

Stock code: 000022/200022 Stock name: Chiwan Wharf A/Chiwan Wharf B Announcement No. 2017-033



Shenzhen Chiwan Wharf Holdings Limited Abstract of Semi-Annual Report 2017

I Important information

This Abstract is based on the full text of the Semi-Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission.

Non-standard auditor's opinion

Applicable Not applicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the reporting period, which has been reviewed and approved at the board meeting

Applicable Not applicable

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

Preliminary plan for profit distribution to the preference shareholders for the reporting period which has been reviewed and approved at the board meeting

Applicable Not applicable

This Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

II Company profile

1. Stock profile

Stock name	Chiwan Wharf A, Chiwan Wharf B	Stock code	000022, 200022
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Mr. Wang Yongli	Ms. Hu Jingjing and Ms. Chen Dan	
Office address	8/F, Chiwan Petroleum Building, Shenzhen, PRC		
Tel.	+86 755 26694222	+86 755 26694222	
E-mail address	cwh@szcwh.com	cwh@szcwh.com	

2. Major accounting data and financial indicators

Does the Company need to adjust retrospectively or restate accounting data?

Yes No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB)	929,608,498.91	904,809,652.24	2.74%
Net profit attributable to shareholders of the Company (RMB)	276,407,832.70	266,535,506.97	3.70%

Net profit attributable to shareholders of the Company before extraordinary gains and losses (RMB)	275,545,048.09	264,716,384.31	4.09%
Net cash flows from operating activities (RMB)	419,531,779.91	368,657,243.80	13.80%
Basic EPS (RMB/share)	0.429	0.413	3.87%
Diluted EPS (RMB/share)	0.429	0.413	3.87%
Weighted average ROE (%)	5.76%	5.88%	-0.12%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB)	6,784,421,548.53	6,620,476,709.79	2.48%
Net assets attributable to shareholders of the Company (RMB)	4,671,374,937.86	4,709,815,552.89	-0.82%

3. Shareholders and their holdings at period-end

Unit: share

Total number of common shareholders at period-end	45,296 (34,647 A-shareholders and 10,649 B-shareholders)			Total number of preference shareholders with resumed voting rights at period-end (if any)	0
Top 10 shareholders					
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Pledged or frozen shares
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	State-owned corporation	32.52%	209,687,067	0	0
SHENZHEN MALAI STORAGE CO., LTD.	Domestic non-state-owned corporation	25.00%	161,190,933	0	0
KEEN FIELD ENTERPRISES LIMITED	Foreign corporation	8.58%	55,314,208	0	0
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	7.43%	47,914,954	0	Unknown
NORGES BANK	Foreign corporation	0.43%	2,802,863	0	Unknown
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign corporation	0.41%	2,617,518	0	Unknown
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.38%	2,479,573	0	Unknown

SINO-ITALY ASSETS MANAGEMENT-ICBC-STRATEGIC SELECTION ASSETS MANAGEMENT PRODUCTS NO. 55	Other	0.27%	1,772,663	0	Unknown
CANADA POST CORPORATION REGISTERED PENSION PLAN	Foreign corporation	0.25%	1,631,396	0	Unknown
TEMPLETON ASIAN GROWTH FUND	Foreign corporation	0.25%	1,628,170	0	Unknown
Related or acting-in-concert parties among shareholders above	China Merchants Port Holdings Company Limited (CMPort) is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.				
Shareholders conducting securities margin trading (if any)	N/A				

4. Change of controlling shareholder or actual controller in reporting period

Change of the controlling shareholder in the reporting period:

Applicable Not applicable

The controlling shareholder remained the same in the reporting period.

Change of the actual controller in the reporting period:

Applicable Not applicable

The actual controller remained the same in the reporting period.

5. Number of preference shareholders and shareholdings of top 10 of them

Applicable Not applicable

No preference shareholders in the reporting period.

6. Corporate bonds

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

No.

III Performance discussion and analysis

1. Performance review for reporting period

Is the Company subject to any disclosure requirements for special industries?

No.

