unit: RMB Yuan

Item	2015	2014	2013
Profit or loss on disposal of non-current assets	-748,062.06	-4,364,137.54	-1,697,013.72
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)	934,144.81	2,489,528.50	460,819.18
Other non-operating income or expenses other than above	1,618,620.58	2,543,213.87	1,941,846.95
Less: Tax effects	579,718.94	40,993.60	127,755.31
Effects of minority interest (after tax)	1,517,022.85	661,929.02	152,508.15
Total	-292,038.46	-34,317.79	425,388.95

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

## Section III. Business Highlights

### I. Main business during the reporting period

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

In the reporting period, shrinking growth in port transportation demand caused by low international trade demand as well as fiercer competition due to overcapacity urged faster transformation by upgrading and integration of regional resources. New technology such as the Internet and the Internet of Things boosted the shift of port enterprises to a comprehensive service provider. As a regional hub for container and bulk cargo carriers, the Company enjoyed sound business results as well as a firm and improving market position.

### II. Material changes in main assets

#### 1. Material changes in main assets

Main assets	Material changes
Equity assets	The Proposal on Launch of the Transfer of 20% of China Development Finance Company Ltd. (“CDF”) has been reviewed and approved at the 5 <sup>th</sup> Special Meeting of the 8 <sup>th</sup> Board of Directors in 2015 dated 7 Aug. 2015. As such, it has been agreed to start transfer of the Company’s equities in CDF according to the rules governing property right management. During the period from 29 Oct. to 25 Nov. 2015, the Company put out the equity transfer message through the Chongqing United Assets and Equity Exchange for solicitation and China Nanshan Development (Group) Inc. (“CND Group”) turned out to be the transferee. Upon mutual agreement, the Company will transfer the 20% stake it holds in CDF to the CND Group for RMB112.9 million. The equity transfer contract has been signed on 30 Nov. 2015. And the public announcement on the transfer (No. 2015-101) has been released on Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn dated 1 Dec. 2015.
Mergers	The Company has successfully merged in Shenzhen Chiwan Trans-Grains Terminal Limited (“Trans-Grains Terminal”) in early 2015 and given the disclosure details in its 2014 Annual Report (“3. Business combination” under “V. Asset Transactions” under “Section V. Significant Events”). For details, please see the relevant announcements on www.cninfo.com.cn.

### III. Core competitiveness analysis

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



Material changes in the Company's core competitiveness during the reporting period: 1. Resource capacity of the container terminals has been improved. In June 2015, Berth 12# and 13# in Chiwan Wharf as well as Berth 6# and 7# in Mawan Wharf were successfully upgraded to a 150,000-ton-level berth and put into use. 2. Resource capacity of the bulk cargo terminals has also been improved. In April 2015, the Machong Phase II Wharf was approved for business by the reply of the Guangdong Provincial Government. In May, the Machong Phase I Wharf was approved by the reply of the Transport Office of Guangdong Province to upgrade from 50,000-ton-level berths to conditional 70,000-ton-level berths. In November, the 100,000-ton-level mechanized horizontal warehouse in Machong Wharf went into operation. In December, the Chiwan Wharf Berth 7# upgrading project was launched. These improvements in our resource capacity will further increase our competitiveness and provide guarantee for our business development.

## Section IV. Discussion and Analysis by Management

### I. Business review

In 2015, the global economy developed slowly amid polarization and adjustments, leading to falling commodity prices and weak international trade demand. With its economic structure in an upgrade period, China's economic growth in the year slowed down to 6.9%. Its gross value of imports and exports went down by 7.0% due to multiple factors such as low foreign demand, fading conventional competitive edges and trade protectionism. Substantial development of the Belt and Road Initiative, start of the supply-front structural reform as well as implementation and spread of the free trade zone policies caused a shrinking growth in port transportation demand and urged a faster pace in resource integration in the port industry. Meanwhile, new technology such as the Internet and the Internet of Things boosted the shift of port enterprises to a comprehensive service provider.

In 2015, strictly following the principle of "Recognize the Situation, Solidify What We Have and Innovate for Breakthroughs", the Company overcame difficulties and forged ahead. As a result, the business plan for the year has been fully accomplished.

#### 1. Continuous growth in business results

Affected by the sluggish macro-economy, growth in the throughput of China's ports kept falling. In 2015, throughput of China's coastal wharfs above the designated size stood at 7.84 billion tons, only 1.0% higher than that of last year. In the reporting period, the Company achieved a throughput of 66.618 million tons, a year-on-year increase of 5.7%, higher than the national average, which generated operating revenues of RMB1.87 billion, up 3.8% from last year; total profits of RMB730 million, up 8.3% on a year-on-year basis; and net profits attributable to the Company (excluding subsidiaries) of RMB530 million, representing a 26.4% growth from the year earlier.

The container handling business remained relatively stable. In 2015, shipping prices dropped further since the supply and demand imbalance in shipping was not improving with low international container shipping demand. To deal with the depression, shipping companies were trying to cut down their operating costs through shipping route adjustment and alliance cooperation. In 2015, container throughput of main ports in South China declined 1.4% year on year. Ports in Shenzhen achieved a container throughput of 24.21 million TEU, up 0.7% from the year earlier, staying No. 3 in the global ranking. As the Company mainly handled international containers and its clients were relatively centralized, the shipping route adjustments by its core clients caused more fluctuations in its business. In the reporting period, the Company handled 4.76 million TEU of containers, down 4.0% from last year, accounting for approximately 20% of the Shenzhen market, about the same with last year. Meanwhile, we made full use of our information platform—"Smart Port"—to vigorously promote the barge sideline. As a result, the 15.4% throughput growth in the barge business from containers from the Pearl River Delta effectively offset the decline in the international transit business. We also attracted 16 new shipping routes. By the end of 2015, we had a total of 54 international liner routes to work with. In addition, we have applied the same customs clearance procedure for Chiwan Wharf and Mawan Wharf and effectively improved the wharf environment.

The bulk cargo handling business continued to grow. In 2015, China imported a lot more fertilizer and grain from quite many countries and regions. We seized the opportunity, closely followed hot

trends in the market, adopted flexible business strategies in dealing with the fierce market competition and immediately responded to clients' needs. As a result, we achieved a remarkable result in market expansion, stabilizing the rates and further optimizing our business mix. In the reporting period, the Company achieved a bulk cargo throughput of 19.283 million tons, up 27.4% year on year, including 7.49 million tons from Chiwan Wharf (a year-on-year increase of 36.1%) as well as 11.793 million tons from Machong Wharf (a year-on-year increase of 22.4%). The Company saw a steadily expanding market share in its bulk cargo handling business, with a leading position in the Pearl River Delta in regard to handling exported grain and feedstuff as well as a leading position in the country regarding handling imported compound fertilizer.

Business highlights of the Company for the past three years are set out as follows:

Business highlight	2015	2014	2013
Total throughput (thousand tons)	66,618	63,002	65,894
Among which: Container throughput (thousand TEU)	4,760	4,958	5,346
Chiwan Wharf	3,414	3,712	3,990
Mawan Wharf (joint venture)	1,346	1,246	1,356
Bulk cargo throughput (thousand tons)	19,283	15,139	13,311
Chiwan Wharf	7,490	5,502	7,223
Machong Wharf	11,793	9,637	6,088
Hours charged for tow trucks (thousand hours)	1,129	1,170	1,230
Hours charged for tugboats (hour)	34,098	28,642	30,247

## 2. Continuous optimization of resource allocation

Pursuant to our development strategy, we pushed forward container berth upgrade, launched a berth upgrade and storage yard alteration project for Chiwan Wharf, and accelerated the construction in Machong Wharf. These effective improvements in our resource capacity have laid a solid foundation for our future business development.

In the reporting period, container berths 12# and 13# in Chiwan Wharf and container berths 6# and 7# in Mawan Wharf finished upgrading and were put into use; bulk cargo storage yard 14# in Chiwan Wharf finished expansion and went into operation, the Chiwan Wharf bulk cargo berth 7# alteration project entered the construction phase and the silo technique continued to improve; in Machong Wharf, berths 2# and 3# were upgraded upon approval to conditional 70,000-ton-level berths, the 100,000-ton mechanized horizontal warehouse was completed and put into use in November, construction started for the expansion of the 225,000-ton bulk grain warehouse, and preparations for the bulk grain silo phase III project proceeded smoothly as scheduled.

## 3. Effective increase of our management capability

In the reporting period, we continued to push forward lean management and enhanced the application of the statistic analysis tool in management via theoretical training and practice. Our management capability was further increased through our efforts in adjusting our management architecture, optimizing our debt structure, bringing in a competitive mechanism for contractors, spreading our technical innovation achievements, etc. Innovative measures such as encouraging innovation of our business models, technical innovation and optimizing operation procedures

helped increase our input-output efficiency and achieve improvement in efficiency, quality and earnings. Despite rising land rents and labor cost, controllable costs were effectively controlled and operating costs grew slower than the business volume did.

## II. Main business analysis

### 1. Overview

Unit: RMB Yuan

Item	2015	2014	+/-	Reason
Operating revenues	1,872,608,596.16	1,804,766,176.31	3.76%	-
Operating costs	1,002,715,909.05	983,886,550.05	1.91%	-
Administrative expenses	175,644,906.71	155,757,115.05	12.77%	-
Financial expenses	59,500,840.56	77,630,799.99	-23.35%	Interest cost decreased as average balance of interest-bearing debts decreased.
Net cash flows from operating activities	977,850,737.45	818,315,147.74	19.50%	-

### 2. Revenues and costs

#### (1) Breakdown of operating revenues

Unit: RMB Yuan

Item	2015		2014		+/-
	Amount	In operating revenues	Amount	In operating revenues	
Operating revenues	1,872,608,596.16	100%	1,804,766,176.31	100%	3.76%
By segments					
Load and unload services	1,747,972,945.00	93.34%	1,691,488,134.80	93.72%	3.34%
Trailer and tugboat business	158,969,818.91	8.49%	154,168,339.25	8.54%	3.11%
Agency and other services	25,708,043.32	1.37%	21,526,059.35	1.19%	19.43%
Inter-segment deduction	-60,042,211.07	-3.20%	-62,416,357.09	-3.45%	-3.80%
By areas					
China Mainland	1,855,423,240.72	99.08%	1,800,527,725.81	99.77%	3.05%
Hong Kong	17,185,355.44	0.92%	4,238,450.50	0.23%	305%

**(2) Segments, products or areas contributing over 10% of operating revenues or profit**

Unit: RMB Yuan

	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue: +/-% from last year	Operating cost: +/-% from last year	Gross profit margin: +/-% from last year
By segments						
Load and unload services	1,747,972,945.00	930,887,674.04	46.74%	3.34%	1.15%	1.15%
By areas						
China Mainland	1,855,423,240.72	989,096,949.05	46.69%	3.05%	0.53%	1.33%

**(3) Product sales higher than service income** Yes  No**(4) Execution progress of major signed sales contracts in reporting period** Applicable  Inapplicable**(5) Breakdown of operating costs**

By segments and products

Unit: RMB Yuan

Segment	Item	2015		2014		+/-
		Amount	In operating costs	Amount	In operating costs	
Load and unload services	Load and unload services	930,887,674.04	92.84%	920,259,787.76	93.53%	1.15%
Trailer and tugboat business	Related road transportation and shipping	118,198,934.43	11.79%	120,199,375.78	12.22%	-1.66%
Agency and other services	Agency	13,671,511.65	1.36%	5,843,743.60	0.59%	133.95%
Inter-segment deduction		-60,042,211.07	-5.99%	-62,416,357.09	-6.34%	-3.80%
Total		1,002,715,909.05	100%	983,886,550.05	100%	1.91%

**(6) Changes in consolidation scope for reporting period** Yes  No

The consolidation scope narrowed for the Company merged in subsidiary. For details, see Note (VI) "Changes in consolidation scope" to the consolidated financial statements in "Section X. Auditor's Report".

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

**(8) Main clients and suppliers****Main clients**

Sales income from top 5 clients (RMB Yuan)	886,448,006.08
In total sales income of the year (%)	47.34%

**Information about top 5 clients**

Serial No.	Client	Sales income generated (RMB Yuan)	In total sales income of the year (%)
1	Client A	300,044,507.07	16.02%
2	Client B	253,402,514.24	13.53%
3	Client C	123,958,514.55	6.62%
4	Client D	119,345,862.46	6.37%
5	Client E	89,696,607.76	4.80%
Total	--	886,448,006.08	47.34%

**Main suppliers**

Procurement from top 5 suppliers (RMB Yuan)	212,629,641.84
In total procurement of the year (%)	34.12%

**Information about top 5 suppliers**

Serial No.	Supplier	Procurement (RMB Yuan)	In total procurement of the year (%)
1	Supplier A	61,599,405.12	9.88%
2	Supplier B	46,996,298.55	7.54%
3	Supplier C	54,669,337.54	8.77%
4	Supplier D	24,718,036.07	3.97%
5	Supplier E	24,646,564.56	3.96%
Total	--	212,629,641.84	34.12%

**3. Expense**

Unit: RMB Yuan

Item	2015	2014	+/-
Administrative expenses	175,644,906.71	155,757,115.05	12.77%
Financial expenses	59,500,840.56	77,630,799.99	-23.35%

**4. R&D input**

Purposes, progress and objectives of R&D projects as well as their expected influence on future development of the Company

Chiwan Container Terminal Co., Ltd. (“CCT”), one of the Company’s controlled subsidiaries, is a certified hi-tech enterprise. In light of its research on market needs and development trends in logistics, CCT plans to launch R&D projects focusing on “automatic hardware” and “intelligent software”.

The automatic hardware project of CCT will help increase working efficiency, reduce energy consumption, lower labor cost and improve safety. So far, the project has solved many technical problems that no one else in the world has ever done and entered Phase II, with realizing automatic vertical transport for all storage yards being its goal in the near future and materializing automation on most of the port operation being its long-term goal. This will greatly increase our working efficiency and help provide more efficient service for our clients.

The intelligent software project of CCT focuses on modern, intelligent, individualized and green logistics software for efficient, automatic operation to provide quick, convenient and high-efficient service for our clients. So far, all of our software systems are mature enough to perform in a quick and intelligent manner functions such as data collection, automatic control during the operation procedures and provision of fast and efficient service for clients. The era of internet is coming. We are planning to set up a sound internet of things to apply more automatic control on operation in the ports via intelligent software.

CCT uses hi-tech and intelligent software not only in automatic control, data control and client service, but also in green control as a response to the government’s call so as to transform from a conventional wharf into a modern logistics company.

#### Particulars about R&D input

Item	2015	2014	+/-%
Number of R&D personnel	65	72	-9.72%
R&D personnel in total employees	4.49%	4.13%	0.36%
R&D input (RMB Yuan)	23,311,082.47	25,422,945.27	-8.31%
R&D input in operating revenues	1.24%	1.41%	-0.17%
Capitalized R&D input (RMB Yuan)	0	0	
Capitalized R&D input in total R&D input	0	0	

## 5. Cash flows

Unit: RMB Yuan

Item	2015	2014	+/-	Reason
Subtotal of cash inflows from operating activities	2,011,334,460.41	1,920,884,028.22	4.71%	-
Subtotal of cash outflows from operating activities	1,033,483,722.96	1,102,568,880.48	-6.27%	-
Net cash flows from operating activities	977,850,737.45	818,315,147.74	19.50%	-
Subtotal of cash inflows from investing activities	153,116,503.91	160,559,860.80	-4.64%	-
Subtotal of cash outflows from investing activities	152,822,155.82	223,690,273.38	-31.68%	Expenses on fixed assets and construction in progress decreased as the main construction of Machong Wharf completed.
Net cash flows from investing activities	294,348.09	-63,130,412.58	100.47%	Expenses on fixed assets and construction in progress decreased as the main construction of Machong Wharf completed.
Subtotal of cash inflows from financing activities	933,885,679.50	953,040,000.00	-2.01%	-
Subtotal of cash outflows from financing activities	1,706,368,356.34	1,955,820,576.00	-12.75%	-
Net cash flows from financing activities	-772,482,676.84	-1,002,780,576.00	22.97%	-
Net increase in cash and cash equivalents	214,502,637.19	-246,904,030.01	186.88%	Net cash flows from operating activities increased in the current year and subsidiary had to repay short-term borrowings last year.

## III. Non-core business analysis

Unit: RMB Yuan

Item	Amount	In total profit (%)	Source/reason	Continuity
Investment gains	100,817,732.86	13.85%	Profit from jointly-run and associated companies	Yes



## IV. Assets and liabilities

### 1. Major changes in asset composition

Unit: RMB Yuan

Item	As at 31 Dec. 2015		As at 31 Dec. 2014		Proportion change (%)	reason for major change
	Amount	In total assets (%)	Amount	In total assets (%)		
Monetary funds	683,138,123.66	9.88%	468,635,486.47	6.76%	3.12%	Monetary funds increased 46% from the opening amount of the year mainly because of the cash inflow from disposal of equity rights in China Development Finance as well as the increased net cash inflows from operating activities at the year-end.
Accounts receivable	189,016,564.86	2.73%	203,641,944.62	2.94%	-0.21%	-
Inventories	17,300,307.66	0.25%	19,090,168.61	0.28%	-0.03%	-
Investing real estate	26,747,795.38	0.39%	31,031,939.45	0.45%	-0.06%	-
Long-term equity investment	1,447,024,975.16	20.93%	1,493,340,275.05	21.53%	-0.60%	-
Fixed assets	3,213,180,964.08	46.48%	3,319,843,271.66	47.87%	-1.39%	-
Construction in progress	22,222,084.78	0.32%	34,582,369.45	0.50%	-0.18%	-
Short-term borrowings	141,610,178.37	2.05%			2.05%	-

### 2. Assets and liabilities measured at fair value

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Closing amount
Financial assets							
Available-for-sale financial assets	7,300,000		1,087,500				8,750,000
Subtotal of financial assets	7,300,000		1,087,500				8,750,000
Total of the above	7,300,000		1,087,500				8,750,000
Financial liabilities	0		0				0

Major changes in measurement attributes of main assets in reporting period

 Yes  No

**V. Investments****1. General situation**

Applicable  Inapplicable

**2. Major equity investments made in reporting period**

Applicable  Inapplicable

**3. Major non-equity investments ongoing in reporting period**

Applicable  Inapplicable

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

Unit: RMB Yuan

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Gain/loss on fair value changes in current period	Cumulative fair value changes recorded into equity	Purchased in current period	Sold in current period	Gain/loss in current period	Closing book value	Accounting title	Source of funds
Stock	600377	Jiangsu Expressway	1,120,000	Fair value method	7,300,000	0	1,087,500	0	0	380,000	8,750,000	Available-for-sale financial assets	Self-owned funds
Stock	400032	Petrochemical A1	3,500,000	Fair value method	382,200	0	0	0	0	0	382,200	Available-for-sale financial assets	Self-owned funds
Stock	400009	Guang Jian 1	27,500	Cost method	17,000	0	0	0	0	0	17,000	Available-for-sale financial assets	Self-owned funds
Total			4,647,500	--	7,699,200	0	1,087,500	0	0	380,000	9,149,200	--	--

**(2) Investments in financial derivatives**

No such cases in reporting period

**5. Use of raised funds**

No such cases in reporting period

## VI. Sale of major assets and equity interests

### 1. Sale of major assets

No such cases in reporting period

### 2. Sale of major equity interests

No such cases in reporting period

## VII. Main controlled and joint stock companies

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

Unit: RMB Yuan

Company name	Company variety	Main business	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Chiwan Container Terminal Co., Ltd.	Subsidiary	Container handling	USD95.3 million	2,032,537,649.57	1,517,707,143.06	758,255,475.19	276,870,548.32	254,154,218.89
Shenzhen Chiwan Harbor Container Co. Ltd.	Subsidiary	Container handling	RMB288.2 million	814,698,022.72	492,635,817.08	299,500,483.31	135,588,316.30	117,141,618.81
Dongguan Chiwan Terminal Co., Ltd.	Subsidiary	Handling and storage of bulk cargos	RMB400 million	970,524,653.79	487,040,711.64	210,782,671.49	104,732,611.30	104,729,119.43
Dongguan Chiwan Wharf Company Limited	Subsidiary	Handling and storage of bulk cargos	RMB450 million	989,019,261.83	697,375,253.05	278,723,570.73	78,198,070.29	70,645,117.94

### Subsidiaries acquired or disposed in reporting period

Name	Way of acquisition or disposal	Effect on overall operating results
Shenzhen Chiwan Trans-Grains Terminal Limited	Merged in by parent company (the Company)	No significant effect

### Other main subsidiaries and joint stock companies

Company name	Company variety	Industry	Main products /services	Registered capital	Total assets	Net assets	Net profit
Harbor Division	Non-independent legal entity	Transportation	Handling and warehousing of grain and feedstuff	N/A	583,993,442.84	489,900,395.91	41,864,355.64
Shenzhen Chiwan Transportation Co., Ltd.	Subsidiary	Transportation	Tow truck service for containers in the port	RMB 15 million	75,161,641.63	33,654,003.93	1,145,272.72
Shenzhen Chiwan Tugboats Co., Ltd.	Subsidiary	Transportation	Tugboat service	RMB 24 million	146,259,999.35	51,002,798.08	20,820,090.46
Chiwan Wharf (Hong Kong) Ltd.	Subsidiary	Investment holding	Investment holding	HKD 1 million	1,377,735,089.04	1,360,567,061.30	55,106,734.27

China Overseas Harbour Affairs (Laizhou) Co., Ltd.	Stock-participating subsidiary	Transportation	Handling and warehousing of petroleum, liquefied products and bulk cargos	USD 176,407,700	1,958,623,140.93	1,732,008,836.23	100,216,183.27
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## VIII. Structured bodies controlled by the Company

Applicable  Inapplicable

## IX. Outlook of the Company's future development

### 1. Outlook and trends of the industry

2016 is expected to continue to see a faltering recovery in the global economy as well as a slow development pace in global shipping. In the opening year for the 13<sup>th</sup> Five Year Plan for National Economic and Social Development, China continues to carry forward its market-oriented reform on its economy and shifts its economic growth to a medium and high speed. China's port industry is still under the pressure of overcapacity. In the meantime, costs are rising due to the government's adjustment to the policy governing port rates, rigid growth in labor cost, increasing requirements for port functions, etc. Competition among ports will become fiercer. All these are accelerating resource allocation in ports.

In terms of container handling, container throughput in the Pearl River Delta is expected to remain stable, the trend of larger ships and shipping alliances has become normal, and the risk of business fluctuations may become higher as clients have become more centralized. As a local hub port for container carriers, our market position and throughput will remain relatively stable and may grow as we enhance market expansion.

As for bulk cargo handling, regional demand is growing steadily and resource capacity of Chiwan Port and Machong Port has increased steadily. Meanwhile, due to operation for both foreign and domestic trade with a large and balanced variety of cargo, we enjoy strong competitiveness in the market. Therefore, throughput of our bulk cargo handling business will expectedly keep growing.

### 2. Development strategy

With our main goal being "Based on Main Business of Port Service, Be a Local Standard; Expand Comprehensive Service for Business Upgrade", we strive to build a company featuring excellent management, great efficiency, potential for sustained development and the ability to create constant value for its shareholders, employees, clients and the society.

(1) Main business of port service: We will consolidate our position as a hub port for container carries and a priority port for handling imported and exported grain and feedstuff in the Pearl River Delta, build a local standard, increase our brand value, ensure a steady and growing market share and solidify the foundation for development.

(2) Comprehensive service: Leveraging on the Internet and Internet of Things technology, seizing opportunities in the transformation of traditional ports and making use of our existing competitive edges, we will expand to the upstream and downstream of the industrial chain and value chain, cultivate new profit growth points and try to transform from a wharf operator to a comprehensive service provider.

(3) Investment: Seizing opportunities in the reform of state-owned enterprises and the integration of local ports, we will give full play to our function as a capital operation platform, obtain other resources through asset reorganization and integration, and further expand and improve our port network so as to increase return on our assets.

### **3. Business plans for 2016**

In face of the complex and changeable market in 2016, we will adhere to the guideline of “Recognize the Situation, Based on the Main Business and Create a Bright Future” and vigorously respond to challenges so as to achieve sound growth in our business results. Our main business plans are as follows:

(1) To ensure development of our main business of port services and consolidate our competitive business lines

In order for a steady growth in our business scale, we will actively deal with changes in the shipping market, enhance business expansion, improve our anti-risk capability, maintain flexible business strategies as well as solidify and increase our local market position.

(2) To accelerate construction projects so as to increase our resource capability

We will actively work with the government in expansion of Tonggu Channel Phase II to cater for bigger ships. Meanwhile, upon completion of the upgrade on Berth 7# in Chiwan Port, we will continue to push forward alteration of the storage yards in the port. As for Machong Port, we will speed up construction of supporting facilities such as Phase II Silo and Phase III Silo so as to fully improve the economy of resources as well as the market competitiveness.

(3) To enhance lean management and innovation to drive growth

Lean management and innovation will be pushed forward in the form of projects and we will also attach importance to application of the Internet technology in our port business. Meanwhile, we will set up an innovation system and incentive mechanism to encourage innovation and enhance application and spread of our innovation achievements in our actual operation.

(4) To look for investment and cooperation opportunities for synergistic effect

In the current reform of state-owned enterprises as well as integration in the industry, we will keep looking for opportunities for resource integration and business expansion so as to expand our business network, achieve synergistic effect and even a leap-frog development.

### **4. Capital needs and expenditure plan for 2016**

To implement our future development strategies and achieve the business goals we have set, a capital expenditure of RMB477,809,700 is planned for 2016, of which RMB372,631,000 will be invested in wharfs and warehouses, RMB70,883,000 in mechanical equipment and technical improvement projects, RMB30,267,200 in computer projects and RMB4,028,500 in administration and other. The said capital expenditures will be mainly funded by cash inflows from operating activities of the Company and bank borrowings.

### **5. Possible risks and countermeasures**

(1) Risk concerning the macro economy and the industry environment

The macro economy and trade is crucial to the port industry. As such, sources of containers and bulk cargos we are handling depend largely on the macro economy, particularly foreign and domestic trade, the industrial structure, etc. of the economic hinterland. Currently, we face great

challenges in business development due to weak growth in the global economy, sluggish international trade and slow growth in the port industry.

As our countermeasures, we will closely follow changes in the economic situation and the industry environment as well as improve our wharf operation capability through acceleration of the upgrade on our berths and equipment to cater for bigger ships and shipping alliances as well as to make the best out of our berths. While maintaining stability of our core clients and main shipping routes that we cater for, we will explore clients' needs and a new business model to provide integrated logistics service featuring high efficiency, quickness and convenience, trying to increase our operating efficiency.

## (2) Risk concerning market competition and operation

The Pearl River Delta is already dense with ports, and there is new capacity surging to heat up competition in a slow-growing market. We profit from relatively limited sources, namely conventional cargo handling, warehousing, transportation and other related services, which makes us vulnerable to hit by external factors.

To deal with that, we rely on our advanced wharf operation experience and continuously increasing wharf capacity to carry out a quality service strategy for higher loyalty from our clients. We also vigorously look for local cooperation, hoping to achieve benign interaction with the other ports in the region. In the meantime, we will give full play to our competitive edge of being in a free trade zone, carrying out an innovation strategy using technology of the Internet and the Internet of Things as well as other information means to seek for a differential development path and increase our core competitiveness.

## (3) Risk of cost of production elements

Prices of production elements such as land and labor keep rising, further squeezing the space for enterprise profits, which puts us under greater pressure for cost control.

To ease the pressure caused by rising costs, we will make better use of our land resources through optimization of our resource allocation, and carry forward lean management and innovation to increase our production efficiency.

## X. Visits paid to the Company for purposes of research, communication, interview, etc.

### 1. In the reporting period

Date	Way of visit	Type of visitor	Main discussion, materials provided & index
Jan.- Dec. 2015	By phone or written inquiry (EasyIR platform of SZSE)	Individuals and institutions	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR ( <a href="http://irm.cninfo.com.cn/ssessgs/S000022/index.html">http://irm.cninfo.com.cn/ssessgs/S000022/index.html</a> )
Times of visit			201
Number of visiting institutions			6
Number of visiting individuals			195
Number of other visiting entities			0
Significant undisclosed information disclosed, revealed or leaked		No	

**2. From end of reporting period to disclosure date**

Date	Way of visit	Type of visitor	Main discussion, materials provided & index
Jan.-Mar. 2016	By phone or written inquiry (EasyIR platform of SZSE)	Individuals and institutions	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR ( <a href="http://irm.cninfo.com.cn/ssessgs/S000022/index.html">http://irm.cninfo.com.cn/ssessgs/S000022/index.html</a> )
Times of visit			25
Number of visiting institutions			6
Number of visiting individuals			19
Number of other visiting entities			0
Significant undisclosed information disclosed, revealed or leaked		No	

## Section V. Significant Events

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

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

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

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

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

##### (1) Profit distribution and dividend payout plan for 2013

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2013 stood at RMB363,887,260.39 and the cumulative distributable profit at RMB667,999,192.32.



1) According to the Company Law and the Articles of Association of the Company, RMB36,388,726.04, 10% of the audited net profit of the Company (without subsidiaries) for 2013 was taken out as statutory surplus reserve.

2) As planned, based on the total 644,763,730 shares as at the end of 2013, a cash dividend of RMB3.90 (tax included) was to be distributed for every 10 shares, with a total of RMB251,457,854.70 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB380,152,611.58.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2013 on Securities Times and Ta Kung Pao (HK) dated 8 Jul. 2014, and completed the dividend payout for the A-share and B-share holders on 16 Jul. 2014 and 18 Jul. 2014 respectively.

### (2) Profit distribution and dividend payout plan for 2014

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2014 stood at RMB268,153,919.27 and the cumulative distributable profit at RMB648,306,530.85.

1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company (without subsidiaries) stood at RMB520,074,434.56 for 2014, equal to 80.66% of the registered capital. Therefore, the Company did not plan to draw surplus reserve from retained profit for 2014.

2) As planned, based on the total 644,763,730 shares as at the end of 2014, a cash dividend of RMB3.24 (tax included) was to be distributed for every 10 shares, with a total of RMB208,903,448.52 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB439,403,082.33.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2014 on Securities Times and Ta Kung Pao (HK) dated 14 Jul. 2015, and completed the dividend payout for the A-share and B-share holders on 22 Jul. 2015 and 24 Jul. 2015 respectively.

### (3) Profit distribution and dividend payout pre-plan for 2015

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

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

2) As planned, based on the total 644,763,730 shares as at the end of 2015, a cash dividend of RMB4.10 (tax included) was to be distributed for every 10 shares, with a total of RMB 264,353,129.30 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB439,291,168.75.

