



CHINA MERCHANTS PORT GROUP CO., LTD.

ANNUAL REPORT 2019

Date of disclosure: 16 April 2020

Chairman's Statement

Dear shareholders,

I hereby present to you the annual report of China Merchants Port Group Co., Ltd. and its subsidiaries (the "Company") for the year ended 31 December 2019. On behalf of the Board, I would like to express my sincere gratitude to all of you for your long-term support to the Company.

The Company is a crucial vehicle for CMG to implement the "Belt and Road" Initiative promoted by China and the "Guangdong-Hong Kong-Macao Greater Bay Area" strategy. The Company is also the headquarters of CMG's port sector and the operating and management platform for the port assets and tier one capital of CMG which plays a key role in the consolidation and synergistic development of CMG's port assets, and has become the world's leading port investor, developer and operator.

Looking ahead, the Company will take actions and strive to be a world-class comprehensive port service provider. While expanding the port ecosystem with a focus on core port businesses and promoting the construction of "Intelligent Port" under the guidance of technology innovation; it will proactively take part in international port investment, development and operation, so as to optimize the port network system on a continuous basis and achieve balanced development on a regional level. By offering professional top-notch solutions, it will become customers' partner of choice for cooperation, which will create greater value for the Company, enhance return for shareholders and contribute to the healthy development of the port industry and the continuous growth of the global trade.

Review for the year

In 2019, the global economy sustained a slow growth in general with weakened momentum in the manufacturing industry and global trade, and unilateralism and trade protectionism continued to bring uncertainties to the global trade, posing challenges to the daily operation of enterprises. Confronted with the complex and turbulent external environment, the Company firmly adhered to the strategic principle of "leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes". The Company also pursued various tasks in a steady manner with a focus on the governance of the listed company, the construction of homebase port, merger and acquisitions, comprehensive development, operation management and business innovation, successfully accomplishing its strategic goals and various operational objectives of the year.

In terms of port operation, changes in global trade situation have affected the port industry, but the overall operating performance of the Company was satisfactory. In 2019, the container port business delivered a container throughput totaled 112.93 million TEUs, up 2.9% year-on-year. Looking into the regional performance, container throughput handled by the Company's ports in Mainland China totaled 84.88 million TEUs, up 4.3% year-on-year. Ports in Hong Kong and Taiwan handled a combined container throughput of 7.21 million TEUs, down 6.1% year-on-year, while overseas operations handled a total bulk cargo volume of 20.84 million TEUs, up 0.9% year-on-year. Bulk cargo volume handled by the Company's ports decreased by 8.9% year-on-year to 490 million tonnes, among which the Company's ports in Mainland China handled a total bulk cargo volume of 480 million tonnes, representing a decrease of 9.3% year-on-year, which was mainly affected by factors such as the international trade friction, the African Swine Fever and the adjustment of the supply structure of certain enterprises, while that of overseas port projects increased by 26.1% to 6.29 million tonnes, which was mainly benefited from the business growth in PDSA in Djibouti and HIPG in Sri

Lanka. Among the major ports, container throughput handled in West Shenzhen Port Zone in China was 11.42 million TEUs, up 0.7% year-on-year. SIPG handled a container throughput of 43.30 million TEUs, representing a year-on-year increase of 3.1%. For overseas projects, CICT in Sri Lanka delivered a year-on-year growth of 7.4% by handling a container throughput of 2.88 million TEUs. LCT in Togo handled a container throughput of 1.13 million TEUs, representing a growth of 7.7% year-on-year. Kumport in Turkey handled a container throughput of 1.28 million TEUs, representing a growth of 1.9% year-on-year. Terminal Link SAS (TL) handled a container throughput of 13.25 million TEUs in the year, down 2.8% year-on-year. TCP in Brazil handled an annual container throughput of 0.92 million TEUs, up 32.0% as compared to that of March to December in 2018.

In terms of key priorities, firstly, the development of the governance system of the listed company has been pushed forward in an orderly manner. In order to continually optimize the governance system of the listed company and consolidate the anchor role of standardized operation, we capitalized on the ancillary financing opportunity to introduce two strategic investors, namely, China-Africa Development Fund and Shenzhen Infrastructure Investment Fund, and thus effectively improved such system and contributing to increasingly improving corporate governance system. Secondly, the construction of domestic and overseas homebase ports has been steadily pushed forward. In order to step up the efforts in promoting the construction of a world-class domestic homebase port, we promoted the steady improvement in the competitiveness of West Shenzhen Port Zone through channels dredging, the integration of operations and the optimization of the customs clearance procedures in West Shenzhen Port Zone. In addition, we worked aggressively on promoting overseas homebase ports construction and leading regional port construction in South Asia by accelerating the output of management experience and improving the comprehensive service capabilities of both CICT and HIPG. Thirdly, the consolidation of domestic ports has achieved remarkable progress. In line with the national strategy, we not only capitalized on the restructure and consolidation of domestic and overseas ports to obtain effective control over Zhanjiang Port upon completion of capital injection, but also facilitated the robust progression of management tasks entrusted by Liaoning Port Group and thus built a north-south port connection system. Fourthly, substantial progress has been achieved in terms of overseas expansion. Adhering to the “Belt and Road” initiative promoted by China, we kept abreast of new changes in international trade landscape, capitalized on opportunities presented by the restructuring of competitive landscape in global port and shipping industry and devoted great efforts to facilitate the merger and acquisition of overseas projects with a view to optimizing our global layout. Furthermore, we entered into formal agreements with CMA CGM for the acquisition of equity interests in up to 10 quality terminals under CMA CGM through TL and successfully introduced two strategic investors for TCP in Brazil. Fifthly, the comprehensive development has been pushed forward steadily. With dedication to explore innovation, the Company deepened the development of the comprehensive development model of “Port-Park-City”, and hence realized preliminary progress in Djibouti International Free Trade Zone and HIPG and other comprehensive development projects. Sixthly, fruitful results have been achieved in innovative development. The Company actively implemented the “digitalisation strategy” and constantly promoted the establishment of “CM ePort” platform. Mawan Intelligent Port project and the automatic loading and unloading project at large bulk and general cargo terminal in Zhanjiang Port were well underway. Blockchain electronic invoices have been successfully promoted and applied. The “5G intelligent port innovation laboratory” was established with concerted efforts of leading enterprises such as China Mobile, Huawei and others. The Company officially established the “Development and Research Center of CMPort”, which marked the completion of the industry development platform empowered by technology. The industrial fund, which focuses on investments in innovative development of ports, will be launched in the near term.

Outlook

Looking forward into 2020, factors such as trade friction and geopolitical disputes, coupled with the spread of COVID-19 epidemic, will cast uncertainties to global economic and trade prospects. The momentum of global economic recovery remains weak and global economic growth will face the pressure of slowdown in general. The developed economies will continue to experience a slowdown of economic growth. Emerging economies are expected to see a rebound in economic growth in 2020, despite the increasing uncertainties arising from the global pandemic. China's economy will face pressure in the short run due to the COVID-19 epidemic. Nonetheless, as the epidemic is being effectively controlled and enterprises have been successively resuming operations and production in an orderly manner, the impact on China's economy will be limited in the mid-to-long term and China's economy is projected to maintain growth momentum at a reasonable pace in 2020. Driving factors such as the globalization of the financial market, opening-up of the service sector, and the upgrading of consumption will bring opportunities to both China and the global economy. At the same time, industry consolidation will create opportunities, and digitization and technological innovation will also bring opportunities for industrial development. The Company will firmly adhere to the overall operation philosophy of "making progress amid stability", consistently implement the new development concepts and insist on the strategic principle of "leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes" and adhere to the dual core driving force of "marketization + digitization", while taking the initiatives to respond actively and making breakthroughs on key missions, exploring potential in the process of reform and innovation and launching new territories in a positive and aggressive manner so as to consistently strengthen the organic momentum for corporate development with an aim to sustain quality growth and strive to create better return for shareholders. In 2020, the Company will focus on the following tasks:

Firstly, we will facilitate the building of domestic and overseas homebase ports. Regarding the domestic West Shenzhen homebase port, we will step up our efforts in marketing and commerce. The Company will actively expand ocean-going routes and stabilize near-ocean routes so as to maintain healthy growth of domestic export business and strive to increase import volume. We will enhance our marketing efforts in shipping companies and cargo owners by providing customized services and products. The Company will improve the standard of its feeder services, promote paperless waterborne customs transit and optimize the platform for the "Western Pearl River Delta Strategy". Also, the Company will establish an innovative intelligent corridor of Mawan Intelligent Port. CTOS will be upgraded to enable the introduction of big data mechanism and cloud storage. We will also optimize the channels in West Shenzhen Port Zone. To support the transformation plan of Haixing Port, the Company will complete the delivery and acceptance of section 2 and 3 of the Public Channel outside West Shenzhen Port Zone, realise regular night services of Tonggu Channel and expedite the construction of phase II of the seaward channel of West Shenzhen Port Zone. With regard to the overseas homebase ports in Sri Lanka, we will analyze customer values on an on-going basis and improve the synergies between CICT and HIPG business, push forward work in relation to quality and efficiency enhancement and explore potential competitiveness of production capacity of various terminals, thereby improving the competitiveness of regional markets. It will also optimize the incentive mechanism for innovation to encourage all staff to participate in innovation and expand the channels for innovation. The Company will provide value-added port services to facilitate work in relation to the induction of investment for the port's logistics park. While promoting the localization of projects, we will facilitate the development of various businesses based on the industrial layout alongside the ports.

Secondly, we will optimize the port layout and improve the operating management and control capability of overseas ports. The Company will continue to capitalize on the opportunities arising from the "Belt and Road" initiative promoted by China and the international industrial transfers, at the same time adapting to the trend of deploying mega-vessels and forming shipping alliances. The

Company will grasp opportunities in port, logistics and related infrastructures investment for the on-going enhancement of its global port network. The Company will enhance the development of overseas system and cultivate teams of overseas talent with a focus on improving the operational performance and management capability of overseas ports.

Thirdly, the Company will strengthen the technology-driven approach to create a port ecosystem for technological innovation. Through the Development and Research Center of CMPort and with the “empowerment of technology”, the Company will integrate the port ecosystem with technological innovation to optimise, complement and improve its comprehensive port service model, thereby supporting the development of the Company in the long run. We will extend our business to the upstream and downstream of the industrial chain and value chain through innovation of business model with a view to cultivating ports to support new business. We will also enhance the operating effectiveness and efficiency of inventory assets through technological and management innovation, improve the internal intelligent production and operation of ports and terminals via the “CM Chip” platform and provide high-caliber customer services in ports and terminals via the “CM ePort” platform, thus building a world-class information team through integrating CMPort’s information resources and leveraging both internal and external efforts, so as to consolidate our information capability.

Fourthly, we will promote comprehensive port development and implement the “Port-Park-City” business model at home and abroad. Regarding the HIPG, the Company will explore and carry out value-added port services, expand its oil and gas business, container business and maritime services, as well as facilitate the work in relation to the introduction of investment and capital for the port’s logistic park and the localization of the projects. Regarding the Djibouti comprehensive development project, we will devote greater efforts in the cultivation of the market development team to enhance market development. The Company will establish high-quality management system to vigorously improve operational efficiency, deepen strategic coordination and innovate financing model so as to establish a first-class free trade zone in Africa. Regarding Zhanjiang Port, we will build a bulk commodity trading center and adopt new business models such as import of frozen goods and bonded transfer of crude oil futures.

Fifthly, the Company will strive to develop an operation management system for sustainable value creation. Through benchmarking against the leading enterprises in the world, the Company will analyze the major issues and weaknesses in operation management and formulate targeted benchmarking measures to gradually enhance various operation management indicators, thereby promoting the establishment a world-class operation management system. The Company will systematically push forward the “Project of Improving Quality and Efficiency” in full swing with a focus on enhancing operational efficiency and deepening refined corporate management, so as to facilitate the release of potential of the companies and thus realise high-quality corporate development. The Company will also proactively promote the optimization of control measures by reinforcing the headquarters’ strategic leadership to empower the subsidiaries in full swing and thus improve operating efficiency, gain better understanding and strengthen collaboration, and, at the same time, provided appropriate authorization for enterprises at different levels based on the principle of maintaining risks under control to enhance their flexibility and hence increase their efficiency of management and control.

Appreciation

Mr. Fu Gangfeng ceased to be the Chairman of the Board and the Executive Director of the Company since 31 January 2020 and I was appointed by the Board of Directors of the Company as the Chairman of the Board with effective on 3 February 2020. During his tenure, Mr. Fu Gangfeng has devoted great efforts and commitment to the Company’s development and made significant contributions. On

behalf of the Board, I would like to express the sincere gratitude to Mr. Fu Gangfeng and wish him great success in the new position.

In 2019, facing with the complex environment and various risks and challenges, the Company adhered to its strategic directives and took the initiatives to embrace changes, and thus recorded positive results for various tasks and its operating results have been growing steadily. All of those could not be accomplished without the dedication from all of our staff and the support from our shareholders and investors, business partners and those in the society who have taken to heart the Company's interest. For this, I would like to extend my most sincere appreciation and deepest gratitude.