In the first half of 2017, the global economy continued to pick up, prices of bulk commodities were generally on the rise and recovery of international trade accelerated, but the global economy lacked momentum in recovery and there was still no sign of strong structural growth. China furthered its supply-side structural reform and its innovation-driven development strategy, and was able to bring its economic growth up to 6.9%. Its foreign trade was improving, with the total volume up 19.6% compared to the same period of last year. As a result, the country's port industry saw faster growth in handling. The country's coastal ports above the designated size registered a cargo throughput of 4.31 billion metric tons, representing a year-on-year growth of 7.3% (5.6 percentage points higher than the same period of last year), and a container throughput of 0.1 billion TEU, up 7.8% from a year earlier (5.4 percentage points higher than the same period of last year).

In the reporting period, having the big picture in mind, the Company seized market opportunities and forged ahead, and this was rewarded by increases in its main operating indicators. To be specific, the Company achieved a cargo throughput of 34.99 million metric tons, a year-on-year increase of 7.4%, which generated operating revenues of RMB0.93 billion, up 2.7% from the same period of last year, and net profits attributable to the Company (as the parent company) of RMB0.28 billion, representing a 3.7% growth from a year earlier.

1. Container handling business

In the reporting period, growth in international trade stimulated transport demand; growth in container handling capacity slowed down but overcapacity still existed; and there were increasing large ships, with 8,000 TEU and greater ships accounting for 47% of container ships. Freighters witnessed increasing integration and federation. The three major shipping federations have officially begun operation in this April, with their combined container shipping capacity taking up as much as 74% of the global capacity. As a result, the shipping industry would be more centralized and the freight rates would generally remain stable.

In the Pearl River Delta, competition in container handling has intensified and shipping federations have re-adjusted their shipping routes. All ports in Shenzhen combined achieved a container throughput of 11.865 million TEU, up 3.8% from the same period of last year, lower than the national average. Under such circumstances, the Company adopted effective measures to cope with adjustments in freighters' shipping routes in order to ensure stability in its business. It strengthened business solicitation and tried to establish relationship with new shipping routes to offset the decline in its cargo transit business caused by the freighters' federations' adjustments to their shipping routes. As a result, at the end of the reporting period, the shipping routes in cooperation with the Company increased by 21 on a year-on-year basis, all Asian routes. Meanwhile, the Company continued to improve its logistics service and wharf services to attract cargo sources from the hinterland, which helped increase the handled local container volume by 6.4% from a year earlier. In the fierce local competition, the Company realized a container throughput of 2.488 million TEU, increasing 1.8% compared to the same period of last year, which accounted for 21% of the Shenzhen market, flat with the same period of last year.

2. Bulk cargo handling business

Along with the recovery of China's economy in the reporting period, the domestic imports of both grain and fertilizer showed signs of increase, creating market opportunities for stable growth in the Company's bulk cargo handling business. In the period, the Company achieved a bulk cargo throughput of 11.233 million metric tons, a 31.1% year-on-year growth.

The Company adopted a business strategy of working on both domestic and foreign trade. Due to the Company's efforts in expanding its domestic corn handling business and its international grain and feedstuff handling

business, its grain and feedstuff throughput was up 28% compared to the same period of last year, of which the international throughput went up 22% while the domestic throughput increased by 1.7 times, securing its leading position in the field of grain and feedstuff handling, as well as its position as a preferred discharge port for international grain and feedstuff, in the Pearl River Delta. In the meantime, in order to ensure sustained growth in the grain and feedstuff handling business, the Company vigorously tried to attract new clients from nearby businesses, solidify quality cargo sources, improve its comprehensive port services, further cooperation with clients and satisfy various needs of clients.

By paying close attention to changes in the fertilizer market and staying in close contact with fertilizer clients, the Company's fertilizer throughput increased significantly by 62.1% compared to the same period of last year, of which the imported compound fertilizer handled by the Company accounting for over 50% of the national total, keeping the Company in a leading position in this respect. In the meanwhile, the Company's fertilizer handling business registered stable growth due to its efforts in, among other things, expanding the exported urea and imported pure sodium carbonate handling business, widening and extending channels and providing various value-added port services.