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

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

Unit: RMB Yuan

Year	Cash dividend (tax included)	Net profit attributable to common shareholders of the Company in consolidated statement for the year	Ratio of cash dividend to net profit attributable to common shareholders of the Company in consolidated statement (%)	Cash dividend in other forms	Ratio of cash dividend in other forms
2015	264,353,129.30	527,751,492.42	50.09%	0	0%
2014	208,903,448.52	417,594,271.33	50.03%	0	0%
2013	251,457,854.70	502,894,547.79	50.00%	0	0%

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

Dividend for every 10 shares (RMB Yuan) (tax included)	4.10
Increased shares for every 10 shares (share)	0
Total shares as the basis for the allocation preplan (share)	644,763,730
Total cash dividends (RMB Yuan) (tax included)	264,353,129.30
Distributable profit (RMB Yuan)	703,644,298.05
Percentage of the cash dividends in the total distributed profit (%)	100.00%

#### Details of profit distribution for the year

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

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

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

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB439,291,168.75.

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

### III. Fulfillment of commitments

#### 1. Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management staff or other related parties fulfilled in reporting period or ongoing at period-end

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

Commitment in the acquisition report or the report on equity changes	China Merchants Holdings (International) Company Limited	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitments made by China Merchants Holdings (International) about share custody; 2. Commitment made by China Merchants Holdings (International) about guaranteeing the independency of the Company; 3. Commitment made by China Merchants Holdings (International) about horizontal competition; and 4. Commitment made by China Merchants Holdings (International) about regulating related-party transactions	17 Sept. 2012	Concerning horizontal competition, it is promised that the horizontal competition issue will be solved through ways such as asset reorganization in the coming 3-5 years. And the other three commitments are subject to the share custody period.	In the process of execution
	Malai Storage	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitment made by Malai Storage about guaranteeing the independency of the Company; 2. Commitment made by Malai Storage about horizontal competition; and 3. Commitment made by Malai Storage about regulating related-party transactions	27 Dec. 2012	Whenever Malai Storage holds the Company's shares	In the process of execution
Commitment in asset reorganization						
Commitment in IPO or refinancing						
Equity incentive commitment						
Other commitments made to minority shareholders	CND Group	Other	CND Group irrevocably and unconditionally agrees that if Chiwan Wharf suffers from any loss, expense, liability, demanded compensation or law suit due to any actual or potential illegality or unenforceability in any land use agreement or relevant documents signed or to be signed by CND Group or other related problems, CND Group promises to give full immunity to the recipient party of the land use right and its inheritor and the recipient person regarding the aforesaid matters.	20 Mar. 2011	Standing	In the process of execution
	The Company	Other	If the Company cannot pay interest on time, pay principals upon maturity or is involved in any violation, it shall at least take the following measures: 1. Not to distribute profit to	18 Oct. 2013	Whenever any of the corporate bonds of "13 Chiwan 01" exists	In the process of execution

			shareholders; 2. Suspend capital outlay projects such as significant outward investments or mergers; 3. Reduce or stop salaries and bonuses for directors and senior management staff; and 4. Not to remove the persons held chiefly responsible.			
Executed on time or not			Yes			
Explain in detail specific reasons for failing to fulfill commitment and plan for next step in case of commitment unfulfilled on time			N/A			

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

Applicable  Inapplicable

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

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

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

Applicable  Inapplicable

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

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

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

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

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

The changes of the scope of the consolidated financial report mainly due to the assimilate and merger of the subsidiaries that led to the reduction of the consolidation scope. For details, see “Changes in the Consolidation Scope”, Note (VI) to the Consolidated Financial Statements in “Section X Financial Report”.

## IX. Particulars about engagement and disengagement of CPAs firm

### 1. Present CPAs firm:

Name of domestic CPAs firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic CPAs firm (RMB 0'000)	222
Consecutive years of the audit services provided by domestic CPAs firm	4
Name of the certified public accountants from the domestic CPAs firm	Li Weihua, Su Min
Name of overseas CPAs firm (if any)	N/A
Remuneration of overseas CPAs firm (RMB 0'000)	0
Consecutive years of the audit services provided by overseas CPAs firm (if any)	N/A
Name of the certified public accountants from the overseas CPAs firm (if any)	N/A

### 2. Reengage the CPAs firm at current period or not?

Yes  No

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

As approved by the 1<sup>st</sup> Session of the Audit Committee under the 8<sup>th</sup> Board of Directors for 2015, the 3<sup>rd</sup> Session of the 8<sup>th</sup> Board of Directors and the Annual General Meeting for 2014, it was agreed to renew the employment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's accounting firm for 2015 to audit the annual financial report and internal control. The fee for auditing the financial report for 2015 and internal control are RMB1.87 million and RMB0.35 million respectively, totaling RMB2.22 million.

**X. Particulars about trading suspension and termination faced after the disclosure of annual report**

Applicable  Inapplicable

**XI. Related events of the bankruptcy organization**

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

**XII. Significant lawsuits and arbitrations**

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

**XIII. Punishment and rectification**

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

**XIV. Honesty condition of the Company and the controlling shareholders and actual controller**

Applicable  Inapplicable

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

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

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

Unit: RMB Yuan

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB10,000')	Proportion in same kind of transactions	Approved transaction amount (RMB10,000')	Whether exceeded the approved amount	Settlement method of the related-party transaction	Similar market price	Disclosure date	Disclosure index
CND Group	Shareholder	Lease	Land use fee	Mutual negotiation	61,599,405.12	6,159.94	80.68%	7,000	No	Payment by month	61,599,405.12	27 Mar. 2015	See <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for the resolution announcement (No. 2015-020)

Total	--	--	6,159.94	--	7,000	--	--	--	--	--
Details about return of large-amount sales								Inapplicable		
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)								Inapplicable		
Explain why the transaction price is greatly different from the market price (if applicable)								Inapplicable		

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

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Book value of the assets transfer (RMB10,000')	Assessed value of the assets transfer (RMB10,000')	Transfer price (RMB10,000')	Settlement method of related transactions	Gains and losses of transactions (RMB10,000')	Disclosure date	Disclosure index
CND Group	Shareholder	Stock equity	Equities of China Development Finance	10,520.20	10,955.76	11,290.00	Cash paid at one time	187.90	1 Dec 2015, 9 Dec. 2015	See <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for the resolution announcement (No. 2015-101, 2015-103)
Pricing principle of the related-party transaction				Confirmed according to the principle of "the assessed value from the outside assets evaluation organization + capital cost from the base date of assets evaluation to the actual delivery date + amortized intermediary service fee".						
Reason of the large difference between the transfer price and the book value or the assessed value (if any)				Inapplicable						
Influences on the operation result and financial conditions				Has little influence on the financing channels and the financial cost and the Company will formulate flexible investment and financing proposal through the platform of the listed companies to guarantee the usage of the funds as well as to reduce the financing cost.						
Performance realization situation during the reporting period if there was relevant transaction involved with the performance agreement				Inapplicable						

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

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

## 4. Credits and liabilities with related parties

There was no non-operating credit and liability with related parties of the Company during the reporting period.

There was no credit and liability with related parties of the Company during the reporting period.

## 5. Other significant related-party transactions



Unit: RMB Ten Thousand Yuan

Related party	Relation	Type of credit/liability	Reason for credit/liability	Whether there was non-operating capital occupation	Opening balance	Increase	Decrease	Closing balance	Disclosure date	Disclosure index
CDF	Joint venture	Credit receivable from related party	Bank deposits	No	5,052.03	47,412.88	46,900.00	5,564.91	27 Mar. 2015	See <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for the resolution announcement (No. 2015-020)

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

## **XVII. Particulars about significant contracts and their fulfillment**

### **1. Trusteeship, contracting and leasing**

#### **(1) Trusteeship**

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

#### **(2) Contracting**

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

#### **(3) Leasing**

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

### **2. Significant guarantee**

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

### **3. Situation of entrust others for cash assets management**

#### **(1) Trust management**

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

#### **(2) Entrusted loan**

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

#### 4. Other significant contracts

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

### XVIII. Other significant events

#### 1. Notes to the suspension and the resumption of the shares trading

Owing to the Company was planning for the significant events, Share A and Share B of the Company has been suspended since the morning when the listing started since 23 Apr. 2015, and after which the Company planed for the significant assets reorganization events, Share A and Share B of the Company has been suspending since the morning when the listing started since 22 May 2015, and had disclosed the Announcement on the Application for the Continue Suspension as the Expire of the Planning of the Reorganization on 19 Jun. 2015, 17 Jul. 2015 and 21 Aug. 2015. During the suspension, the Company issues at least 1 progress situation announcement for every 5 trading day according to the relevant regulations.

The significant assets reorganization planed by the Company was originally planed to issue the shares for the international subordinate enterprises of the China Merchants and to purchase their port assets, and at the same time planed to issue shares to not more than 10 investors for raising the supporting funds. Owing to the failure of reaching the consensus after multiple times communications and negotiations with the minority shareholders of the target assets by the Company, for protecting the interests of the shareholders of the Company, after deliberation, the Company ended the event. The Company had disclosed the Announcement on Terminating the Planning of the Significant Assets Reorganization (Announcement No.: 2015-086) and the Announcement on Terminating the Planning of the Significant Assets Reorganization and Convening the Investors' Explanation Session (Announcement No.: 2015-087) on 16 Oct. 2015.

The Company had convened the investors' explanation session on the SZSE IR Investors Interaction Platform between 10:00am-11:30am on 20 Oct. 2015, which executed the exchange and communication on the relevant events on the terminating of the plan of the significant assets reorganization with the investors, and Share A and Share B of the Company had relist since the trading started on 21 Oct. 2015 and as for the details, please refer to the Announcement on the Convening Situation of the Investors' Explanation Session on the Terminating of the Plan of the Significant Assets Reorganization (Announcement No.: 2015-088) and the Indicated Announcement on the Shares Resumption of the Company (Announcement No.: 2015-089) on 21 Oct. 2015.

#### 2. Index of information disclosure

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

Announcement No.	Date	Content
2015-001	9 Jan. 2015	Announcement on the Business Volume in December 2014
2015-002	17 Jan. 2015	Progress Announcement on the Company's Absorption of Wholly-Funded Subsidiary Shenzhen Chiwan Trans-Grains Terminal Limited
2015-003	30 Jan. 2015	Announcement on Resolutions Made at the First Special Meeting of the 8 <sup>th</sup> Board of Directors for 2015
2015-004	30 Jan. 2015	Notice of Convening the First General Meeting for 2015

2015-005	30 Jan. 2015	Announcement on Supervisor Resignation
2015-006	30 Jan. 2015	Announcement on Completion of Commercial Registration Cancellation of Wholly-Funded Subsidiary Shenzhen Chiwan Trans-Grains Terminal Limited
2015-007	10 Feb. 2015	Announcement on the Business Volume in January 2015
2015-008	11 Mar. 2015	Announcement on the Business Volume in February 2015
2015-009	13 Mar. 2015	Announcement on Resolutions Made at the Second Special Meeting of the Eighth Board of Directors for 2015
2015-010	13 Mar. 2015	First Indicative Announcement on Exercise of Issuer Redemption Option on the 2011 Corporate Bonds (Phase I)
2015-011	14 Mar. 2015	Announcement on Director Resignation
2015-012	14 Mar. 2015	Announcement on Name Change of Wholly-Funded Subsidiary
2015-013	17 Mar. 2015	Second Indicative Announcement on Exercise of Issuer Redemption Option on the 2011 Corporate Bonds (Phase I)
2015-014	18 Mar. 2015	Indicative Announcement on Convening the First General Meeting for 2015
2015-015	19 Mar. 2015	Third Indicative Announcement on Exercise of Issuer Redemption Option on the 2011 Corporate Bonds (Phase I)
2015-016	25 Mar. 2015	Announcement on Resolutions Made at the First General Meeting for 2015
2015-017	27 Mar. 2015	Announcement on Resolutions Made at the Third Meeting of the Eighth Board of Directors
2015-018	27 Mar. 2015	Announcement on Resolutions Made at the Third Meeting of the Eighth Supervisory Committee
2015-019	27 Mar. 2015	Abstract of 2014 Annual Report
2015-020	27 Mar. 2015	Announcement on Expected Routine Related-Party Transactions for 2015
2015-021	27 Mar. 2015	Announcement on Accounting Policy Changes
2015-022	27 Mar. 2015	Announcement on Purchase of Bank Wealth Management Products with the Company's Own Idle Funds
2015-023	7 Apr. 2015	Indicative Announcement on Issue of 2015 Phase I Short-term Financing Bonds
2015-024	10 Apr. 2015	Announcement on the Business Volume in March 2015
2015-025	14 Apr. 2015	Announcement on Issue Results of 2015 Phase I Short-term Financing Bonds
2015-026	23 Apr. 2015	Announcement on Share Trading Suspension due to Significant Event
2015-027	24 Apr. 2015	Announcement on Follow-up Rating Result of Corporate Bond "13 Chiwan 01"
2015-028	25 Apr. 2015	Announcement on Resolutions Made at the Third Special Meeting of the 8 <sup>th</sup> Board of Directors for 2015
2015-029	25 Apr. 2015	Abstract of Report on First Quarter of 2015
2015-030	25 Apr. 2015	Notice of Convening the 2014 Annual General Meeting
2015-031	25 Apr. 2015	Announcement on Redemption Result and Delisting of 2011 Corporate Bonds (Phase I)
2015-032	30 Apr. 2015	Progress Announcement on Share Trading Suspension due to Significant Event
2015-033	8 May 2015	Progress Announcement on Share Trading Suspension due to Significant Event
2015-034	15 May 2015	Progress Announcement on Share Trading Suspension due to Significant Event
2015-035	19 May 2015	Announcement on Resignation of Independent Director and Company Secretary
2015-036	22 May 2015	Indicative Notice of Convening the 2014 Annual General Meeting
2015-037	22 May 2015	Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-038	23 May 2015	Announcement on the Business Volume in April 2015
2015-039	29 May 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-040	30 May 2015	Announcement on Resolutions Made at the 2014 Annual General Meeting
2015-041	30 May 2015	Announcement on Resolutions Made at the Fourth Special Meeting of the 8 <sup>th</sup> Board of Directors for 2015
2015-042	30 May 2015	Announcement on Resolutions Made at the Second Special Meeting of the 8 <sup>th</sup> Supervisory Committee for 2015
2015-043	5 Jun. 2015	Announcement on Super-short-term Financing Bonds Approved for Registration
2015-044	5 Jun. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-045	12 Jun. 2015	Announcement on the Business Volume in May 2015
2015-046	12 Jun. 2015	Progress Announcement on Share Trading Suspension due to Material Asset

		Reorganization
2015-047	15 Jun. 2015	Indicative Announcement on Issue of 2015 Phase I Super-short-term Financing Bonds
2015-048	19 Jun. 2015	Announcement on Application for Continuous Share Trading Suspension upon Expiration of Share Trading Suspension due to Reorganization in Planning
2015-049	19 Jun. 2015	Announcement on Issue Results of 2015 Phase I Super-short-term Financing Bonds
2015-050	26 Jun. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-051	1 Jul. 2015	Announcement on the Due Payment of 2014 Phase I Short-term Financing Bonds
2015-052	3 Jul. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-053	10 Jul. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-054	10 Jul. 2015	Announcement on the Business Volume in June 2015
2015-055	13 Jul. 2015	Indicative Announcement on Issue of 2015 Phase II Super-short-term Financing Bonds
2015-056	14 Jul. 2015	Announcement on the Execution of the 2014 Dividend Payout
2015-057	17 Jul. 2015	Announcement on Application for Continuous Share Trading Suspension upon Expiration of Share Trading Suspension due to Reorganization in Planning
2015-058	17 Jul. 2015	Announcement on Issue Results of 2015 Phase II Super-short-term Financing Bonds
2015-059	24 Jul. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-060	31 Jul. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-061	7 Aug. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-062	8 Aug. 2015	Announcement on Resolutions Made at the Fifth Special Meeting of the Eighth Board of Directors for 2015
2015-063	8 Aug. 2015	Declaration of the Nominators of the Independent Directors
2015-064	8 Aug. 2015	Declaration of the Candidates of the Independent Directors
2015-065	8 Aug. 2015	Indicative Announcement on Transferring 20% Equities of China Development Finance Co., Ltd.
2015-066	8 Aug. 2015	Notice of Convening the Second General Meeting for 2015
2015-067	8 Aug. 2015	Announcement on the Business Volume in July 2015
2015-068	14 Aug. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-069	18 Aug. 2015	Indicative Announcement on Convening the Second General Meeting for 2015
2015-070	21 Aug. 2015	Announcement on Application for Continuous Share Trading Suspension upon Expiration of Share Trading Suspension due to Reorganization in Planning
2015-071	26 Aug. 2015	Announcement on Resolutions Made at the Second General Meeting for 2015
2015-072	27 Aug. 2015	Announcement on Resolutions Made at the Fourth Meeting of the Eighth Board of Directors
2015-073	27 Aug. 2015	Abstract of 2015 Semi-annual Report
2015-074	28 Aug. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-075	8 Sep. 2015	Indicative Announcement on Issue of 2015 Phase III Super-short-term Financing Bonds
2015-076	8 Sep. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-077	10 Sep. 2015	Announcement on the Business Volume in August 2015
2015-078	11 Sep. 2015	Announcement on Issue Results of 2015 Phase III Super-short-term Financing Bonds
2015-079	15 Sep. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-080	18 Sep. 2015	Announcement on the Due Payment of 2015 Phase I Super-short-term Financing Bonds
2015-081	22 Sep. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-082	29 Sep. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization

2015-083	12 Oct. 2015	Announcement on the 2015 Payment of Interests for the 2013 Company Bonds (Phase I)
2015-084	13 Oct. 2015	Progress Announcement on Share Trading Suspension due to Material Asset Reorganization
2015-085	13 Oct. 2015	Announcement on the Business Volume in September 2015
2015-086	16 Oct. 2015	Announcement on Terminating the Planning of the Material Asset Reorganization
2015-087	16 Oct. 2015	Announcement on Convening the Investors Seminar about the Termination of the Planning of the Material Asset Reorganization
2015-088	21 Oct. 2015	Announcement on the Situation of the Investors Seminar about the Termination of the Planning of the Material Asset Reorganization
2015-089	21 Oct. 2015	Indicative Announcement on the Resumption of the Stocks of the Company
2015-090	24 Oct. 2015	Announcement on Director and Supervisor Resignation
2015-091	30 Oct. 2015	Announcement on Resolutions Made at the Sixth Special Meeting of the Eighth Board of Directors for 2015
2015-092	30 Oct. 2015	Announcement on Resolutions Made at the Third Special Meeting of the Eighth Board of Supervisors for 2015
2015-093	30 Oct. 2015	Text of the 2015 Third-quarter Report
2015-094	30 Oct. 2015	Notice of Convening the Third General Meeting for 2015
2015-095	11 Nov. 2015	Indicative Announcement on Convening the Third General Meeting for 2015
2015-096	12 Nov. 2015	Announcement on the Business Volume in October 2015
2015-097	18 Nov. 2015	Announcement on Resolutions Made at the Third General Meeting for 2015
2015-098	18 Nov. 2015	Announcement on Resolutions Made at the Seventh Special Meeting of the Eighth Board of Directors for 2015
2015-099	18 Nov. 2015	Announcement on Resolutions Made at the Fourth Special Meeting of the Eighth Board of Supervisors for 2015
2015-100	1 Dec. 2015	Announcement on Resolutions Made at the Eighth Special Meeting of the Eighth Board of Directors for 2015
2015-101	1 Dec. 2015	Announcement on the Related Transactions of Transferring 20% Equities of China Development Finance Co., Ltd. to the CND Group
2015-102	9 Dec. 2015	Announcement on the Business Volume in November 2015
2015-103	9 Dec. 2015	Announcement on the Completion of the Related Transactions of Transferring 20% Equities of China Development Finance Co., Ltd. to the CND Group
2015-104	21 Dec. 2015	Announcement on the Due Payment of 2015 Phase II Short-term Financing Bonds
2015-105	31 Dec. 2015	Announcement on Director Resignation

## **XIX. Significant events of the subsidiaries of the Company**

Applicable  Inapplicable

## **XX. Condition of social responsibility**

The Company has been always paying attention on executing the social responsibility that made great efforts to build the green port of “resources-saving” as well as “environmentally friendly” type, so as to realize the healthy and harmonious development between the enterprise and the employees, enterprise and the society, enterprise and the environment. The Company maintained the legitimate interests of the employees according to laws, cared for the employees and with whom, vigorously built the harmonious labor-capital relationship; paid attention on the training and the development of the employees, gradually improved the training system by several professional training within 2015, which aimed for comprehensively enhancing the competence of them; and built the rewards and punishments and career development channel which was objective and fair, normative and transparent as well as performance-oriented.

Highly paid attention on the production safety and profession healthy, the Company consolidated the safety standardized results, intensified the system of responsibility in safe production and strictly controlled the harmful factors to the health; strictly abide to the safety inspection and hidden risks governance as well as held several times of emergency drills and specific rectification that the safety awareness of the whole staffs improved obviously with no significant safety production liability accident of the Company during 2015.

The Company pursued for promoting the resources saving and environmental protection by the technology innovation and reducing the energy consumption as well as the pollutant emission through a serious of measures such as promoting the water-water transfer consolidation and distribution of the containers, the LNG vehicles renewal, the usage of double towing bracket trailer as well as the R&D and manufacture the bulk grain dust suppression hopper. In Jan., 2015, the controlling subsidiary Chiwan Container Terminal Co., Ltd. was identified as “National High and New Technology Enterprise” by the Ministry of Science and Technology.

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

Yes  No  Inapplicable

Whether released the social responsibility report?

Yes  No

## XXI. List of the Company bonds

There was the public issued Company bond that listed on the securities exchange which neither to expire on the approval quote date of the annual report nor to pay in full amount when expired.

### 1. Basic information of the Company bonds

Name	Abbr.	Code	Issue date	Due date	Bonds balance (RMB10,000')	Interest rate	Ways of debt service
2013 Company bonds of Shenzhen Chiwan Wharf Holdings Limited (Phase I)	13 Chiwan 01	112192	18 Oct. 2013	18 Oct. 2018	50,000	5.60%	To pay the interests once a year and to pay for the principal at one time when expire and the interests of the last period should be paid along with the payment of the principal.
Exchange place for the listing or transfer of the Company bonds					SZSE		
Situation of the interests payment of the Company bonds during the reporting period					The Company had paid for the bonds interests in cash on the interest date.		
Execution of the relevant regulations if the Company bonds were affiliated with the special regulations such as the options of the issuers or the investors as well as exchangeable regulations (if applicable)					Inapplicable		

## 2. List of the bonds trustees and the credit rating organization

Bonds trustees:							
Name	China Merchants Securities Co. Ltd.	Office address	F38-45, Building A, Jiangsu Building, Yitian Rd., Futian District, Shenzhen, Guangdong Province	Contact person	Xiao Diheng, Zhan Haiming, Xiao Zhe	Contact number	0755-8294 3666
Credit rating organization tracked and rated the Company bonds during the reporting period							
Name	China Chengxin Securities rating Co. Ltd.		Office address	F8, Anji Building, No. 760, Xizang South Rd., Huangpu District, Shanghai			
The reasons, execution process and the influences on the investors interests if there were changes on the bonds trustees, credit rating organization engaged by the Company during the reporting period (if applicable)				Inapplicable			

## 3. List of the usage of the raise funds of the Company bonds

Usage and execution process of the bonds raise funds of the Company	The Company raised the capital for the bonds of RMB0.5 billion, of which RMB0.281 billion were used for repaying the HKD bank loans for the Company and the wholly owned subsidiary – Shenzhen Chiwan Wharf Container Co., Ltd. with the rest for supplementing the circulating fund.
Closing balance (RMB10,000')	0
Operation of the special account of the raise funds	The raise funds had used up and the special account had written off
The usage of the raise funds whether met with the committed usage, usage plans and other agreements on the specification	Yes

## 4. List of the rating of the Company bonds information

On 24 Apr. 2015, CCXCREDIT had executed the tracking rating on the credit condition of “13 Chiwan 01” of the issued Company bonds and issued the Tracking Rating Report of the 2013 Company Bonds (Phase 1) of Shenzhen Chiwan Wharf Holdings Limited (2015) (No.: ZPWHZ[2015]Tracking No. 015), which maintained the credit rating of “13 Chiwan 01” of the Company bonds of AA+ as well as the credit rating of the main body of the Company of AA+ with the stable rating outlook.

## 5. Credit supplement mechanism, repayment plans and other repayment guarantee measures of the Company bonds

N/A

## 6. List of the holder conference of the bonds during the reporting period

In Y2015, the Company had not involved in any event needed to convene the Bondholders' Meeting and had not convened any of that meeting.

## 7. List of the duties performance of the bonds trustees during the reporting period

The bonds trustees had disclosed the Report of the Bonds Trustee Transactions of 13 Chiwan 01 Company Bonds (Y2014) on the www.cninfo.com.cn according to the regulations on 26 Jun. 2015, and the issuers had issued the annual report of the bonds trustee transactions of the reporting period within 1 month after the annual report and external disclosed which on the appointed websites by the CSRC.

## 8. Major accounting data and financial index of the recent 2 years of the Company up to the period-end\*

Unit: RMB Ten Thousand Yuan

Item	2015	2014	Change rate of the same period	Notes of the reason of changes
EBITDA	103,260.84	99,438.93	3.84%	-
Net Cash Flows from Investing Activities	29.43	-6,313.04	100.47%	Mainly due to the completion of the major project of the Machong Port due to the fixed assets and the investment of the construction in progress decreased.
Net Cash Flows from Financing Activities	-77,248.27	-100,278.06	22.97%	-
Closing Balance of Cash and Cash Equivalents	68,313.81	46,863.55	45.77%	Main reasons are 1) inflow of the cash of disposing the equities of China Development Finance at the year-end 2) increase of the net inflow of the operating cash at the year-end
Current ratio	84.86%	77.92%	6.94%	-
Asset-liability ratio	24.36%	29.70%	-5.34%	-
Quick ratio	83.27%	75.95%	7.32%	-
Total debt ratio of EBITDA	90.63%	71.28%	19.35%	-
Times interest earned	12.33	8.4	46.79%	Mainly due to the decrease of the average balance of the interest-bearing debt led to the decrease of the interest expenditure and the increase of the earnings before interest and tax.
Times interest earned of cash	14.18	10.81	31.17%	-
Times interest earned of EBITDA	16.08	11.08	45.13%	Mainly due to the decrease of the average balance of the interest-bearing debt led to the decrease of the interest expenditure and the increase of the earnings before interest and tax.
Loan repayment rate	100%	100%		-
Interest coverage	100%	100%		-

\* (1) Total debt ratio of EBITDA = EBITDA / total debts = short-term loans + other current liabilities + bonds payable.

(2) Times interest earned = EBIT / (interest expenditure included in the financial expenses + capitalized interest expenditure).

(3) Times interest earned of cash = (net amount of the cash flow from operating activities + cash interest expenditure + cash payment of the income tax) / cash interest expenditure.

(4) Times interest earned of EBITDA = EBITDA / (interest expenditure included in the financial expenses + capitalized interest expenditure).

(5) Loan repayment rate = actual loan repayment / amount of the loans payable.

(6) Interest coverage = actual interest payments / interest payable.



## 9. List of the restricted assets right up to the report-end

Inapplicable

## 10. List of the interest payment of other bonds and bonds financing instruments during the reporting period

The 2011 Company bonds (phase I) of the Company (called “11 Chiwan 01” for short) issued according to the face value on 26 Apr. 2012 with the amount of RMB0.5 billion, the bond period of 5 years and the nominal interest rate of 5.28%, which had paid the interest payment on time every year and repaid the capital. According to the agreement on the Specification of the Raising of the Public Offering of the 2011 Company Bonds of Shenzhen Chiwan Wharf Holdings Limited (Phase 1), the Company could decide whether execute the redemption options of the issuer on the 30<sup>th</sup> exchange date before the 3<sup>rd</sup> interest accrual annual interest date (if face with the legal holidays or rest days, should delay which to the subsequent 1<sup>st</sup> work day) of the Company bonds. If decided to the execute the redemption options, the whole current bonds would be regarded as expired in the 3<sup>rd</sup> year, and the issuer should redeem the whole Company bonds with the face value plus the interests of the last period. 27 Apr. 2015 was the 3<sup>rd</sup> interest accrual annual interest date of the current Company bonds, and the 2<sup>nd</sup> Extraordinary General Meeting of the 8<sup>th</sup> Board of Directors held on 12 Mar. 2015 reviewed and approved the Proposal on the Redemption of the 2011 Company Bonds (Phase 1) and decided to executed the issuer redemption options of 2011 Company bonds (phase 1) to completely redeemed the Company bonds of “11 Chiwan 01” registered on the redemption registration date. The Company redeem the current Company bonds at one time by adding the face value to the current interests on 27 Apr. 2015. For the details of the above specific contents, please refer to the relevant announcements disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 13 Mar., 17 Mar., 19 Mar., 25 Apr., and 26 Jun. 2015.

The 2014 Phase I short-term financing bonds of the Company had public issued on the bonds market among the national banks on 26 Jun. 2014, with the amount of RMB0.4 billion and the term of 365 days and the interest rate of 5.0%, which to repay the capital and the interests at one time when expire and had expired on 27 Jun. 2015 with the principal and interests cashed on time.

The 2015 Phase I short-term financing bonds of the Company had public issued on the bonds market among the national banks on 10 Apr. 2015, with the amount of RMB0.3 billion and the term of 366 days and the interest rate of 4.9%, which to repay the capital and the interests at one time when expire and will expire on 13 Apr. 2016.

The 2015 Phase I super-short-term financing bonds of the Company had public issued on the bonds market among the national banks on 16 Jun. 2015, with the amount of RMB0.2 billion and the term of 90 days and the interest rate of 3.98% which to repay the capital and the interests at one time when expire and had expired on 16 Sep. 2015 with the principal and interests cashed on time.

The 2015 Phase II super-short-term financing bonds of the Company had public issued on the bonds market among the national banks on 14 Jul. 2015, with the amount of RMB0.1 billion and the term of 154 days and the interest rate of 3.55% which to repay the capital and the interests at one time when expire and had expired on 17 Dec. 2015 with the principal and interests cashed on time.

The 2015 Phase III super-short-term financing bonds of the Company had public issued on the bonds market among the national banks on 8 Sep. 2015, with the amount of RMB0.2 billion and the term of 268 days and the interest rate of 3.44% which to repay the capital and the interests at one time when expire and will expire on 4 Jun. 2016.