Deng Renjie
Chairman

Part I Important Notes, Table of Contents and Definitions

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

Bai Jingtao, the Company’s legal representative, Wen Ling, the Company’s Chief Financial Officer, and Sun Ligan, the person-in-charge of the accounting organ hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

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

Any forward-looking statements such as future plans or development strategies mentioned herein shall not be considered as the Company’s promises to investors. And investors are reminded to exercise caution when making investment decisions. Possible risks faced by the Company and countermeasures have been explained in “Part IV Operating Performance Discussion and Analysis” herein, which investors are kindly reminded to pay attention to.

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

The Board has approved a final dividend plan as follows: based on 1,922,365,124 shares, a cash dividend of RMB4.60 (tax inclusive) per 10 shares is to be distributed to shareholders, with no bonus issue from either profit or capital reserves.

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

Table of Contents

Chairman’s Statement	2
Part I Important Notes, Table of Contents and Definitions	7
Part II Corporate Information and Key Financial Information	11
Part III Business Summary	17
Part IV Operating Performance Discussion and Analysis	24
Part V Significant Events.....	51
Part VI Share Changes and Shareholder Information.....	89
Part VII Preferred Shares.....	99
Part VIII Convertible Corporate Bonds	100
Part IX Directors, Supervisors, Senior Management and Staff	101
Part X Corporate Governance	113
Part XI Corporate Bonds.....	128
Part XII Financial Statements (See attached)	129
Part XIII Documents Available for Reference.....	130

Definitions

Term	Definition
The “Company”, “CMPort” or “we”	China Merchants Port Group Co., Ltd., formerly known as “Shenzhen Chiwan Wharf Holdings Limited”
Chiwan Wharf	Shenzhen Chiwan Wharf Holdings Limited (stock name: Chiwan Wharf, Chiwan Wharf-B; stock code: 000022, 200022)
CMG	China Merchants Group Co., Limited
CMG Hong Kong	China Merchants Group (H.K.) Limited, a CMG wholly-owned subsidiary in Hong Kong
CMID	China Merchants Investment Development Company Limited
CMPort Holdings	China Merchants Port Holdings Company Limited (00144.HK)
Broadford Global	Broadford Global Limited, a wholly-owned subsidiary of CMG Hong Kong
CMGD	China Merchants Gangtong Development (Shenzhen) Co., Ltd., a Broadford Global majority-owned subsidiary in Shenzhen
CWH (H.K.)	Chiwan Wharf Holdings (Hong Kong) Limited
Sinotrans Guangdong	Sinotrans Guangdong Co., Ltd.
Zhanjiang Infrastructure Investment	Zhanjiang Infrastructure Construction Investment Group Co., Ltd.
CND Group	China Nanshan Development (Group) Inc.
CMB	China Merchants Bank Co., Ltd.
Lac Assal	Lac Assal Investment Holding Company Limited
CMSK	China Merchants Shekou Industrial Zone Holdings Co., Ltd.
Malai Storage	Shenzhen Malai Storage Co., Ltd.
KFEL	Keen Field Enterprises Limited
CM Qianhai Industrial	Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.
CMI	China Merchants Investment Limited
SZPL	Shenzhen Urban Planning and Land Resources Committee
Antongjie	Antongjie Terminal Services (Shenzhen) Co., Ltd.
Ansuje	Ansuje Terminal Services (Shenzhen) Co., Ltd.
CM Chidi	Shenzhen China Merchants Qianhai Chidi Industrial Co., Ltd.
Qianhai Investment Holdings	Shenzhen Qianhai Development Investment Holdings Co., Ltd.
Qianhai Hongyu	Shenzhen Qianhai Hongyu Industrial Investment Co., Ltd.
Shekou Asset Management	Shenzhen China Merchants Shekou Asset Management Co., Ltd.
Qianhai Free Trade	Shenzhen Qianhai Free Trade Investment Development Co., Ltd.
Cheer Signal	Cheer Signal Investment Limited
SIPG	Shanghai International Port (Group) Co., Ltd.
Zhanjiang Port	Zhanjiang Port Group Co., Ltd.
Xiamen Port	Zhangzhou China Merchants Xiamen Port Affairs Co., Ltd.
CCT	Chiwan Container Terminal Co., Ltd., a majority-owned subsidiary of the Company
Kumport	Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi
Port of Newcastle	Port of Newcastle
TCP	TCP Participações S.A

CICT	Colombo International Container Terminals Ltd.
PDSA	Port de Djibouti S.A.
HIPG	Hambantota International Port Group
Haixing Harbor	Shenzhen Haixing Harbor Development Co., Ltd.
Dalian Port	Dalian Port (PDA) Company Limited
The “Assets Purchase via Share Offering”	Chiwan Wharf’s purchase of 1,313,541,560 ordinary CMPort Holdings shares from CMID via share offering
The “Transaction” or “Restructuring”	The transaction plan includes three parts: (1) Chiwan Wharf intends to issue A-shares to CMID for the acquisition of the 1,313,541,560 CMPort Holdings ordinary shares that CMID holds (approximately 39.51% of CMPort Holdings’ outstanding ordinary shares). (2) CMG Hong Kong and Chiwan Wharf signs an Acting in Concert Agreement. According to the agreement, upon the completion of the assets purchase via share offering, CMG Hong Kong shall vote according to Chiwan Wharf’s opinion unconditionally on matters to be voted on at CMPort Holdings’ general meetings in regard with the voting right of the 753,793,751 CMPort Holdings ordinary shares (approximately 22.67% of CMPort Holdings’ outstanding ordinary shares) that CMG Hong Kong has been entrusted to exercise. (3) Chiwan Wharf intends to raise matching funds of no more than RMB4 billion from no more than 10 certain investors via an offering of no more than 128,952,746 A-shares through enquiry.
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 China Merchants Port Group Co., Ltd.
The “Stock Listing Rules”	The Stock Listing Rules of the Shenzhen Stock Exchange
The cninfo website	www.cninfo.com.cn
RTG	Rubber Tyre Gantry
CM ePort	The wharf e-commerce platform, i.e. the unified customer service platform
EDI	Electronic Data Interchange
TEU	Twenty Foot Equivalent Unit
RMB	Expressed in the Chinese currency of Renminbi
RMB’0,000	Expressed in tens of thousands of Renminbi
RMB’00,000,000	Expressed in hundreds of millions of Renminbi (unless otherwise specified)

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	CM Port Group/ CM Port Group B	Stock code	001872/201872
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	招商局港口集团股份有限公司		
Abbr.	招商港口		
Company name in English (if any)	China Merchants Port Group Co., Ltd.		
Abbr. (if any)	CMPort		
Legal representative	Bai Jingtao		
Registered address	23-25/F, China Merchants Port Plaza, 1 Gongye 3rd Road, Zhaoshang Street, Nanshan, Shenzhen, PRC		
Zip code	518067		
Office address	23-25/F, China Merchants Port Plaza, 1 Gongye 3rd Road, Zhaoshang Street, Nanshan, Shenzhen, PRC		
Zip code	518067		
Company website	http://www.cmp1872.com		
Email address	Cmpir@cmhk.com		

II Contact Information

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

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	<i>Securities Times, Ta Kung Pao</i>
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	Board Office

IV Change to Company Registered Information

Unified social credit code	91440300618832968J
Change to principal activity of the Company since going public (if any)	<p>On 14 December 2018, the Company changed its business scope registered with the industrial and commercial administration. The new business scope includes: construction, management and operation of ports and wharves; bonded warehousing of various goods for import and export; development, construction and operation of supporting parks in ports; loading, unloading, transshipment, warehousing and transportation of international and domestic goods and processing of goods; devanning and LCL operations, cleaning, repair, manufacturing and leasing of containers; international freight forwarding; vehicle and ship leasing; the provision of ship and port services including the provision of fuels, supplies and daily necessities for ships; ship towing (no operation using foreign ships); leasing and repair services of port facilities, equipment and machinery; import and export of various goods and technologies on a self-operation or agency basis, excluding the goods and technologies restricted or forbidden for import and export by the state; port logistics and port information technology consulting services; technical development and services in respect of modern logistics information systems; supply chain management and related services; design of logistics plans; engineering project management; development, research and consulting services in respect of port engineering technologies. (In respect of any operations that require approval according to law, the approval must be obtained before operation).</p>
Every change of controlling shareholder since incorporation (if any)	<p>1. On 8 June 2018, as the ownership of 209,687,067 Chiwan Wharf shares formerly held by CND Group and 161,190,933 Chiwan Wharf shares formerly held by Malai Storage was officially transferred to CMGD, CMGD, holding 57.52% of the Company's outstanding share capital, became the controlling shareholder of the Company. Meanwhile, CMG remains the actual controller of the Company.</p> <p>2. On 26 December 2018, the Company issued RMB-denominated ordinary shares (A-shares) at RMB21.46/share to CMID for the acquisition of the 1,313,541,560 CMPort Holdings ordinary shares that it held. Upon the Acquisition, the Company's total share capital has become 1,793,412,378 shares. Meanwhile, as Broadford Global controls an 87.81% aggregated voting right in the Company (direct interests and interests through CMID and CMGD), it is the direct controlling shareholder of the Company. Meanwhile, CMG remains the actual controller of the Company.</p>

V Other Information

The independent audit 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.
Accountants writing signatures	Li Weihua and Zhang Min

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Name	Office address	Participant representative	Period of supervision
CITIC Securities Co., Ltd.	19/F, CITIC Securities Tower, 8 Zhongxin 3 rd Road, Futian District, Shenzhen, China	Chen Jianjian, Yang Jun and Huang Zihua	From 26 December 2018 to 31 December 2019

VI Key Financial Information

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

Yes No

	2019	2018	2019-over-2018 change	2017
Operating revenue (RMB)	12,123,829,423.74	9,703,394,622.58	24.94%	7,544,635,284.96
Net profit attributable to the listed company's shareholders (RMB)	2,898,192,168.84	1,090,418,910.77	165.79%	2,365,214,907.45
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	1,037,766,875.23	516,155,803.81	101.06%	498,373,377.67
Net cash generated from/used in operating activities (RMB)	5,501,873,415.94	4,288,575,424.84	28.29%	3,475,037,036.28
Basic earnings per share (RMB/share)	1.59	0.61	160.66%	1.32
Diluted earnings per share (RMB/share)	1.59	0.61	160.66%	1.32
Weighted average return on equity (%)	8.71%	3.88%	4.83%	10.24%
	31 December 2019	31 December 2018	Change of 31 December 2019 over 31 December 2018 (%)	31 December 2017

Total assets (RMB)	156,696,917,845.87	128,018,084,415.68	22.40%	109,135,164,260.01
Equity attributable to the listed company's shareholders (RMB)	35,972,804,419.42	30,760,475,412.93	16.94%	28,474,748,165.25

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

Total share capital at the end of the last trading session before the disclosure of this Report (share)	1,922,365,124
---	---------------

Fully diluted earnings per share based on the latest total share capital above:

Fully diluted earnings per share based on the latest total share capital above (RMB/share)	1.5076
--	--------

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

No difference for the Reporting Period.

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

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences Above: Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,702,894,522.99	3,131,458,898.34	3,178,406,039.64	3,111,069,962.77
Net profit attributable to the listed company's shareholders	814,944,249.12	1,484,237,081.49	171,091,424.23	427,919,414.00
Net profit attributable to the listed company's shareholders before exceptional gains and losses	262,409,245.18	306,996,084.91	155,647,010.17	312,714,534.97
Net cash generated from/used in operating activities	1,148,963,121.64	1,407,898,793.88	1,399,691,070.83	1,545,320,429.59

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Exceptional Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	2019	2018	2017	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	4,794,562,782.79	6,512,480.64	324,387.87	-
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	162,587,042.38	14,050,544.16	1,843,431.75	-
Capital occupation charges on non-financial enterprises that are charged to current profit or loss	19,571,040.36	-	-	-
Current profit or loss on subsidiaries obtained in business combinations involving enterprises under common control from the period-beginning to combination dates, net	-	2,685,592,888.44	4,928,289,403.49	-
Gain or loss on fair-value changes in held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other investments in debt obligations (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	66,075,363.30	-	-	-
Reversed portions of impairment allowances for accounts receivable and contract assets which are tested individually for impairment	-	-	4,238,993.78	-
Non-operating income and expense other than the above	482,165,418.73	-3,767,817.73	1,002,589.66	
Other gains and losses that meet the definition of exceptional gain/loss	732,644,357.06	-121,311,211.59	-	As the Company gained control of Zhanjiang Port in the year under review, the long-term equity investment in Zhanjiang Port formerly measured under the equity method was recognized in

				return on investment at the fair value
Less: Income tax effects	1,504,203,995.96	3,010,149.89	802,116.53	-
Non-controlling interests effects (net of tax)	2,892,976,715.05	2,003,803,627.07	3,068,055,160.24	-
Total	1,860,425,293.61	574,263,106.96	1,866,841,529.78	--

For the Reporting Period, the Company does not reclassify as recurrent any exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

1. Main business scope and business models

The Company is principally engaged in the handling, warehousing and transportation of containers and bulk cargoes, as well as the provision of other ancillary services. It principally operates 24 container berths and 15 bulk cargo berths in the ports in West Shenzhen, 9 container berths, 2 bulk cargo berths, 10 general cargo berths and 1 berth dedicated to handling coal in Shantou Port, 2 container berths and 33 bulk cargo berths in Zhanjiang Port, 4 multi-purpose berths in Shunde Port, 2 container berths and 6 bulk cargo berths in Zhangzhou Port, 4 container berths in CICT, Sri Lanka, 4 multi-purpose berths, 2 oil berths and 4 container berths in HIPG, 3 container berths in LCT, Togo, and 4 container berths in TCP, Brazil. Moreover, the Company invests in container hubs in Shanghai and Ningbo and expands its layout to ports in South Asia, Africa, Europe, South America and Oceania.