3. Support services and investment management

The Company's business of support tow truck, tugboat, customs clearance and barge services operated smoothly, with a year-on-year profit increase. Meanwhile, the Company's main joint ventures, including China Overseas Harbour Affairs (Laizhou) Co., Ltd., China Merchants Bonded Logistics Co., Ltd. and China Merchants Holdings (International) Information Technology Co., Ltd., contributed flat returns to the Company compared to the same period of last year.

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

Main business indicator	Reporting period (January-June 2017)	Same period of last year (January-June 2016)	YoY +/-%
Total throughput (thousand tons)	34,990	32,585	7.4%
Among which: Container throughput (thousand TEU)	2,488	2,444	1.8%
Bulk cargo throughput (thousand tons)	11,233	8,567	31.1%
Hours charged for tow trucks (thousand hours)	588	547	7.5%
Hours charged for tugboats (hour)	17,152	16,790	2.2%

During the reporting period, the Company carried out the tasks set for the year, with the focus on internal management improvement, better service quality and efficiency increase. It completed management restructuring of the Headquarters for more professional division of functions; strengthened budgetary management for more effective operational control; optimized operating procedures using the internet technology to increase the operating efficiency; encouraged innovations in process and procedure and finished multiple technical alterations; and optimized the capital and debt structure to reduce finance costs.

In the second half of 2017, the world economy is expected to continue to recover, and China's economy and foreign trade are likely to see more stability and improvement. However, risks still exist, including inflation pressure, changes in the monetary policies of main economies and trade protectionism. These uncertainties may cause more volatility in the port industry and pose certain challenges to the Company. In container handling, the regional competition and freighters' adjustments to their shipping routes exert pressure on the Company's business growth. To deal with that, the Company will pay close attention to certain clients' merger and acquisition progress, be more flexible in business negotiation, try to attract new shipping routes, and be as cooperative as it can in the Tonggu Channel widening and dredging program conducted to improve the channel conditions, so as to maintain stability in the Company's container handling business. In bulk cargo handling, the Company will keep an eye on market and policy changes, maintain an aggressive business strategy, secure and increase the Company's market position, and accelerate the berth and warehouse alteration at the Chiwan Wharf, as well as the

building of support warehousing facilities at the Machong Wharf, so as to improve the Company's overall resource capability to seize more and better opportunities for business growth. As for internal management, the Company will continue to work on lean management, innovation, resource integration, organizational construction and risk control, and carry out various tasks according to its annual plan, trying to achieve its annual targets.

No major changes occurred to the profit structure or sources of the Company during the reporting period.

YoY movements in financial highlights:

Unit: RMB

	Reporting period	Same period of last year	YoY +/-%	Main reasons for movements
Operating revenues	929,608,498.91	904,809,652.24	2.74%	
Operating costs	535,972,835.46	492,158,524.59	8.90%	
Administrative expenses	72,324,731.18	81,947,868.71	-11.74%	
Finance costs	10,152,388.82	14,253,614.35	-28.77%	Interest cost decreased as the average balance of interest-bearing debts decreased
Corporate income tax expenses	58,896,433.80	49,661,006.76	18.60%	
R&D expenses	17,130,145.36	15,986,053.06	7.16%	
Net cash flows from operating activities	419,531,779.91	368,657,243.80	13.80%	
Net cash flows from investing activities	7,493,810.29	16,665,254.18	-55.03%	Higher payments for engineering
Net cash flows from financing activities	-254,949,011.51	-664,817,669.11	61.65%	Lower debt repayments
Net increase in cash and cash equivalents	167,505,798.54	-277,266,096.67	-39.59%	Loans and repayments decreased

2. Matters related to financial report

(1) Changes in accounting policies, accounting estimations and measurement methods compared to last accounting period

Applicable Not applicable

No such cases.

(2) Retroactive restatements due to correction of significant accounting errors in reporting period

Applicable Not applicable

No such cases.

(3) Changes in scope of consolidated financial statements compared to last accounting period

Applicable Not applicable

No such cases.

For and on behalf of the Board

Liu Bin

Managing Director

Shenzhen Chiwan Wharf Holdings Limited

Dated 25 August 2017