**11. List of the acquired bank credit lines, usage and the repayment of the bank loans**

The amount of the newly acquired bank credit lines during the reporting period was of RMB767.56 million, the total amount of the accumulative bank credit lines up to the year-end of 2015 was of 1187.56 million and the borrowings within the quota of 2015 was of HKD169.02 million (amounted to RMB141.61 million) with the due date of 20 May 2016.

The Company was with sound reputation and without any situation of loan extension and remission.

**12. List of the execution of the agreements or the commitments related to the Company bonds raising specification during the reporting period**

N/A

**13. Significant events occurred during the reporting period**

For the details, please refer to the notes to the No. XVIII, other significant events of Section V.

**14. Whether there was guarantor of the Company bonds**

Yes  No

## Section VI. Share Changes & Particulars about Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit: share

	Before		Increase (+)/ decrease (-)					After	
	Number	Percentage (%)	Issue of additional shares	Bonus issue	Reserves to stocks	Other	Sub-total	Number	Percentage (%)
I. Restricted shares	367,401	0.06%				63,693	63,693	431,094	0.07%
1. Shares held by state	0	0				0	0	0	0
2. Shares held by state-owned corporations	0	0				0	0	0	0
3. Shares held by other domestic investors	367,401	0.06%				63,693	63,693	431,094	0.07%
Including: Shares held by domestic corporations	0	0				0	0	0	0
Shares held by domestic individuals	367,401	0.06%				63,693	63,693	431,094	0.07%
4. Shares held by foreign investors	0	0				0	0	0	0
Including: Shares held by foreign corporations	0	0				0	0	0	0
Shares held by foreign individuals	0	0				0	0	0	0
II. Non-restricted shares	644,396,329	99.94%				-63,693	-63,693	644,332,636	99.93%
1. Renminbi common shares	464,867,324	72.10%				-325	-325	464,866,999	72.10%
2. Domestically listed foreign shares	179,529,005	27.84%				-63,368	-63,368	179,465,637	27.83%
3. Overseas listed foreign shares	0	0				0	0	0	0
4. Other	0	0				0	0	0	0
III. Total shares	644,763,730	100%						644,763,730	100%

Reasons for share changes

The share changes above resulted from changes in the directors.

Particulars about the approval of the change in share capital

 Applicable  Inapplicable

The transfer of change in share capital

 Applicable  Inapplicable

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

Applicable  Inapplicable

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

Applicable  Inapplicable

## 2. Changes in restricted shares

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of relieved restricted shares	Number of increased restricted shares	Number of restricted shares at the period-end	Reason of restriction	Date of restriction relief
Zhang Jianguo	55,712	0	0	55,712	According to the Articles of Association and the relevant laws and regulations	-
Yuan Yuhui	0	0	10,530	10,530		-
Ni Keqin	21,909	0	0	21,909		-
Zhao Qiang	11,328	0	0	11,328		-
Nie Qi	64,057	0	0	64,057		-
Zhao Zhaoxiong	48,716	0	0	48,716		-
Wang Yongli	3,739	0	0	3,739		-
Zhang Fang	2,451	0	0	2,451		-
Zheng Shaoping	159,489	0	53,163	212,652		30 Jun. 2016
Total	367,401	0	63,693	431,094		--

## II. Issuance and listing of securities

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

Applicable  Inapplicable

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

Applicable  Inapplicable

### 3. List of the existing internal employee stocks

Applicable  Inapplicable

### III. Shareholders and actual controller

#### 1. Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at period-end	37,528, including 28,103 A-shareholders and 9,425 B-shareholders	Total number of common shareholders at pervious month-end of this Report's disclosure	36,676, including 27,174 A-shareholders and 9,502 B-shareholders	Total number of preference shareholders with resumed voting rights at period-end (if any)	0	Total number of preference shareholders with resumed voting rights at pervious month-end of this Report's disclosure (if any)	0
<b>Shareholdings of shareholders with a stake over 5%</b>							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at period-end	+/- in reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares
CHINA NANSHAN DEVELOPMENT (GROUP) INC.		32.52%	209,687,067	0	0	209,687,067	0
SHENZHEN MALAI STORAGE CO., LTD.		25.00%	161,190,933	0	0	161,190,933	0
KEEN FIELD ENTERPRISES LIMITED	Foreign-funded	8.58%	55,314,208	0	0	55,314,208	Unknown
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign-funded	7.43%	47,914,954	0	0	47,914,954	Unknown
CMBNA/STICHTING PENS FND ABP	Foreign-funded	0.54%	3,463,503	0	0	3,463,503	Unknown
GIC PRIVATE LIMITED	Foreign-funded	0.52%	3,360,777	0	0	3,360,777	Unknown
TEMPLETON ASIAN GROWTH FUND	Foreign-funded	0.41%	2,657,852	0	0	2,657,852	Unknown
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign-funded	0.41%	2,617,518	21600	0	2,617,518	Unknown
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	Foreign-funded	0.37%	2,368,067	0	0	2,368,067	Unknown
TEMPLETON EMERGING MKTS FUND INC	Foreign-funded	0.33%	2,126,967	0	0	2,126,967	Unknown
<b>Shareholdings of top 10 non-restricted share holders</b>							
Name of shareholder	Number of non-restricted shares held at period-end	Type of shares					
		Type	Number				
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	209,687,067	A share	209,687,067				
SHENZHEN MALAI STORAGE CO., LTD.	161,190,933	A share	161,190,933				

KEEN FIELD ENTERPRISES LIMITED	55,314,208	B share	55,314,208
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	47,914,954	B share	47,914,954
CMBNA/STICHTING PENS FND ABP	3,463,503	B share	3,463,503
GIC PRIVATE LIMITED	3,360,777	B share	3,360,777
TEMPLETON ASIAN GROWTH FUND	2,657,852	B share	2,657,852
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,617,518	B share	2,617,518
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	2,368,067	B share	2,368,067
TEMPLETON EMERGING MKTS FUND INC	2,126,967	B share	2,126,967
Related or acting-in-concert parties among top 10 shareholders	China Merchants Holdings (International) Company Limited is a shareholder of China Nanshan Development (Group) Inc., Shenzhen Malai Storage Co., Ltd. is a wholly-funded subsidiary of China Merchants Holdings (International) Company Limited, and Keen Field Enterprises Limited is also a wholly-funded subsidiary of China Merchants Holdings (International) Company Limited. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.		
Top 10 common shareholders conducting securities margin trading (if any)	Inapplicable		

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

## 2. Particulars about the controlling shareholder

Nature of the controlling shareholders: central state-owned shareholding

Type of the controlling shareholders: corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
China Merchants Holdings (International) Co., Ltd.	Li Xiaopeng	28 May 1991	14602056-000-05-15-6	Port services, bonded logistic and cold chain services, property development and investment
Equities held by the controlling shareholder in other listed companies at home or overseas by holding or shareholding during the reporting period	CMHI, the controlling shareholder of the Company, held 24.05% shares of Shanghai International Port (Group) Co., Ltd., 23.08% shares of China International Marine Containers (Group) Co., Ltd. and 4.55% shares of Ningbo Port Co., Ltd., 3.21% shares of Qingdao Port International Co., Ltd.			

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

## 3. Particulars about the actual controller

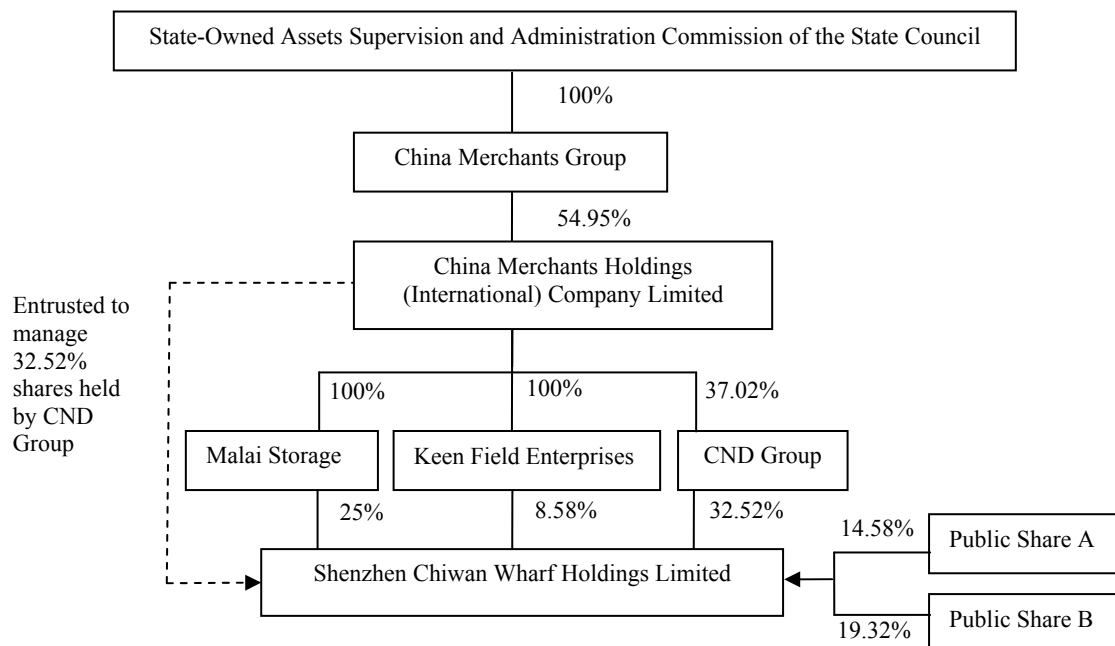
Nature of the actual controller: central state-owned assets management institutions

Type of the actual controller: corporation

Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Registered capital
China Merchants Group	Li Jianhong	14 Oct. 1986	10000522-0	Lease and agency of water/land passenger-cargo transportation, water/land conveyance and facilities; investment and management of port and storage business; salvage, refloating and tugboat; industrial production; construction, repairing, checking and marketing of shipping, offshore petroleum drilling equipment; repairing and checking of drilling platform and drilling container; overall contracting of water/land construction projects and the related offshore petroleum development projects, and their construction organization and logistic services; procurement, supply and sale of water/land communication and transportation equipment; export and import business of transportation; investment and management of finance, insurance, trust, securities, futures business; investment and management of tourism, hotels, catering services and relevant service; real estate development, management and consultancy of property; investment and management of petroleum and chemical industry; investment and operation of infrastructure of communication; overseas assets management. Development and management of Shenzhen Shekou Industrial Zone and Fujian Zhangzhou Development Zone.
Equities of the other listed companies at home or overseas controlled by the actual controller during the reporting period	China Merchants Group, the actual controller of the Company, held 76.13% shares of China Merchants Shekou Industrial Zone Holdings Co., Ltd.; held 75.88% shares of China Merchants Holdings Limited; held 74.35% shares of China Merchants Land Limited; held 50.86% shares of China Merchants Securities Co. Ltd.; held 47.38% shares of China Merchants Energy Shipping Co., Ltd.; held 30.06% shares of China Merchants Bank Co., Ltd..			

There was no change of the actual controller of the Company during the reporting period.

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



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

Applicable  Inapplicable

#### 4. Particulars about other corporate shareholders' share holding over 10% of shares

Applicable  Inapplicable

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope or management activities
China Nanshan Development (Group) Inc.	Yu Liming	28 Sept. 1982	RMB900 million	Land development, port transportation, related manufacture, commerce, real estate, tourism, bonded yards and warehouses, etc.
Shenzhen Malai Storage Co., Ltd.	Wang Zhixian	14 Sept. 2006	HKD30 million	Logistics information consulting for goods, related technical service, warehousing projects (in preparation)

#### 5. List of the restricted underweight of the shares of the controlling shareholders, actual controller, restructuring parties and the other committed entities

Applicable  Inapplicable



## **Section VII. Preference Shares**

Applicable  Inapplicable

No preference shares during reporting period

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

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

Name	Office title	Current/former	Sex	Age	Starting and ending dates of office term	Shares held at the period-begin (share)	Increased shares of the period (share)	Decreased shares of the period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
Shi Wei	Chairman of the Board	Current	Female	52	Jan. 2016 – May 2017	0	0	0		0
Lv Shengzhou	Director	Current	Male	51	Jan. 2016 – May 2017	0	0	0		0
Li Yubin	Director	Current	Male	44	May 2014 – May 2017	0	0	0		0
Pan Ke	Director	Current	Male	38	Nov. 2015 – May 2017	0	0	0		0
Qu Jiandong	Director	Current	Male	51	Jan. 2016 – May 2017	112,544	0	0		112,544
Zhang Jianguo	Director	Current	Male	51	May 2014 – May 2017	74,282	0	0		74,282
Yuan Yuhui	Independent Director	Current	Male	65	Aug. 2015 – May 2017	14,040	0	0		14,040
Su Qiyun	Independent Director	Current	Male	52	May 2014 – May 2017	0	0	0		0
Li Changqing	Independent Director	Current	Male	47	May 2014 – May 2017	0	0	0		0
Yu Shixin	Supervisory Board Chairman	Current	Male	53	Nov. 2015 – May 2017	0	0	0		0
Wen Ling	Supervisor	Current	Female	51	May 2014 – May 2017	0	0	0		0
Zhao Jianli	Supervisor	Current	Female	52	May 2014 – May 2017	0	0	0		0
Ni Keqin	Supervisor	Current	Female	51	May 2014 – May 2017	29,211	0	0		29,211
Zheng Linwei	Supervisor	Current	Male	45	May 2014 – May 2017	0	0	0		0
Zhao Qiang	General Manager	Current	Male	54	May 2014 – May 2017	15,103	0	0		15,103
Nie Qi	Vice General Manager	Current	Male	53	May 2014 – May 2017	85,409	0	0		85,409
Zhao Zhaoxiong	Vice General Manager	Current	Male	50	May 2014 – May 2017	64,954	0	0		64,954
Wang Yongli	Vice General Manager and Board Secretary	Current	Male	48	May 2014 – May 2017	4,985	0	0		4,985
Zhang Fang	CFO	Current	Male	51	May 2014 – May 2017	3,267	0	0		3,267
Zheng Shaoping	Chairman of the Board	Former	Male	53	May 2014 – Dec. 2015	212,652	0	0		212,652

Wang Zhixian	Vice Chairman of the Board	Former	Male	51	May 2014 – Dec. 2015	0	0	0	0
Yu Shixin	Director	Former	Male	53	May 2014 – Oct. 2015	0	0	0	0
Zhang Rizhong	Director, Supervisor	Former	Male	47	May 2014 – Oct. 2015	0	0	0	0
Ma Yong	Director	Former	Male	50	May 2015 – Dec. 2015	0	0	0	0
Deng Weidong	Director	Former	Male	48	May 2014 – Mar. 2015	0	0	0	0
Yin Kesheng	Independent Director	Former	Male	51	May 2014 – May 2015	0	0	0	0
Bu Dan	Board Secretary	Former	Female	38	May 2014 – May 2015	0	0	0	0
Total	--	--	--	--	--	616,447	0	0	616,447

## II. Changes in directors, supervisors and senior management staff

Name	Position	Type	Date	Reason
Zheng Shaoping	Chairman of the Board	Former	30 Dec. 2015	Change of job
Wang Zhixian	Vice Chairman of the Board	Former	30 Dec. 2015	Change of job
Yu Shixin	Director	Former	23 Oct. 2015	Change of job
Zhang Rizhong	Director, Supervisor	Former	23 Oct. 2015	Change of job
Ma Yong	Director	Former	30 Dec. 2015	Change of job
Deng Weidong	Director	Former	13 Mar. 2015	Change of job
Yin Kesheng	Independent Director	Former	19 May 2015	Change of job
Bu Dan	Board Secretary	Dismissed	19 May 2015	Change of job

## III. Particulars about important personnel

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

**Board Chairman Ms. Shi Wei** graduated from Anhui University with a master's degree of International Economics, and obtained a Master Degree of Executive Master of Business Management of Cheung Kong Graduate School of Business, and now acts as the Deputy General Manager of CMHI. Ms. Shi has over 20 years' experience in the field of Maritime and Port and Transportation Management and she successively held the post of Head of Legal Section of Transport Management Bureau of Shenzhen Municipality, Vice Commissioner of Shenzhen Highway Management Bureau, the Commissioner of Western Transportation of Transport Commission of Shenzhen Municipality, Deputy inspector of Transport Commission of Shenzhen Municipality. She has been acting as the Chairman of the Company since Jan. 2016 up to now.

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

**Director Mr. Li Yubin** graduated from Tianjin University with a bachelor's degree in port & sea-route engineering and a master degree in engineering management, and graduated in 2007 from the University of Hong Kong with a Doctorate in real estate and construction. He has rich experience in port construction & operation and logistics management. Joining in CMHI in 2007, he was once an assistant to the GM of the R&D Department, the Overseas Operation Department and the Planning & Business Department of CMHI and a Deputy GM of China Merchants Bonded Logistics Co., Ltd. He is now the Deputy Chief Economist, the GM of the Strategy and Operations Management Department of the Planning & Business Department of CMHI and the GM of China Merchants Bonded Logistics Co., Ltd. And he has been a Director of the Company since Jan. 2013.

**Director Mr. Pan Ke** received a bachelor's degree in management information system from Dongbei University of Finance and Economics and a master's degree of logistics engineering from Dalian Maritime University and now acts as the GM of the Purser Department and GM of the Administration Division of the western port of CMHI. And he had successively acted as the Deputy GM of the Operation Department of Shenzhen Chiwan Port Container Co., Ltd., Deputy GM of the Container Department of the harbor service headquarters of Shenzhen Chiwan Wharf Holdings Limited, Logistics GM, General Manager Assistant and Deputy General Manager of Chiwan Container Terminal Co., Ltd., and as the Deputy GM of Shenzhen Chiwan Wharf Holdings Limited from Oct. 2012 to Mar. 2014. And he has been a Director of the Company since Nov. 2015.

**Director Mr. Qu Jiandong** graduated from the shipping and logistics from the Hong Kong Polytechnic University and receive the master's degree and now acts as the GM of Chiwan Container Terminal Co., Ltd. Joining in the Company in 1997, he had successively acted as the Deputy GM, Deputy General Manager and GM of Shenzhen Chiwan Port Container Co., Ltd., Deputy GM of Chiwan Container Terminal Co., Ltd. and the Company. And he has been a Director of the Company since Jan. 2016.

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

**Director Mr. Yuan Yuhui**, MBA, once acted as the Vice GM, Vice Director of CND Group and the Director of the Company. And now acts as the Director of Shenzhen Riland Industrial Co., Ltd. and the Independent Director of Beijing Mainstreets Investment Group Co., Ltd.

**Independent Director Mr. Su Qiyun** graduated from Xiamen University of Department of Law with a master degree of Civil and Commercial Law and a doctor degree of Wuhan University of Law. He used to serve as Manager of Investment Department of Ping An Insurance Company of

China, as Cadres of Shenzhen Industry and Commerce Administration and now is founding partner of Beijing Deheng (Shenzhen) Law Office. And he has been an Independent Director of the Company since May 2014.

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

**Supervisory Committee Chairman Mr. Yu Shixin** graduated from Zhengzhou University, University of International Business and Economics and China-EU Business School of Management and successively received the bachelor's degree of English, master's degree of economics and MBA. Mr. Yu possesses over 20 years' abundant management experience of the transportation industry and had successively acted as the Deputy GM and GM of China Communications Import & Export Corporation, Deputy GM of Hong Kong Haitong Company, Director and GM of China Merchants Bonded Logistics Co., Ltd., Deputy GM of CMHI and now acts as the Deputy GM of Hong Kong Haitong Company. He has been a Director and Vice Chairman of Asia Airfreight Terminal Company Limited from Apr. 2014 up to now and a Vice Chairman of Tianjin Haitian Bonded Logistics Co., Ltd. from Jul. 2014 up to now. And he acted as the Director of Shenzhen Chiwan Wharf Holdings Limited from May – Oct. 2015 and acts as a Supervisory Board Chairman of the Company from Nov. 2015 till now.

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

**Supervisor Ms. Zhao Jianli** has a bachelor's degree in transportation management engineering and a master's degree in financial management of Xi'an Highway Institute. She was once the internal control and audit manager, an assistant to the GM and a Deputy GM of CMHI. Joining CMHI in Sept. 2003, she is now the internal control and audit GM of CMHI. And she has been a supervisor of the Company since Jan. 2013.

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

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

**General Manager Mr. Zhao Qiang** got a Bachelor's Degree of Land and Chemistry from Jilin Agricultural University. Previously, he took posts of Vice GM, GM of Harbor Division of the Company, Vice GM of Chiwan Shipping (HK) Co., Ltd., and Assistant General Manager of the Company and now serves as Chairman of Dongguan Shenzhen Chiwan Wharf Holdings Limited and Dongguan Shenzhen Chiwan Terminal Co., Ltd., Vice Chairman of China Overseas Harbor Affairs (Laizhou) Co., Ltd., Director of Chiwan Wharf (HK) Co., Ltd. and Chiwan Shipping (HK) Co., Ltd. He acted as Vice GM of the Company from Feb. 2011 to Oct. 2012, and has been a GM of the Company since Oct. 2012.

**Vice GM Mr. Nie Qi** graduated from Shanghai Maritime University with a master degree of Engineering and from Tsinghua University Institute of Economic Management with a graduate degree of Senior Management of Industrial and Commercial Management. He used to serve at Shekou Merchants Port Service for a long time and joined in the Company in Aug. 1997 that used to act as General Manager Assistant, Vice GM of the Harbor Division of the Company and Assistant General Manager of the Company. He now serves as GM of the Harbor Division of the Company and he has been a Vice GM of the Company since May 2014.

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

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

**CFO Mr. Zhang Fang** graduated from Xi'an Highway Institute with a bachelor's degree in finance and accounting of transportation. Joining the Company in Mar. 1996, he was once the Financial Manager of Shenzhen Chiwan Transportation Co., Ltd., Shenzhen Chiwan Harbor Container Co., Ltd. and Chiwan Container Terminal Co., Ltd. He has been the CFO of the Company since Jan. 2013.

#### Concurrent positions in shareholder units

Name	Shareholder unit	Position in shareholder unit	Starting and ending dates of office term	Remuneration or allowance from shareholder unit (Yes/No)
Shi Wei	CMHI	Deputy GM	Oct. 2015 - now	Yes
Lv Shengzhou	CMHI	CFO	Oct. 2015 - now	Yes
Li Yubin	CMHI	Deputy Chief Economist	Mar. 2014 - now	Yes
		GM of Strategy and Operation Management Department	May 2012 - now	Yes
Pan Ke	CMHI	GM of Administrative Department	Feb. 2016 - now	Yes
		GM of Purser Department of western port area	Mar. 2014 - now	Yes

Wen Ling	CMHI	Senior Deputy GM of Financial Department	Sep. 2010 - now	Yes
Zhao Jianli	CMHI	Internal control and audit GM	Jun. 2010 - now	Yes
Zhao Jianli	Malai Storage (Shenzhen) Co., Ltd.	Supervisor	Mar. 2013 - now	No

## Concurrent positions in other units

√ Applicable □ Inapplicable

Name	Other unit	Position in other unit	Starting and ending dates of office term	Remuneration or allowance from other unit (Yes/No)
Shi Wei	Shenzhen Haixing Harbor Development Co., Ltd.	Chairman	Jan. 2016 - now	No
Shi Wei	China Merchants Port Services (Shenzhen) Co., Ltd.	Chairman	Feb. 2016 - now	No
Shi Wei	Shenzhen Mawan Wharf Co., Ltd.	Chairman	Feb. 2016 - now	No
Shi Wei	Shenzhen Mawan Port Service Co., Ltd.	Director	Feb. 2016 - now	No
Lv Shengzhou	China Merchants Bonded Logistics Co., Ltd.	Director	Mar. 2016 - now	No
Lv Shengzhou	Ningbo Daxie China Merchants International Terminals Co., Ltd.	Director	Mar. 2016 - now	No
Lv Shengzhou	Qingdao Qianwan United Container Terminal Co., Ltd.	Director	Mar. 2016 - now	No
Lv Shengzhou	Qingdao Qianwan United Advance Container Terminal Co., Ltd.	Director	Mar. 2016 - now	No
Li Yubin	China Merchants Bonded Logistics Co., Ltd.	General Manager	Feb. 2016 - now	No
Li Yubin	Shekou Container Terminals Ltd.	Director	Aug. 2012 - now	No
Li Yubin	Shenzhen Mawan Wharf Co., Ltd.	Director	Sep. 2012 - now	No
Li Yubin	China Merchants Holdings (International) Information Technology Co., Ltd.	Director	Apr. 2012 - now	No
Li Yubin	Asia Airfreight Terminal Company Limited	Director	Apr. 2014 - now	No
Pan Ke	China Merchants Holdings (International) Information Technology Co., Ltd.	Director	Mar. 2013 - now	No
Pan Ke	Chiwan Container Terminal Co., Ltd.	Director	Jul. 2013 - now	No
Pan Ke	Shenzhen Haixing Harbor Development Co., Ltd.	Director	Oct. 2015 - now	No
Pan Ke	Shekou Container Terminals Ltd.	Director	Dec. 2015 - now	No
Pan Ke	Shenzhen Mawan Port Service Co., Ltd.	Director	Feb. 2016 - now	No
Pan Ke	Shenzhen Mawan Terminals Co., Ltd.	Director	Feb. 2016 - now	No
Pan Ke	Shenzhen Mawan Wharf Co., Ltd.	Director	Feb. 2016 - now	No
Pan Ke	China Merchants Port Services (Shenzhen) Co., Ltd.	Director	Feb. 2016 - now	No
Yu Shixin	Hong Kong Haitong Co., Ltd.	Deputy Vice GM	Jan. 2016 - now	Yes
Yu Shixin	Tianjin Haitian Bonded Logistics Co., Ltd.	Vice President	Jul. 2014 - now	No

Yu Shixin	Asia Airfreight Terminal Company Limited	Director	Apr. 2014 - now	No
Yu Shixin	Tianjin Five Continents International Container Terminal Co., Ltd	Director	Apr. 2014 - now	No
Wen Ling	Zhangjiang Port (Group) Co., Ltd.	Vice President of the Board of Supervisors	Nov. 2007 - now	No
Wen Ling	Shenzhen Haiqin Engineering Supervision & Management Co., Ltd.	Supervisor	Sep. 2012 - now	No
Wen Ling	China Merchants Port Services (Shenzhen) Co., Ltd.	Supervisor	Mar. 2008 - now	No
Zhao Jianli	China Merchants Port Services (Shenzhen) Co., Ltd.	Director	Apr. 2010 - now	No
Zhao Jianli	Shekou Container Terminals Ltd.	Director	Sep. 2013 - now	No
Zhao Jianli	Shenzhen Mawan Terminals Co., Ltd.	Director	Apr. 2013 - now	No
Zhao Jianli	Malai Storage (Shenzhen) Co., Ltd.	Supervisor	Mar. 2013-now	No
Zhao Jianli	Grain Electronic Trade Center of China Grain Merchants Group (Shenzhen)	Supervisor	Aug. 2014 - now	No
Zhao Jianli	China Merchants Bonded Logistics Co., Ltd.	Supervisor	Mar. 2016 - now	No
Zhang Jianguo	China Development Finance Co., Ltd.	Vice President	Aug. 2015 - now	No
Zhang Jianguo	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.	Convener of the Board of Supervisors	May 2013 - now	No

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

Applicable  Inapplicable

#### IV. Remuneration for directors, supervisors and senior management

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

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

Remunerations for the Company's directors, supervisors and senior management shall be nominated by the Board of Directors and determined upon review of the Remuneration and Appraisal Committee. Allowance for Independent Directors is RMB 100,000/year (tax included), which has been approved at the 2013 Annual General Meeting

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

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



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

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

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

Unit: RMB Ten thousand

Name	Position	Gender	Age	Current/ former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Shi Wei	Chairman of the Board	Female	52	Current	0	Yes
Lv Shengzhou	Director	Male	51	Current	0	Yes
Li Yubin	Director	Male	44	Current	0	Yes
Pan Ke	Director	Male	38	Current	0	Yes
Qu Jiandong	Director	Male	51	Current	138	No
Zhang Jianguo	Director	Male	51	Current	0	Yes
Yuan Yuhui	Independent director	Male	65	Current	2.5	No
Su Qiyun	Independent director	Male	52	Current	10	No
Li Changqing	Independent director	Male	47	Current	10	No
Yu Shixin	Supervisory Board Chairman	Male	53	Current	0	Yes
Wen Ling	Supervisor	Female	51	Current	0	Yes
Zhao Jianli	Supervisor	Female	52	Current	0	Yes
Ni Keqin	Supervisor	Female	51	Current	114	No
Zheng Linwei	Supervisor	Male	45	Current	97	No
Zhao Qiang	GM	Male	54	Current	137	No
Nie Qi	Vice GM	Male	53	Current	106	No
Zhao Chaoxiong	Vice GM	Male	50	Current	101	No
Wang Yongli	Vice GM & Company Secretary	Male	48	Current	104	No
Zhang Fang	CFO	Male	51	Current	94	No
Zheng Shaoping	Chairman of the Board	Male	53	Former	0	Yes
Wang Zhixian	Vice chairman of the Board	Male	51	Former	0	Yes
Yu Shixin	Director	Male	53	Former	0	Yes
Zhang Rizhong	Director, supervisor	Male	47	Former	0	Yes
Ma Yong	Director	Male	50	Former	0	Yes
Deng Weidong	Director	Male	48	Former	0	Yes
Yin Kesheng	Independent director	Male	51	Former	7.5	No
Bu Dan	Company Secretary	Female	38	Dismissal	50	No