The major business segments of China Merchants Port Group Co., Ltd. are as follows:

Business Segments	Applications
Cargo handling and warehousing	Container handling and warehousing: the Company provides ship berthing, loading and unloading services to ship companies, offers container storage service to ship companies and cargo owners and provides overhead box services to tractor companies. The Company also engages in the businesses of division or merger of cargoes in containers, container leasing and container maintenance; Bulk cargo handling and warehousing: the Company is engaged in bulk cargo handling and transportation in port zones, as well as storage services in yards. The major types of cargoes handled include food, steel, woods and sandstones.
Ancillary port-related services	The ancillary port-related services of the Company mainly include tugboat berthing assistance and barge services at the arrival of ships to the ports, tallying in the course of cargo handling, and supply of shore power and freshwater for vessels.
Bonded logistics operations	The Company provides various services for clients (including logistics companies, trading companies or cargo owners), for example, warehouse/yard leasing, loading and unloading in warehouses/yards, customs clearance and division or merger of cargoes at terminals. It also provides documentation services for tractors arriving or leaving the bonded logistics parks.

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

The port industry is a crucial cornerstone industry for national economic and social progress, and is closely linked to global economic and trade development. In 2019, the global economy was on a growing trend in general, but the growth momentum was unstable. The Company faced challenges due to many factors including the trade frictions in various countries aggravated by the protectionism and unilateralism, which impact the international trade order; the slowdown in growth of global container shipping and the downshift of domestic port business continuously intensify market competition; the increasing severe competition for investment in emerging markets overseas,

technology advancement in the port and shipping industry and emerging of new business models. .

Affected by the sluggish economic and trading conditions, the demand in the global container shipping market was volatile in 2019. As forecasted in the Clarkson Report, despite the overall weakening demand in the container shipping market in 2019, the competition further intensified. In order to secure better competitive advantages, various shipping companies continued to carry forward fleet expansion, hence market capacity continued to grow steadily. At the same time, due to the impact of ship reforms brought by the International Maritime Organization's 2020 Sulphur Limitation Order, the scale of idle capacity in 2019 increased significantly year-on-year.

The growth rate of global port container throughput declined in 2019. According to data from Alphaliner, the global container port throughput amounted to 837 million TEUs in 2019, up by 2.5% year-on-year. In terms of market share by container throughput, the top 3 regions in order are China (including Hong Kong), Southeast Asia and North Europe, and the top 3 fastest growing regions in order are South Europe, South Asia and Southeast Asia. Driven by the global economy and trade, the global port business declined in general in 2019. The growth rate of global port container throughput reached 2.5% in 2019, lower than that of 5.2% in 2018. According to the information published by the Ministry of Transport of the People's Republic of China, the accumulated port container throughput in China amounted to 261 million TEUs in 2019, representing a year-on-year increase of 4.4%.

The Company is the largest global leading port developer, investor and operator in the PRC, with a comprehensive port network at major hub locations along coastal China. It has also successfully established presence in South Asia, Africa, Europe, Mediterranean, Oceania and South America. By its proactive, sound and efficient operating style, the Company capitalises on its global port portfolio, professional management experience, the self-developed state-of-the-art terminal operation system and integrated logistics management platform for exports and imports, thereby providing its customers with timely and efficient port and maritime logistics services along with comprehensive and modern integrated logistics solutions. In addition, the Company also invests in bonded logistics operation and launches integrated park development business to facilitate the transformation and upgrade of port industry, develop port-related industries and increase industry efficiencies, which allows it to create greater value through the synergies of the existing terminal network.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	1. On 2 January 2019, the Proposal on the Signing of the Agreement on the Transfer of Shares in Zhanjiang Port (Group) Co., Ltd. between the Company and Sinotrans Guangdong was approved at the 1st Extraordinary Meeting of the 9th Board of Directors of the Company in 2019. By the signing of the Agreement on the same day, the Company was given 201,034,549 ordinary shares in Zhanjiang Port by Sinotrans Guangdong, which accounted for 5% of the total issued shares of Zhanjiang Port as at the date of signing the Agreement, for a consideration of RMB375,334,490. The announcement (No. 2019-002) on the external investment and the related-party transaction has been disclosed on www.cninfo.com.cn on 3

January 2019.

2. The Proposal on a Capital Increase by a Wholly-Owned Subsidiary to Zhanjiang Port (Group) Co., Ltd. was approved at the 2nd Extraordinary Meeting of the 9th Board of Directors held by the Company on 8 January 2019 and the 1st Extraordinary General Meeting of 2019 held on 24 January 2019 respectively. The wholly-owned subsidiary of the Company CWH (H.K.) signed in Zhanjiang on 8 January 2019 the Agreement on a Capital Increase to Zhanjiang Port (Group) Co., Ltd. with Zhanjiang Infrastructure Investment and Zhanjiang Port (hereinafter referred to as the "Capital Increase Agreement"). According to the provisions of the Capital Increase Agreement, Zhanjiang Port issued 1,853,518,190 additional ordinary shares at the price of RMB1.867 per share or the equivalent in the foreign currency (based on the exchange rate at the time of payment) to increase its registered capital to RMB5,874,209,145. CWH (H.K.) subscribed for 1,606,855,919 such ordinary shares, accounting for 27.3544% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB3,000,000,000.77 or the equivalent in the foreign currency (based on the exchange rate at the time of payment) (hereinafter referred to as "the Transaction"); and Zhanjiang Infrastructure Investment subscribed for 246,662,271 shares, accounting for 4.1991% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB460,518,459.96. As of 3 February 2019, the registration and filing procedures of the Transaction for business change was finished, and the capital increase to Zhanjiang Port by the Company's wholly-owned subsidiary CWH (H.K.) was completed. Upon the completion of the Transaction, the Company's interest in Zhanjiang Port has increased to 58.3549%. Therefore, Zhanjiang Port has since been included in the scope of the Company's consolidated financial statements. For details of the Transaction, please refer to the Announcement No. 2019-005 on an External Investment and the Related-Party Transaction by a Wholly-Owned Subsidiary disclosed by the Company on www.cninfo.com.cn dated 9 January 2019 and the Announcement No. 2019-018 on the External Investment and The Related-Party Transaction disclosed on www.cninfo.com.cn on 12 February 2019.

3. On 24 December 2018, the Company signed the Agreement on Land Readjustment with Shenzhen Urban Planning and Land Resources Committee ("SZPL"), The Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen ("SZQH") and CMG, and CMG, Shenzhen Qianhai Development Investment Holdings Co., Ltd. ("Qianhai Investment Holdings"), and CM Qianhai Industrial and other relevant parties signed the Joint Venture Cooperation Agreement, to clarify the implementation plans for land readjustment and the joint venture cooperation in Qianhai. To realize the implementation plans of land readjustment and the joint venture cooperation in Qianhai, SZQH recovered all the land use rights under the original plan of 19 land-holding companies within the scope and in accordance with the Agreement on Land Readjustment, and evaluated the land compensation amount of about RMB43.21 billion by calculation (the base date of evaluation is 1 January 2015); and then SZQH replaced the land-use rights under the new plan whose value equals the compensation value of the land mentioned above with CM Chidi (with 14% of shares held by Ansuji and Antongjie) (the base date of evaluation is 1 January 2015, hereinafter referred to as the "land for replacement with China Merchants"); SZQH invested part of the land invested by Qianhai into Qianhai Investment Holdings to become one of its shareholders, and then the land use right were invested into Qianhai Hongyu by Qianhai Investment Holdings, who became a shareholder of Qianhai Hongyu; according to the Capital Increase Agreement signed among CM Qianhai Industrial, Qianhai Investment Holdings and Qianhai Free Trade, Qianhai Free Trade would acquire, by way of capital increase, the 100% equity interests of CM Chidi and the 100% equity interests of Qianhai Hongyu respectively held by CM Qianhai Industrial and Qianhai Investment Holdings. Meanwhile, CM Qianhai Industrial would carry out a capital increase (partially in the form of cash) to Qianhai Free Trade. In order to harmonize the economic interest relationships between CM Chidi and the 19 land-holding companies due to the acquisition of land for investment replacement, CM Chidi signed on 1 January 2019 the Agreement on Confirmation of Compensation for Creditor's Rights with the 19 land-holding companies to determine the amount and proportion of land compensation for creditor's rights of the 19 land-holding companies. Ansuji and

Antongjie will receive about RMB5.693 billion from CM Chidi as compensation for the land use rights of about 471,800 square meters, accounting for 13.1758% of the total amount of land compensation for creditor's rights. In order to keep the proportion of land compensation for creditor's rights in line with the proportion of 14% equity held indirectly by CMPort Holdings, Antongjie, Shekou Asset Management and CM Chidi signed on 11 January 2019 the Agreement on Transfer of Creditor's Rights, to stipulate that Antongjie will purchase 0.8242% of land compensation for creditor's rights from Shekou Asset Management, with an amount of creditor's rights up to about RMB356 million. In addition, 55% of the total area of T102-0166 and T102-0167 plots owned by Ansuje and Antongjie and the corresponding shorelines (about 531,300 square meters of land area) are replaced to Phase II of Dachanwan Port Area according to the principle of equal area (including corresponding shorelines). Ansuje and Antongjie no longer enjoy the compensation of land value under the new and original planning conditions for the above-mentioned land area. The specific replacement scheme shall be determined by SZPL, CMG, Antongjie and Ansuje after further consultation with relevant departments. In order to pay off the above-mentioned land compensation debts, CM Qianhai Industrial signed on 11 January 2019 the Agreement on Capital Increase to CM Qianhai Industrial with 19 land-holding companies, to stipulate that the former 19 land-holding companies will increase their investment to CM Qianhai Industrial by about RMB43.21 billion in cash, of which about RMB6.049 billion would be raised by Ansuje and Antongjie. With these increased capital funds, CM Qianhai Industrial will increase its investment in cash to its wholly-owned subsidiary CM Chidi, who will pay off the land compensation debts to the 19 land-holding companies with such increased capital funds. In addition, in order to raise funds for cooperative cash consideration, the 19 land-holding companies will increase their investment to CM Qianhai Industrial by no more than RMB15 billion with the same proportion of cash, of which, the incremental funds of Ansuje and Antongjie will not exceed RMB2.1 billion. CM Qianhai Industrial will increase investment to its wholly-owned subsidiary CM Chidi with such increased capital funds to pay for the cash consideration for the joint venture (including but not limited to advance payment and sincerity deposit, etc.), or pay the joint venture cash consideration directly to Qianhai Free Trade (including but not limited to advance payment and sincerity deposit, etc.). The cash consideration for the joint venture shall be determined by the evaluation agency entrusted by CM Qianhai Industrial and Qianhai Investment Holdings, who will evaluate the 100% equity of CM Chidi and Qianhai Hongyu in accordance with the Joint Venture Cooperation Agreement. Among the 19 land-holding companies, CMSK and its majority-owned subsidiary, Shekou Asset Management and the Company are all under the same actual controller, CMG. As per the Stock Listing Rules, the deal mentioned in the Proposal on a Wholly-Owned Subsidiary of the Company's Majority-Owned Subsidiary Participating in a Land Readjustment in Qianhai constitutes a related-party transaction, but not a major asset restructuring as defined in the Methods for the Administration of Major Asset Restructurings by Listed Companies. The Proposal was approved at the 3rd Extraordinary Meeting of the Company's 9th Board of Directors of 2019 on 11 January 2019 and then at the 2nd Extraordinary General Meeting of the Company of 2019 on 25 February 2019. For details, see Announcements No. 2019-007 and 2019-008 as well as 2019-020 disclosed by the Company on 12 January and 26 February 2019 respectively.