Total	--	--	--	--	971	--
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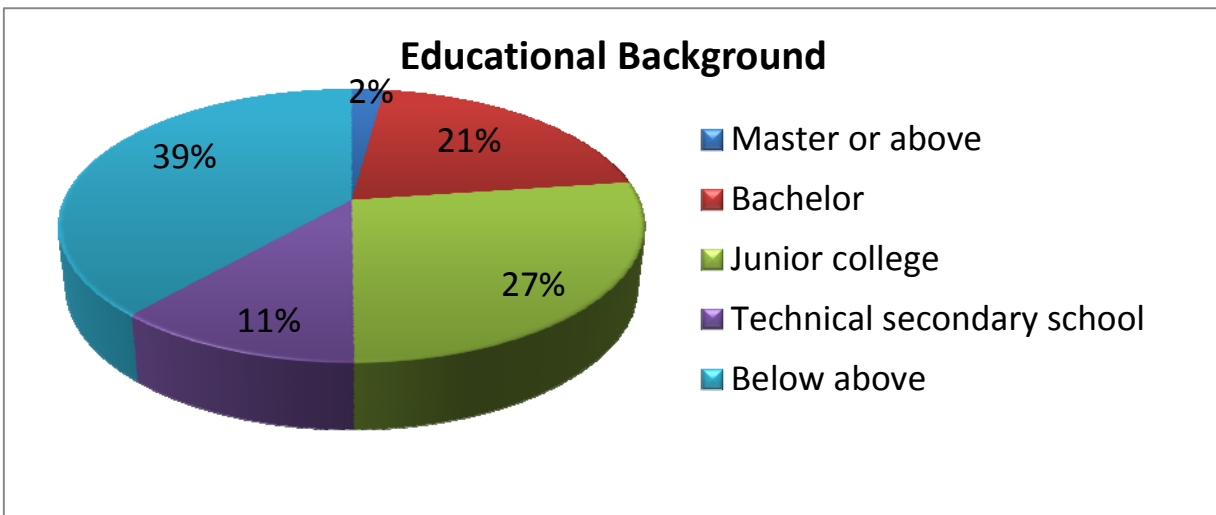
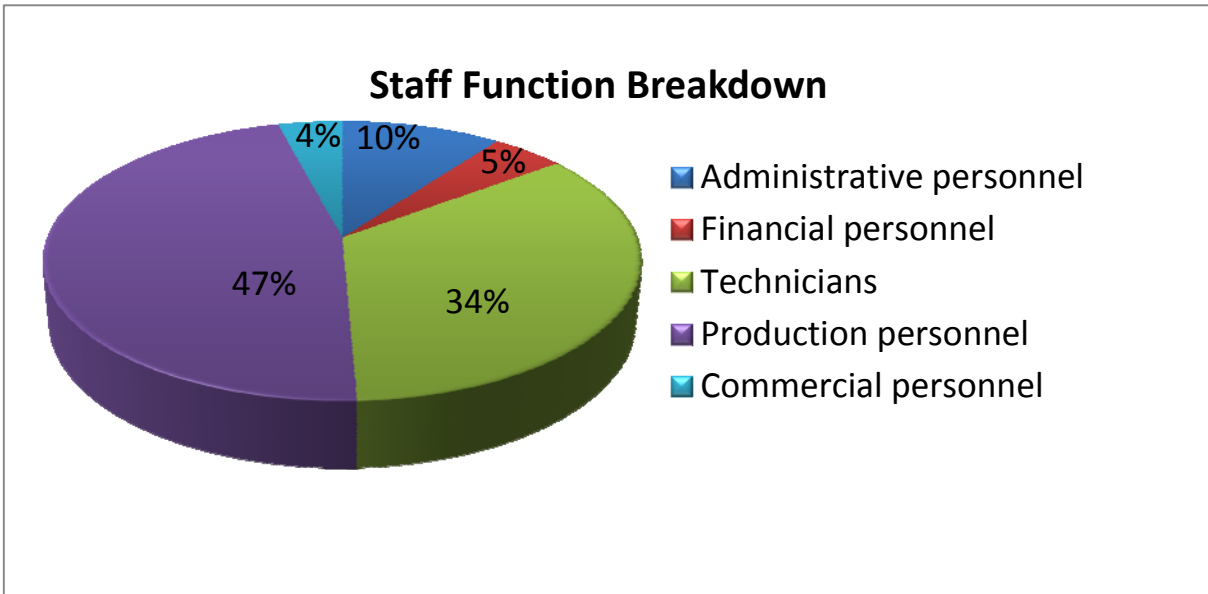
Situations of equity incentives awarded to the directors, supervisors and senior management of the Company during the reporting period

Applicable  Inapplicable

## V. About employees

As at 31 December 2015, the Company had 1,447 employees (including controlling subsidiary), the overall condition of professional classification, education and age distribution of the employees were as following:

Number of in-service employees of the Company	430	
Number of in-service employees of main subsidiaries	1,017	
Total number of in-service employees	1,447	
Total number of employees with remuneration in current period	1,447	
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	0	
Professional structure	Number	Proportion
Administrative personnel	147	10%
Financial personnel	67	5%
Technicians	500	34%
Production personnel	674	47%
Commercial personnel	59	4%
Education	Number	Proportion
Master or above	31	2%
Bachelor	299	21%
Junior college	392	27%
Technical secondary school	167	11%
Technical secondary school below	558	39%



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

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

## Section IX. Corporate Governance

### I. Basic details of corporate governance

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

1. During the reporting period, according to the Company's business development and the need of work, combined with the company's articles of association, the Company revised the Rules of Procedure of the Board of Directors and Work Instruction of General Manager. The revision was reviewed and approved by the Third Meeting of 8th Board of Director held on 25 March 2015.
2. Shareholders and shareholders' general meeting: the Company ensures that all the shareholders, especially minority shareholders, are equal and could enjoy their full rights. The Company called and held shareholders' general meeting strictly in compliance with the Rules for Shareholders' General Meeting.
3. Relationship between the controlling shareholder and the Company: controlling shareholder of the Company acted in line with rules during the reporting period, did not intervened the decisions, productions or operations of the Company directly or indirectly in exceeding the authority of the shareholders' general meeting, and did not appropriate any funds of the Company.
4. Directors and the Board of Directors: the Company elected directors in strict accordance with the Articles of Association. Number and composition of members of the Board were in compliance with relevant laws and regulations; all Directors attend Board meetings and shareholders' general meeting in a serious and responsible manner and participated enthusiastically relevant training so as to know better about laws and regulations as well as the rights, obligations and liabilities of Directors. The Company set up the Audit Committee as approved by the First Special Shareholders' Meeting for Y2004 and the Nomination, Remuneration and Evaluation Committee and Strategy Committee of the Board as approved by the Annual General Meeting for Y2005, with a view to ensuring the efficient operation and scientific decision-making of the Board of Directors.
5. Supervisors and the Supervisory Committee: number and composition of the members of the Supervisory Committee were in compliance with the requirements of laws and regulations. The supervisors diligently and seriously performed their duties and obligations, took responsible attitudes to all shareholders and supervised the financial affair as well as the performance by the Company's Directors, managers and other senior executives of their duties in compliance with the laws and regulations.
6. Stakeholders: the Company fully respected and safeguarded the legal rights and interests of the banks and other creditors, staff, consumers and other stakeholders so as to develop the Company in a consistent and healthy way.

7. Information disclosure and transparency: the Company authorized the Company Secretary to take charge of information disclosure, and the Chairman as well as related Directors to meet with shareholders. The Company disclosed relevant information in a true, accurate, complete and timely way in strict accordance with the requirements of laws, regulations and the Articles of Association, formulated the Management Rules on Information Disclosure, the Management System on Inside Information and Insiders and the Rules on the Management of Investors Relations, and designated Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn> as its newspaper and website for information disclosure, so as to ensure all shareholders have equal opportunity to obtain the information.

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

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

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

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

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

There isn't difference between the actual circumstances of the Company and all normative documents issued by CSRC

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

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

Separation in business: The Company has its own assets, personnel, qualifications and ability to carry out operating activities and is able to operate independently in the market. Separation in personnel: The Company has basically separated its staff from its controlling shareholder. No senior management staff of the Company holds positions at controlling shareholder of the Company. Separation in assets: The Company possesses its own self-governed assets and domicile. Separation in organization: The Company has established and improved the corporate governance structure according to law and has an independent and complete organizational structure. Separation in finance: The Company has set up its own financial department as well as normative accounting system and the financial management system on its subsidiaries. The Company has its own bank accounts and does not share the same bank account with its controlling shareholder. The Company has been paying tax in accordance with the laws and regulations on its own behalf.

## III. Horizontal competition

Type of the question	Name of shareholders	Cause	Methods	Work progress and follow-up plans
Horizontal competition	CMHI *	Mainly was the historical reason, comparatively, cooperation more than competition between the China Merchants Holdings (International) and the Company *	On 17 Sept. 2012, CMHI has promised to completely solve the horizontal competition problem through asset reorganization, etc. in the coming 3 to 5 years.	The CMHI was actively promote and discuss the research of solution for the horizontal competition, including independence of Chiwan Wharf, further reinforce the stable development of the west port in Shenzhen, enhance strategic synergy effect and endeavor to focus on the equity of shareholder of the Company. The Company timely and actively communicated with CMHI and perform information disclosure obligation in term of the stipulation of the existing relevant laws and regulations.

\* On 17 Sept. 2012, CMHI and CND Group signed the "Agreement of China Merchants Holdings (International) Co., Ltd. and China Nanshan Development (Group) Inc. Concerning Custody of Shares of Shenzhen Chiwan Wharf Holdings Limited". According to the Agreement, CND Group would entrust Merchants Holdings (International) as a custodian with its A-shares in the Company (representing a stake of 57.52%). On 27 Dec. 2012, CND Group and Malai Storage, the wholly subsidiary of CMHI signed the "Agreement on Equity Transfer of Shenzhen Chiwan Wharf Holdings Limited between China Nanshan Development (Group) Inc. and Shenzhen Malai Storage Co., Ltd. CND Group transferred its holding of 161,190,933 shares of RMB ordinary shares (Proportion of shareholding of 25%) to Malai Storage. After the complement of the transfer, CMHI was entrusted to manage CND Group's holding of 209,687,067 shares of A share (Proportion of shareholding of 32.52%). Meanwhile, CMHI indirectly held 55.3142 million shares of B share of the Company through its wholly subsidiary Keen Field Enterprises Limited (Proportion of shareholding of 8.58%), so far, 66.10% equity of the Company is under control of CMHI.

\* CMHI went public in the Stock Exchange of Hong Kong in Jul. 1992. It is mainly engaged in handling of containers and bulk cargos at ports, with the ports it invests in and manages covering Mainland China, Hong Kong, China, Southeast Asia, Africa and some other regions. Within Shenzhen, there is some horizontal competition between the Company and CMHI in the container

terminal business in the port area of West Shenzhen due to historical reasons; and there is also market competition with Yantian Port and Dachanwan Port in Shenzhen. However, comparatively speaking, thanks to the coordination of the actual controller China Merchants Group, the cooperation between the Company and CMHI is greater than competition. The aforesaid management entrustment is mainly a response to the deteriorating port markets. It is a strategic move to boost CMHI's business in ports of West Shenzhen, increase the Company's overall market competitiveness, keep the operation of ports of West Shenzhen in order and improve the market competition environment of the port area in West Shenzhen.

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

##### Particulars about the shareholders' general meeting in reporting period

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Index to the disclosed
The First Special Shareholders' General Meeting of 2015	Special Shareholders' General Meeting	76.66%	24 Mar. 2015	25 Mar. 2015	For the resolution announcement (No. 2015-016), see <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The Annual Shareholders' General Meeting of 2014	The Annual Shareholders' General Meeting	76.65%	29 May 2015	30 May 2015	For the resolution announcement (No. 2015-040), see <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The Second Special Shareholders' General Meeting of 2015	Special Shareholders' General Meeting	76.72%	25 Aug. 2015	26 Aug. 2015	For the resolution announcement (No. 2015-071), see <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The Third Special Shareholders' General Meeting of 2015	Special Shareholders' General Meeting	76.63%	17 Nov. 2015	18 Nov. 2015	For the resolution announcement (No. 2015-097), see <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

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

Applicable  Inapplicable

#### V. Performance of the Independent Directors

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

1. Particulars about the independent directors attending the board sessions							
Independent director	Sessions required to attend during the reporting period	Attendance in person	Attendance by way of telecommunication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times	
Yuan Yuhui	4	2	2	0	0	No	
Su Qiyun	10	3	6	1	0	No	
Li Changqing	10	4	6	0	0	No	
Yin Kesheng	6	1	4	1	0	No	
General meetings sat in on by independent directors							4

Notes to non-attendance in person for two consecutive times  
Inapplicable

## **2. Particulars about independent directors proposing objection on relevant events**

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

## **3. Other explanations about the duty performance of independent directors**

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

Yes  No

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

During the reporting period, all independent directors of the Company probity and self-discipline, fulfill their duties in line with their expertise and experience; earnestly and diligently perform their duties. The independent directors actively known about the Company's business and operation, protected the interests of minority shareholders, brought their roles as independent directors into full play by participating in discussions on reports reviewed at board sessions and other issues of the Company, and proposed professional suggestions on standard governance and production operation which had been adopted by the Company. They carefully reviewed and issued independent opinions in written form on significant events such as material related-party transactions in accordance with relevant requirements and had play a important role in scientific decision-making of the Board. In accordance with the requirements of CSRC and Shenzhen Stock Exchange, the "Working Rules for Independent Directors" and the "Working Rules for Independent Directors Concerning Annual Reports, they performed their obligations with due diligence and fully oversaw the preparation and disclosure of the Annual Report of the Company. For details of performance by independent directors of their duties, please refer to the work report of independent directors for 2015 as disclosed at <http://www.cninfo.com.cn>.

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

### **(I) Performance of the Audit Committee of the Board**

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

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

(1) On 25 Mar. 2015, the First Meeting of the Audit Committee of the 8<sup>th</sup> Board of Directors for 2015 was held at 9:00 a.m. at Conference Room 3, 11/F., Chiwan Haiyun Building, Shenzhen, at



which the following proposals were reviewed and approved unanimously:

- “Internal Auditing Report of the Company for 2014” was reviewed and approved;
- Audit Office's Auditing Report of the Company for 2014 No.01-03” was reviewed and approved;
- “Internal Auditing Plan of the Company for 2015” was reviewed and approved;
- “Working Report of the Audit Committee of the Board in 2014” was reviewed and approved;
- “The Annual Financial Report for 2014 of the Company” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- “The Financial Statements of 2014” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- “Report on the Change of the Accounting Firm for 2015” was reviewed and approved. The Audit Committee continue employ Deloitte Touche Tohmatsu Certified Public Accountants LLP to shoulder the audit of the annual financial statements and the internal audit for 2015. This proposal was submitted to the Board of Directors of the Company for approval.

(2) On 23 Apr. 2015, the First Meeting of the Audit Committee of the 8<sup>th</sup> Board of Directors for 2015 was held by communication voting at which the following proposals were reviewed and approved unanimously:

- “Internal Auditing Report of the Company for the First Quarter of 2015” was reviewed and approved;
- Audit Office's Auditing Report of the Company for 2015 No.01-03” was reviewed and approved.

(3) On 25 Aug. 2015, the Second Meeting of the Audit Committee of the 8<sup>th</sup> Board of Directors for 2015 was held at 2:00 p.m. at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- “The Semi-Annual Financial Report for 2015 of the Company” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- “Internal Auditing Report of the Company for the Second Quarter of 2015” was reviewed and approved;

(4) On 28 Oct. 2015, the Second Special Meeting of the Audit Committee of the 8<sup>th</sup> Board of Directors for 2015 was held by communication voting at which the following proposals were reviewed and approved unanimously:

- “Internal Auditing Report of the Company for the Third Quarter of 2015” was reviewed and approved;
- Audit Office's Annual Report of the Company for 2015 No.04” was reviewed and approved.

(5) On 29 Dec. 2015, the Third Special Meeting of the Audit Committee of the 8<sup>th</sup> Board of Directors for 2015 was held at 9: 00 a.m. Conference Room 1, 8/F., Chiwan Petroleum Building, Shenzhen, at which the Report on the Company's operation, the Introduction on Anti-Spam Inform and Complaint Management System, Report on the Company's Auditing Work of Finance and

Internal Control by Deloitte Touche Tohmatsu Certified Public Accountants LLP for 2015 was debriefed.

2. In accordance with relevant requirements of CSRC and Shenzhen Stock Exchange, the specific working rules and procedure for the Audit Committee, during the reporting period, the Audit Committee of the Board of the Company oversaw the auditing of the Annual Report of the Company for 2014 with due diligence, details of which are as follows:

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

(2) The Audit Committee expressed its audit opinions two times on the annual financial statements of the Company for 2014.

During the reporting period, the Audit Committee expressed its audit opinions two times on the annual financial statements of the Company for 2014 in accordance with relevant requirements from CSRC.

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

After the Auditors issued their preliminary audit opinions, the Audit Committee reviewed the Financial Statements again and issued the following opinions: the Company prepared the Financial Statement in full compliance with the New Enterprise Accounting Standards and relevant provisions of the financial control system of the Company, the procedures for the preparation of the Financial Statements were reasonable and proper, which gave a true and fair view of the Company's assets, liabilities, equity interests and operation results as at 31 December 2014. Information included in the Financial Statements was objective and complete. Financial Statements for 2014 which was preliminarily audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP may be submitted for review at the 3<sup>rd</sup> Meeting of the 8<sup>th</sup> Board of Directors.

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

The Audit Committee issued letters to Deloitte Touche Tohmatsu Certified Public Accountants LLP on 29 Jan. and 25 Feb. 2015 respectively to urge them to produce their audit report in a timely manner, so as to ensure the annual audit and information disclosure proceed as scheduled.

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

During the auditing period, the Audit Committee of the Board focused on the problems discovered in process of audit, urged auditors to finish the preparation of their report within a prescribed period of time and ensured the truthfulness, accuracy and completeness of the annual report. The Certified

Public Accountants issued a standard unqualified audit report on 26 Mar. 2015. The Audit Committee considered that the Certified Public Accountants conducted their audit in accordance with China's Independent Auditing Standards, the audit time was sufficient, the deployment of the auditors was appropriate and their practicing capability was excellent, and that the audit report issued sufficiently reflected the Company's financial condition as at 31 Dec. 2014 and its operation results and cash flows for the year 2014 and the audit conclusion made was in line with the actual situation of the Company.

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

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

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

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

(1) On 25 Mar. 2015, the First Meeting of the Nomination, Remuneration and Evaluation Committee of the 8<sup>th</sup> Board of Directors for 2015 was held at 10:30 a.m. at Conference Room 1, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- “The Working Report of the Nomination, Remuneration and Evaluation Committee of the Board for 2014”;
- “The Report on the Remuneration of the Directors, Supervisors and Senior Management Staff for 2014”;
- “The Proposal on Examining Director Candidates”, and after submitted to the Board of Directors of the Company for approval, joined the election of the Company's general meeting of shareholders;

(2) On 7 Aug. 2015, the Second Meeting of the Nomination, Remuneration and Evaluation Committee of the 8<sup>th</sup> Board of Directors for 2015 was held by communication voting at which the following proposals were reviewed and approved unanimously:

- “The Proposal on Examining Independent Director Candidates”, and after submitted to the Board of Directors of the Company for approval, joined the election of the Company's general meeting of shareholders;
- “Proposal on Hiring Secretary to the Board of the Company”, and submitted to the Board of Directors of the Company for approval;

(3) On 25 Aug. 2015, the Third Meeting of the Nomination, Remuneration and Evaluation Committee of the 8<sup>th</sup> Board of Directors for 2015 was held at 4:00 a.m. at Conference Room 2,

11/F., Chiwan Haiyun Building, Shenzhen, at which the Proposal on the election of the convener of the Nomination, Remuneration and Evaluation Committee of the 8<sup>th</sup> Board of Directors was reviewed and approved unanimously, and submitted to the Board of Directors of the Company for approval;

(4) On 28 Oct. 2015, the Fourth Meeting of the Nomination, Remuneration and Evaluation Committee of the 8<sup>th</sup> Board of Directors for 2015 was held by communication voting at which the Proposal on Examining Director Candidates was reviewed and approved unanimously, and after submitted to the Board of Directors of the Company for approval, joined the election of the Company's general meeting of shareholders

### (III) Performance of the Strategy Committee

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

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

(1) On 25 Mar. 2015, the First Meeting of the Strategy Committee of the 8<sup>th</sup> Board of Directors for 2015 was held at 11:00 a.m. at Conference Room 1, 11/F., Chiwan Haiyun Building, Shenzhen, at which the "Working Report of the Strategy Committee of the Board for 2014" and the "Business Development Plan for 2015 to 2019" were reviewed and approved unanimously.

## VII. Performance of the Supervisory Committee

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

Yes  No

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

## VIII. Performance Evaluation and Incentive Mechanism for Senior Management Staff

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

## IX. Internal Control

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

Yes  No

## 2. Self-appraisal report on internal control

Disclosure date of the Self-appraisal Report on Internal Control		28 Mar. 2016		
Disclosure index of the Auditor's Report on Internal Control		For specific content ,disclosed on www.cninfo.com.cn		
The proportion of total assets included in evaluation scope entities in the Company's total assets of the consolidated financial statements		97.00%		
The proportion of operation revenue included in evaluation scope entities in the Company's operation revenue of the consolidated financial statements		90.00%		
Defect Judging Standards				
Category	Financial Report	Non-Financial Report		
		Great defect	Significant defect	Common defect
Qualitative criteria	<p>If a defect or defect group give rise to the following events which can not be prevented or found and made rectification, the defect or defect group are recognized as significant defects:</p> <p>(1) Malpractices of directors, supervisors and senior management;</p> <p>(2) The Company make correction to the financial report issued;</p> <p>(3) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control;</p> <p>(4) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid.</p>	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial modeled. which completely unable to support the realization of strategic goals	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial modeled. which unable to support the realization of strategic goals at a larger extent	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial modeled. which completely can't fully support the realization of strategic goals
		Strategy implementation is blocked, almost all indicators of strategy implementation can not completed as planned	Strategy implementation is blocked, most of indicators of strategy implementation can not completed as planned	Strategy implementation is blocked, part of indicators of strategy implementation can not completed as planned
		Have a significant adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 20% above (Including 20%)	Have a greater adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 10% to 20% (Including 10%)	Have an adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 10% below
		Lead to break off of common business/service or it takes half year or above to recover the break off of common business/service	Lead to break off of common business/service or it takes three months or half year below to recover the break off of common business/service	Some daily business is influenced, lead to break off of common business/service or it takes three months below to recover the break off of common business/service
		Badly damage the working enthusiasm of all the employees, will give rise to large scale group events or heavy damage to enterprises culture and enterprises	In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have greatly adverse effect to enterprises culture	In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have some adverse effect to enterprises culture

		cohesion	and enterprises cohesion	and enterprises cohesion
		The employee's ability and professional skills universally can not meet the enterprise development needs by a large margin	The employee's ability and professional skills in some significant fields can not meet the enterprise development needs	The employee's ability and professional skills in some fields can not meet the enterprise development
		Negative news spread in the field of the entire business (including extending to industry chain), or was paid attention by the national media or public media, the recovery of reputation will take more than six months	Negative news spread in the field of the entire business, or was paid attention or reported by the local media the recovery of reputation will take three to six months	Negative news spread in the field of the entire business, have small damage to the reputation of the enterprise, the recovery of reputation will take three months below
		The enterprise's internal confidential information leakage which badly affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a large extent	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a general extent
Quantitative criteria	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year. Misstatement amount $\geq$ 5% above of judging standard was great defect; 5% judging standard $>$ 1% misstatement amount was significant defect; misstatement amount $<$ 1% below of judging standard was general standard.	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year.		
		Great defect	Significant defect	Common defect
		Had significant adverse impact to the annual operation profits or cause decrease of annual operation profits when at 5% (including 5%) above of judging standard	Had larger adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% (including 1%) to 5% judging standard	Had adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% below of judging standard
		Had significant adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 10% (including 10%) above of judging standard	Had larger adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% (including 5%) to 10% above of judging standard	Had adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% below of judging standard
		Great investment mistake incurred	Larger investment mistake incurred	Great investment mistake incurred

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

**X. Audit report on internal control**

Audit opinion paragraphs in the Audit Report on Internal Control	
In line with the relevant requirement of Enterprise Internal Control Audit Guidelines and Practicing Standards for China's CPAs, Deloitte Touche Tohmatsu Certified Public Accountants LLP audited the effectiveness of internal control in financial report on 31 Dec. 2015, and believed that Shenzhen Chiwan Wharf Holdings Limited has maintained effective internal control on financial report in all significant respects according to the Basic Rules for Enterprise Internal Control and relevant regulations on 31 Dec. 2015.	
Disclosure of Audit Report on Internal Control	Disclosed
Disclosure date of the Audit Report on Internal Control	28 Mar. 2016
Disclosure index of the Audit Report on Internal Control	Details of the Internal Control Report of Shenzhen Chiwan Wharf Holdings Limited was disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Type of Audit Report on Internal Control	Standard Unqualified auditor's report
Whether there is significant defect in non-financial report	No

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

Yes  No

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

Yes  No



**Section X. Financial Statements (See attached)**

Type of audit opinion	Standard and unqualified auditor's report
Date of signing audit report	24 Mar. 2016
Audit agency	Deloitte Touche Tohmatsu Certified Public Accountants LLP
No. of audit report	De Shi Bao (Shen) Zi (16) No. P0572
Name of CPA	Li Weihua, Su Min

## **Section XI. Documents Available for Reference**

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

For and on behalf of the Board  
Shi Wei  
Chairman

Shenzhen Chiwan Wharf Holdings Limited  
Dated 28 March 2016

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS AND  
AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015

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## AUDITOR'S REPORT

De Shi Bao (Shen) Zi (16) No. P0572

To the Shareholders of Shenzhen Chiwan Wharf Holdings Limited

We have audited the accompanying financial statements of Shenzhen Chiwan Wharf Holdings Limited (hereinafter referred to as "Chiwan Wharf"), which comprise the company and consolidated balance sheets as at 31 December 2015, and the company and consolidated income statements, the company and consolidated statements of changes in shareholders' equity and the company and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

### 1. Management's responsibility for the financial statements

Management of Chiwan Wharf is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 3. Opinion

In our opinion, the financial statements of Chiwan Wharf present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2015, and the company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu  
Certified Public Accountants LLP

Shanghai, China

Chinese Certified Public Accountant:

Li Weihua

Chinese Certified Public Accountant:

Su Min

24 Mar 2016

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 31 DECEMBER 2015

Consolidated Balance Sheet

Unit: RMB

ASSETS	Notes	2015	2014	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2015	2014
<b>Current Assets:</b>				<b>Current Liabilities:</b>			
Cash and bank balances	(V)1	683,138,123.66	468,635,486.47	Short-term borrowings	(V)20	141,610,178.37	-
Notes receivable	(V)2	3,327,000.00	2,500,000.00	Accounts payable	(V)21	91,453,838.66	77,447,853.13
Accounts receivable	(V)3	189,016,564.86	203,641,944.62	Receipts in advance	(V)22	40,504,130.84	31,818,775.21
Prepayments	(V)4	2,678,775.41	1,984,932.73	Employee benefits payable	(V)23	77,084,662.63	69,425,249.36
Interest receivable	(V)5	72,773.05	183,213.50	Taxes payable	(V)24	48,134,602.74	66,374,211.86
Dividends receivable	(V)6	-	-	Interest payable	(V)25	18,519,838.93	33,775,342.43
Other receivables	(V)7	14,908,748.44	42,321,002.73	Dividends payable	(V)26	88,715,008.17	199,830,762.29
Inventories	(V)8	17,300,307.66	19,090,168.61	Other payables	(V)27	76,713,923.82	85,558,954.41
Other current assets	(V)9	12,889,208.71	16,893,412.98	Non-current liabilities due within one year	(V)28	5,306,254.17	4,997,419.52
<b>Total current assets</b>		<b>923,331,501.79</b>	<b>755,250,161.64</b>	Other current liabilities	(V)29	500,000,000.00	400,000,000.00
<b>Non-current Assets:</b>				<b>Total current liabilities</b>		<b>1,088,042,438.33</b>	<b>969,228,568.21</b>
Available-for-sale financial assets	(V)10	22,659,200.00	21,209,200.00	<b>Non-current Liabilities:</b>			
Long-term equity investments	(V)11	1,447,024,975.16	1,493,340,275.05	Bonds payable	(V)30	497,764,383.59	995,110,137.02
Investment property	(V)12	26,747,795.38	31,031,939.45	Special payables	(V)31	34,990,596.50	47,002,997.66
Fixed assets	(V)13	3,213,180,964.08	3,319,843,271.66	Deferred income	(V)32	61,757,528.45	47,337,896.36
Construction in progress	(V)14	22,222,084.78	34,582,369.45	Deferred tax liabilities	(V)18	1,907,500.00	1,545,000.00
Intangible assets	(V)15	1,046,896,621.98	950,021,585.10	<b>Total non-current liabilities</b>		<b>596,420,008.54</b>	<b>1,090,996,031.04</b>
Goodwill	(V)16	10,858,898.17	10,858,898.17	<b>TOTAL LIABILITIES</b>		<b>1,684,462,446.87</b>	<b>2,060,224,599.25</b>
Long-term prepaid expenses	(V)17	57,241,809.97	58,077,245.85	<b>SHAREHOLDERS' EQUITY:</b>			
Deferred tax assets	(V)18	11,274,320.82	26,941,859.72	Share capital	(V)33	644,763,730.00	644,763,730.00
Other non-current assets	(V)19	132,334,704.86	234,667,393.59	Capital reserve	(V)34	165,564,739.15	162,698,555.65
<b>Total non-current assets</b>		<b>5,990,441,375.20</b>	<b>6,180,574,038.04</b>	Other comprehensive income	(V)35	(7,889,646.43)	(8,977,146.43)
				Special reserve	(V)36	3,719,755.58	2,219,777.52
				Surplus reserve	(V)37	520,074,434.56	520,074,434.56
				Unappropriated profit	(V)38	3,113,367,524.19	2,794,519,480.29
				Total shareholders' equity attributable to equity holders of the parent		4,439,600,537.05	4,115,298,831.59
				Minority interests		789,709,893.07	760,300,768.84
				<b>TOTAL SHAREHOLDERS' EQUITY:</b>		<b>5,229,310,430.12</b>	<b>4,875,599,600.43</b>
<b>TOTAL ASSETS</b>		<b>6,913,772,876.99</b>	<b>6,935,824,199.68</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,913,772,876.99</b>	<b>6,935,824,199.68</b>

The accompanying notes form part of the financial statements.

The financial statements on pages 3 to 100 were signed by the following:

Legal Representative: Shi Wei

Chief Financial Officer: Zhang Fang

Head of Accounting Department: Li Li

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 31 DECEMBER 2015

Balance Sheet of the Company

Unit: RMB

ASSETS	Notes	2015	2014	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2015	2014
<b>Current Assets:</b>				<b>Current Liabilities:</b>			
Cash and bank balances		331,615,767.60	281,427,034.32	Accounts payable		15,487,513.65	14,948,575.64
Accounts receivable	(XIV)1	20,084,782.32	12,114,724.37	Receipts in advance		152,681.00	1,214,888.00
Prepayments		489,500.00	175,000.00	Employee benefits payable		47,533,873.50	41,375,574.26
Interest receivable		-	152,533.34	Taxes payable		1,571,813.93	359,758.06
Dividends receivable		217,818,690.44	218,805,886.23	Interest payable		20,381,890.98	36,181,574.83
Other receivables	(XIV)2	679,107,748.88	826,175,209.04	Dividend payable		37,608,540.65	-
Inventories		1,026,023.04	824,171.90	Other payables		327,263,528.94	266,554,498.30
Other current assets		487,860.51	98,303.47	Other current liabilities		500,000,000.00	400,000,000.00
<b>Total current assets</b>		<b>1,250,630,372.79</b>	<b>1,339,772,862.67</b>	<b>Total current liabilities</b>		<b>949,999,842.65</b>	<b>760,634,869.09</b>
<b>Non-current Assets:</b>				<b>Non-current Liabilities:</b>			
Available-for-sale financial assets		22,659,200.00	21,209,200.00	Bonds payable		497,764,383.59	995,110,137.02
Long-term receivables		11,004,284.75	11,004,284.75	Deferred tax liabilities		1,907,500.00	1,545,000.00
Long-term equity investments	(XIV)3	2,000,153,426.29	2,124,318,151.59	<b>Total non-current liabilities</b>		<b>499,671,883.59</b>	<b>996,655,137.02</b>
Investment property		16,358,585.53	23,668,903.59	<b>TOTAL LIABILITIES</b>		<b>1,449,671,726.24</b>	<b>1,757,290,006.11</b>
Fixed assets		192,230,359.90	184,439,928.48	<b>SHAREHOLDERS' EQUITY</b>			
Construction in progress		1,945,894.40	3,621,969.65	Share capital		644,763,730.00	644,763,730.00
Intangible assets		65,112,021.93	66,559,896.74	Capital reserve		239,043,433.54	204,296,719.24
Long-term prepaid expenses		4,391,427.41	4,871,223.29	Other Comprehensive Income		5,822,500.00	4,735,000.00
<b>Total non-current assets</b>		<b>2,313,855,200.21</b>	<b>2,439,693,558.09</b>	Special reserve		1,465,450.61	-
				Surplus reserve		520,074,434.56	520,074,434.56
				Unappropriated profit		703,644,298.05	648,306,530.85
				<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,114,813,846.76</b>	<b>2,022,176,414.65</b>
<b>TOTAL ASSETS</b>		<b>3,564,485,573.00</b>	<b>3,779,466,420.76</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,564,485,573.00</b>	<b>3,779,466,420.76</b>

The accompanying notes form part of the financial statements.



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated Income Statement

Unit: RMB

ITEM	Notes	2015	2014
<b>I. Total operating income</b>		1,872,608,596.16	1,804,766,176.31
Including: Operating income	(V)39	1,872,608,596.16	1,804,766,176.31
Less: Operating costs	(V)39	1,002,715,909.05	983,886,550.05
Business taxes and levies	(V)40	7,552,581.66	8,050,196.20
Administrative expenses	(V)41	175,644,906.71	155,757,115.05
Financial expenses	(V)42	59,500,840.56	77,630,799.99
Impairment losses of assets	(V)43	(89,469.40)	20,933.36
Add: Investment income	(V)44	100,817,732.86	92,448,549.62
Including: Income from investments in associates and joint ventures	(V)44	95,337,543.13	88,168,549.62
<b>II. Operating profit</b>		728,101,560.44	671,869,131.28
Add: Non-operating income	(V)45	3,500,319.86	5,428,171.15
Including: Gains from disposal of non-current assets	(V)45	460,800.55	24,167.60
Less: Non-operating expenses	(V)46	3,574,586.26	4,759,566.32
Including: Losses from disposal of non-current assets	(V)46	3,087,832.34	4,388,305.14
<b>III. Gross profit</b>		728,027,294.04	672,537,736.11
Less: Income tax expenses	(V)47	75,309,635.43	142,747,236.17
<b>IV. Net profit</b>		652,717,658.61	529,790,499.94
Net profit attributable to shareholders of the parent		527,751,492.42	417,594,271.33
Profit or loss attributable to minority shareholders		124,966,166.19	112,196,228.61
<b>V. Amount of Other Comprehensive Net Income After Tax:</b>	(V)48	1,087,500.00	1,290,423.07
Amount of other comprehensive net income after tax attributable to equity holders of the parent		1,087,500.00	1,290,423.07
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		1,087,500.00	1,290,423.07
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		1,087,500.00	1,290,000.00
(iii) Translation differences of financial statements denominated in foreign currencies		-	423.07
Amount of other comprehensive net income after tax attributable to minority shareholders		-	-
<b>VI. Total comprehensive income attributable to:</b>		653,805,158.61	531,080,923.01
Shareholders of the parent		528,838,992.42	418,884,694.40
Minority shareholders		124,966,166.19	112,196,228.61
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share		0.819	0.648
(II) Diluted earnings per share		0.819	0.648

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

**Income Statement of the Company**

**Unit: RMB**

ITEM	Notes	2015	2014
<b>I. Total operating income</b>	(XIV)4	260,740,919.37	227,726,250.81
Less: Operating costs	(XIV)4	154,634,147.78	177,966,749.30
Business taxes and levies		4,723,343.75	5,032,297.52
Administrative expenses		72,403,051.31	59,480,636.17
Financial expenses		29,594,550.18	28,603,489.73
Impairment loss of assets		-	-
Add: Investment income	(XIV)5	275,970,089.64	359,402,711.86
Including: Income from investments in associates and joint ventures	(XIV)5	52,671,209.47	42,120,784.92
<b>II. Operating profit</b>		275,355,915.99	316,045,789.95
Add: Non-operating income		960,564.26	2,105,413.98
Including: Gains from disposal of non-current assets		313,012.51	24,167.60
Less: Non-operating expenses		937,447.90	4,020,580.73
Including: Losses from disposal of non-current assets		789,301.88	4,020,530.73
<b>III. Gross profit</b>		275,379,032.35	314,130,623.20
Less: Income tax expenses		11,137,816.63	45,976,703.93
<b>IV. Net profit</b>		264,241,215.72	268,153,919.27
<b>V. Amount of Other Comprehensive Net Income After Tax:</b>		1,087,500.00	1,290,000.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		1,087,500.00	1,290,000.00
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		1,087,500.00	1,290,000.00
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
<b>VI. Total comprehensive income</b>		265,328,715.72	269,443,919.27

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

**Consolidated Cash Flow Statement**

**Unit: RMB**

ITEM	Notes	2015	2014
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sales of goods and rendering of services		1,940,123,679.99	1,894,151,822.20
Other cash receipts relating to operating activities	(V)50(1)	71,210,780.42	26,732,206.02
Sub-total of cash inflows		2,011,334,460.41	1,920,884,028.22
Cash payments for goods purchased and services received		525,054,196.11	559,027,388.27
Cash payments to and on behalf of employees		340,667,806.30	321,778,361.43
Payments of all types of taxes		108,991,126.73	141,052,550.54
Other cash payments relating to operating activities	(V)50(2)	58,770,593.82	80,710,580.24
Sub-total of cash outflows		1,033,483,722.96	1,102,568,880.48
Net Cash Flows from Operating Activities	(V)51(1)	977,850,737.45	818,315,147.74
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		110,955,345.27	-
Cash receipts from investments income		39,043,870.98	159,676,390.80
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		3,117,287.66	883,470.00
Sub-total of cash inflows		153,116,503.91	160,559,860.80
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		152,822,155.82	223,690,273.38
Sub-total of cash outflows		152,822,155.82	223,690,273.38
Net Cash Flows from Investing Activities		294,348.09	(63,130,412.58)
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from borrowings		133,885,679.50	554,240,000.00
Cash receipts from issue of bonds		800,000,000.00	398,800,000.00
Sub-total of cash inflows		933,885,679.50	953,040,000.00
Cash repayments of borrowings		1,200,000,000.00	1,611,355,000.00
Cash payments for distribution of dividends or profit or interest		504,618,011.73	344,236,152.00
Including: Payments for distribution of dividends or profit to minorities		215,249,531.83	-
Other cash payments relating to financing activities	(V)50(3)	1,750,344.61	229,424.00
Sub-total of cash outflows		1,706,368,356.34	1,955,820,576.00
Net Cash Flows from Financing Activities		(772,482,676.84)	(1,002,780,576.00)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		8,840,228.49	691,810.83
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>		214,502,637.19	(246,904,030.01)
Add: Opening balance of Cash and Cash Equivalents	(V)51(2)	468,635,486.47	715,539,516.48
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(V)51(2)	683,138,123.66	468,635,486.47

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

**Cash Flow Statement of the Company**

**Unit: RMB**

ITEM	Notes	2015	2014
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sales of goods and rendering of services		266,291,531.90	247,382,767.55
Other cash receipts relating to operating activities		1,085,646,413.98	997,057,833.46
Sub-total of cash inflows		1,351,937,945.88	1,244,440,601.01
Cash payments for goods purchased and services received		74,851,999.84	103,564,354.33
Cash payments to and on behalf of employees		120,776,012.55	110,544,071.65
Payments of all types of taxes		15,379,650.33	12,667,812.28
Other cash payments relating to operating activities		769,807,353.31	1,061,199,695.03
Sub-total of cash outflows		980,815,016.03	1,287,975,933.29
Net Cash Flows from Operating Activities	(XIV)8	371,122,929.85	(43,535,332.28)
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		110,955,345.27	-
Cash receipts from investments income		257,849,757.21	291,405,549.02
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,949,239.92	2,065,466.52
Cash receipts from disposal of subsidiaries and other business units		118,451.91	533,316.45
Sub-total of cash inflows		371,872,794.31	294,004,331.99
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,722,488.26	4,356,396.16
Sub-total of cash outflows		3,722,488.26	4,356,396.16
Net Cash Flows from Investing Activities		368,150,306.05	289,647,935.83
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from issue of bonds		800,000,000.00	398,800,000.00
Sub-total of cash inflows		800,000,000.00	398,800,000.00
Cash repayments of borrowings		1,200,000,000.00	500,000,000.00
Cash payments for distribution of dividends or profit or interest		287,640,370.14	328,857,854.70
Other cash payments relating to financing activities		1,750,344.61	229,424.00
Sub-total of cash outflows		1,489,390,714.75	829,087,278.70
Net Cash Flows from Financing Activities		(689,390,714.75)	(430,287,278.70)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		306,212.13	272,467.72
<b>V. Net Increase(Decrease) in Cash and Cash Equivalents</b>		50,188,733.28	(183,902,207.43)
Add: Opening balance of Cash and Cash Equivalents		281,427,034.32	465,329,241.75
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		331,615,767.60	281,427,034.32

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

ITEM	2015									2014									
	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity	
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others			Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others			
I. Closing balance of the preceding year	644,763,730.00	162,698,555.65	(8,977,146.43)	2,219,777.52	520,074,434.56	2,794,519,480.29	-	760,300,768.84	4,875,599,600.43	644,763,730.00	166,143,555.65	-	2,194,178.40	483,685,708.52	2,664,771,789.70	(13,712,569.50)	780,229,789.10	4,728,076,181.87	
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	(3,445,000.00)	(10,267,569.50)	-	-	-	13,712,569.50	-	-	
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Opening balance of the year	644,763,730.00	162,698,555.65	(8,977,146.43)	2,219,777.52	520,074,434.56	2,794,519,480.29	-	760,300,768.84	4,875,599,600.43	644,763,730.00	162,698,555.65	(10,267,569.50)	2,194,178.40	483,685,708.52	2,664,771,789.70	-	780,229,789.10	4,728,076,181.87	
III. Changes for the year	-	2,866,183.50	1,087,500.00	1,499,978.06	-	318,848,043.90	-	29,409,124.23	353,710,829.69	-	-	1,290,423.07	25,599.12	36,388,726.04	129,747,690.59	-	(19,929,020.26)	147,523,418.56	
(I) Total comprehensive income	-	-	1,087,500.00	-	-	527,751,492.42	-	124,966,166.19	653,805,158.61	-	-	1,290,423.07	-	-	417,594,271.33	-	112,196,228.61	531,080,923.01	
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(III) Profit distribution	-	-	-	-	-	(208,903,448.52)	-	(95,620,966.90)	(304,524,415.42)	-	-	-	-	36,388,726.04	(287,846,580.74)	-	(132,168,078.54)	(383,625,933.24)	
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	36,388,726.04	(36,388,726.04)	-	-	-	
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Distributions to shareholders	-	-	-	-	-	(208,903,448.52)	-	(95,620,966.90)	(304,524,415.42)	-	-	-	-	-	(251,457,854.70)	-	(132,168,078.54)	(383,625,933.24)	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(V) Special reserve	-	-	-	1,499,978.06	-	-	-	63,924.94	1,563,903.00	-	-	-	25,599.12	-	-	-	-	42,829.67	68,428.79
1. Withdrawn in the period	-	-	-	15,469,088.96	-	-	-	4,006,535.25	19,475,624.21	-	-	-	15,335,522.96	-	-	-	4,177,359.95	19,512,882.91	
2. Utilized in the period	-	-	-	(13,969,110.90)	-	-	-	(3,942,610.31)	(17,911,721.21)	-	-	-	(15,309,923.84)	-	-	-	(4,134,530.28)	(19,444,454.12)	
(VI) Others	-	2,866,183.50	-	-	-	-	-	-	2,866,183.50	-	-	-	-	-	-	-	-	-	
IV. Closing balance of the year	644,763,730.00	165,564,739.15	(7,889,646.43)	3,719,755.58	520,074,434.56	3,113,367,524.19	-	789,709,893.07	5,229,310,430.12	644,763,730.00	162,698,555.65	(8,977,146.43)	2,219,777.52	520,074,434.56	2,794,519,480.29	-	760,300,768.84	4,875,599,600.43	

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

ITEM	2015							2014						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
I. Closing balance of the preceding year	644,763,730.00	204,296,719.24	4,735,000.00	-	520,074,434.56	648,306,530.85	2,022,176,414.65	644,763,730.00	153,355,827.18	-	120,437.30	483,685,708.52	667,999,192.32	1,949,924,895.32
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	(3,445,000.00)	3,445,000.00	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	204,296,719.24	4,735,000.00	-	520,074,434.56	648,306,530.85	2,022,176,414.65	644,763,730.00	149,910,827.18	3,445,000.00	120,437.30	483,685,708.52	667,999,192.32	1,949,924,895.32
III. Changes for the year	-	34,746,714.30	1,087,500.00	1,465,450.61	-	55,337,767.20	92,637,432.11	-	54,385,892.06	1,290,000.00	(120,437.30)	36,388,726.04	(19,692,661.47)	72,251,519.33
(I) Total comprehensive income	-	-	1,087,500.00	-	-	264,241,215.72	265,328,715.72	-	-	1,290,000.00	-	-	268,153,919.27	269,443,919.27
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	(208,903,448.52)	(208,903,448.52)	-	-	-	-	36,388,726.04	(287,846,580.74)	(251,457,854.70)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	36,388,726.04	(36,388,726.04)	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(208,903,448.52)	(208,903,448.52)	-	-	-	-	-	(251,457,854.70)	(251,457,854.70)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	1,296,180.48	-	-	1,296,180.48	-	-	-	(120,437.30)	-	-	(120,437.30)
1. Transfer to special reserve in the period	-	-	-	2,927,499.53	-	-	2,927,499.53	-	-	-	2,362,146.80	-	-	2,362,146.80
2. Utilized in the period	-	-	-	(1,631,319.05)	-	-	(1,631,319.05)	-	-	-	(2,482,584.10)	-	-	(2,482,584.10)
(VI) Others	-	34,746,714.30	-	169,270.13	-	-	34,915,984.43	-	54,385,892.06	-	-	-	-	54,385,892.06
IV. Closing balance of the year	644,763,730.00	239,043,433.54	5,822,500.00	1,465,450.61	520,074,434.56	703,644,298.05	2,114,813,846.76	644,763,730.00	204,296,719.24	4,735,000.00	-	520,074,434.56	648,306,530.85	2,022,176,414.65

The accompanying notes form part of the financial statements.

**(I) GENERAL INFORMATION OF THE COMPANY**

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

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

The company's and consolidated financial statements have been approved by the Board of Directors on 24<sup>th</sup> March 2016.

The scope of consolidated financial statements in the current period involves 10 subsidiaries. See Note (VII) "Equity in other entities" for details. Absorption merger made by the company lessen the scope of consolidated financial statements. See Note (VI) "Changes in consolidation scope" for details.

**(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

*Basis of preparation of financial statements*

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

*Basis of accounting and principle of measurement*

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

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

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

**(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued**

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

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

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

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

Going Concern

The Group evaluated its going concern ability within 12 months since 31 December 2015. No events or circumstances are noted, which could cause significant doubt upon the entity's ability to continue as going concern. Hence, the financial statements have been prepared on a going concern basis.

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

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

**1. Statement of compliance with the ASBE**

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2015, and the Company's and consolidated results of operations and cash flows for the year then ended.

**2. Accounting period**

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

**3. Operating cycle**

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

**4. Functional currency**

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



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

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

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

*5.1 Business combinations involving enterprises under common control*

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

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

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

*5.2 Business combinations not involving enterprises under common control and goodwill*

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

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

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

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

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

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

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

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

**6. Preparation of consolidated financial statements**

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

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

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

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

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

**6. Preparation of consolidated financial statements - continued**

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

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

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

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

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

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

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

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

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

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

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

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

**8. Recognition criteria of cash and cash equivalents**

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

**9. Foreign currency transactions**

***9.1 Transactions denominated in foreign currencies***

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

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

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

**9. Foreign currency transactions**

*9.1 Transactions denominated in foreign currencies - continued*

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

**10. Financial instruments**

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

*10.1 Effective interest method*

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

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

*10.2 Classification, recognition and measurement of financial assets*

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

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

**10. Financial instruments - continued**

*10.2 Classification, recognition and measurement of financial assets - continued*

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

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

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

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

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

*10.2.2 Held-to-maturity investments*

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

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

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

**10. Financial instruments** - continued

*10.2 Classification, recognition and measurement of financial assets* - continued

*10.2.3 Loans and receivables*

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

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

*10.2.4 Available-for-sale financial assets*

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

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

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

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

*10.3 Impairment of financial assets*

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

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

**10. Financial instruments** - continued

*10.3 Impairment of financial assets* - continued

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

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

*- Impairment of financial assets measured at amortized cost*

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



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

**10. Financial instruments - continued**

*10.3 Impairment of financial assets - continued*

*- Impairment of financial assets measured at amortized cost - continued*

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

*- Impairment of available-for-sale financial assets*

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

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

*- Impairment of financial assets measured at cost*

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

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

**10. Financial instruments - continued**

*10.4 Transfer of financial assets*

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

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

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

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

*10.5 Classification, recognition and measurement of financial liabilities*

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

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

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

**10. Financial instruments - continued**

*10.5.1 Financial liabilities at fair value through profit or loss*

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

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

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

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

*10.5.2 Other financial liabilities*

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

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

**10. Financial instruments - continued**

*10.5 Classification and recognition of financial liabilities - continued*

*10.5.3 Financial guarantee contracts*

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

*10.6 Derecognition of Financial Liabilities*

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

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

*10.7 Offsetting financial assets and financial liabilities*

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

*10.8 Equity instruments*

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

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

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

**11. Receivables**

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

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

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

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

Portfolios that use aging analysis for bad debt provision:

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

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

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

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

**12. Inventories**

*12.1 Categories of inventories*

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

*12.2 Valuation method of inventories upon delivery*

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

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

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

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

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

*12.4 Inventory count system*

The perpetual inventory system is maintained for stock system.

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

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

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

**13. Long-term equity investments**

*13.1 Basis for determining joint control and significant influence over investee*

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

*13.2 Determination of investment cost*

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

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

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

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

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

**13. Long-term equity investments - continued**

*13.3 Subsequent measurement and recognition of profit or loss*

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

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

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

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

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

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

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



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

**13. Long-term equity investments - continued**

*13.3 Subsequent measurement and recognition of profit or loss - continued*

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

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

*13.4 Disposal of long-term equity investments*

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

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

**14. Investment properties**

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

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

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

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

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

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

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

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

*15.2 Depreciation of each category of fixed assets*

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

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

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

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

**15. Fixed assets - continued**

*15.3 Other explanations*

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

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

**16. Construction in progress**

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

**17. Borrowing Costs**

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

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

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

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

**18. Intangible assets**

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

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

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

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

**19. Impairment of long-term assets**

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

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

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

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

**19. Impairment of long-term assets - continued**

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

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

**20. Long-term prepaid expenses**

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

**21. Employee benefits**

***21.1 The accounting treatment of short-term employee benefits***

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

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

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

**21. Employee benefits** - continued

*21.2 The accounting treatment of post-employment benefits*

All the post-employment benefits are defined contribution plans.

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

*21.3 The accounting treatment of termination benefits*

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

**22. Provisions**

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

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

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

**23. Revenue**

*23.1 Revenue from rendering of services*

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

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

**23. Revenue**

*23.2 Rental income - continued*

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

*23.3 Interest income*

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

**24. Government grants**

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

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

*24.1 The accounting treatment of government grants related to assets*

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

*24.2 The accounting treatment of government grants related to income*

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

**25. Deferred tax assets/ deferred tax liabilities**

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

*25.1 Current income tax*

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

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

**25. Deferred tax assets/ deferred tax liabilities - continued**

*25.2 Deferred tax assets and deferred tax liabilities*

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

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

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

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

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

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

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



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

**25. Deferred tax assets/ deferred tax liabilities - continued**

*25.3 Offset of income tax*

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

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

**26. Leases**

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

*26.1 The accounting treatment of operating leases*

*26.1.1 The Group as lessee under operating leases*

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

*26.1.2 The Group as lessor under operating leases*

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

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

**27. Safety Production Cost**

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

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

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

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

*Goodwill impairment*

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

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

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

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

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

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

Entities using different enterprise income tax rate:

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

**(IV) TAXES - continued**

**1. Major taxes and tax rates - continued**

Note 1: According to the *Notice on Taxable Services Subject to "VAT" Tax Rate of Zero and Exemption* issued by the Ministry of Finance and State Administration of Taxation (filed as Cai Shui [2011] No.131), and approvals released by Shekou National Taxation Bureau in Shenzhen (filed as Jian Mian Bei [2012] No.0686, No.0693, No.0834 and Jian Mian Bei [2013] No.0136 respectively), Container Terminal Company Limited, Shenzhen Chiwan Harbor Container Company Limited and Shenzhen Chiwan Tugboat Company Limited, the subsidiaries of the Company, are exempt from "VAT" when providing logistics support service (except for warehousing service).

Note 2: The subsidiaries set up in Shenzhen are subject to an urban maintenance and construction tax rate of 7%, and those set up in Dongguan are subject to an urban maintenance and construction tax rate of 5%.

**2. Tax preference**

On 21 February 2012, Machong Branch of National Taxation Bureau in Dongguan City approved that Dongguan Chiwan Wharf Co., Ltd (DGW), a subsidiary of the Group, was subject to tax preference of "3-year exemption followed by 3-year half reduction" commencing from 2010. 2015 is its third year with tax preference of half reduction; hence, DGW has calculated its income tax at a rate of 12.5% (2014: 12.5%).

On 8 July 2014, Machong Branch of National Taxation Bureau in Dongguan City approved that Dongguan Chiwan Terminal Co., Ltd (DGT), a subsidiary of the Group, was subject to tax preference of "3-year exemption followed by 3-year half reduction" commencing from 2014. DGT is exempted from income tax in 2015 (2014: exempted from enterprise income tax).

According to Doc. [2013] No.3 issued by Shekou Local Taxation Bureau In Shenzhen, the profits derived from berth #13A of Shenzhen Chiwan Harbour Container Company Limited, are entitled to full exemption from income tax for three years commencing from its first profit making year and 50% exemption for the following three year when certain requirements are met. 2015 is the fourth profit-making year of berth #13A; hence, the tax rate of 12.5% was adopted to calculate its enterprise income tax. (2014:exempted from enterprise income tax).

According to the joint verification by Science and Technology Innovation Commission of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Provincial Office, SAT and Shenzhen Local Taxation Bureau , the DGT, a subsidiary of the Group, is a high-tech enterprise, subject to tax preference of 3-year enterprise income tax rate of 15% commencing in 2014. Hence, Chiwan Container Terminal Company Limited has calculated its income tax at a rate of 15% in 2015 (2014: 15%).

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance
Cash:		
RMB	24,361.90	9,981.65
USD	461.05	434.45
HKD	3,824.97	776.04
Subtotal	28,647.92	11,192.14
Bank deposit:		
RMB	409,906,378.32	330,799,996.02
USD	164,610,997.05	41,390,267.99
HKD	108,138,907.80	93,997,685.60
Subtotal	682,656,283.17	466,187,949.61
Other cash and bank balances (Note)		
RMB	453,192.57	2,436,344.72
USD	-	-
HKD	-	-
Subtotal	453,192.57	2,436,344.72
Total	683,138,123.66	468,635,486.47
Including: The total amount of funds deposited in overseas	88,863,245.66	76,729,803.80

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

2. Notes receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bills	3,327,000.00	2,500,000.00

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

3. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Item	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	12,418,434.10	6.56	-	-	12,418,434.10	9,713,134.41	4.76	-	-	9,713,134.41
Portfolio 2	176,789,459.38	93.44	191,328.62	0.11	176,598,130.76	194,290,803.68	95.24	361,993.47	0.19	193,928,810.21
Subtotal of portfolios	189,207,893.48	100.00	191,328.62	0.10	189,016,564.86	204,003,938.09	100.00	361,993.47	0.18	203,641,944.62
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	189,207,893.48	100.00	191,328.62	0.10	189,016,564.86	204,003,938.09	100.00	361,993.47	0.18	203,641,944.62

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

3. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	176,739,529.67	142,974.91	0.08	176,596,554.76	193,242,566.45	109,535.22	0.06	193,133,031.23
More than 1 year but not exceeding 2 years	1,970.00	394.00	20.00	1,576.00	964,041.23	192,808.25	20.00	771,232.98
More than 2 years but not exceeding 3 years	-	-	-	-	49,092.00	24,546.00	50.00	24,546.00
More than 3 years	47,959.71	47,959.71	100.00	-	35,104.00	35,104.00	100.00	-
Total	176,789,459.38	191,328.62	0.11	176,598,130.76	194,290,803.68	361,993.47	0.19	193,928,810.21

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

Unit: RMB

Item	Opening balance	bad debt provision	Decrease		Closing balance
			Reversal	Write-off	
Accounts receivable	361,993.47	271,255.83	441,920.68	-	191,328.62

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

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

Unit: RMB

Name of customer	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
Customer A	Customer	64,373,406.41	34.02	83,360.40
Customer B	Customer	15,126,076.63	7.99	-
Customer C	Customer	9,738,100.41	5.15	-
Customer D	Customer	9,466,851.48	5.00	358.89
Customer E	Customer	5,179,415.33	2.74	-
Total		103,883,850.26	54.90	83,719.29

4. Prepayments

(1) Prepayments presented by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,503,775.41	93.47	1,884,932.73	94.96
More than 1 year but not exceeding 2 years	175,000.00	6.53	100,000.00	5.04
Total	2,678,775.41	100.00	1,984,932.73	100.00

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

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

**4. Prepayments - continued**

(2) Top five balances of prepayments classified by entities

Unit: RMB

Entities	Relationship with the Company	Closing balance	Proportion of the closing balance to the total prepayments (%)
The People's Insurance Company(Group) of China Limited.	Supplier	1,094,687.12	40.87
China Life Insurance Company Limited Shenzhen Branch	Supplier	329,916.68	12.32
Shenzhen Shekou Chiwan Port Machinery Company Limited.	Supplier	225,000.00	8.40
China continent property&casualty insurance company	Supplier	217,550.77	8.12
Shenzhen Shen Rong plastic products Company Limited.	Supplier	182,400.00	6.81
Total		2,049,554.57	76.51

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

**5. Interest receivable**

(1) Interest receivable

Unit: RMB

Category	Closing balance	Opening balance
Fixed term deposit	72,773.05	183,213.50

(2) The Group has no significant overdue interest.