4. On 22 January 2019, the Company's majority-owned subsidiary CMPort Holdings signed with CMI, Cheer Signal Investment Limited and Lac Assal the Supplementary Agreement II on Shareholder Agreement of Lac Assal (hereinafter referred to as the "Capital Increase Agreement") to stipulate that the ports of CMPort Holdings, CMI and Cheer Signal Investment Limited shall increase the capital of Lac Assal by means of cash contribution according to the proportion of their shareholder's equity. The total amount of capital to increase is USD30,000,000, including USD12,000,000 to be increased by CMPort Holdings, USD12,000,000 to be increased by CMI and USD6,000,000 to be increased by Cheer Signal Investment Limited (hereinafter referred to as the "capital increase"). After the capital increase, the registered capital of Lac Assal will increase to USD60,060,000. The proportion of shares of CMPort Holdings, CMI and Cheer Signal Investment Limited will remained unchanged as 40%, 40% and 20% respectively. The Company, CMI and Cheer Signal are all under the same actual controller, CMG. Therefore, as per the Stock Listing Rules and other

	<p>regulations, this deal constitutes a related-party transaction. The Proposal on Joint Capital Increase by Majority-owned Subsidiary and Related Parties to Lac Assal was deliberated and approved by the 4th Extraordinary Meeting of the 9th Board of Directors held by the Company on 22 January 2019. For details, see Announcements No. 2019-011 and 2019-012 disclosed by the Company on 23 January 2019.</p> <p>5. On 29 April 2019, the Company's majority-owned subsidiary CMPort Holdings signed with CMI, Cheer Signal Investment Limited and Lac Assal the Supplementary Agreement III on Shareholder Agreement of Lac Assal (hereinafter referred to as the "Capital Increase Agreement") to stipulate that the ports of CMPort Holdings, CMI and Cheer Signal Investment Limited shall increase the capital of Lac Assal by means of cash contribution according to the proportion of their shareholder's equity. The total amount of capital to increase is USD84,750,000, including USD33,900,000 to be increased by CMPort Holdings, USD33,900,000 to be increased by CMI and USD16,950,000 to be increased by Cheer Signal Investment Limited (hereinafter referred to as the "capital increase"). After the capital increase, the registered capital of Lac Assal will increase to USD144,810,000. The proportion of shares of CMPort Holdings, CMI and Cheer Signal Investment Limited will remained unchanged as 40%, 40% and 20% respectively. The Proposal on Joint Capital Increase by Majority-owned Subsidiary and Related Parties to Lac Assal was deliberated and approved by the 6th Extraordinary Meeting of the 9th Board of Directors held by the Company on 26 April 2019. For details, see Announcements No. 2019-041 and 2019-043 disclosed by the Company on 30 April 2019.</p>
Construction in progress	<p>The net value of construction in progress of the Company was RMB6.318 billion as at 31 December 2019, up by RMB0.819 billion from the year-beginning amount of RMB5.499 billion. The increment was primarily because the new inclusion of Zhanjiang Port in the consolidation scope of the Current Period contributed an increase of RMB1.536 billion; Haixing Harbor an increase of RMB0.642 billion, Shantou Port an increase of RMB0.15 billion, TCP a decrease of RMB0.978 billion; Xiamen Port a decrease of RMB0.727 billion; and other consolidated subsidiaries saw minor ups and downs.</p>

2. Major Assets Overseas

Asset	Source	Asset value (RMB'0,000)	Location	Operations	Control measures to protect asset safety	Return generated (RMB'0,000)	As % of the Company's net asset value	Material impairment risk (yes/no)
Equity assets	Acquired via share offering	13,073,595.46	Hong Kong	Port investment and operations	Appointing director, supervisor and senior management	742,148.50	86.13%	No
Other information	N/A							

III. Core competitiveness analysis

1. Active implementation of the key "Belt and Road" initiative to facilitate the development of Guangdong-Hong Kong-Macau Greater Bay Area leveraging its global port network

As an important carrier for domestic and overseas port investment and operation of CMG, the Company seized the significant policy opportunities of the key "Belt and Road" initiative and

building the Guangdong-Hong Kong-Macau Greater Bay Area to actively build a global port network, make investment in the allocation of global resources and strivingly build a mutually-beneficial port ecosystem. In recent years, through mergers, acquisitions and restructuring, along with the renovation of old ports and building of new ports, the Company has been consistently improving its modern port chain with global coverage, enhancing value of the port industry and pushing forward balanced regional development. The Company actively responded to the “Belt and Road” initiative and provided a comprehensive logistic platform for the development of Guangdong-Hong Kong-Macau Greater Bay Area.

After years of overseas development, CMPort has developed the port industries across Southeast Asia, South Asia, Africa, Europe, Oceania, etc. Among which, its port network spreads over 26 countries. Adhering to the principle of “extensive consultation, joint development and shared benefits”, CMPort will form a community of shared future with stakeholders from countries and regions along the “Belt and Road” initiative to explore development opportunities with concerted efforts.

The Company aims at increasing its global presence with shipping routes across five continents. As both the shipping and port sectors gradually shifted to forming alliances, the Company actively integrated its domestic and overseas port assets and capitalised on its relatively complete global port network to provide customers with comprehensive port logistics service solutions, which created its unique competitive strength. At the same time, the diversified investment and operation of port assets have also effectively enhanced its capabilities to resist risks of industry fluctuations and trade fictions.

2. Sound shareholder background

CMG is a key state-owned enterprise under the direct administration of the PRC central government. Headquartered in Hong Kong, it is an integrated enterprise with diversified businesses and one of the four major Chinese enterprises in Hong Kong. Currently, CMG is mainly engaged in three core industries namely transportation, finance and real estate, while focusing on four key sectors including infrastructure and equipment manufacturing, logistics and shipping, integrated finance and comprehensive development of cities and parks. CMG has been rated as a Grade A enterprise in the Operating Results Assessment of the State-owned Assets Supervision and Administration Commission of the State Council for 15 consecutive years and is a central state-owned enterprise that owns two Fortune 500 companies.

Being a crucial player and facilitator of the national “Belt and Road” initiative, CMG has accelerated its international development and preliminarily formed a relatively complete network of overseas port, logistics, finance and park business. The sound shareholder background and ample domestic and overseas resources of CMG have provided strong support to CMPort for creating a global port cooperation platform with international vision and global expansion capabilities and ultimately becoming a world-class comprehensive port service provider.

3. Innovative business development model

Taking port business as the core and leveraging the synergy of different port zones as well as city-industry integration, the Company is actively exploring and facilitating the comprehensive port development model of “Port-Park-City”. Based on the traditional loading and unloading and ancillary

services for ports, the Company further expanded various value-added port services to the ports and port cities in which it operates. By gathering talents, information, funds and commodities, the Company provided economic support for urban development, continued to innovate industry development model and expand regional coverage and influence, thereby driving urban upgrade and development.

Currently, the Company has participated in promoting the regional comprehensive development and construction with the port-oriented approach in various overseas regions, and has achieved phased results. At the same time, the innovative business development model introduces CMPort elements to urban development and helps foster new profit growth points for the Company.

4. Extensive experience in professional port management with sound and efficient operating style

By adhering to the proactive, sound and efficient operating style and capitalising on its global port asset and resource portfolio, the Company is committed to provide customers with timely and efficient port and maritime logistics services as well as professional and first-class solutions, and has become preferred partners for customers and an important gateway for the country's foreign trade, thereby making due contributions to the country's foreign trade development. At the same time, the Company also made an extensive investment in bonded logistics business to expand its port value chain and enhance industrial value. Taking advantages of the synergies of its existing terminal network, the Company created values for both its customers and shareholders.

The Company has earned itself good reputation across the industry by leveraging the professional management experience accumulated for years, its self-developed global leading terminal operating system and integrated logistics management platform for import and export, its extensive maritime logistics support system with all-rounded modern integrated logistics solutions and its high-quality engineering management and reliable service offerings.

Part IV Operating Performance Discussion and Analysis

I Overview

1. External Environment Analysis

According to the “World Economic Outlook” update report published by the International Monetary Fund (IMF) in January 2020, the global economic growth rate of 2019 was expected to be 2.9%, down by 0.7 percentage point year-on-year, among which, developed economies grew by 1.7% while emerging markets and developing economies grew by 3.7%, down by 0.5 percentage point and 0.8 percentage point as compared to those of 2018, respectively. Total global trade volume (including goods and services) grew by 1.0%, representing a decrease of 2.7 percentage points as compared to that of 2018.

Despite the complex and challenging internal and external environment, the Chinese economy maintained steady growth in 2019. The annual GDP growth was 6.1%, representing a decrease of 0.5 percentage point over the previous year. The long-term positive trend of China’s economy remained unchanged. Facing the new normal of the economy, China continued to deepen the supply-side structural reform and strengthen the countercyclical adjustments with a view to achieve high-quality economic development. In 2019, the economic development witnessed a number of positive changes with continuous enhancement and upgrade of economic structure, substantial outcomes achieved in terms of optimization of industrial structure and significant benefits brought by tax cut and fee reduction policies as well as steady implementation of control targets of “three stabilizations” in the real estate market. Meanwhile, the economic growth continued to be exposed to downward pressure as affected by unfavorable factors such as ongoing US-China trade frictions, stable but slowing industry development, insufficient investment demand and unstable consumption demand. According to the statistics published by the General Administration of Customs, China’s total import and export value amounted to RMB31.54 trillion in 2019, representing an increase of 3.4% as compared to that of 2018, among which the export value was RMB17.23 trillion, representing an increase of 5%; while import value was RMB14.31 trillion, representing an increase of 1.6% year-on-year. Trade surplus amounted to RMB2.92 trillion, representing an increase of 25.4%.

2. Port Business Review

In 2019, the Company’s ports handled a total container throughput of 112.93 million TEUs, up by 2.9% year-on-year, among which the ports in Mainland China contributed container throughput of 84.88 million TEUs, indicating an increase of 4.3% year-on-year, which was mainly driven by steady development of the Mainland China’s economy and consistent growth momentum of import and export trade. The Company’s operations in Hong Kong and Taiwan contributed an aggregate container throughput of 7.21 million TEUs, representing a decrease of 6.1% as compared with the same period of the previous year. Benefited from the growth of the terminal operation of CICT in Sri Lanka, LCT in Togo and PDSA in Djibouti, a total container throughput handled by the Company’s

overseas ports grew by 0.9% year-on-year to 20.84 million TEUs. Bulk cargo volume handled by the Company's ports decreased by 8.9% year-on-year to 409 million tonnes, of which the Company's ports in Mainland China handled a total bulk cargo volume of 480 million tonnes, representing a decrease of 9.3% year-on-year, which was affected by, among others, international trade friction, African Swine Fever and adjustment of cargo source structure of certain enterprises; the Company's overseas ports handled a total bulk cargo volume of 6.29 million tonnes, representing an increase of 26.1% year-on-year, which was mainly attributable to the business growth in PDSA in Djibouti and HIPG in Sri Lanka.

Pearl River Delta region

The Company's terminals in the West Shenzhen Port Zone handled a container throughput of 11.42 million TEUs, up by 0.7% year-on-year; bulk cargo volume amounted to 13 million tonnes, down by 27.9% year-on-year, mainly affected by the change in international trade conditions, African Swine Fever and changes in cargo source structure. Chu Kong River Trade Terminal Co., Ltd. handled a total container throughput of 1.09 million TEUs, down by 6.6% year-on-year while bulk cargo volume amounted to 3.53 million tonnes, up by 43.1% year-on-year. Dongguan Machong Terminal handled bulk cargo volume of 12.27 million tonnes, down by 7.2% year-on-year. Guangdong Yide Port Co., Ltd. handled a total container throughput of 0.3 million tonnes, up by 33.5% year-on-year while bulk cargo volume amounted to 2.26 million tonnes, up by 55.7% year-on-year, mainly benefited from the expansion of new customers and new routes and further release of terminal production capacity.

Yangtze River Delta region

SIPG handled a container throughput of 43.30 million TEUs, up by 3.1% year-on-year. Bulk cargo volume handled declined by 23.4% year-on-year to 120 million tonnes, which was mainly attributed to the decrease in coal unloaded amount after adjustments made against the structure of bulk cargo source by SIPG. Ningbo Daxie China Merchants International Terminals Co., Ltd. handled a container throughput of 3.29 million TEUs, representing an increase of 4.1% year-on-year.

Bohai Rim region

Qingdao Qianwan United Container Terminal Co., Ltd. handled a total container throughput of 7.92 million TEUs, representing an increase of 14.3% year-on-year, driven by the growth of containers of new international and domestic routes; Qingdao Qianwan West Port United Terminal Co., Ltd. handled bulk cargo volume of 15.59 million tonnes, representing an increase of 0.3% year-on-year; Qingdao Port Dongjiakou Ore Terminal Co., Ltd. handled bulk cargo volume of 59.90 million tonnes, indicating an increase of 4.4% year-on-year. Dalian Port (PDA) Company Limited handled a container throughput of 10.22 million TEUs, down by 8.0% year-on-year. Bulk cargo volume handled declined by 2.5% year-on-year to 130 million tonnes. Laizhou Harbour Affairs (莱州港务) handled bulk cargo volume of 22.72 million tonnes, representing a decrease of 0.1% year-on-year. With the successful completion of consolidation of Tianjin Port's container segment, Tianjin Five Continents International Container Terminals Co., Ltd. and Tianjin Container Terminal Co., Ltd. contributed a total container throughput of 4.47 million TEUs during the year. The Company's business volume in relation to Tianjin Project recorded an increase of 64.5% year-on-year.