**6. Dividends receivable**

(1) Dividends receivable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Impairment appeared or not
China Overseas Harbor Affairs (Laizhou) Co., Ltd.	-	30,785,676.52	30,785,676.52	-	No
China Ocean Shipping Agency (Shenzhen) Company Limited	-	3,221,220.00	3,221,220.00	-	No
China Merchants Holdings(International) Information Technology	-	2,778,004.73	2,778,004.73	-	No
Jiang Su Ninghu Expressway Company Limited	-	380,000.00	380,000.00	-	No
Total	-	37,164,901.25	37,164,901.25	-	

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

7. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	12,390,252.83	80.02	100,000.00	0.81	12,290,252.83	25,553,830.02	59.68	100,000.00	0.39	25,453,830.02
Portfolio 2	3,094,402.45	19.98	475,906.84	15.38	2,618,495.61	17,261,884.10	40.32	394,711.39	2.29	16,867,172.71
Subtotal of portfolios	15,484,655.28	100.00	575,906.84	3.72	14,908,748.44	42,815,714.12	100.00	494,711.39	1.16	42,321,002.73
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	15,484,655.28	100.00	575,906.84	3.72	14,908,748.44	42,815,714.12	100.00	494,711.39	1.16	42,321,002.73

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	2,622,437.97	10,265.61	0.39	2,612,172.36	16,789,909.62	9,035.49	0.05	16,780,874.13
More than 1 year but not exceeding 2 years	2,600.00	520.00	20.00	2,080.00	11,096.50	2,219.30	20.00	8,877.20
More than 2 years but not exceeding 3 years	8,486.50	4,243.25	50.00	4,243.25	-	-	-	-
More than 3 years	460,877.98	460,877.98	100.00	-	460,877.98	383,456.60	83.20	77,421.38
Total	3,094,402.45	475,906.84	15.38	2,618,495.61	17,261,884.10	394,711.39	2.29	16,867,172.71

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

Unit: RMB

Item	Opening balance	Increase	Decrease		Translate foreign currency statements	Closing balance
			Reversal	Write-off		
Other receivable	494,711.39	125,761.99	44,566.54	-	-	575,906.84

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

(4) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporary payments	4,789,080.04	21,840,184.60
Deposits	4,469,460.16	6,363,552.37
Others	6,226,115.08	14,611,977.15
Total	15,484,655.28	42,815,714.12



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

7. Other receivables - continued

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

Unit: RMB

Name of company	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
Shenzhen Mawan Terminals Co., Ltd.	Temporary payments from related parties	1,934,775.73	Within one year	12.49	-
China Merchants Bonded Logistics Co., Ltd. ("CMBL")	Temporary payments from related parties	1,868,304.61	Within one year	12.07	-
Shekou Container Terminal Co., Ltd	Temporary payments from related parties	1,245,976.00	Within one year	8.05	-
China Nanshan Development (Group) Incorporation ("Nanshan Group")	Temporary payments from related parties	1,054,300.09	More than 1 year but not exceeding 2 years and more than 3 years	6.81	-
Shenzhen Mawan Port Co., Ltd. ("SMP")	Temporary payments from related parties	985,340.31	Within one year	6.36	-
Total		7,088,696.74		45.78	-

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	2015			2014		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Spare parts	17,569,310.18	972,744.93	16,596,565.25	18,866,392.87	972,744.93	17,893,647.94
Fuel	703,742.41	-	703,742.41	1,196,520.67	-	1,196,520.67
Total	18,273,052.59	972,744.93	17,300,307.66	20,062,913.54	972,744.93	19,090,168.61

(2) Provision for decline in value of inventories

Unit: RMB

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

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Added-value tax to be certified and deducted	12,889,208.71	16,893,412.98

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

10. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Available-for-sale equity instruments	25,787,500.00	3,128,300.00	22,659,200.00	24,337,500.00	3,128,300.00	21,209,200.00
Measured at fair value	8,750,000.00	-	8,750,000.00	7,300,000.00	-	7,300,000.00
Measured at cost	17,037,500.00	3,128,300.00	13,909,200.00	17,037,500.00	3,128,300.00	13,909,200.00
Total	25,787,500.00	3,128,300.00	22,659,200.00	24,337,500.00	3,128,300.00	21,209,200.00

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

Unit: RMB

Classification of available-for-sale financial assets	Available-for-sale equity instruments
Cost of equity instruments	1,120,000.00
Fair value	8,750,000.00
Accumulated amount of changes in fair value included in the other comprehensive income	7,630,000.00
Provision amount for impairment	-

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

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

Unit: RMB

Investees	Carrying amount				Provision for impairment				Proportion of ownership interests in the investee (%)	Cash dividends for the period
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease	Closing balance		
Shenzhen Petro-chemical Industry (Group) Company Limited	3,500,000.00	-	-	3,500,000.00	3,117,800.00	-	-	3,117,800.00	0.26	-
Guangdong Guang Jian Group Company Limited	27,500.00	-	-	27,500.00	10,500.00	-	-	10,500.00	0.02	-
China Ocean Shipping Agency (Shenzhen) Company Limited	13,510,000.00	-	-	13,510,000.00	-	-	-	-	15.00	3,221,220.00
Total	17,037,500.00	-	-	17,037,500.00	3,128,300.00	-	-	3,128,300.00		3,221,220.00

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

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

Unit: RMB

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

11. Long-term equity investments

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes							Closing balance	Closing value of provision for impairment	
				Increase	Decrease	Investment profit or loss under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment			Others
I. Joint ventures													
China Overseas Harbor Affairs (Laizhou) Co., Ltd.(Note 1)	Equity method	749,655,300.00	761,613,322.04	-	-	40,102,679.54	-	-	30,785,676.52	-	-	770,930,325.06	-
II. Associates													
China Merchants Holdings (International) Information Technology Company Ltd.	Equity method	1,875,000.00	14,654,011.40	-	-	957,851.28	-	-	2,778,004.73	-	-	12,833,857.95	-
CMBL	Equity method	280,000,000.00	312,082,144.78	-	-	11,714,735.38	-	2,866,183.50	-	-	-	326,663,063.66	-
MediaPortInvestmentsLimited("MPIL") (Note 2)	Equity method	139,932.00	299,788,762.52	-	-	36,808,965.97	-	-	-	-	-	336,597,728.49	-
China Development Finance Co., Ltd.(note 3)	Equity method	100,000,000.00	105,202,034.31	-	110,955,345.27	5,753,310.96	-	-	-	-	-	-	-
Subtotal		382,014,932.00	731,726,953.01	-	110,955,345.27	55,234,863.59	-	2,866,183.50	2,778,004.73	-	-	676,094,650.10	-
Total		1,131,670,232.00	1,493,340,275.05	-	110,955,345.27	95,337,543.13	-	2,866,183.50	33,563,681.25	-	-	1,447,024,975.16	-

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

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

Note 3: On 30 November 2015, the Company and Nanshan Group entered into an agreement called "Equity Transfer Contract", to transfer the Company's 20% equity interests in the China Development Finance Co., Ltd at RMB 112,900,000.00, the relevant procedures of which are under going.

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

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	65,028,138.00	3,548,533.09	21,438,400.00	47,138,271.09
1. Buildings	33,519,173.00	3,548,533.09	20,013,200.00	17,054,506.09
2. Land use right	31,508,965.00	-	1,425,200.00	30,083,765.00
II. Total accumulated depreciation and amortization	33,996,198.55	1,402,627.37	15,008,350.21	20,390,475.71
1. Buildings	18,496,095.59	842,307.30	13,583,150.21	5,755,252.68
2. Land use right	15,500,102.96	560,320.07	1,425,200.00	14,635,223.03
III. Total net book value of investment property	31,031,939.45			26,747,795.38
1. Buildings	15,023,077.41			11,299,253.41
2. Land use right	16,008,862.04			15,448,541.97
IV. Total accumulated amount of provision for impairment losses of investment property	-	-	-	-
1. Buildings	-	-	-	-
2. Land use right	-	-	-	-
V. Total carrying value of investment property	31,031,939.45			26,747,795.38
1. Buildings	15,023,077.41			11,299,253.41
2. Land use right	16,008,862.04			15,448,541.97

Note: Depreciation and amortization for the current period is RMB1,178,498.38.

**(2) Investment properties without ownership certificates**

As of 31 December 2015, the Group has not obtained any ownership certificates of investment properties. For buildings located within the scope of Chiwan watershed with net book value of RMB23,465,273.31 (original carrying amount: RMB43,589,738.00), the underlying reasons and management's resolutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

13. Fixed assets

(1) Fixed assets

	Unit: RMB			
Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	5,456,487,930.26	117,795,338.62	52,865,995.05	5,521,417,273.83
Including: Port and terminal facilities	1,964,933,409.57	36,271,746.33	9,971,691.84	1,991,233,464.06
Container yards and buildings	1,015,842,646.42	50,652,733.88	4,438,607.62	1,062,056,772.68
Mechanical equipment	2,053,341,346.04	21,304,993.04	3,814,771.59	2,070,831,567.49
Motor vehicles, cargo ships and tugboats	299,281,377.32	5,089,108.31	18,200,248.15	286,170,237.48
Other equipment	123,089,150.91	4,476,757.06	16,440,675.85	111,125,232.12
II. Total accumulated depreciation	2,075,949,277.19	211,170,403.17	36,302,839.57	2,250,816,840.79
Including: Port and terminal facilities	388,113,614.13	51,260,518.35	3,186,462.10	436,187,670.38
Container yards and buildings	234,896,097.66	26,096,952.44	229,798.97	260,763,251.13
Mechanical equipment	1,207,206,921.85	112,815,046.76	2,172,311.52	1,317,849,657.09
Motor vehicles, cargo ships and tugboats	155,607,578.23	13,598,903.71	15,919,688.55	153,286,793.39
Other equipment	90,125,065.32	7,398,981.91	14,794,578.43	82,729,468.80
III. Total net book value of fixed assets	3,380,538,653.07			3,270,600,433.04
Including: Port and terminal facilities	1,576,819,795.44			1,555,045,793.68
Container yards and buildings	780,946,548.76			801,293,521.55
Mechanical equipment	846,134,424.19			752,981,910.40
Motor vehicles, cargo ships and tugboats	143,673,799.09			132,883,444.09
Other equipment	32,964,085.59			28,395,763.32
IV. Total provision for impairment losses	60,695,381.41	-	3,275,912.45	57,419,468.96
Including: Port and terminal facilities	7,537,511.93	-	3,275,912.45	4,261,599.48
Container yards and buildings	53,157,869.48	-	-	53,157,869.48
Mechanical equipment	-	-	-	-
Motor vehicles, cargo ships and tugboats	-	-	-	-
Other equipment	-	-	-	-
V. Total carrying value of fixed assets	3,319,843,271.66			3,213,180,964.08
Including: Port and terminal facilities	1,569,282,283.51			1,550,784,194.20
Container yards and buildings	727,788,679.28			748,135,652.07
Mechanical equipment	846,134,424.19			752,981,910.40
Motor vehicles, cargo ships and tugboats	143,673,799.09			132,883,444.09
Other equipment	32,964,085.59			28,395,763.32

Note 1: The increase of total original carrying amount for current period consists of new acquisition of RMB12,034,855.15, an increase of RMB20,013,200.00 transferred from investment properties, and an increase of RMB82,246,926.23 of amount transferred from construction in progress. The decrease of total original carrying amount for current period consists of a decrease of RMB45,583,133.55 resulting from disposal of fixed assets.

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**13. Fixed assets - continued**

Note 2: The increase in accumulated depreciation for current period consists of charge for the current year of RMB197,385,401.36. The decrease in accumulated depreciation for current period consists of a decrease of RMB35,876,164.91 resulting from disposal of fixed assets .

Note 3: The decrease in provision for impairment loss for current period consists of a decrease resulting from disposal of fixed assets of RMB3,275,912.45.

Note 4: As of 31 December 2015, the Group has no fixed assets that used as collateral.

Note 5: As of 31 December 2015, the certificates of title for the Group's buildings with a net book value of RMB325,474,741.67 (total original carrying amount: RMB439,884,369.96) have not yet been obtained. For buildings located within the scope of Chiwan watershed with net book value of RMB30,844,993.13 (original carrying amount: RMB119,204,302.62), the underlying reasons and management's solutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

**(2) Other issues**

Unit: RMB

Item	Amount	Note
The original amounts of fixed assets fully depreciated but still in use at 31 December 2015	628,014,319.05	
Closing original amount of temporary idle fixed assets	-	
Fixed assets disposed or retired in the current year		
Original amount of fixed assets disposed or retired in the current year	45,583,133.55	
Net book value of fixed assets disposed or retired in the current year	6,431,056.19	
Gain or loss on disposal or retire of fixed assets	2,948,935.99	

**14. Construction in progress**

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

Unit: RMB

Item	Closing Balance			Opening Balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Relavent construction work of 50.86 meters coastline, Machong Port	4,994,656.36	-	4,994,656.36	4,968,524.28	-	4,968,524.28
Supporting equipment & facilities renovation project, Chiwan Port terminal	4,802,731.27	-	4,802,731.27	736,933.56	-	736,933.56
Bulk grain warehouses Phase II, Machong Port	2,526,814.00	-	2,526,814.00	-	-	-
Technological transformation of Berth 7#, Chiwan Port	1,447,719.40	-	1,447,719.40	-	-	-
Warehouse Engineering Mechanization Refrigerated Field, Chiwan Port	-	-	-	14,216,401.54	-	14,216,401.54
Supporting equipment & facilities construction of Machong Port terminal	-	-	-	2,991,251.98	-	2,991,251.98
Others	-	-	-	734,588.23	-	734,588.23
Others	8,450,163.75	-	8,450,163.75	10,934,669.86	-	10,934,669.86
Total	22,222,084.78	-	22,222,084.78	34,582,369.45	-	34,582,369.45

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

14. Construction in progress - continued

(2) Changes in significant construction in progress

Unit: RMB

Item	Budget amount	Opening balance	Increase in the current period	Transfer to fixed and intangible assets	Decrease in the current period	Closing balance	Proportion of accumulated construction investment in budget	Construction progress	Amount of accumulated capitalised interest	Including: capitalised interest for the current period	Interest capitalisation rate for the current period (%)	Capital source
Relavent construction work of 50.86 meters coastline, Machong Port	8,819,228.91	4,968,524.28	26,132.08	-	-	4,994,656.36	56.63%	56.63%	-	-	-	Self-funding
Supporting equipment & facilities renovation project, Chiwan Port terminal	30,500,000.00	736,933.56	6,454,346.97	2,388,549.26	-	4,802,731.27	23.58%	23.58%	-	-	-	Self-funding
Bulk grain warehouses Phase II, Machong Port	320,000,000.00	-	2,526,814.00	-	-	2,526,814.00	0.79%	0.79%	-	-	-	Self-funding
Technological transformation of Berth 7# , Chiwan Port	29,500,000.00	-	1,447,719.40	-	-	1,447,719.40	4.91%	4.91%	-	-	-	Self-funding
Warehouse Engineering Mechanization	47,102,140.74	14,216,401.54	32,012,033.14	46,228,434.68	-	-	98.15%	100.00%	215,749.26	212,638.15	4.83%	Self-funding and loan
Refrigerated Field, Chiwan Port	7,600,000.00	2,991,251.98	476,330.00	3,467,581.98	-	-	45.63%	100.00%	-	-	-	Self-funding
Supporting equipment & facilities construction of Machong Port terminal	21,289,848.39	734,588.23	18,857,439.65	19,592,027.88	-	-	92.03%	100.00%	-	-	-	Self-funding
Others	43,678,892.14	10,934,669.86	12,062,221.19	10,570,332.43	3,976,394.87	8,450,163.75	52.65%	52.65%	64,245.14	-	-	Self-funding and loan
Total	508,490,110.18	34,582,369.45	73,863,036.43	82,246,926.23	3,976,394.87	22,222,084.78			279,994.40	212,638.15		

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

15. Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	1,507,125,392.66	136,340,327.17	40,201,018.00	1,603,264,701.83
Land use rights - prepaid under lease (Note 2)	1,237,013,503.76	-	38,022,600.00	1,198,990,903.76
Land use rights - prepaid under investment (Note 2)	122,623,476.00	-	-	122,623,476.00
Land use rights - purchased	41,150,418.28	75,552,094.31	-	116,702,512.59
Computer software	33,451,857.62	788,232.86	2,178,418.00	32,061,672.48
Sea area use rights	72,886,137.00	-	-	72,886,137.00
Coast line use rights	-	60,000,000.00	-	60,000,000.00
II. Total accumulated amortization	557,103,807.56	39,465,290.29	40,201,018.00	556,368,079.85
Land use rights - prepaid under lease (Note 2)	467,553,650.97	30,289,914.76	38,022,600.00	459,820,965.73
Land use rights - prepaid under investment (Note 2)	54,976,191.74	2,452,469.52	-	57,428,661.26
Land use rights - purchased	4,089,392.68	2,386,226.16	-	6,475,618.84
Computer software	22,589,134.97	1,720,198.60	2,178,418.00	22,130,915.57
Sea area use rights	7,895,437.20	1,460,213.95	-	9,355,651.15
Coast line use rights	-	1,156,267.30	-	1,156,267.30
III. Total net carrying amount of intangible assets	950,021,585.10			1,046,896,621.98
Land use rights - prepaid under lease (Note 2)	769,459,852.79			739,169,938.03
Land use rights - prepaid under investment (Note 2)	67,647,284.26			65,194,814.74
Land use rights - purchased	37,061,025.60			110,226,893.75
Computer software	10,862,722.65			9,930,756.91
Sea area use rights	64,990,699.80			63,530,485.85
Coast line use rights	-			58,843,732.70
IV. Total provision for impairment	-	-	-	-
Land use rights - prepaid under lease	-	-	-	-
Land use rights - prepaid under investment	-	-	-	-
Land use rights - purchased	-	-	-	-
Computer software	-	-	-	-
Sea area use rights	-	-	-	-
Coast line use rights	-	-	-	-
V. Total carrying value of intangible assets	950,021,585.10			1,046,896,621.98
Land use rights - prepaid under lease (Note 2)	769,459,852.79			739,169,938.03
Land use rights - prepaid under investment (Note 2)	67,647,284.26			65,194,814.74
Land use rights - purchased	37,061,025.60			110,226,893.75
Computer software	10,862,722.65			9,930,756.91
Sea area use rights	64,990,699.80			63,530,485.85
Coast line use rights	-			58,843,732.70

Note 1: The amortization for the current period is RMB39,465,290.29.



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

**15. Intangible assets** - continued

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

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

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

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

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

As of 31 December 2015, lease agreements for land use rights with total original carrying amount of RMB99,320,299.24 mentioned above have expired. The underlying land with an area of 146,613.00 m<sup>2</sup> consists of: a returned cultivated land of Chiwan Village with an area of 9,897.70 m<sup>2</sup> (original carrying amount: RMB7,918,160.00) being returned to Shenzhen Chiwan Shekou Industrial Co., Ltd; 8 # storeroom with an area of 6,118.50 m<sup>2</sup> not being renewal any more, and the remaining land being subject to renewal, but the renewal of land contracts for the remaining land are under way.

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

16. Goodwill

Unit: RMB

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

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

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance	Original Cost	Residual useful life
Construction expenditure of Tonggu sea-route (Note )	56,543,474.43	2,477,200.00	2,074,596.99	-	56,946,077.44	71,991,655.56	27 years
Golf membership	1,243,731.62	-	173,499.09	774,500.00	295,732.53	1,696,049.00	1-6 years
Building decoration	290,039.80	-	290,039.80	-	-	2,214,040.47	0 year
Total	58,077,245.85	2,477,200.00	2,538,135.88	774,500.00	57,241,809.97	75,901,745.03	

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

18. Deferred tax assets and deferred tax liabilities

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred income	24,769,557.06	6,192,389.27	8,487,070.64	2,096,624.60
Organization costs	24,827,835.78	4,663,638.91	29,748,694.69	4,790,028.26
Provision for impairment losses of assets	1,256,892.70	199,181.44	62,141,374.60	15,527,259.00
Depreciation of fixed assets and amortization of intangible assets	186,560.41	46,640.12	151,714.27	37,928.57
Accrued expenses	-	-	20,583,566.32	4,584,505.56
Others	959,082.56	172,471.08	24,138,134.95	3,019,120.93
Total	51,999,928.51	11,274,320.82	145,250,555.47	30,055,466.92

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

## 18. Deferred tax assets and deferred tax liabilities - continued

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

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets and amortization of intangible assets	-	-	12,454,428.92	3,113,607.20
Change in fair value of available-for-sale financial assets	7,630,000.00	1,907,500.00	6,180,000.00	1,545,000.00
Total	7,630,000.00	1,907,500.00	18,634,428.92	4,658,607.20

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

Unit: RMB

Item	Closing amount of deferred tax assets and liabilities that are offset	Closing amount of deferred tax assets or liabilities after offsetting	Opening amount of deferred tax assets and liabilities that are offset	Opening amount of deferred tax assets or liabilities after offsetting
Deferred tax assets	-	11,274,320.82	3,113,607.20	26,941,859.72
Deferred tax liabilities	-	1,907,500.00	3,113,607.20	1,545,000.00

## (4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	109,232,919.91	83,413,757.90
Deductible losses	175,298,730.79	187,859,648.89
Total	284,531,650.70	271,273,406.79

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

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

Unit: RMB

Year	Closing balance	Opening balance	Note
2015	-	15,706,529.89	
2016	16,885,955.11	16,885,955.11	
2017	30,345,268.82	30,345,268.82	
2018	75,300,266.59	75,300,266.59	
2019	49,621,628.48	49,621,628.48	
2020	3,145,611.79	-	
Total	175,298,730.79	187,859,648.89	

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued****19. Other non-current assets**

Unit: RMB

Item	Closing balance	Opening balance
Land Use Right (Note)	132,334,704.86	183,565,126.79
Coast Line Use Right (Note)	-	48,187,500.00
Prepayments on construction	-	2,914,766.80
Total	132,334,704.86	234,667,393.59

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

**20. Short-term borrowings**

Unit:RMB

Item	Closing balance	Opening balance
Credit loan (Note)	141,610,178.37	-

Note: The credit loan of HK\$ 169,026,233.43 (RMB 141,610,178.37) borrowed from Tokyo Mitsubishi UFJ Bank Shenzhen Branch by the Group's subsidiary, Chiwan Container Terminal Co., Ltd, has a tenure from May 20, 2015 to May 20, 2016 with a floating borrowing rate of Hibor + 1.8%.

**21. Accounts payable****(1) Details of accounts payable**

Unit: RMB

Item	Closing balance	Opening balance
Service	51,543,398.18	44,373,840.63
Material purchase	17,995,475.95	18,596,880.54
Rental	14,693,668.47	5,242,675.11
Construction	7,029,001.36	8,098,608.44
Equipment	192,294.70	1,135,848.41
Total	91,453,838.66	77,447,853.13

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

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

22. Receipts in advance

(1) Details of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Service fee receipt in advance	40,504,130.84	31,818,775.21

23. Employee benefits payable

(1) Employee benefits payable

Unit:RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term benefits	69,425,249.36	307,563,482.28	299,904,069.01	77,084,662.63
II. Post-employment benefits - defined contribution plans	-	33,304,915.84	33,304,915.84	-
III. Termination benefits	-	7,458,821.45	7,458,821.45	-
Total	69,425,249.36	348,327,219.57	340,667,806.30	77,084,662.63

(2) Short-term benefits

Unit:RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	56,438,493.07	255,097,992.18	247,327,048.84	64,209,436.41
II. Staff welfare	-	13,714,438.04	13,714,438.04	-
III. Social insurance charges	535.54	8,758,709.45	8,758,709.45	535.54
Including:				
Medical insurance	-	6,901,210.88	6,901,210.88	-
Work injury insurance	535.54	721,736.15	721,736.15	535.54
Maternity insurance	-	1,135,762.42	1,135,762.42	-
IV. Housing funds	-	15,774,161.55	15,774,161.55	-
V. Labor union and employee education funds	12,986,220.75	5,988,883.05	6,100,413.12	12,874,690.68
VI. Others	-	8,229,298.01	8,229,298.01	-
Total	69,425,249.36	307,563,482.28	299,904,069.01	77,084,662.63

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

(3) Post-employment benefits - defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Basic pension (Note 1)	-	23,580,447.85	23,580,447.85	-
II. Unemployment insurance (Note 1)	-	694,705.15	694,705.15	-
III. Enterprise annuity plan (Note 2)	-	9,029,762.84	9,029,762.84	-
Total	-	33,304,915.84	33,304,915.84	-

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

**23. Employee benefits payable - continued**

(3) Post-employment benefits - defined contribution plans - continued

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

During the year, the Group is obliged to contribute RMB 23,580,447.85 and RMB 694,705.15 respectively to the social security contributions and the unemployment insurance plan (2014: RMB 21,685,912.46 and RMB 669,708.99). As at 31 December 2015, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan.

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

**24. Taxes payable**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Enterprise income tax	30,086,957.65	56,986,095.19	70,995,086.80	16,077,966.04
Withholding tax (Note)	32,001,141.42	9,561,960.10	14,783,886.89	26,779,214.63
Business tax	491,213.54	3,802,842.35	4,106,510.30	187,545.59
Value-added-tax	2,980,055.19	24,035,124.32	25,058,131.12	1,957,048.39
Others	814,844.06	29,001,090.35	26,683,106.32	3,132,828.09
Total	66,374,211.86	123,387,112.31	141,626,721.43	48,134,602.74

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

**25. Interest payable**

Unit: RMB

Item	Closing balance	Opening balance
Interest on corporate debentures	18,440,692.42	33,775,342.43
Interest on short-term borrowings	79,146.51	-
Total	18,519,838.93	33,775,342.43

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

26. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Ordinary share dividends	88,715,008.17	199,830,762.29
Including: Payable to International Enterprise Co., Ltd.	50,466,621.41	146,963,530.87
Payable to Hidoney Developments Co., Ltd.	38,248,386.76	52,867,231.42

27. Other payables

(1) Other payables presented by the nature of amount

Unit: RMB

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	40,593,200.80	49,895,534.66
Temporary receipts	13,871,671.22	19,482,137.94
Security expense payable	4,584,940.63	3,951,002.85
Deposits received	5,903,230.85	3,181,017.63
Others	11,760,880.32	9,049,261.33
Total	76,713,923.82	85,558,954.41

(2) Significant other payables aged more than one year

Unit: RMB

Name of entity	Closing balance	Aging	Reasons for unpayment
CCCC third Harbor Engineering Co., Ltd.	9,241,239.33	1-2 years	Unsettled

28. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Deferred income due within one year	5,306,254.17	4,997,419.52

29. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable	500,000,000.00	400,000,000.00

Changes in short-term bonds payable:

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	Closing balance
14 Chiwan port CP001(note1)	400,000,000.00	26/06/2014	365days	400,000,000.00	400,000,000.00	-	9,698,630.12	-	400,000,000.00	-
15 Chiwan port CP001(note1)	300,000,000.00	10/04/2015	366days	300,000,000.00	-	300,000,000.00	10,563,114.76	-	-	300,000,000.00
15 Chiwan port SCP001(note2)	200,000,000.00	16/06/2015	90days	200,000,000.00	-	200,000,000.00	1,957,377.05	-	200,000,000.00	-
15 Chiwan port SCP002(note2)	100,000,000.00	14/07/2015	154days	100,000,000.00	-	100,000,000.00	1,493,715.85	-	100,000,000.00	-
15 Chiwan port SCP003(note2)	200,000,000.00	08/09/2015	268days	200,000,000.00	-	200,000,000.00	2,124,153.01	-	-	200,000,000.00
Total	1,200,000,000.00			1,200,000,000.00	400,000,000.00	800,000,000.00	25,836,990.79	-	700,000,000.00	500,000,000.00

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

29. Other current liabilities - continued

Note1: According to *Notice of Registration Acceptance* (Zhong Shi Xie Zhu [2013] No. CP171) issued by China's Interbank Market Dealers Association received by the Company on 7 May 2013, the Interbank Market Dealers Association approved the Company's short-term financing registration of RMB 1.6 billion with valid period of two years with effect from the acceptance of *Notice of Registration Acceptance*. On 26 June 2014, the Company issued the first short-term financing bill with an amount of RMB 400 million at the interest rate of 5.0%. The principle should be repaid with interest when the bill is due within 365 days, which has been repaid in this period. On 10 April, 2015, the Company issued the second short-term financing bill with an amount of RMB 300 million at the interest rate of 4.90%. The principle should be repaid with interest when the bill is due within 366 days.

Note2: According to *Notice of Registration Acceptance* (Zhong Shi Xie Zhu [2013] No. CP171) issued by China's Interbank Market Dealers Association received by the Company on 14 May 2015, the Interbank Market Dealers Association approved the Company's super short-term financing registration of RMB 1.6 billion with valid period of two years with effect from the acceptance of *Notice of Registration Acceptance*. On 16 June 2015, the Company issued the first phase of super short-term financing bills with an amount of RMB 200 million at the interest rate of 3.98%. The principle should be repaid with interest accrued when the bills are due in 90 days, which has been repaid in this period. On 14 July 2015, the Company issued the second phase of super short-term financing bills with an amount of RMB 100 million at the interest rate of 3.55%. The principle should be repaid with interest accrued when the bills are due in 154 days, which has been repaid in this period. On 8 September 2015, the Company issued the third phase of super short-term financing bills with an amount of RMB 200 million at the interest rate of 3.44%. The principle should be repaid with interest accrued when the bills are due in 268 days.

30. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Corporate bonds	497,764,383.59	995,110,137.02

(2) Changes of bonds payable:

Unit: RMB

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current year	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	closing balance
11 ChiWan 01	500,000,000.00	26/04/2012	Fiveyears	500,000,000.00	498,145,753.44	-	8,679,452.09	-	506,825,205.53	-
13 ChiWan 01	500,000,000.00	18/10/2013	Fiveyears	500,000,000.00	496,964,383.58	-	28,000,000.01	-	-	497,764,383.59
Total				1,000,000,000.00	995,110,137.02	-	36,679,452.10	-	506,825,205.53	497,764,383.59



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

**30. Bonds payable** - continued

(2) Changes of bonds payable: - continued

Note: On 25 November 2011, the Company received the Approval from CSRC (filed as Zhen Jian Xu Ke [2011] No.1889) to issue corporate bonds with face value no more than 1 billion. This bonds issued in 2 terms.

On 26 April 2012, the Company's actual issue amounted to RMB500,000,000 with the term of five years. The bond interests should be calculated on simple interest basis at a nominal fixed interest rate of 5.28% on a yearly basis and repaid once annually.

On 18 October 2013, the Company's actual issue amounted to RMB500,000,000 with the term of five years. The bond interests should be calculated on simple interest basis at a nominal fixed interest rate of 5.60% on a yearly basis and repaid once annually.

According to the bond prospectus, the Company should make an announcement on whether to exercise the redemption option at the 30<sup>th</sup> trading date before the interest payment date in the third interest-bearing year. If the decision of exercising the redemption option is made, the bond would be regarded as to be matured in the third year. If the decision of not exercising the redemption of option is made, the Company should make an announcement on whether to raise the interest rate and the extent of variation, which ranges from zero to 100 base points. If the company chooses to exercise the option of raising the stated interest rate, the stated interest rate of the portion of non-put-back bond due in two years after the remaining period equals to the stated interest rate due in three years prior to the remaining period plus the increased base point, and the stated interest rate of the bond due in two years after the remaining period would be fixed. If the company chooses not to exercise the option of raising the stated interest rate, the original stated interest rate remains the same for the portion of non-put-back bond due in two years after the remaining period.

Investors have the option to sell bonds back to the Company at the interest payment date in the third interest-bearing year at the par value wholly or in partially, after the Company makes the announcement on whether to raise the stated interest rate and the extent of variation.

If the Company abandons the redemption option and the bondholders abandon the put back option wholly or partially, the rest of the principal would be paid back in advance. Namely, 30% proportion of the principal should be paid back at the end of the fourth year since the bond issued and the rest should be paid back at the end of the fifth year.

In accordance with the *Resolution for Redemption of Corporate Bonds (Term I) issued by the Company in 2011* which was reviewed and passed at the second session of the eighth Board of Directors held on 12 March 2015, the Company decided to exercise the redemption option for corporate bonds (term I) issued by the Company in 2011. Therefore, the "11 ChiWan 01" corporate bonds registered as at the redemption date were fully repurchased by the Company at the face value plus interest for the period on 27 April 2015, the date appointed in the bond prospectus.

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

## 31. Special payables

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Refunds of Harbor Construction Fee	47,002,997.66	-	12,012,401.16	34,990,596.50	Note

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

## 32. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Deferred income	52,335,315.88	20,390,153.97	5,661,687.23	67,063,782.62	
Including: Berth priority right	40,308,244.84	2,606,253.97	4,847,217.39	38,067,281.42	Note 1
Government grants related to assets	12,027,071.04	17,783,900.00	814,469.84	28,996,501.20	Note 2
Total	52,335,315.88	20,390,153.97	5,661,687.23	67,063,782.62	
Less: Non-current liabilities due within one year	4,997,419.52			5,306,254.17	
Including: Berth priority right	4,436,275.00			4,707,860.00	
Government grants related to assets	561,144.52			598,394.17	
Deferred income	47,337,896.36			61,757,528.45	

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

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

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

**32. Deferred income - continued**

Programs related with government grants:

Unit: RMB

Liability Program	Opening balance	New subsidy of the year	The amount included in operating income of the year	Other changes	Closing Balance	Related to assets/Related to income
Special funds for modern logistics project	7,526,956.96	16,000,000.00	166,956.42	-	23,360,000.54	Related to assets
Special funds for the development of modern service guide	960,114.08	500,000.00	50,557.08	-	1,409,557.00	Related to assets
Special funds for energy-saving and emission reduction of transportation	3,540,000.00	1,040,000.00	443,333.34	-	4,136,666.66	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	-	243,900.00	153,623.00	-	90,277.00	Related to assets
Total	12,027,071.04	17,783,900.00	814,469.84	-	28,996,501.20	

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

33. Share capital

Unit: RMB

	Opening balance	Changes for the period					Subtotal	Closing balance
		New issue of share	Bonus issue	Capitalisation of surplus reserve	Others			
<b>2015:</b>								
I. Restricted tradable shares								
1. State-owned shares	-	-	-	-	-	-	-	
2. State-owned legal person shares	-	-	-	-	-	-	-	
3. Other domestic shares	367,401.00	-	-	-	63,693.00	63,693.00	431,094.00	
4. Other foreign shares	-	-	-	-	-	-	-	
Total restricted tradable shares	367,401.00	-	-	-	63,693.00	63,693.00	431,094.00	
II. Non-restricted tradable shares								
1. Ordinary shares denominated in RMB	464,867,324.00	-	-	-	(325.00)	(325.00)	464,866,999.00	
2. Foreign capital shares listed domestically	179,529,005.00	-	-	-	(63,368.00)	(63,368.00)	179,465,637.00	
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
Total non-restricted tradable shares	644,396,329.00	-	-	-	(63,693.00)	(63,693.00)	644,332,636.00	
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00	
<b>2014:</b>								
I. Restricted tradable shares								
1. State-owned shares	-	-	-	-	-	-	-	
2. State-owned legal person shares	-	-	-	-	-	-	-	
3. Other domestic shares	387,509.00	-	-	-	(20,108.00)	(20,108.00)	367,401.00	
4. Other foreign shares	-	-	-	-	-	-	-	
Total restricted tradable shares	387,509.00	-	-	-	(20,108.00)	(20,108.00)	367,401.00	
II. Non-restricted tradable shares								
1. Ordinary shares denominated in RMB	464,867,324.00	-	-	-	-	-	464,867,324.00	
2. Foreign capital shares listed domestically	179,508,897.00	-	-	-	20,108.00	20,108.00	179,529,005.00	
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
Total non-restricted tradable shares	644,376,221.00	-	-	-	20,108.00	20,108.00	644,396,329.00	
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

34. Capital reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
<b>2015:</b>				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Exercised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capital reserve converted into capital	-	-	-	-
Other capital reserve	(861,527.35)	2,866,183.50(note)	-	2,004,656.15
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	1,919,605.65	2,866,183.50	-	4,785,789.15
Total	162,698,555.65	2,866,183.50	-	165,564,739.15
<b>2014:</b>				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Excised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capital reserve converted into capital	-	-	-	-
Other capital reserve	(861,527.35)	-	-	(861,527.35)
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	1,919,605.65	-	-	1,919,605.65
Total	162,698,555.65	-	-	162,698,555.65

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

35. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in current year					Closing balance
		Amount before income tax incurred in current year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: income tax expenses	Post-tax amount attributable to shareholders of the Company	Post-tax amount attributable to minority holders	
<b>2015</b>							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	-	-	-	-	-	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(8,977,146.43)	1,450,000.00	-	362,500.00	1,087,500.00	-	(7,889,646.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on changes in fair value of available-for-sale financial assets	4,635,000.00	1,450,000.00	-	362,500.00	1,087,500.00	-	5,722,500.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	(13,712,146.43)	-	-	-	-	-	(13,712,146.43)
Total	(8,977,146.43)	1,450,000.00	-	362,500.00	1,087,500.00	-	(7,889,646.43)
<b>2014</b>							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	-	-	-	-	-	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(10,267,569.50)	1,720,423.07	-	430,000.00	1,290,423.07	-	(8,977,146.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on changes in fair value of available-for-sale financial assets	3,345,000.00	1,720,000.00	-	430,000.00	1,290,000.00	-	4,635,000.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	(13,712,569.50)	423.07	-	-	423.07	-	(13,712,146.43)
Total	(10,267,569.50)	1,720,423.07	-	430,000.00	1,290,423.07	-	(8,977,146.43)

36. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
<b>2015:</b>				
Production safety fee	2,219,777.52	15,469,088.96	13,969,110.90	3,719,755.58
<b>2014:</b>				
Production safety fee	2,194,178.40	15,335,522.96	15,309,923.84	2,219,777.52

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

## 37. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
<b>2015:</b>				
Statutory surplus reserve	520,074,434.56	-	-	520,074,434.56
<b>2014:</b>				
Statutory surplus reserve	483,685,708.52	36,388,726.04	-	520,074,434.56

Note: In accordance with the *Company Law of the PRC* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval.

## 38. Unappropriated profit

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
<b>2015:</b>		
Before adjustment: Unappropriated profit at the end of prior year	2,794,519,480.29	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	2,794,519,480.29	
Add: Net profit attributable to shareholders of the Company for the year	527,751,492.42	
Less: Appropriation to statutory surplus reserve	-	Note1
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	208,903,448.52	Note2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,113,367,524.19	
<b>2014:</b>		
Before adjustment: Unappropriated profit at the end of prior year	2,664,771,789.70	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	2,664,771,789.70	
Add: Net profit attributable to shareholders of the parent company for the year	417,594,271.33	
Less: Appropriation to statutory surplus reserve	36,388,726.04	Note1
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	251,457,854.70	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	2,794,519,480.29	

Note 1: Appropriation to statutory surplus reserve

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

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****38. Unappropriated profit - continued**

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

Pursuant to the resolution of shareholders' meeting on 30 May 2015, on the basis of 644,763,730 issued shares for the year ended 31 December 2014, dividends of RMB3.24 for every 10 shares were distributed to all shareholders, which amounted to RMB 208,903,448.52.

Note 3: Profit distribution decided after the balance sheet date

According to a profit appropriation proposal made at the fifth Session of the Eighth Board of Directors held on 24 March 2016, on the basis of 644,763,730 issued shares as at 31 December 2015, cash dividends of RMB264,353,129.30 will be distributed to all shareholders. The above proposal regarding dividends distribution is yet to be approved at the shareholders' meeting.

Note 4: Appropriation to surplus reserve made by subsidiaries

As of 31 December 2015, the balance of the Group's unappropriated profit included appropriation to surplus reserve made by subsidiaries amounting to RMB575,268,020.18 (31 December 2014: RMB547,756,504.18).

**39. Operating income and operating costs**

Unit: RMB

Item	2015		2014	
	Income	Cost	Income	Cost
Principal operating	1,840,788,324.86	1,000,163,255.99	1,771,559,587.54	979,353,959.89
Other operating	31,820,271.30	2,552,653.06	33,206,588.77	4,532,590.16
Total	1,872,608,596.16	1,002,715,909.05	1,804,766,176.31	983,886,550.05

**40. Business taxes and levies**

Unit: RMB

Item	2015	2014
Business tax	3,802,842.35	4,609,344.22
City construction and maintenance tax	1,800,731.44	1,705,332.63
Education surcharges	1,397,337.57	1,354,141.37
Others	551,670.30	381,377.98
Total	7,552,581.66	8,050,196.20

**41. Administrative expenses**

Unit: RMB

Item	2015	2014
Employee benefits	124,464,078.55	104,695,345.49
Taxes	6,920,658.40	6,177,404.92
Depreciation expenses	2,899,129.23	4,728,936.85
Amortization of intangible assets	959,630.77	1,844,968.88
Others	40,401,409.76	38,310,458.91
Total	175,644,906.71	155,757,115.05



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

## 42. Financial expenses

Unit: RMB

Item	2015	2014
Interest expense	64,226,460.89	89,739,653.53
Less: Capitalized interest expenses	212,638.15	8,395,768.13
Less: Interest income	5,227,584.31	14,248,843.79
Exchange differences	(4,002,853.28)	6,546,293.54
Less: Capitalized exchange differences	-	-
Others	4,717,455.41	3,989,464.84
Total	59,500,840.56	77,630,799.99

## 43. Impairment losses of assets

Unit: RMB

Item	2015	2014
I. Bad debt losses	(89,469.40)	23,059.57
II. Write-down of inventories	-	(2,126.21)
III. Impairment on available-for-sale financial assets	-	-
IV. Impairment on held-to-maturity investments	-	-
V. Impairment on long-term equity investments	-	-
VI. Impairment on investment properties	-	-
VII. Impairment on fixed assets	-	-
VIII. Impairment on construction materials	-	-
IX. Impairment on construction in progress	-	-
X. Impairment on bearer biological assets	-	-
XI. Impairment on oil and gas assets	-	-
XII. Impairment on intangible assets	-	-
XIII. Impairment on goodwill	-	-
XIV. Others	-	-
Total	(89,469.40)	20,933.36

## 44. Investment income

## (1) Details of investment income

Unit: RMB

	2015	2014
Long-term equity investments income under equity method	95,337,543.13	88,168,549.62
Investment income on disposal of long-term equity investments	1,878,969.73	-
Investment income on available-for-sale financial assets	3,601,220.00	4,280,000.00
Total	100,817,732.86	92,448,549.62

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

Unit: RMB

Investee	2015	2014	Reasons for increases or decreases in the current compared to the prior period
MPIL	36,808,965.97	43,439,804.43	Net profit of investee fluctuates.
China Overseas Harbor Affairs (Laizhou) Co.,Ltd	40,102,679.54	34,244,750.24	Net profit of investee fluctuates.
CMBL	11,714,735.38	5,215,920.54	Net profit of investee fluctuates.
China Development Finance Co., Ltd	5,753,310.96	4,096,895.16	Net profit of investee fluctuates.
China Merchants Holdings (international ) Information Technology Co.,Ltd	957,851.28	1,171,179.25	Net profit of investee fluctuates.
Total	95,337,543.13	88,168,549.62	

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

## 45. Non-operating income

## (1) Non-operating income

Unit: RMB

Item	2015	2014	Amount recognized as non-recurring gain and loss in the current period
Government grants	934,144.81	2,489,528.50	934,144.81
Gains on disposal of non-current assets	460,800.55	24,167.60	460,800.55
Including: Gains on disposal of fixed assets	138,896.35	24,167.60	138,896.35
Insurance compensation income	-	927,000.00	-
Income derived from settlement of the payables that cannot be paid	-	154,679.41	-
Others	2,105,374.50	1,832,795.64	2,105,374.50
Total	3,500,319.86	5,428,171.15	3,500,319.86

## (2) Government grants

Unit: RMB

Item	2015	2014	Related to assets/Related to income
Financial support funds of business tax converted to VAT	69,674.97	1,128,384.02	Related to income
Reward for energy saving	50,000.00	50,000.00	Related to income
Special funds for energy-saving and emission reduction of transportation	443,333.34	1,110,000.00	Related to assets
Special funds for modern logistics project	166,956.42	166,956.52	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	153,623.00	-	Related to assets
Special funds for development of modern service	50,557.08	34,187.96	Related to assets
Total	934,144.81	2,489,528.50	

## 46. Non-operating expenses

Unit: RMB

Item	2015	2014	Amount recognized as non-recurring gain and loss in the current period
Total losses on disposal of non-current assets	3,087,832.34	4,388,305.14	3,087,832.34
Including: Losses on disposal of fixed assets	3,087,832.34	4,388,305.14	3,087,832.34
Donations contributed	25,000.00	35,000.00	25,000.00
Amercement outlay	29,283.10	11,443.92	29,283.10
Others	432,470.82	324,817.26	432,470.82
Total	3,574,586.26	4,759,566.32	3,574,586.26

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****47. Income tax expenses**

Unit: RMB

Item	2015	2014
Current tax expense	59,642,096.53	101,429,399.16
Deferred income tax	15,667,538.90	41,317,837.01
Total	75,309,635.43	142,747,236.17

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

Unit: RMB

Item	2015	2014
Accounting profit	728,027,294.04	672,537,736.11
Income tax expenses calculated at 25% (the prior year: 25 %)	182,006,823.51	168,134,434.03
Effect of expenses that are not deductible for tax purposes	1,285,532.56	2,118,118.99
Effect of tax-free income	(22,690,590.01)	(23,112,137.66)
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	11,127,264.72	58,083,616.84
Effect of different tax rates of subsidiaries operating in other jurisdictions	(43,101.79)	(18,222.79)
Effect of tax preference policy	(97,170,907.89)	(63,997,600.82)
Withholding income tax (Note)	2,656,001.37	6,294,697.14
Effect of previous unrecognized deductible temporary differences of deferred income tax	(1,606,934.60)	(4,755,669.56)
Pay previous years income tax	44,720.38	-
Tax adjustments result in changes in the opening deferred tax assets / liabilities balance	(299,172.82)	-
Income tax expenses	75,309,635.43	142,747,236.17

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

**48. Other comprehensive income**

Please refer to Note (V) 35.

**49. Borrowing cost**

Unit: RMB

Item	2015		2014	
	Amount of borrowing costs capitalized during the year	Capitalization rate	Amount of borrowing costs capitalized during the year	Capitalization rate
Construction in progress	212,638.15	4.83%	8,395,768.13	6.00%
Sub-total of borrowing costs capitalized during the year	212,638.15		8,395,768.13	
Borrowing costs recognized in profit or loss during the year	64,013,822.74		81,343,885.40	
Total of borrowing costs during the year	64,226,460.89		89,739,653.53	

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****50. Notes to items in the cash flow statement****(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	2015	2014
Government grants	17,903,574.97	5,828,384.02
Tonggu sea-route expenses	14,863,366.67	-
Refunds of channel occupancy fee	12,175,000.00	-
Interest income	5,338,024.76	14,955,733.71
Insurance indemnity	302,383.43	-
Refunds of harbor construction fee	295,689.33	515,515.40
Others	20,332,741.26	5,432,572.89
Total	71,210,780.42	26,732,206.02

**(2) Other cash payments relating to operating activities**

Unit: RMB

Item	2015	2014
Port expenses	10,025,373.33	10,086,386.23
Port construction fee	7,729,024.34	-
Office expenses & utilities	4,524,794.54	4,132,854.14
Consulting & auditing	3,990,837.59	2,429,274.25
Entertainment	3,705,397.30	5,626,335.26
Verhicles	3,192,347.97	4,280,488.63
Property insurance	2,184,157.68	2,645,192.03
Travel & accommodation	1,603,128.66	1,620,226.74
Advertisements & exhibition	-	488,434.43
Prepayments for Tonggu sea-route	-	14,863,366.67
River channel occupation fee	-	12,175,000.00
Others	21,815,532.41	22,363,021.86
Total	58,770,593.82	80,710,580.24

**(3) Other cash payments relating to financing activities**

Unit: RMB

Item	2015	2014
Debt issue costs	1,750,344.61	229,424.00

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****51. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

	Unit: RMB	
Supplementary	2015	2014
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	652,717,658.61	529,790,499.94
Add: Provision for impairment losses of assets	(89,469.40)	20,933.36
Depreciation of fixed assets	197,385,401.36	198,012,815.92
Depreciation and amortization of investment property	1,178,498.38	1,215,782.40
Amortization of intangible assets	39,465,290.29	38,371,454.31
Amortization of long-term prepaid expenses	2,538,135.88	2,907,668.50
Losses on disposal of fixed assets , intangible assets and other long-term assets	2,627,031.79	4,364,137.54
Financial expenses	56,006,812.00	83,718,499.67
Losses (gains) arising from investments	(100,817,732.86)	(92,448,549.62)
Decrease(Increase) in deferred tax assets	15,667,538.90	41,317,837.02
Decrease(Increase) in inventories	1,789,860.95	2,165,313.78
Decrease(Increase) in operating receivables	42,943,949.50	(12,888,064.57)
Increase(Decrease) in operating payables	66,437,762.05	21,766,819.49
Net cash flows from operating activities	977,850,737.45	818,315,147.74
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets acquired under finance leases	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	683,138,123.66	468,635,486.47
Less: Opening balance of cash	468,635,486.47	715,539,516.48
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase(Decrease) in cash and cash equivalents	214,502,637.19	(246,904,030.01)

**(2) Composition of cash and cash equivalents**

	Unit: RMB	
Item	Closing balance	Opening balance
I. Cash	683,138,123.66	468,635,486.47
Including: Cash on hand	28,647.92	11,192.14
Bank deposits	682,656,283.17	466,187,949.61
Other monetary funds	453,192.57	2,436,344.72
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	683,138,123.66	468,635,486.47

**52. Asset with restricted ownership or use right**

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

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****53. Foreign currency monetary items**

Unit: RMB

Item	Closing balance of original currency	Exchange rate	Closing amount in RMB
Cash and bank balances			272,754,190.87
Including: HKD	129,079,413.66	0.8378	108,142,732.77
USD	25,349,799.51	6.4936	164,611,458.10
Interest Receivable			72,773.05
Including: HKD	86,862.08	0.8378	72,773.05
Accounts Receivable			18,540,869.43
Including: HKD	5,437,251.69	0.8378	4,555,329.47
USD	2,153,742.14	6.4936	13,985,539.96
Other Receivables			271,155.27
Including: HKD	323,651.55	0.8378	271,155.27
Accounts Payable			2,303,220.74
Including: HKD	2,749,129.55	0.8378	2,303,220.74
Other Payable			(205,177.50)
Including: HKD	127,707.67	0.8378	106,993.48
USD	(48,073.64)	6.4936	(312,170.98)
Interest Payable			79,146.51
Including: HKD	94,469.46	0.8378	79,146.51
Short-term borrowings			141,610,178.37
Including: HKD	169,026,233.43	0.8378	141,610,178.37

**(VI) CHANGES IN CONSOLIDATION SCOPE****1. Reduction of subsidiary quantity from merger by absorption**

According to the proposal of "*Merger and Absorption of Shenzhen Chiwan Trains-Grains Terminal Company Limited and Shenzhen Chiwan Terminal Company Limited*" passed at the fifth temporary session of the seventh Board of Directors held on 23 April 2013 and 2012 Annual Shareholders' General Meeting held on 21 May 2013, the Company is approved to merge Shenzhen Chiwan Trains-Grains Terminal Company Limited and Shenzhen Chiwan Terminal Company Limited by absorption.

On 7 January 2015, Economy, Trade and Information Commission of Shenzhen Municipality released *Reply to the Company's Proposed Merge of Shenzhen Chiwan Trains-Grains Terminal Company Limited and Shenzhen Chiwan Terminal Company Limited* (filed as Shen Jing Mao Xin Xi[2015]No.24), approving the merger of the Company and Shenzhen Chiwan Trains-Grains Terminal Company Limited by absorption.

On 22 January 2015, Shenzhen Chiwan Terminal Company Limited completed the procedure of cancellation registration at Market and Quality Supervision Commission of Shenzhen Municipality, and its related business, assets and staff were transferred to the Company.

**2. Change in the consolidation scope due to other reasons**

BVI Financial Services Commission declared on 5 June 2015 that Grossalan Investments Limited was dissolved pursuant to Company Ordinance (2004) Cap.213.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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(VII) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Unit: RMB

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries- continued

(2) Material non-wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders	Profit or loss attributable to minority shareholders at the end of the period	Payments for dividends to minority shareholders in the current period	Closing balance of minority interest
<b>2015</b>				
Dongguan Chiwan Wharf Company Limited	15%	10,596,767.69	-	106,741,678.70
Chiwan Container Terminal Co., Ltd	45%	114,369,398.50	215,249,531.83	682,968,214.37
Total		124,966,166.19	215,249,531.83	789,709,893.07
<b>2014</b>				
Dongguan Chiwan Wharf Company Limited	15%	16,575,261.72	-	96,080,986.07
Chiwan Container Terminal Co., Ltd	45%	95,620,966.89	-	664,219,782.77
Total		112,196,228.61	-	760,300,768.84

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

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongguan Chiwan Wharf Company Limited	46,975,372.45	942,043,889.38	989,019,261.83	267,093,453.40	24,550,555.38	291,644,008.78	37,943,459.17	962,412,902.08	1,000,356,361.25	365,766,466.31	8,285,926.12	374,052,392.43
Chiwan Container Terminal Co., Ltd	362,104,228.94	1,670,433,420.63	2,032,537,649.57	444,644,188.60	70,186,317.91	514,830,506.51	279,041,182.69	1,780,636,820.51	2,059,678,003.20	498,579,073.59	85,054,967.90	583,634,041.49

Unit: RMB

Name of the subsidiary	2015				2014			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Dongguan Chiwan Wharf Company Limited	278,723,570.73	70,645,117.94	70,645,117.94	100,572,060.08	338,654,427.44	110,501,744.79	110,501,744.79	202,359,599.22
Chiwan Container Terminal Co., Ltd	758,255,475.19	254,154,218.89	254,154,218.89	435,838,006.25	774,208,188.96	212,491,037.54	212,491,037.54	450,234,266.63

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



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(VII) EQUITY IN OTHER ENTITIES- continued

2. Interests in joint ventures and associates

(1) Material joint ventures or associates

Unit: RMB

Investee	Principal place of business	Place of incorporation	Nature of business	Proportion of ownership interests held by the Group (%)		Proportion of voting power in the investee held by the Group (%)		Accounting method of investments in joint ventures and associates
				31 December 2015	31 December 2014	31 December 2015	31 December 2014	
China Overseas Harbor Affairs (Laizhou) Co., Ltd	Laizhou	Laizhou	Warehousing and logistics	40.00	40.00	40.00	40.00	Equity method
MPIL	Shenzhen	British Virgin Islands	Investments	50.00	50.00	50.00	50.00	Equity method

(2) Financial information of material joint venture

Unit: RMB

	China Overseas Harbor Affairs (Laizhou) Co., Ltd	
	Closing balance/2015	Opening balance/2014
Current assets	454,129,237.15	375,987,736.38
Including: cash and cash equivalent	389,947,216.68	293,859,343.15
Non-current assets	1,697,805,412.58	1,760,795,958.65
Total assets	2,151,934,649.73	2,136,783,695.03
Current liabilities	50,550,304.70	54,944,241.94
Non-current liabilities	176,064,000.00	179,732,000.00
Total liabilities	226,614,304.70	234,676,241.94
Minority interests	1,054,388.32	1,244,496.84
Total equity attributable to shareholders of the parent company	1,924,265,956.71	1,900,862,956.25
Net assets calculated based on the proportion of ownership interest	769,706,382.68	760,345,182.50
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	1,223,942.38	1,268,139.54
Carrying amounts of equity investments in Joint Venture	770,930,325.06	761,613,322.04
Operating income	288,944,609.42	293,116,734.15
Financial expenses	(6,934,303.93)	(11,069,942.64)
Tax expenses	19,852,555.25	13,666,093.59
Net profit	100,216,183.27	85,151,481.92
Other comprehensive income	-	-
Total comprehensive income	100,216,183.27	85,151,481.92
Dividends received from joint ventures in the current year	30,785,676.52	106,169,425.24

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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(VII) EQUITY IN OTHER ENTITIES- continued

2. Interests in joint ventures and associates - continued

(3) Financial information of material associates

Unit: RMB

	MPIL	
	Closing balance/2015	Opening balance/2014
Current assets	373,493,554.97	307,430,988.64
Including: cash and cash equivalent	103,374,072.06	32,538,087.04
Non-current assets	1,367,177,697.91	1,452,397,920.94
Total assets	1,740,671,252.88	1,759,828,909.58
Current liabilities	405,113,685.76	401,036,031.53
Non-current liabilities	167,056,518.57	259,378,043.73
Total liabilities	572,170,204.33	660,414,075.26
Minority interests	441,275,007.08	441,372,770.60
Total equity attributable to shareholders of the parent company	727,226,041.47	658,042,063.71
Net assets calculated based on the proportion of ownership interest	363,613,020.74	329,021,031.85
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	(27,015,292.25)	(29,232,269.33)
Carrying amounts of equity investments in Joint Venture	336,597,728.49	299,788,762.52
Operating income	480,058,683.93	521,845,538.46
Financial expenses	27,040,907.12	16,429,859.20
Tax expenses	20,630,440.82	24,910,317.16
Net profit	113,027,051.28	140,956,947.82
Other comprehensive income	-	-
Total comprehensive income	113,027,051.28	140,956,947.82
Dividends received from joint ventures in the current year	-	49,347,134.36

(4) Summarized financial information of immaterial associates

Unit: RMB

	Closing balance/2015	Opening balance/2014
Associates:		
Total carrying amounts of investment	339,496,921.61	431,938,190.49
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	12,672,586.66	10,483,079.61
- Other comprehensive income		-
- Total comprehensive income	12,672,586.66	10,483,079.61

(5) As at 31 December 2015, the long-term equity investments of the Group were not subject to restriction on disposal or remittance of return on investments.

**(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

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

**1. Risk management objectives and policies**

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

*1.1 Market risk**1.1.1 Currency risk*

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and HKD. Several of the Group's subsidiaries have purchases and sales denominated in HKD while the Group's other principal activities are denominated and settled in RMB. As at 31 December 2015, the balance of the Group's assets and liabilities are both denominated in functional currency, except that balance of assets set out below is in HKD and USD. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances	272,754,190.87	135,389,164.08
- HKD	108,142,732.77	93,998,461.64
- USD	164,611,458.10	41,390,702.44
Accounts receivable	18,884,797.75	12,150,030.98
- HKD	4,899,257.79	7,072,686.27
- USD	13,985,539.96	5,077,344.71
Short-term borrowings	141,610,178.37	-
- HKD	141,610,178.37	-
Accounts payable	2,177,189.75	2,738,005.02
- HKD	2,489,360.73	2,726,471.14
- USD	(312,170.98)	11,533.88

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

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

## Sensitivity analysis on currency risk

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

Unit: RMB

Item	Changes in exchange rate	2015		2014	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	7,392,581.02	7,392,581.02	7,240,059.50	7,240,059.50
All foreign currencies	5% depreciation against RMB	(7,392,581.02)	(7,392,581.02)	(7,240,059.50)	(7,240,059.50)

*1.1.2 Interest rate risk - changes in cash flows*

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

## Sensitivity analysis of interest rate risk

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

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

**(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** - continued**1. Risk management objectives and policies** - continued*1.1 Market risk* - continued*1.1.2 Interest rate risk - changes in cash flows* - continued

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

Unit: RMB

Item	Changes in interest rate	2015		2014	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings	1% increase	(1,416,101.78)	(1,416,101.78)	-	-
Short-term borrowings	1% decrease	1,416,101.78	1,416,101.78	-	-

*1.1.3 Other price risk*

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

*1.2 Credit risk*

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks; the maximum exposure to risks would vary according to the future changes in fair value.

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

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

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

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

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

As at 31 December 2015, the Group has net current liabilities of RMB164,710,936.54 (2014: RMB213,978,406.57). The Group has available unutilized bank loan facilities of approximately RMB 1,187,560,000.00 (2014: RMB3,155,005,000.00). Consequently, the management believes that the Group is not exposed to significant liquidity risks.

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

Unit: RMB

Item	Carrying amount	Total amount	Within one year	1-5 years	More than 5 years
<b>The non-derivative financial assets</b>					
Cash and bank balances	683,138,123.66	683,138,123.66	683,138,123.66	-	-
Notes receivable	3,327,000.00	3,327,000.00	3,327,000.00	-	-
Accounts receivable	189,016,564.86	189,016,564.86	189,016,564.86	-	-
Interest receivable	72,773.05	72,773.05	72,773.05	-	-
Other receivables	14,908,748.44	14,908,748.44	14,908,748.44	-	-
Available-for-sale financial assets	22,659,200.00	22,659,200.00	22,659,200.00	-	-
<b>The non-derivative financial liabilities</b>					
Short-term borrowings	141,610,178.37	142,726,144.17	142,726,144.17	-	-
Accounts payable	91,453,838.66	91,453,838.66	91,453,838.66	-	-
Interest payable	18,519,838.93	18,519,838.93	18,519,838.93	-	-
Dividends payable	88,715,008.17	88,715,008.17	88,715,008.17	-	-
Other payable	76,713,923.82	76,713,923.82	76,713,923.82	-	-
Other current liabilities	500,000,000.00	507,188,109.59	507,188,109.59	-	-
Bonds payable	497,764,383.59	561,830,136.99	28,000,000.00	533,830,136.99	-

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

Unit: RMB

Item	Closing Balance			
	Level 1	Level 2	Level 3	Total
Measurements at fair value continuously				
Available-for-sale financial assets:	8,750,000.00	-	-	8,750,000.00
- Equity instruments (Note)	8,750,000.00	-	-	8,750,000.00
Total assets measured at fair value continuously	8,750,000.00	-	-	8,750,000.00

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

## SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### (IX) FAIR VALUE - continued

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

The market price of assets and liabilities measured at fair value at level I continuously is determined by the Shanghai stock exchange closing price of equity instruments at 31 December 2015.

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

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

#### (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

##### 1. Parent of the Company

Unit: RMB

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

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

##### 2. Subsidiaries of the Company

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

##### 3. Associates and joint ventures of the Company

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

Other joint venture or associates, which have been transacted with the Group for the period or the prior period are as follows:

Associates name	Relationship with the Company
China Development Finance Company LTD.	Note

Note: As set out in Note (V) 11, the Group has disposed all of its equity interests held in China Development Finance Company Limited, so China Development Finance Company Limited is not associate of the Group any more this year. However, the parent of the Company has significant influence on China Development Finance Company Limited, hence it is regarded as other related party of the Group.