South-East region of Mainland China

Zhangzhou China Merchants Port Co., Ltd. (“Zhangzhou Port”), located in Xiamen Bay Economic Zone, handled a container throughput of 0.42 million TEUs, decreased by 7.7% year-on-year, while its bulk cargo volume handled decreased by 43.2% year-on-year to 8.14 million tonnes, which was mainly affected by African Swine Fever and the environmental policies. Xiamen Bay China Merchants Terminals Co., Ltd., which officially commenced operation in May 2019, handled a bulk cargo volume of 0.27 million TEUs. Shantou China Merchants Port Group Co., Ltd. handled a container throughput of 1.34 million TEUs, up by 3.5% year-on-year, and a bulk cargo volume of 7.09 million tonnes, down by 23.2% year-on-year, which was mainly due to the impact of “bulk cargoes to containers” and the decrease in domestic demand on coal business as well as the fact that expansion of sandstone business was restricted by environmental policies.

South-West region of Mainland China

Zhanjiang Port (Group) Co., Ltd. handled a container throughput of 1.11 million TEUs, up by 12.6% year-on-year, mainly attributable to the development of premium domestic routes in the southern and northern regions as well as regional water-to-water transshipment and the expansion of cold chain services business. It also handled a bulk cargo volume of 91.17 million tonnes, down by 0.8% year-on-year.

Hong Kong and Taiwan

Modern Terminals Limited and China Merchants Container Services Limited delivered an aggregate container throughput of 5.57 million TEUs, down by 6.1% year-on-year. Kao Ming Container Terminal Corp. in Kaohsiung, Taiwan, handled a total container throughput of 1.64 million TEUs, representing a decrease of 6.3% year-on-year.

Overseas operation

In 2019, a total container throughput handled by the Company’s overseas operations increased by 0.9% year-on-year to 20.84 million TEUs, among which container throughput handled by CICT in Sri Lanka rose by 7.4% year-on-year to 2.88 million TEUs. The wheeled and bulk cargo business in HIPG progressed well with a bulk cargo volume amounting to 0.50 million tonnes, indicating an increase of 183.8% year-on-year. Container throughput handled by LCT in Togo increased by 7.7% year-on-year to 1.13 million TEUs. Container throughput handled by Tin-Can Island Container Terminal Limited (referred to as TICT) in Nigeria was 0.47 million TEUs, representing a decrease of 2.5% year-on-year, mainly affected by vessels stranded at the terminals. Container throughput handled by PDSA in Djibouti amounted to 0.92 million TEUs, up by 6.8% year-on-year while bulk cargo volume amounted to 5.68 million tonnes, up by 20.2% year-on-year, mainly attributed to the continuous substantial GDP growth as well as increase in volume of food, steel and vehicles in Ethiopia, its main hinterland. TL handled container throughput of 13.25 million TEUs, representing a decrease of 2.8% year-on-year. Container throughput handled by Kumport in Turkey increased by 1.9% year-on-year to 1.28 million TEUs; while bulk cargo volume handled was 0.10 million tonnes up by 19.8% year-on-year. TCP in Brazil contributed an annual container throughput of 0.92 million TEUs, up by 32.0% as compared to that from March to December of the previous year and up by 12.5% as compared to that of the full year of the previous year, mainly attributable to the growth in trading of domestic produce and vehicles parts and components.

3. Implementation of business plan during the reporting period

During the reporting period, the Company adhered to its strategic directives and the general operation philosophy of “enhancing core capability, insisting on both quality and efficiency, capitalizing on opportunities of this era and striving to become a world’s leading enterprise” with an unwavering aspiration to reinforce its foundation and made innovation with a pragmatic attitude. Striving to achieve breakthroughs in five key aspects, namely the building of homebase port, port consolidation, overseas expansion, comprehensive development and innovative development, the Company actively pushed forward the implementation of various key tasks and optimized and upgraded its core ports operation over the past year, successfully accomplishing various operational objectives.

Regarding the development of its homebase ports, the Company continued to promote the building of West Shenzhen homebase port into a world-class leading port in China and CICT and HIPG overseas into regional leading ports in South Asia. In terms of West Shenzhen homebase port in China, the Company proactively advanced key projects such as berth upgrade, shore and bridge heightening and channel dredging in a view to solving the bottleneck encountered in the development of West Shenzhen Port Zone and hence upgrading the hardware environment of the port. The Company facilitated continuous improvement in the customs environment and further reduction of operational costs to optimize the software environment of ports. The Company also promoted vertical development of integrated operation to enhance the overall influence and competitiveness of West Shenzhen homebase port, at the same time adhering to the technology-driven development approach to steadily advance the development of Mawan Intelligent Port. In terms of the building of overseas homebase port, leveraging the advantage of synergy between CICT and HIPG, the Company strived to develop its South Asia port network with Sri Lanka as the center.

In terms of port consolidation, the Company has established a strategic layout “with a focus on Guangdong-Hong Kong-Macao Greater Bay Area, connecting regions along Belt and Road Initiatives with a broad global network coverage” through strategic reconstruction. It has also completed the capital injection in Zhanjiang Port Group and steadily pushed forward work in relation to the entrusted management of Liaoning Port Group and achieved preliminary results.

As for overseas expansion, by seizing the opportunities arising from the major national initiative of the “Belt and Road” and international industries migration, the Company has proactively grasped the investment opportunities in ports, logistics and related infrastructure. In respect of the transaction regarding the acquisition of interests of no more than 10 quality terminals under CMA CGM through TL, a formal agreement has been executed with the cooperating parties, which will further improve the global port network and hence enhance the Company’s core competitiveness and influence. The Company has also successfully introduced two strategic investors for TCP Terminal in Brazil, which is the Company’s new attempt to optimize the allocation of its overseas inventories.

In respect of comprehensive development, the Company actively explored and promoted the “Port-Park-City” comprehensive development model and achieved preliminary progress. As the business volume of the comprehensive development project in Djibouti increased steadily, the Company will devote greater efforts in the cultivation of its market development team to enhance market development. The Company has completed the revision on the overall planning for the future development of HIPG in Sri Lanka, confirming the business development direction of the port zone. The one-stop service center for introduction of business and investment officially commenced

operation.

With regard to innovative development, the Company pushed forward the “digitalisation strategy” and continued to promote the establishment of “CM ePort”. Mawan Intelligent Port project and the automatic loading and unloading project at large bulk and general cargo terminal in Zhanjiang Port were well underway. West Shenzhen Port Zone issued the first blockchain electronic invoice in China’s port sector, and launched the pilot program of its self-developed blockchain electronic DO/EIR and documentation function for domestic container business. The Company collaborated with 11 enterprises such as China Mobile and Huawei in promoting and establishing the “5G intelligent port innovation laboratory”, and realised the first RTG Remote Control operation under 5G network at Mawan Port, which optimized and enhanced the informationization level of ports comprehensively. The establishment of “Development and Research Center of CMPort” marked the completion of the industry development platform empowered by technology. The industrial fund, which focuses on investments in innovative development of ports, will be launched and implemented in the near term. Looking forward, the Company will leverage the financial platforms to facilitate the synergy of resources among various port groups and industries with a view to building up a port ecosystem to support the projects of startup companies and grasp the opportunities arising from the rapid growth of emerging industries, so as to promote the transformation and upgrade of the port industry to expand the rooms for development and improve the development quality, which will bring new vitality into the traditional core port operation.

II Core Business Analysis

1. Overview

Changes in key financial indicators in the Reporting Period are as follows:

Unit: RMB

Item	2019	2018	Change (%)	Reason for the change
Operating revenue	12,123,829,423.74	9,703,394,622.58	24.94%	The adding of entities to the consolidated financial statements for the current year
Cost of sales	7,648,920,919.71	5,739,241,395.87	33.27%	The adding of entities to the consolidated financial statements for the current year
Administrative expense	1,509,520,581.66	1,251,865,675.45	20.58%	The adding of entities to the consolidated financial statements for the current year
Finance costs	1,936,269,737.53	1,643,418,102.95	17.82%	A higher interest expense as a result of more interest-bearing debt, as well as the adding of entities to the consolidated financial statements for the current year
Asset disposal income	4,794,562,782.79	19,258,495.33	24795.83%	Transfer of land to the government in the current year
Net cash generated from/used in	5,501,873,415.94	4,288,575,424.84	28.29%	

operating activities				
----------------------	--	--	--	--

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2019		2018		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	12,123,829,423.74	100%	9,703,394,622.58	100%	24.94%
By operating division					
Port operations	11,547,072,185.86	95.24%	9,184,527,309.09	94.65%	25.72%
Bonded logistics service	411,410,069.19	3.39%	386,269,027.02	3.98%	6.51%
Property development and investment	165,347,168.69	1.36%	132,598,286.47	1.37%	24.70%
By operating segment					
Mainland China, Hong Kong and Taiwan	8,872,027,132.24	73.18%	6,635,924,788.34	68.39%	33.70%
Other countries and regions	3,251,802,291.50	26.82%	3,067,469,834.24	31.61%	6.01%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Port operations	11,547,072,185.86	7,185,667,723.72	37.77%	25.72%	35.49%	-4.49%
By operating segment						
Mainland China, Hong Kong and Taiwan	8,872,027,132.24	5,968,372,275.68	32.73%	33.70%	41.53%	-3.72%
Other countries and regions	3,251,802,291.50	1,680,548,644.03	48.32%	6.01%	10.40%	-2.05%

Core business data of the prior year restated according to the changed statistical caliber for the

Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

Unit: RMB

Operating division	Item	2019		2018		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Port operations	Loading and unloading services	7,185,667,723.72	93.94%	5,303,286,893.31	92.40%	35.49%
Bonded logistics service	Logistics service	240,230,706.61	3.14%	214,495,776.55	3.74%	12.00%
Property development and investment	Properties	223,022,489.38	2.92%	221,458,726.01	3.86%	0.71%
Total		7,648,920,919.71	100.00%	5,739,241,395.87	100.00%	33.27%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes No

Zhanjiang Port (Group) Co., Ltd. was added to the consolidated financial statements of the Company for the Reporting Period due to the business combination of the Company and Zhanjiang Port which are not under common control; and Guangdong Zhanjiang Port Longteng Shipping Co., Ltd. was added due to the business combination of Zhanjiang Port and Zhanjiang Port Longteng which are not under common control.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	3,323,123,237.53
Total sales to top five customers as % of total sales of the Reporting Period (%)	27.41%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	1,451,102,824.60	11.97%
2	Customer B	667,871,118.65	5.51%
3	Customer C	524,934,804.25	4.33%
4	Customer D	351,823,025.24	2.90%
5	Customer E	327,391,464.79	2.70%
Total	--	3,323,123,237.53	27.41%

Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	641,738,196.19
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	20.91%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	7.19%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	205,219,353.89	6.69%
2	Supplier B	127,560,658.82	4.16%
3	Supplier C	123,731,164.49	4.03%
4	Supplier D	93,221,039.90	3.04%
5	Supplier E	92,005,979.09	3.00%
Total	--	641,738,196.19	20.91%

Other information about major suppliers:

Applicable Not applicable

3. Expense

Unit: RMB

	2019	2018	Change (%)	Reason for any significant change
--	------	------	------------	-----------------------------------

Administrative expense	1,509,520,581.66	1,251,865,675.45	20.58%	The adding of entities to the consolidated financial statements in the Reporting Period
Finance costs	1,936,269,737.53	1,643,418,102.95	17.82%	A higher interest expense as a result of more average interest-bearing debt and the adding of entities to the consolidated financial statements in the Reporting Period
R&D expense	123,853,344.29	121,989,097.82	1.53%	Higher expenses on various R&D projects in the Reporting Period

4. R&D Expense

In 2019, adhering to the strategic principle of “Have a Long-Term Vision and Grasp Current Opportunities, Lead with technology and Embrace the changes”, the Company evolves to changes by overcoming the contingency and the leading of the technology to grasp the innovative development opportunity, and sticks to build the intelligent ports with China Merchants’ characteristics.

During the Reporting Period, major R&D projects completed by the Company include: establishing CMPort Scientific and Technological Innovation Development Research Institute in a bid to develop new driving forces for innovation-driven transformation and upgrading of the Company; setting up the first 5G smart port innovation lab in the port industry, making the Company a pioneer that had entered the actual implementation stage for the application of 5G technology in smart ports; taking the lead to issue the first blockchain e-invoice in the port industry, which veritably realized the whole-process regulation of ports, credit account customers and tax regulatory authorities in invoicing, and issuing a total of more than 18,000 e-invoices with a total amount of nearly RMB500 million; building the first “1+2” finance sharing center under CMG and connecting all the 55 domestic enterprises to the center. In addition, the Company has launched and proactively promoted a number of other innovation and R&D projects, including “CM ePort”, Zhanjiang Port Intelligent Bulk Cargo Terminal, “Hongzhang” Supercomputing Cluster and Port AI Modeling System.