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**

**4. Other related parties of the Company**

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



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Provision and receipt of services

Unit: RMB

Related parties	Content of related party transaction	Pricing and decision-making procedures of related party transactions	2015	2014
<b>Receipt of services :</b>				
Haixing	Load and unload service	Negotiation	5,250,938.99	5,407,346.23
China Merchants Holdings (International) Information Technology Company Ltd	Technical service fee	Negotiation	3,593,871.23	4,918,373.62
Xuqin	Landscape Engineering	Negotiation	2,737,278.57	1,667,765.20
CMBL	Load and unload service	Negotiation	2,033,893.83	243,052.17
Chiwan Property	Property management service	Negotiation	2,110,798.96	1,849,089.41
Hoi Tung (Shenzhen) Co., Ltd.	Purchase of goods	Negotiation	854,700.86	-
China Merchants Container	Transportation services	Negotiation	702,070.57	-
Zengcheng Xinkang	Property management service	Negotiation	683,731.80	570,147.00
Lianda Tug	Tugboat service	Negotiation	555,742.69	381,810.25
Hoi Tung (Shanghai) Company Limited	Purchase of goods	Negotiation	534,873.63	-
Haiqin Engineering	Project management	Negotiation	531,551.64	1,113,346.19
Ocean Shipping Agency	Agency service	Negotiation	313,335.00	37,443.40
SMW	Load and unload service	Negotiation	197,805.66	1,399,460.00
China Merchants Property	Property management service	Negotiation	149,222.12	49,392.90
Houlder Insurance	Insurance service	Negotiation	80,000.00	-
SMT	Load and unload service	Negotiation	68,340.00	-
Chiwan Oriental Logistics	Transportation services	Negotiation	27,117.11	-
Huxing Tug	Tugboat service	Negotiation	11,686.42	29,595.25
Shipping Agency	Agency service	Negotiation	4,925.51	515,823.99
SMP	Load and unload service	Negotiation	-	24,480.00
Total			20,441,884.59	18,207,125.61
<b>Rendering of services:</b>				
SMT	Trailer service etc.	Negotiation	13,661,628.99	12,156,434.95
SCT	Trailer service etc.	Negotiation	12,103,589.48	9,392,733.61
Ocean Shipping Agency	Tugboat service	Negotiation	9,606,798.58	4,936,401.69
SMP	Tugboat service	Negotiation	9,397,633.97	5,069,811.75
Shipping Agency	Trailer service etc.	Negotiation	2,502,690.16	2,029,493.09
Lianda Tug	Tugboat service	Negotiation	1,124,381.62	510,210.29
International Ocean Shipping	Berthage fee	Negotiation	775,267.91	599,657.56
CMBL	Trailer service	Negotiation	754,800.96	4,590,305.67
China Overseas Harbour Affairs (Laizhou) Co., Ltd	Labor dispatch service	Negotiation	561,543.76	1,589,663.44
Youlian Shipyard	Tugboat service	Negotiation	433,459.86	901,984.90
CMCCL	Trailer service	Negotiation	314,316.43	576,300.92
Ocean Shipping Tally	Others	Negotiation	65,580.00	65,580.00
Huxing Tug	Tugboat service	Negotiation	45,788.21	20,926.41
South China Liquefied Gas	Tugboat service	Negotiation	43,981.13	-
Zengcheng Xinkang	Others	Negotiation	8,883.91	8,638.85
Xuqin	Load and unload service	Negotiation	6,762.24	-
Hairun Port	Tugboat service	Negotiation	-	1,001,785.71
Total			51,407,107.21	43,449,928.84

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in the previous year
Chiwan Base	Coastal line, packing yards, road lighting, etc,	11,208,750.00	12,237,750.00
CMBL	Crane	1,864,077.72	1,920,000.00
Total		13,072,827.72	14,157,750.00

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Lease payment recognised in the current year	Lease payment recognised in the previous year
Nanshan Group	Land, Office and packing yard	61,599,405.12	49,096,903.49
Malai Warehouse	Office	7,195,527.00	7,227,738.00
CMPS	Former Bay port lands	3,169,800.00	3,169,800.00
Chiwan Base	Office	1,523,364.72	1,478,320.13
SCT	Crane	1,399,057.46	803,232.00
China Merchants Shangzhi	Buildings	830,980.80	453,192.00
Qianhai Property	Staff dormitory	271,994.50	446,316.00
Chiwan Property	Building	-	264,239.00
Baowan Logistics	Warehouse	103,775.41	119,284.89
Total		76,093,905.01	63,059,025.51

(3) Transfers of assets involved with related parties

Unit: RMB

related party	Related trade	2015	2014
SMW	Transfer of transport equipment	101,600.00	-

(4) Compensation for key management personnel

Unit: RMB

Item	2015	2014
Compensation for key management personnel	8,355,047.60	8,931,979.78

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance	
Cash and bank	CMB	168,955,890.49	100,147,455.36	
	China Development Finance Company LTD.	55,649,145.28	50,520,314.97	
	Total	224,605,035.77	150,667,770.33	
Accounts receivable	Chiwan Base	5,113,500.00	93,393.09	
	SCT	2,379,795.00	5,438,480.00	
	Ocean Shipping Agency	1,608,650.60	867,728.60	
	SMT	1,500,641.58	1,429,055.00	
	SMP	1,114,816.72	821,332.45	
	China Overseas Harbour Affairs (Laizhou) Co., Ltd	535,207.20	559,663.44	
	Shipping Agency	116,172.00	122,789.00	
	Youlian shipyard	12,680.00	-	
	CMBL	16,630.00	207,090.00	
	Lianda Tug	-	65,591.25	
	Others	20,341.00	108,011.58	
	Total	12,418,434.10	9,713,134.41	
	Other receivables	SMT	1,934,775.73	10,053,588.97
CMBL		1,868,304.61	3,041,907.46	
SCT		1,245,976.00	-	
Nanshan Group		1,054,300.09	1,523,561.88	
SMP		985,340.31	5,008,548.13	
Qianhai Property		654,480.00	448,820.00	
Xuqin		323,000.00	320,000.00	
Haixing		311,494.00	-	
CMPS		311,494.00	-	
China Merchants Shangzhi		240,263.20	62,482.00	
Chiwan Base		135,621.91	135,621.91	
China Merchants Property		5,294.00	12,452.00	
Others		56,869.00	92,863.00	
Total		9,127,212.85	20,699,845.35	
Accounts payable		Nanshan Group	20,710,081.71	9,718,184.39
		Xuqin	2,224,268.57	1,353,465.08
	Haixing	343,405.00	-	
	Hoi Tung (Shanghai) Company Limited	192,593.29	-	
	Zengcheng Xinkang	150,810.50	138,310.50	
	SCT	60,000.00	135,660.96	
	SMT	28,747.20	-	
	SMW	-	1,399,460.00	
	China Merchants Holdings (International) Information Technology Company Ltd.	-	13,850.00	
	Others	-	9,075.02	
	Total	23,709,906.27	12,768,005.95	
Dividends payable	Hidoney	38,248,386.76	52,867,231.42	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Other payables	Hoi Tung (Shenzhen) Co., Ltd.	1,000,000.00	-
	SMT	704,405.12	61,472.00
	China Merchants Holdings (International) Information Technology Company Ltd.	508,921.00	381,740.00
	SCT	470,047.59	88,186.88
	SMP	362,861.51	288,320.00
	Nanshan Group	111,991.70	180,252.32
	Haiqin Engineering	88,977.03	488,963.00
	CMBL	67,080.00	76,456.00
	CMHI	27,194.56	-
	Xuqin	11,500.00	55,436.00
	International Ocean Shipping	10,000.00	-
	China Merchants Property	1,464.12	-
	China Merchants Container	-	855,383.21
	Malai Warehouse	-	409,211.00
	Others	-	18,233.00
Total		3,364,442.63	2,903,653.41

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

Item	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- Commitment for acquisition of long-term assets	25,429,546.67	72,245,147.93

(2) Operating lease commitments

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

Unit: RMB

Item	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	3,285,372.56	22,600,904.11
2nd year subsequent to the balance sheet date	599,468.69	507,861.36
3rd year subsequent to the balance sheet date	389,421.36	280,341.36
More than 3 years	742,712.59	1,023,822.01
Total	5,016,975.20	24,412,928.84

2. Contingencies

No material contingencies that should be disclosed by the Group.

**(XII) EVENTS AFTER THE BALANCE SHEET**

**1. Profit appropriation**

Unit: RMB

Item	Amount
Proposed distribution of profits or dividends (Note)	264,353,129.30
Profits or dividends declared to be distributed	To be approved by General meeting of shareholders

Note: Please refer to Note (V) 38.

**(XIII) OTHER SIGNIFICANT EVENTS**

**1. Annuity plan**

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

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

**2. Segment reporting**

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

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

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Operating income												
Revenue arising from external transactions	1,747,810,379.34	1,691,404,362.86	100,524,805.89	92,043,618.22	24,273,410.93	21,318,195.23	-	-	-	-	1,872,608,596.16	1,804,766,176.31
Revenue arising from inter-segment transactions	162,565.66	83,771.94	58,445,013.02	62,124,721.03	1,434,632.39	207,864.12	-	-	(60,042,211.07)	(62,416,357.09)	-	-
Total segment operating income	1,747,972,945.00	1,691,488,134.80	158,969,818.91	154,168,339.25	25,708,043.32	21,526,059.35	-	-	(60,042,211.07)	(62,416,357.09)	1,872,608,596.16	1,804,766,176.31
Reconciling items:												
Operating Income in the financial statements											1,872,608,596.16	1,804,766,176.31
Operating cost	930,887,674.04	920,259,787.76	118,198,934.43	120,199,375.78	13,671,511.65	5,843,743.60	-	-	(60,042,211.07)	(62,416,357.09)	1,002,715,909.05	983,886,550.05
Segment operating profits	817,085,270.96	771,228,347.04	40,770,884.48	33,968,963.47	12,036,531.67	15,682,315.75	-	-	-	-	869,892,687.11	820,879,626.26
Reconciling items:												
Business taxes and surcharges	5,025,061.87	4,929,369.18	173,686.91	79,876.51	2,353,832.88	3,040,950.51	-	-	-	-	7,552,581.66	8,050,196.20
Administrative expenses	126,052,506.42	111,435,508.57	12,176,192.51	10,221,587.96	6,622,851.39	7,765,161.84	30,793,356.39	26,334,856.68	-	-	175,644,906.71	155,757,115.05
Financial expenses	31,337,452.90	46,774,426.75	(1,276,595.12)	(859,645.21)	(451,057.55)	(104,654.68)	29,891,040.33	31,820,673.13	-	-	59,500,840.56	77,630,799.99
Impairment losses of assets	(189,100.49)	46,314.85	99,631.09	-	-	(25,381.49)	-	-	-	-	(89,469.40)	20,933.36
Investment Income	-	-	-	-	-	-	643,131,167.80	601,073,292.24	(542,313,434.94)	(508,624,742.62)	100,817,732.86	92,448,549.62
Operating profit	654,859,350.26	608,042,727.69	29,597,969.09	24,527,144.21	3,510,904.95	5,006,239.57	582,446,771.08	542,917,762.43	(542,313,434.94)	(508,624,742.62)	728,101,560.44	671,869,131.28
Non-operating income	3,029,421.88	5,046,806.05	150,470.75	71,612.26	320,427.23	309,752.84	-	-	-	-	3,500,319.86	5,428,171.15
Non-operating expenses	3,061,272.21	4,522,220.55	401,448.62	237,295.77	111,865.43	50.00	-	-	-	-	3,574,586.26	4,759,566.32
Gross profit	654,827,499.93	608,567,313.19	29,346,991.22	24,361,460.70	3,719,466.75	5,315,942.41	582,446,771.08	542,917,762.43	(542,313,434.94)	(508,624,742.62)	728,027,294.04	672,537,736.11
Income tax expenses	64,894,793.15	85,949,822.45	7,381,628.04	6,202,631.70	377,212.87	612,205.27	2,656,001.37	49,982,576.75	-	-	75,309,635.43	142,747,236.17
Net profit	589,932,706.78	522,617,490.74	21,965,363.18	18,158,829.00	3,342,253.88	4,703,737.14	579,790,769.71	492,935,185.68	(542,313,434.94)	(508,624,742.62)	652,717,658.61	529,790,499.94

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information - continued

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total segment assets	5,381,327,550.98	5,229,761,950.19	221,421,640.98	208,322,467.42	36,860,916.07	38,909,438.74	7,564,266,067.68	7,525,911,369.78	(6,290,103,298.72)	(6,067,081,026.45)	6,913,772,876.99	6,935,824,199.68
Total assets in the financial statements	5,381,327,550.98	5,229,761,950.19	221,421,640.98	208,322,467.42	36,860,916.07	38,909,438.74	7,564,266,067.68	7,525,911,369.78	(6,290,103,298.72)	(6,067,081,026.45)	6,913,772,876.99	6,935,824,199.68
Total segment liabilities	1,694,385,386.50	1,816,331,174.66	136,764,838.97	123,665,665.41	27,602,514.14	27,291,812.70	1,802,530,453.59	2,091,829,696.54	(1,976,820,746.33)	(1,998,893,750.06)	1,684,462,446.87	2,060,224,599.25
Total liabilities in the financial statements	1,694,385,386.50	1,816,331,174.66	136,764,838.97	123,665,665.41	27,602,514.14	27,291,812.70	1,802,530,453.59	2,091,829,696.54	(1,976,820,746.33)	(1,998,893,750.06)	1,684,462,446.87	2,060,224,599.25
<b>Supplementary information</b>												
Depreciation	172,445,076.14	187,332,659.80	11,429,783.53	10,962,794.21	87,975.88	751,744.77	14,601,064.19	181,399.54	-	-	198,563,899.74	199,228,598.32
Amortization	41,695,890.13	40,103,747.56	307,536.04	17,496.24	-	-	-	1,157,879.01	-	-	42,003,426.17	41,279,122.81
Interest income	8,846,137.76	2,616,864.78	1,344,086.28	30,603.87	158,571.71	9,596.52	42,708,036.66	11,591,778.62	(47,829,248.10)	-	5,227,584.31	14,248,843.79
Interest expense	39,645,349.49	6,202,901.45	65,254.86	-	-	-	72,132,466.49	75,140,983.95	(47,829,248.10)	-	64,013,822.74	81,343,885.40
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	95,337,543.13	88,168,549.62	-	-	95,337,543.13	88,168,549.62
Long-term equity investment under equity method	-	-	-	-	-	-	1,447,024,975.16	1,493,340,275.05	-	-	1,447,024,975.16	1,493,340,275.05
Non-current assets other than long-term equity investment	4,349,568,017.17	4,468,351,033.93	126,029,974.90	134,886,358.44	16,492,521.44	17,209,374.69	175,301,933.69	176,545,504.19	(157,909,567.98)	(157,909,567.98)	4,509,482,879.22	4,639,082,703.27

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting – continued

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

Unit: RMB

Item	2015	2014
Revenue from external transactions with domestic customers	1,855,423,240.72	1,800,527,725.81
Revenue from external transactions with Hong Kong customers	17,185,355.44	4,238,450.50
Total	1,872,608,596.16	1,804,766,176.31

Unit: RMB

Item	2015	2014
Non-current assets sourced from Mainland of PRC	4,509,466,040.28	4,639,052,749.99
Non-current assets sourced from Hong Kong	16,838.94	29,953.28
Total	4,509,482,879.22	4,639,082,703.27

(4) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB886,448,006.08, occupying 47.34% of the Group's total operating income.

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

1. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		Carrying value	Carrying amount balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually (Note 1)	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	5,648,707.20	28.12	-	-	5,648,707.20	695,656.53	5.74	-	-	695,656.53
Portfolio 2	14,436,075.12	71.88	-	-	14,436,075.12	11,419,067.84	94.26	-	-	11,419,067.84
Subtotal of portfolios	20,084,782.32	100.00	-	-	20,084,782.32	12,114,724.37	100.00	-	-	12,114,724.37
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	20,084,782.32	100.00	-	-	20,084,782.32	12,114,724.37	100.00	-	-	12,114,724.37



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

1. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value
Within 1 year	14,436,075.12	-	-	14,436,075.12	11,419,067.84	-	-	11,419,067.84

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

Unit: RMB

Name of entity	Relationship with the Company	Closing balance	Proportion of the closing balance to the total accounts receivable (%)	Closing balance of bad debt provision
Customer F	Customer	1,605,220.10	7.99	-
Customer G	Customer	1,526,519.00	7.60	-
Customer H	Customer	1,270,561.00	6.33	-
Customer I	Customer	1,259,169.29	6.27	-
Customer J	Customer	694,624.48	3.46	-
Total		6,356,093.87	31.65	

2. Other receivables

(1) Disclosure of other receivables by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		B Carrying value	Carrying amount balance		Bad debt provision		B Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	678,272,733.47	99.82	-	-	678,272,733.47	825,995,030.84	99.93	-	-	825,995,030.84
Portfolio 2	1,218,472.01	0.18	383,456.60	31.47	835,015.41	563,634.80	0.07	383,456.60	68.03	180,178.20
Subtotal of portfolios	679,491,205.48	100.00	383,456.60	0.06	679,107,748.88	826,558,665.64	100.00	383,456.60	0.05	826,175,209.04
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	679,491,205.48	100.00	383,456.60	0.06	679,107,748.88	826,558,665.64	100.00	383,456.60	0.05	826,175,209.04

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Other receivables - continued

(1) Disclosure of other receivables by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value
Within 1 year	835,015.41	-	-	835,015.41	180,178.20	-	-	180,178.20
More than 1 year but not exceeding 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	383,456.60	383,456.60	100.00	-	383,456.60	383,456.60	100.00	-
Total	1,218,472.01	383,456.60	31.47	835,015.41	563,634.80	383,456.60	68.03	180,178.20

(2) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporary payments	3,726,739.80	4,407,604.66
Deposits	249,328.31	554,934.56
Others	675,515,137.37	821,596,126.42
Including: amounts due from subsidiaries	674,871,443.87	820,189,909.43
Total	679,491,205.48	826,558,665.64

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

Unit: RMB

Name of entity	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of bad debt provision
Dongguan Chiwan Terminal Company Limited.	Temporary payment due from subsidiaries	443,275,000.00	Within one year	65.24	-
Dongguan Chiwan Wharf Co., Ltd.	Temporary payment due from subsidiaries	227,500,000.00	Within one year	33.48	-
Chiwan Wharf Holdings (H.K.) Limited.	Temporary payment due from subsidiaries	2,850,467.87	More than three year	0.42	-
Chiwan Container Terminal Company Limited.	Temporary payment due from subsidiaries	1,245,976.00	Within one year	0.18	-
SCT	Temporary payment due from related parties	1,245,976.00	Within one year	0.18	-
Total		676,117,419.87		99.50	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

3. Long-term equity investments

Unit: RMB

Investee	Opening balance	Changes								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Investment income under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I. Subsidiaries											
Shenzhen Chiwan International Freight Agency Company Limited	5,500,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	5,500,000.00	-
Shenzhen Chiwan Harbor Container Company Limited	250,920,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Company Limited	7,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	7,000,000.00	-
Chiwan Wharf Holdings (H.K.) Limited	1,070,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Company Limited	24,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	24,000,000.00	-
Shenzhen Chiwan Trains-Grains Terminal Company Limited	33,750,000.00	-	33,750,000.00	Not applicable	Not applicable	Not applicable	Not applicable	-	-	-	-
Chiwan Container Terminal Company Limited	421,023,199.85	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	421,023,199.85	-
Dongguan Chiwan Wharf Company Limited	186,525,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	186,525,000.00	-
Dongguan Chiwan Terminal Company Limited	175,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	175,000,000.00	-
Subtotal	1,104,788,199.85		33,750,000.00					-	-	1,071,038,199.85	-
II. Associates											
CMHI	14,654,011.40	-	-	957,851.28	-	-	2,778,004.73	-	-	12,833,857.95	-
CMBL	138,060,583.99	-	-	5,857,367.69	-	1,433,091.75	-	-	-	145,351,043.43	-
China Development Finance Co., Ltd.	105,202,034.31	-	110,955,345.27	5,753,310.96	-	-	-	-	-	-	-
Subtotal	257,916,629.70		110,955,345.27	12,568,529.93	-	1,433,091.75	2,778,004.73	-	-	158,184,901.38	-
III. Joint ventures											
China Overseas Harbor Affairs (Laizhou) Co., Ltd	761,613,322.04	-	-	40,102,679.54	-	-	30,785,676.52	-	-	770,930,325.06	-
Total	2,124,318,151.59		144,705,345.27	52,671,209.47	-	1,433,091.75	33,563,681.25	-	-	2,000,153,426.29	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

4. Operating income and operating costs

Unit: RMB

Item	2015		2014	
	Income	Cost	Income	Cost
Principal operating	228,693,176.21	153,418,697.04	197,453,780.29	176,603,054.07
Other operating	32,047,743.16	1,215,450.74	30,272,470.52	1,363,695.23
Total	260,740,919.37	154,634,147.78	227,726,250.81	177,966,749.30

5. Investment income

(1) Details of investment income

Unit: RMB

Item	2015	2014
Income from long-term equity investments under cost method	217,818,690.44	313,001,926.94
Income from long-term equity investments under equity method	52,671,209.47	42,120,784.92
Investment income from the disposal of long-term equity	1,878,969.73	-
Investment income on available-for-sale financial assets, etc.	3,601,220.00	4,280,000.00
Total	275,970,089.64	359,402,711.86

(2) Income from long-term equity investments under cost method

Unit: RMB

Investee	2015	2014	Reasons for increases or decreases in the current compared to the prior period
Chiwan Container Terminal Company Limited	108,370,429.14	149,790,489.01	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Harbour Container Company Limited	89,592,252.90	124,524,235.19	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Tugboat Company Limited	18,738,081.41	15,724,302.77	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Transportation Company Limited	858,954.54	2,375,607.47	The dividends distributed by investee fluctuate.
Shenzhen Chiwan International Freight Agency Company Limited	258,972.45	1,460,271.29	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Terminal Company Limited	-	5,634,804.08	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Trains-Grains Terminal Company Limited	-	13,492,217.13	The dividends distributed by investee fluctuate.
Total	217,818,690.44	313,001,926.94	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

6. Related party transactions

(1) Provision and receipt of services

Unit: RMB

	Content of related party transaction	Pricing and decision-making procedures of related party transactions	2015	2014
<b>Receipt of services :</b>				
Xuqin	Landscape engineering	Negotiation	1,279,632.70	17,280.00
China Merchants Container	Transport services	Negotiation	702,070.57	-
Chiwan Property	Property management service	Negotiation	490,993.70	544,502.00
Shenzhen Chiwan Transportation Company Limited	Transportation services	Negotiation	272,141.51	4,261,204.82
CMHI	Technical service	Negotiation	242,359.49	167,735.90
Shenzhen Chiwan International Freight Agency Company Limited	Agency service	Negotiation	83,931.17	-
Haixing	Load and unload service	Negotiation	60,828.30	19,643.40
Shenzhen Chiwan Transportation Company Limited	Transportation services	Negotiation	34,226.41	-
SMW	Load and unload service	Negotiation	30,400.00	1,399,460.00
Shipping Agency	Agency service	Negotiation	4,925.51	515,823.99
Haiqin Engineering	Engineering Management	Negotiation	-	120,000.00
Total			3,201,509.36	7,045,650.11
<b>Rendering of services:</b>				
Dongguan Chiwan Wharf Company Limited	Labor dispatch service	Negotiation	13,966,685.01	9,609,307.12
China Overseas Harbour Affairs (Laizhou) Co., Ltd	Labor dispatch service	Negotiation	561,543.76	1,589,663.44
Shipping Agency	Berthage fee , etc,	Negotiation	183,237.71	6,154.79
Ocean Shipping Agency	Load and unload service	Negotiation	106,336.59	385,707.00
SCT	Load and unload service	Negotiation	17,264.15	687,924.54
SMP	Load and unload service	Negotiation	11,320.75	2,830.20
SMT	Load and unload service	Negotiation	9,056.60	1,037.74
Xuqin	Load and unload service	Negotiation	6,762.24	-
Chiwan Container Terminal Company Limited	Load and unload service	Negotiation	2,169.81	-
Ocean Shipping Tally	Load and unload service	Negotiation	65,580.00	65,580.00
Total			14,929,956.62	12,348,204.83

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in the previous year
Chiwan Base	Coastal line, packing yards and road lighting	11,208,750.00	12,237,750.00
Chiwan Container Terminal Co., Ltd.	Rental of packing yards	199,151.11	-
Shenzhen Chiwan Port Container Company	Rental of packing yards	102,441.59	-
Total		11,510,342.70	12,237,750.00

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**6. Related party transactions - continued**

(2) Leases with related parties - continued

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Lease payment recognised in the current year	Lease payment recognised in the previous year
Nanshan Group	Land, Office and packing yard	10,272,041.24	14,765,129.22
Chiwan Base	Office	1,523,364.72	1,478,320.13
Malai Warehouse	Office	1,104,870.00	1,104,870.00
SCT	Crane	660,000.00	720,000.00
Chiwan Container Terminal Company Limited	Building	104,466.02	645,600.00
Total		13,664,741.98	18,713,919.35

**7. Amounts due from/to related parties**

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	China Merchants Bank	57,416,519.17	53,971,405.52
	China Development Finance Co., Ltd.	55,649,145.28	50,520,314.97
	Total	113,065,664.45	104,491,720.49
Accounts receivable	Chiwan Base	5,113,500.00	93,393.09
	China Overseas Harbour Affairs (Laizhou) Co., Ltd	535,207.20	559,663.44
	Others	-	42,600.00
	Total	5,648,707.20	695,656.53
Other receivables	Dongguan Chiwan Terminal Company Limited	443,275,000.00	478,689,909.43
	Dongguan Chiwan Wharf Company Limited	227,500,000.00	300,000,000.00
	Chiwan Wharf Holdings (H.K.) Limited	2,850,467.87	2,842,827.10
	Chiwan Container Terminal Company Limited	1,245,976.00	38,000,000.00
	SCT	1,245,976.00	-
	Nanshan Group	1,022,760.39	1,022,760.39
	Haixing	311,494.00	-
	CMPS	311,494.00	-
	Chiwan Base	135,621.91	135,621.91
	China Merchants Shangzhi	58,766.40	-
	Others	38,420.45	31,549.12
	Shenzhen Chiwan Shipping and Transportation Company Limited	-	3,500,000.00
	Shenzhen Chiwan Trains-Grains Terminal Company Limited	-	213,519.54
	Total	677,995,977.02	824,436,187.49

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**7. Amounts due from/to related parties - continued**

Item	Related parties	Closing balance	Opening balance
Long-term receivables	Chiwan Wharf Holdings (H.K.) Limited	11,004,284.75	11,004,284.75
Accounts payable	Nanshan Group	3,106,063.74	2,729,340.60
	Xuqin	1,445,977.80	703,242.00
	SCT	60,000.00	135,660.96
	SMW	-	1,399,460.00
	Chiwan Container Terminal Company Limited	-	215,200.00
	Shenzhen Chiwan Transportation Company Limited	-	163,236.00
	Total	4,612,041.54	5,346,139.56
Other payables	Shenzhen Chiwan Harbour Container Company Limited	190,759,953.28	88,200,907.40
	Shenzhen Chiwan Transportation Company Limited	42,501,681.28	43,706,556.61
	Dongguan Chiwan Wharf Company Limited	28,650,894.16	6,799,553.27
	Chiwan Container Terminal Company Limited	22,420,393.04	30,125,977.04
	Shenzhen Chiwan Shipping and Transportation Company Limited	17,656,552.77	429,181.32
	Dongguan Chiwan Terminal Company Limited	14,259,301.60	5,267,541.71
	Shenzhen Chiwan International Freight Agency Company Limited	1,059,758.93	698,090.93
	Chiwan Wharf Holdings (H.K.) Limited	673,055.09	596,461.77
	Nanshan Group	60,054.00	163,673.95
	Xuqin	10,000.00	-
	China Merchants Holdings (International) Information Technology Company Ltd.	6,400.00	6,400.00
	Shenzhen Chiwan Trains-Grains Terminal Company Limited	-	80,645,134.77
	China Merchants Container	-	855,383.21
	Total	318,058,044.15	257,494,861.98
Interests payable	Shenzhen Chiwan Harbour Container Company Limited	1,121,027.45	549,835.65
	Shenzhen Chiwan Transportation Company Limited	796,967.00	353,917.27
	Shenzhen Chiwan Tugboat Company Limited	23,204.11	-
	Shenzhen Chiwan Trains-Grains Terminal Company Limited	-	1,502,479.48
	Total	1,941,198.56	2,406,232.40

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

**(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -**  
continued**8. Supplementary information to the cash flow statement**

Unit: RMB

Supplementary information	2015	2014
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profits	264,241,215.72	268,153,919.27
Add: Provision for impairment losses of assets	-	-
Depreciation of fixed assets	13,720,795.92	13,935,814.15
Depreciation and amortization of investment property	880,268.27	959,434.32
Amortization of intangible assets	3,060,842.80	3,375,890.11
Amortization of long-term prepaid expenses	469,660.48	879,424.32
Losses(Profits) on disposal of fixed assets, intangible assets and other long-term assets	476,289.37	3,996,363.21
Financial expenses	80,785,844.84	80,156,956.30
Loss (Gains) arising from investments	(275,970,089.64)	(359,402,711.86)
Decrease (Increase) in deferred tax assets	11,093,096.27	45,976,703.93
Decrease(Increase) in inventories	(201,851.14)	326,794.23
Decrease (Increase) in operating receivables	219,516,152.90	26,962,983.17
Increase (Decrease) in operating payables	53,050,704.06	(128,856,903.43)
Net cash flows from operating activities	371,122,929.85	(43,535,332.28)
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	331,615,767.60	281,427,034.32
Less: Opening balance of cash	281,427,034.32	465,329,241.75
Net increase (decrease) in cash	50,188,733.28	(183,902,207.43)



**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES**

Unit: RMB

Item	Amounts	Description
Profit or loss on disposal of non-current assets	(748,062.06)	
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)	934,144.81	
Money lending income earned from non-financial institutions in profit or loss	-	
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	-	
Profit or loss on exchange of non-monetary assets	-	
Profit or loss on entrusted investments or assets management	-	
Provision of impairment losses for each asset due to force majeure, e.g. acts of God	-	
Profit or loss on debt restructuring	-	
Business restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	
Profit or loss relating to the unfair portion in transactions with unfair transaction price	-	
Net profit or loss of subsidiaries recognized as a result of business combination of enterprises under common control from the beginning of the period up to the business combination date	-	
Profit or loss arising from contingencies other than those related to normal operating business	-	
Profit or loss on changes in the fair value of financial assets and financial liabilities held for trading and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than the effective hedging activities relating to normal operating business	-	
Reversal of provision for accounts receivable that are tested for impairment losses individually	-	
Profit or loss on entrusted loans	-	
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	1,618,620.58	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	(579,718.94)	
Effects of minority interest (after tax)	(1,517,022.85)	
Total	(292,038.46)	

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

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

Unit: RMB

Profits incurred in the current period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit for the current period attributable to ordinary shareholders	12.338	0.819	0.819
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	12.344	0.819	0.819