Details about R&D expense:

	2019	2018	Change (%)
Number of R&D personnel	611	428	42.76%
R&D personnel as % of total employees	4.29%	4.47%	-0.18%
R&D expense (RMB)	155,131,267.35	121,989,097.82	27.17%
R&D expense as % of operating revenue	1.28%	1.26%	0.02%
Capitalized R&D expense (RMB)	31,277,923.06	0.00	0.00%
Capitalized R&D expense as % of total R&D expense	20.16%	0.00%	20.16%

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D expense and rationale:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2019	2018	Change (%)
Subtotal of cash generated from operating activities	13,483,810,093.83	10,551,620,379.77	27.79%
Subtotal of cash used in operating activities	7,981,936,677.89	6,263,044,954.93	27.44%
Net cash generated from/used in operating activities	5,501,873,415.94	4,288,575,424.84	28.29%
Subtotal of cash generated from investing activities	11,616,175,588.24	1,989,829,350.62	483.78%
Subtotal of cash used in investing activities	13,553,166,249.84	17,138,391,838.98	-20.92%
Net cash generated from/used in investing activities	-1,936,990,661.60	-15,148,562,488.36	87.21%
Subtotal of cash generated from financing activities	18,233,144,655.78	36,557,170,707.26	-50.12%
Subtotal of cash used in financing activities	19,466,847,993.77	27,681,971,449.91	-29.68%
Net cash generated from/used in financing activities	-1,233,703,337.99	8,875,199,257.35	-113.90%
Effect of exchange rate fluctuations on cash	2,340,876,491.12	-2,356,178,578.00	199.35%

Explanation of why any of the data above varies significantly on a year-on-year basis:

Subtotal of cash generated from investing activities rose 483.78% year-on-year, primarily driven by the higher proceeds from disposal of fixed assets, intangible assets or other investing activities.

Net cash generated from investing activities rose 87.21% year-on-year, primarily driven by the increase year-on-year in subtotal of cash generated from investing activities and the decrease year-on-year in subtotal of cash used in investing activities.

Subtotal of cash generated from financing activities declined 50.12% year-on-year, primarily driven by a smaller amount of borrowings obtained.

Net cash generated from financing activities declined 113.90% year-on-year, primarily driven by a smaller amount of net inflow calculated by borrowings obtained minus repayments of borrowings.

The net increase of cash and cash equivalents rose 199.35% year-on-year, primarily driven by the comprehensive influence of each activity of cash flows.

Explanation of why net cash generated from/used in operating activities varies significantly from net profit of the Reporting Period:

For the Reporting Period, net cash generated from operating activities was RMB5,501,873,415.94, while net profit was RMB8,166,917,273.20. The gap was primarily caused by the influence of the recognized income of Qianhai land readjustment in 2019.

III. Analysis of Non-main Businesses

Unit: RMB

	Amount	As % of total profit	Main source/reason	Exceptional or recurrent
Investment income	4,619,173,755.42	42.74%	Share of the profit of joint ventures and associates, mainly Shanghai Port	Recurrent
Gain/loss on disposal of assets	4,794,562,782.79	44.36%	Compensation income of land readjustment	Exceptional

IV. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

The Company executed and adjusted the Financial Statements at the beginning year of any New Standard Governing Financial Instruments, Revenue or Leases in 2019

Unit: RMB

	31 December 2019		1 January 2019		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Other receivables	2,129,378,252.50	1.36%	766,518,078.72	0.59%	0.77%	The increase of compensation receivable of containers and land
Current portion of non-current assets	808,893,013.06	0.52%	25,952,956.76	0.02%	0.50%	The reclassification of advance from shareholders due within one year
Other current assets	2,298,792,661.70	1.47%	1,195,421,189.12	0.93%	0.54%	The newly adding of structural deposits, the adding of new subsidiaries to the consolidated financial statements and recovery of related-party borrowings provided
Long-term receivables	1,098,831,799.90	0.70%	793,046,240.11	0.61%	0.09%	The adding of new subsidiaries to the consolidated financial statements and the reclassification of advance from shareholders due within one year
Fixed assets	27,519,962,529.29	17.56%	17,575,541,665.89	13.62%	3.94%	The adding of new subsidiaries to the consolidated financial statements and the transfer of construction to fixed assets
Long-term prepaid expense	711,911,011.67	0.45%	235,706,437.21	0.18%	0.27%	The increase of prepaid expense in public channel of Western Port and Tonggu Channel
Deferred income tax assets	300,435,502.27	0.19%	66,708,157.19	0.05%	0.14%	The deferred income tax assets generated from land readjustment
Other non-current assets	2,082,965,467.04	1.33%	395,191,485.98	0.31%	1.02%	The compensation of Dachan Bay and the adding of new subsidiaries to the consolidated financial statements
Short-term borrowings	9,439,099,793.47	6.02%	3,427,365,512.21	2.66%	3.36%	The adding of new subsidiaries to the consolidated financial statements and increase of short-term bank loans
Tax payable	1,898,076,342.74	1.21%	345,183,422.42	0.27%	0.94%	The income from land readjustment

Long-term payables	1,935,245,003.21	1.24%	1,252,860,200.23	0.97%	0.27%	The adding of new subsidiaries to the consolidated financial statements
Deferred income	1,147,752,857.17	0.73%	228,658,214.64	0.18%	0.55%	The adding of new subsidiaries to the consolidated financial statements and increase in expense of public channel of Western Port and Tonggu Channel

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending balance
Financial assets								
1. Financial assets assigned measured by fair value and the changes be included in the current gains and losses	2,087,872,081.94	452,557,609.68	-		58,087,016.01	-	-213,153,170.24	2,385,363,537.39
Other equity instrument investment	247,848,314.30	-	4,891,535.00		-	-	-89,178,577.30	163,561,272.00
Subtotal of financial assets	2,335,720,396.24	452,557,609.68	4,891,535.00		58,087,016.01	-	-302,331,747.54	2,548,924,809.39
Total of the above	2,335,720,396.24	452,557,609.68	4,891,535.00		58,087,016.01	-	-302,331,747.54	2,548,924,809.39
Financial liabilities	0.00	-			-	-	-	0.00

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

Yes No

3. Restricted Asset Rights as at the Period-End

The cash deposit of restricted monetary assets is RMB15,648,978.15. The carrying value of fixed assets as bank loan mortgages was RMB349,612,960.23. The carrying value of construction in progress as bank loan mortgages was 23,840,920.42; and the carrying value of intangible assets as bank loan mortgages was RMB345,131,760.52. The carrying value of equities and interests as bank loan mortgages was RMB2,391,137,628.00.

V. Investments Made

1. Total Investment Amount

	Amount in 2019 (RMB)	Amount in 2018 (RMB)	Change (%)
Equity investment	7,898,674,384.09	13,015,203,804.01	-39.31%
Non-equity investment	3,515,540,735.97	2,437,080,643.74	44.25%

2. Major Equity Investments Made in the Reporting Period

Unit: RMB'0,000

Investee	Principal activity	Way of investment	Investment amount	The Company's interest	Funding source	Joint investor	Term of investment	Type of products	Investment progress as at the balance sheet date	Anticipated income	Return on investment in the Reporting Period	Any legal matter involved	Disclosure date (if any)	Index to disclosed information (if any)
Zhanjiang Port	Port operations	Acquisition	37,533.44	58.35%	Self-owned funds	Sinotrans Guangdong, Zhanjiang Infrastructure Investment	Permanent	Equity	Completed	0.00	7,572.07	No	9 January 2019	www.cninfo.com.cn (Announcement No. 2019-003)
Zhanjiang Port	Port operations		300,000.00		Bank loans	Zhanjiang Infrastructure Investment	Permanent	Equity	Completed				9 January 2019	www.cninfo.com.cn (Announcement No. 2019-005)
CM Qianhai Industrial	Investment consultation (exclusive of restricted projects); industrial park management; corporation management consultant (exclusive of restricted projects)	Acquisition	604,941.28	14.00%	Self-owned funds	17 companies including CMSK	30 years of business term, which can be renewed after the expiration	Equity	Completed	0.00	-551.41	No	12 January 2019	www.cninfo.com.cn (Announcement No. 2019-008)
Lac Assal	Holding the equity in project of Djibouti Free Trade Zone and 30% equity in KHOR AMBADO FZCO	Capital increase	8,067.36	40.00%	Self-owned funds	CMI, Cheer Signal	Long term	Equity	Completed	0.00	726.90	No	23 January 2019	www.cninfo.com.cn (Announcement No. 2019-012)
Lac Assal	Holding the equity in project of Djibouti Free Trade Zone and 30% equity in KHOR AMBADO FZCO		22,790.29		Self-owned funds	CMI, Cheer Signal	Long term	Equity	Completed				0.00	30 April 2019

Total	--	--	973,332.37	--	--	--	--	--	0.00	7,747.56	--	--	--
-------	----	----	------------	----	----	----	----	----	------	----------	----	----	----

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

Unit: RMB

Item	Way of investment	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital resources	Progress	Estimated return on investment	Accumulative realized revenues as of the period-end	Reason for not reaching the schedule and anticipated income
Shantou Port Guangao Port Phase II project	Self-build	Yes	Support activities of water transportation	499,044,891.68	1,404,239,786.63	Self-owned funds and loans	79.51%	0.00	0.00	N/A
Zhanjiang Port Xiashan Port General Wharf	Self-build	Yes	Support activities of water transportation	234,308,909.02	234,308,909.02	Self-owned funds and loans	31.75%	0.00	0.00	N/A
Transformation project of Mawan Smart Port of Haixing Harbor	Self-build	Yes	Support activities of water transportation	641,663,530.85	1,058,989,758.99	Self-owned funds and loans	37.14%	0.00	0.00	N/A
TCP expansion project	Self-build	Yes	Support activities of water transportation	186,832,285.10	1,156,332,572.94	Self-owned funds	100.00%	0.00	0.00	N/A
Project of berth in Xiamen Port Houshi Port	Self-build	Yes	Support activities of water transportation	25,740,216.89	6,296,208.38	Self-owned funds and loans	98.00%	0.00	0.00	N/A
General Cargo project of Zhanjiang Port Donghai Island	Self-build	Yes	Support activities of water transportation	254,545,729.28	254,545,729.28	Self-owned funds and loans	28.12%	0.00	0.00	N/A
Total	--	--	--	1,842,135,562.82	4,114,712,965.24	--	--	0.00	0.00	--

4. Financial Investments

(1) Securities Investments

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Beginning carrying value	Gain/loss on fair value changes in the Reporting Period	Cumulative fair value changes recorded into equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying value	Accounting item	Capital resources
Stock	601018	Ningbo Port	592,183,095.14	Fair value method	1,361,414,474.58	154,574,350.85	-	0.00	0.00	38,963,830.39	1,548,914,671.20	Trading financial assets	Self-owned
Stock	06198	Qingdao Port	124,405,138.80	Fair value method	190,401,045.90	9,452,564.63	-	0.00	0.00	15,816,321.98	204,263,917.11	Trading financial assets	Self-owned
Stock	601298	Qingdao Port	331,404,250.30	Fair value method	413,280,000.00	202,720,000.00	-	0.00	0.00	42,526,400.00	616,000,000.00	Trading financial assets	Self-owned
Stock	600377	Jiangsu Expressway	1,120,000.00	Fair value method	9,800,000.00	-	1,065,000.00	0.00	0.00	460,000.00	11,220,000.00	Other equity instrument investment	Self-owned
Stock	400032	Petrochemical A1	3,500,000.00	Fair value method	382,200.00	-	-	0.00	0.00	-	382,200.00	Other equity instrument investment	Self-owned
Stock	400009	Guang Jian 1	27,500.00	Fair value method	17,000.00	-	-	0.00	0.00	-	17,000.00	Other equity instrument investment	Self-owned
Total			1,052,639,984.24	--	1,975,294,720.48	366,746,915.48	1,065,000.00	0.00	0.00	97,776,552.38	2,380,797,788.31	--	--

(2) Investments in Derivative Financial Instruments

Unit: RMB'0,000

Counterparty	Relationship with the Company	Related-party transaction or not	Type of derivative	Initial investment amount	Start date	End date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Ending investment amount	Ending investment amount as % of the Company's ending net asset value	Actual gain/loss in the Reporting Period
Financial institution	Not a related party	Not	Forward foreign currency purchase	4,961.18	9 March 2018	28 February 2019	4,961.18	0	4,961.18	-	0	0.00%	-332.39
Financial institution	Not a related	Not	Currency swap	20,177.33	29 March	26 March	20,177.33	0	20,177.33	-	0	0.00%	-1,496.24

	party			2018	2019								
Financial institution	Not a related party	Not	Forward foreign currency purchase	173.63	4 April 2018	26 March 2019	173.63	0	173.63	-	0	0.00%	-
Financial institution	Not a related party	Not	Forward foreign currency purchase	42.88	15 June 2018	21 March 2019	42.88	0	42.88	-	0	0.00%	-
Financial institution	Not a related party	Not	Forward foreign currency purchase	4,885.98	15 June 2018	8 May 2019	4,885.98	0	4,885.98	-	0	0.00%	-292.64
Total				30,241.00	-	-	30,241.00	0	30,241.00	-	0	0.00%	-2,121.27
Funding source				Self-funded									
Legal matters involved (if applicable)				N/A									
Disclosure date of the announcement on the board's approval of the derivative investment (if any)													
Disclosure date of the announcement on the general meeting's approval of the derivative investment (if any)													
Analysis of risks and control measures associated with the derivative investments held in the Reporting Period (including but not limited to market, liquidity, credit, operational and legal risks, etc.)				In order to reduce the risks resulted from changes in the exchange rate of foreign currency loans, the Company's subsidiary Zhanjiang Port locked the exchange rate of the principal and interest on US\$46.65 million of foreign currency loans. Within the time limit and scope of foreign currency loans, risks of exchange rate changes can be reduced by locking the forward exchange rate.									
Changes in market prices or fair value of derivative investments in the Reporting Period (fair value analysis should include measurement methods and related assumptions and parameters)				Gains and losses on forward financial contracts were RMB-21.2127 million in the Reporting Period.									
Significant changes in accounting policies and specific accounting principles adopted for				No such significant changes									

derivative investments in the Reporting Period compared to the last reporting period	
Opinion of independent directors on derivative investments and risk control	N/A

5. Use of Funds Raised

(1) Overall Usage of Funds Raised

Unit: RMB'0,000

Year	Way of raising	Total funds raised	Total funds used in the Current Period	Accumulative fund used	Total funds with usage changed	Accumulative funds with usage changed	Proportion of accumulative funds with usage changed	Total unused funds	The usage and destination of unused funds	Among of funds raised idle for over two years
2019	Private placement	221,282.91	213,408.73	213,408.73	18,599.73	18,599.73	8.41%	127,984.00	Deposited in funds raising account	0
Total	--	221,282.91	213,408.73	213,408.73	18,599.73	18,599.73	8.41%	127,984.00	--	0

Explanation of overall usage of funds raised

As approved in the document "ZJXK [2018] No. 1750" of CSRC, CMPort issued 128,952,746 RMB ordinary shares (A Share) at RMB 17.16 per share through private placement on Shenzhen Stock Exchange. The total fund raised was RMB2,212,829,121.36, and after deducting fees associated with the issuance of shares, the net fund raised was RMB2,186,275,171.90. As of 22 October 2019, the aforementioned fund was fully paid, which was verified by BDO China Shu Lun Pan Certified Public Accounts LLP with a capital verification report (XKSBZ [2019] No. ZI10673). As of 31 December 2019, a total of RMB2,134,087,334.98 in the Company's fund account had been used, including: (1) RMB582,722,414.48 for replacing the self-funding spent on fundraising investment projects in advance; (2) RMB324,533,139.29 as raised fund invested after the fund was paid; (3) RMB26,831,781.21 for paying issue fees; (4) RMB1,200,000,000.00 for purchasing structured deposits. The net amount of interest income generated from the fund account is RMB784,159.99 after deducting surcharges; the amount of structured deposits redeemed is RMB100,000,000.00; the amount of income from structured deposits is RMB302,465.75; as of 31 December 2019, the balance amount deposited in the fund-raising account is RMB1,279,840,027.27.

(2) Commitment Projects of Fund Raised

√ Applicable □ Not applicable

Unit: RMB'0,000

Committed investment project and super raise fund arrangement	Changed or not (including partial changes)	Committed investment amount	Investment amount after adjustment (1)	Investment amount in the Reporting Period	Accumulative investment amount as of the period-end (2)	Investment schedule as the period-end (3) = (2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Committed investment project										
Supporting transformation project of Han Port	Yes	18,599.73	-	-	-	-	-	N/A (Note 1)	No	No
Transformation project of Haixing Harbor (Phase II)	No	200,000	218,599.73	90,725.55	90,725.55	41.50%	31 December 2020	N/A (Note 2)	No	No
Subtotal of committed investment project	--	218,599.73	218,599.73	90,725.55	90,725.55	--	--	--	--	--
Super raise fund arrangement										

N/A										
Subtotal of super raise fund arrangement	--	-	-	-	-	--	--	0	--	--
Total	--	218,599.73	218,599.73	90,725.55	90,725.55	--	--	0	--	--
Condition and reason for not reaching the schedule and anticipated income (by specific items)	Notes: 1. Based on the estimated construction progress of supporting transformation project of Han Port, US\$ 79 million and USD281 million were planned to be used to build an oil wharf and a tank area respectively in 2019 and 2020; USD12.48 million and 179.6 million were planned to be used to acquire quay cranes, yard cranes and other operating equipment respectively in 2019 and 2020. The funds were estimated to be fully spent by 2020. So far the project has been delayed. According to its overall development planning, to further optimize its internal resource allocation, increase the utilization efficiency of funds and safeguard shareholders' rights and interests, the Company used RMB185,997,300 of the fund raised in transformation project of Haixing Harbor (Phase II). As of 31 December 2019, a total of RMB0 had been invested in supporting transformation project of Han Port. 2. Transformation project of Haixing Harbor (Phase II) is currently under construction and thus has not generated income.									
Notes of condition of significant changes occurred in project feasibility	N/A									
Amount, usage and schedule of super raise fund	N/A									
Changes in implementation address of investment project	N/A									
Adjustment of implementation mode of investment project	N/A									
Upfront investment and transfer of investment project	On 22 November 2019, the 11 th Extraordinary Meeting of the 9 th Board of Directors in 2019 reviewed and approved the Proposal on the Replacement of Fund Raised to Self-owned Fund Invested in Advance, which all directors agreed to replace fund raised to self-owned fund invested in advance for RMB582,722,414.48. On 13 December 2019, the Company has completed the replacement.									
Idle fund supplementing the current capital temporarily	N/A									
Amount of surplus in project implementation and the reasons	N/A									
Usage and destination of unused funds	Unused fund was deposited in the fund-raising account.									
Problems incurred in fund using and disclosure or other condition	On 22 November 2019, the 11 th Extraordinary Meeting of the 9 th Board of Directors in 2019 reviewed and approved the Proposal on the Implementation of Cash Management by the Usage of Idle Fund, which agreed the Company to manage cash flow by using idle fund with not more than RMB1.2 billion. As of 31 December 2019, the Company has purchased structural deposits with RMB1.2 billion at CMBC Shenzhen New Times Sub-branch, among which RMB100 million has been redeemed with financing income of RMB302,465.75, and the residual RMB1.1 billion was still deposited in the structural deposits account.									

(3) Changes in Items of Funds Raised

Unit: RMB'0,000

Items after changes	Corresponding original committed items	Amount of planned funds invested after changes (1)	Actual investment amount in the Reporting Period	Accumulative investment amount as the period-end (2)	Investment schedule as the period-end (3)=(2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Transformation project of Haixing Harbor (Phase II)	Supporting transformation project of Han Port	218,599.73	90,725.55	90,725.55	41.50%	31 December 2020	0	No	No
Total	--	218,599.73	90,725.55	90,725.55	--	--	0	--	--
Notes of reasons for changes, decision-making procedures and information disclosure (by specific items)		The usage of unused fund of RMB185.9973 million in supporting transformation project of Han Port was changed to the construction of transformation project of Haixing Harbor (Phase II). The matters of partial changes in fund raised investment has been approved by the Proposal on Partial Changes in Usage of Fund Raised, which was reviewed and approved on the 11 th Extraordinary Meeting of the 9 th Board of Directors in 2019 on 22 November 2019. The Announcement of Partial Changes in Usage of Fund Raised (Announcement No. 2019-85) has been disclosed on website www.cninfo.com.cn on 26 November 2019. As of 31 December 2019, the amount with usage changed was RMB185.9973 million.							
Condition and reason for not reaching the schedule and anticipated income (by specific items)		The transformation project of Haixing Harbor (Phase II) was under construction with not income generated.							
Notes of condition of significant changes occurred in project feasibility after changes		N/A							

VI. Sale of Major Assets and Equity Interests**1. Sale of Major Assets**

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

VII. Major Subsidiaries

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10%

effect on the Company's net profit

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
China Merchants Port Holdings Company Limited	Subsidiary	Port business, bonded logistics and property investment	HKD 40,614,228,170.92	130,735,954,605.62	81,817,505,637.49	7,845,242,646.62	9,077,943,319.13	7,421,484,985.59
Shanghai International Port (Group) Co., Ltd.	Joint stock company	Business related to port, container and terminal	23,173,674,650.00	142,177,295,917.96	90,788,857,656.04	36,101,631,985.21	11,869,077,426.37	9,925,845,382.34

Subsidiaries obtained or disposed in the Reporting Period

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
Zhanjiang Port (Group) Co., Ltd.	Business combination not under the same control	Control realization to Zhanjiang Port and investment income recognized of long-term equity investment at fair value under the original equity method
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Business combination not under the same control	Port tug business newly added

Notes of major holding companies and joint stock companies

There is no information on major holding companies and joint stock companies for the Company to disclose during the Reporting Period.

VIII. Structured Bodies Controlled by the Company

Applicable Not applicable

IX. Outlook of the Future Development of the Company

1. Layout and trends of the industry

Looking into 2020, the growth of the global economy is expected to slow down due to the heightening trade barriers, rising geopolitical uncertainties, slow productivity growth, structural problems caused by aging population, as well as the impact of the spread of COVID-19 epidemic worldwide. Dragged by the prolonged sluggishness of the manufacturing industry, the economic growth of developed economies will narrow in 2020. Emerging markets and developing economies will face the uncertainties caused by the COVID-19 epidemic. The social and political turmoil in certain emerging economies, notably in regions such as the Middle East and North Africa, will drag economic growth. According to the forecast of IMF in January, the growth of global economy will be 3.3% in 2020, slightly up 0.4 percentage point as compared to that of 2019. In particular, the developed economies will grow at 1.6%, down 0.1 percentage point as compared to that of 2019; and the emerging markets

and developing economies will grow at 4.4%, up 0.7 percentage point as compared to that of 2019. Global trade volume (including goods and services) will grow by 2.9%, up 1.9 percentage points as compared to that of 2019. However, considering the impact from the global pandemic, IMF expected to cut the above forecast.

The year of 2020 marks the conclusion of the general development of a moderately prosperous society and the “13th Five-Year” Plan. The Chinese economy will maintain reasonable growth rate and steer towards the direction of high-quality development. The Chinese government will continue to implement active fiscal policy in 2020, and the effect of maintaining basically stable leverage ratios of the macro-economy will be gradually revealed with domestic consumption, high-tech industries and service industries continue to grow at a relatively fast pace.

Despite the lingering uncertainties over Sino-US economic and trade frictions, the agreement reached between the US and China on a first-phase trade deal will help to boost confidence in the global market and hence stabilize market expectation. It should be noted that, although the outbreak of novel coronavirus will bring impact to the Chinese economy in the short run, the epidemic will have limited impact on the Chinese economy in the mid-to-long term.

In 2020, the global container shipping market will benefit from the restrained capacity growth while at the same time, face the uncertainties brought by the spread of novel coronavirus. With the epidemic being gradually brought under effective control in China and enterprises resuming production in an orderly manner, China’s container shipping market has recovered rapidly. Benefitted from favorable factors such as the de-escalation of US-China trade friction, the demand for seaborne freight volume of the major East-West routes is expected to rise. It is expected that a rebound will be seen in the growth rate of seaborne freight volume of the non-major East-West routes and the South-North routes.

Currently, with a determination to support economic globalization, China further opens up the nation’s gates for foreign trading, continues to roll out policies with equal emphasis on import and export, loosens the restriction on market entry and further lowers import tariff. Through organizing Import Expo and other measures, China strengthens its alliance with trading partners, and hence increases import volume of consumer goods. The new landscape of the fully open-up China that is all-rounded and multi-dimensional with diversified sectors will be conducive to both import and export, and will in turn benefit the port industry. Furthermore, port business will welcome new development opportunities presented by the continuous advancement of policies in relation to the building of world-class leading port, free trade port and marine center city. Under the new development trend of domestic and overseas economy and trade as well as the port and shipping industry, the Company as a leading global comprehensive port service provider will be playing an increasingly important role in the global supply chain.

2. Development strategies of the Company

The Company is striving to become a world-class comprehensive port service provider. The Company will firmly adhere to the strategic principle of “leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes” and the goal of quality development to accelerate the technology-powered innovation, thereby realizing a scientific global layout with balanced development, providing first-class professional solutions and seeking more returns for shareholders, which will in turn support the development of local economy and industries

and promote positive development of the port industry.

Firstly, in respect of domestic strategies, the Company will, by seizing the opportunity arising from the supply-side reform and based on “regional consolidation and enhancement of synergy”, seek for opportunities for consolidation and cooperation on an ongoing basis across the five main coastal regions, with a view to further expanding and improving its port network layout within China. The Company will lead a new direction for the consolidation of regional ports with a key focus on constantly improving the quality of port development with its best efforts.

Secondly, in respect of overseas strategies, the Company will continue to capitalize on the opportunities arising from the “Belt and Road” initiative promoted by China and the international industrial transfers, at the same time adapting to the trend of deploying mega-vessels and forming shipping alliances. Emphasis will be placed on the development of global major hub ports and gateway ports as well as areas with high market potential, fast-growing economy and promising development prospect. The Company will grasp opportunities in port, logistics and related infrastructures investment for the on-going enhancement of its global port network.

Thirdly, in respect of innovation strategies, adhering to the principle of “driving through technology and embracing changes”, the Company will continuously increase its investment in innovation and establish a foothold in the technology high ground to support the future port development. By means of technological innovation and innovative management, it will significantly enhance the efficiency and effectiveness of port operation and become a leading enterprise in the automation transformation of traditional ports. It will also enrich the comprehensive port services through business model innovation.

3. Business plans for 2020

In 2020, firmly adhering to the strategic principle of “leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes”, the Company will consistently develop new approaches to promote sustainable and high-quality development with a focus on stabilizing growth, improving quality and efficiency, enhancing capability, promoting reform, strengthening innovation, controlling risks and recruiting talents, striving to be “a world-class comprehensive port service provider”.

Regarding the development of homebase port, the Company will strive to establish world-class leading ports. The Company will strengthen its business-related work in the West Shenzhen Port Zone and, in tandem with the optimization of channels and other resources, actively facilitate the development of ocean-going routes, promote paperless waterborne customs transit, improve the standard of its feeder services and establish a platform for the Western Pearl River Delta strategy. Also, the Company will establish an innovative intelligent corridor of Mawan Intelligent Port. CTOS will be upgraded with standardized operation systems, servers and databases to support automation and intelligence as well as enable the introduction of big data mechanism and cloud storage. To support the transformation plan of Haixing Port, the Company will complete the delivery and acceptance of section 2 and 3 of the Public Channel outside West Shenzhen Port Zone, realise regular night services of Tonggu Channel and expedite the construction of phase II of the seaward channel of West Shenzhen Port Zone. In terms of overseas homebase port, CICT will deepen its reform on management of repair and maintenance service providers to enhance the efficiency and quality of

repair and maintenance and thus guarantee smooth operation and production. Customer values will also be analyzed on an on-going basis to adopt appropriate business strategies. In addition, it will follow the development strategy of HIPG to promote their synergistic business development with CICT. It will also optimize the incentive mechanism for technological innovation to encourage all staff to participate in innovation and expand the channels for innovation. HIPG will expand its oil and gas business, container business and maritime services, and facilitate the work in relation to the introduction of investment and capital for the port's logistic park simultaneously.

As for overseas operation, the Company will improve the management system for global operation. Based on the overseas layout of “East-West routes, South-North routes, regions along the Belt and Road Initiative”, the Company will work diligently on the overall development plan of overseas projects. It will also strengthen the work in relation to research on various segments of the global market to proactively capture investment opportunities in emerging market overseas. Moreover, it will devote greater efforts in the cultivation of its market development team to enhance market development, at the same time optimizing its management mechanism to further promote the establishment of a quantitative management system with a view to improving its operation management efficiency. The Company will also establish overseas talent team and improve the performance evaluation and incentive mechanism.

In respect of comprehensive development, the Company will deepen the promotion of the “Port-Park-City” model. Capitalising on the opportunities arising from industries upgrade and migration, the Company will achieve the value extension of its core port operation and deeply explore its potential. Regarding the Djibouti comprehensive development project, the Company will continue to make efforts for the construction and development of the Djibouti International Free Trade Zone and promote the implementation of projects such as the transformation of old ports. Regarding the HIPG project, the Company will thoroughly carry out the work in relation to the introduction of investment and capital, at the same time deepening the promotion of relevant businesses such as containers, oil, energy and gas, and maritime affairs in accordance with the overall planning for future development.

With regard to innovative development, the Company will adhere to the “technology-driven” principle to enhance its competitiveness. The Company has established the Development and Research Center of CMPort, through which it will be committed to the building of a technology innovation ecosystem of CMPort and exporting of port technology innovation programmes, with an aim to become the link between industry, education and research. The “CM Chip” platform will mainly develop leading products for the three major industries, including CTOS (Container Terminal Operation System), BTOS (Bulk Cargo Terminal Operation System) and LPOS (Logistic Park Operation System), striving to realise intelligent production and operation within the terminals. The “CM ePort” platform will innovate the service models through improvement of the information service system of port zones and the “Port+Internet” approach, with an aim to develop competitive customer services for ports and terminals.

Regarding operation management, the Company will strive to establish an operation management and control system for sustainable value creation. The Company will carry on and enhance the “Project of Improving Quality and Efficiency”, improve the quality of its measures and promote the integration of its measures for improving quality and efficiency with its strategic goals, daily work and actual business, which will help to realise high-quality development. The Company will streamline the governance structure and operation management and control system for the global operation

headquarters. An intelligent operation management platform will be developed to digitalise the production process of and gather data from various business units so as to restructure the refined management system for ports and develop a supporting system for intelligent decision-making of the management members of headquarters and at different levels of the Company.

With regard to marketing and commerce, the Company will strengthen its client-oriented management mechanism for marketing and commerce. A sound interaction mechanism will be established for marketing and commerce-related matters between the headquarters and the terminals managed by the Company. The Company will devote more efforts in guiding and coordinating with its subsidiaries in order to deliver efficient headquarters function in terms of marketing and commerce. It will also deepen the cooperation with shipping companies and carry out commercial planning for ports by regions, and strengthen its cooperation with major cargo owners to expand its hinterland. Moreover, the Company will strengthen its relationship with customers with extending its influence in the industry as its key priority.

In respect of capital expenditure plans, in 2020, the Company will formulate capital expenditure plans according to business development needs. Key investment projects include Haixing Harbor upgrading and reconstruction project, Machong Port Bulk Grain Phase III Project, Zhanjiang Port Xiashan Port General Terminal Project, Shantou Port Guangao Port Phase II project and the construction of HIPG container terminal in Sri Lanka, etc.

4. Possible risks and counter measures

(1) External risks

External risks are mainly attributable to the uncertainties brought by the spread of the novel coronavirus worldwide, volatile global economic environment and political turmoil to the market environment. On the international front, the global pandemic will cast a great impact on the global economy, and the degree of impact is subject to the duration and scope of the epidemic. Global economic and trade frictions have resulted in escalated trade barriers, while trade protectionism may further dampen global business sentiment, leading to sluggish economic recovery in various economies. The geopolitical tension may affect the already tentative confidence in commercial trading and investment. All these uncertainties and risks will subdue the demand for global trading, container shipping and bulk cargo businesses, and hence pose challenges to the overseas operation of the Company. Domestically, Chinese economy has suffered from short-term repercussions brought by the outbreak of novel coronavirus. The extended suspension of factories may affect China's import of raw materials, as well as export of finished products. In addition, the economic environment in China is still under the influence of Sino-US trade friction, weak investment sentiment in the manufacturing industry, rising inflationary pressure and other uncertain factors, which will bring uncertainties to the relevant business operations and revenue of the Company.

In response to the potential external risks, in particular, the uncertainties and risks looming over foreign trading and import and export caused by the Sino-US trade friction and the outbreak of novel coronavirus, the Company will take the initiative to adopt responsive measures. Firstly, the Company will devote utmost effort into winning the battle against the epidemic, and simultaneously strive to

minimize the negative impact brought by it. Secondly, strategies pertaining to the national “Belt and Road” initiative and the development of Guangdong-Hong Kong-Macao Greater Bay Area will be carried out proactively. Thirdly, the Company will capitalize on the opportunities presented by a new round of high-level opening-up policy to pursue “improvement in quality and efficiency” of relevant port operations. Fourthly, the Company will continue to enhance its capability in risk identification, warning and resolution, follow and study the industrial development and trading movements in upstream and downstream industries, as well as timely adjust its business operation strategies to ensure effective prevention, control and mitigation of external risks.

(2) Internal risks

The internal risks of the Company are mainly attributable to credit default of customers, labour shortage and compliance risk of overseas investment projects. During the Reporting Period, negative news in respect of bankruptcy, heavy indebtedness and illegal operation of various shipping companies were being circulated in the market, subjecting the Company to a considerable risk of customer default. Some of the subsidiaries are still facing a significant labour shortage. Factors such as staff turnover, aging staff and low skill level have impaired the productivity of and created operational hurdles for such subsidiaries, thereby bringing uncertain risks to the Company's sustainable development. As the Company's overseas projects were gradually put into operation, the legal and policy compliance requirements of countries and regions where our investments are located will pose uncertain risks and challenges to the Company's global operations.

In light of the potential internal risks, the Company will attach great importance to the development of the internal control system of its subsidiaries in a bid to prevent and control internal risks. With regard to the risk of customer default, on the one hand, risk identification and warning will be strengthened through application of the warning system on receivables; on the other hand, prevention and control measures will be formulated and implemented to ensure the effective control of risks and safeguard the interests of the Company. As for the issue of labour shortage of the subsidiaries, the Company will expedite technological upgrade for advancement of the automated operation level at the terminals, so as to facilitate the optimization of personnel structure. Regarding the compliance risks of overseas investment projects, the Company will step up its efforts in the establishment and enforcement of compliance management system with reference to the regulatory requirements of the places where its projects are located, as well as reinforce the management and control throughout the process of overseas project investment and operations, with a view to strictly preventing legal compliance risks.

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

1. During the Reporting Period

Date	Way of communication	Type of communication party	Index to basic information of researches
------	----------------------	-----------------------------	--

14 May 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
22 May 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
29 May 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
5 June 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
11 June 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
18 June 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
10 July 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
4 September 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
5 September 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
25 September 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)

28 November 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
5 December 2019	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
1 January 2019 to 31 December 2019	By phone, EasyIR platform of SZSE and e-mail	Individual	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
Times of communications			160
Number of institutions communicated with			20
Number of individuals communicated with			140
Number of other communication parties			0
Tip-offs or leakages of substantial supposedly-confidential information during communications			No

2. Period-end to Disclosure Date

Date	Way of communication	Type of communication party	Index to main information communicated
1 January 2020 to 15 April 2020	By phone or written inquiry (EasyIR platform of SZSE)	Individual	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ircs/index)
Times of communications			39
Number of institutions communicated with			0
Number of individuals communicated with			39
Number of other communication parties			0
Tip-offs or leakages of substantial supposedly-confidential information during communications			No

Part V Significant Events

I. Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

Formulation, execution or adjustments of profit distribution policy for ordinary shareholders, especially cash dividend policy, in Reporting Period

Pursuant to the CSRC Guideline for Listed Companies No.3-Cash Dividends of Listed Companies and the Notice of CSRC on Further Implementing Matters Related to Cash Dividends of Listed Companies, the Articles of Association clarifies the specific profit distribution policy, decision-making procedures and mechanism, adjustment of profit distribution policy, implementation of profit distribution plan and profit distribution for foreign shares. During the Reporting Period, the Company executed the profit distribution policy in strict compliance with the Articles of Association.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Yes

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period)

1. Dividend Payout Plan for 2017

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company as the parent for 2017 stood at RMB731,510,588.25 and the cumulative distributable profit at RMB1,046,473,178.03.

(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 as the parent stood at RMB520,074,434.56 for 2017, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained earnings for 2017.

(2) Based on the total 644,763,730 shares as at the end of 2017, a cash dividend of RMB13.19 (tax included) was to be distributed for every 10 shares, with a total of RMB850,443,359.87 being

distributed.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2017 on Securities Times and Ta Kung Pao (HK) dated 16 May 2018, and completed the dividend payout for the A-share and B-share holders on 23 May 2018 and 25 May 2018 respectively.

2. Dividend Payout Plan for 2018

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the consolidated net profit attributable to the Company as the parent for 2018 stood at RMB1,090,418,910.77 and the net profit of the Company as the parent at RMB71,014,741.10.

(1) According to the Company Law and the Articles of Association of the Company, the Company withdrew RMB7,101,474.11 of profit as statutory reserve. The accumulative distributable profit of the Company as the parent at the end of 2018 was RMB259,943,085.16.

(2) Base on the total 1,793,412,378 shares as at the end of 2018, a cash dividend of RMB1.14 (tax included) is to be distributed for every 10 shares, totaling RMB204,449,011.09.

After the above-mentioned distribution, the retained earnings of the Company as the parent will be RMB55,494,074.07.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2018 on Securities Times and Ta Kung Pao (HK) dated 3 July 2019, and completed the dividend payout for the A-share and B-share holders on 10 July 2019 and 12 July 2019 respectively.

3. Dividend Payout Plan for 2019

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the consolidated net profit attributable to the Company as the parent for 2018 stood at RMB2,898,192,168.84 and the net profit of the Company as the parent at RMB1,031,693,987.55.

(1) According to the Company Law and the Articles of Association of the Company, the Company shall withdraw 10% of profit as statutory reserve when the Company distributed the profit. The Company intended to withdraw RMB103,169,398.76 of profit as statutory reserve. The accumulative distributable profit of the Company as the parent at the end of 2019 was RMB983,693,068.62.

(2) Base on the total 1,922,365,124 shares as at the end of 2019, a cash dividend of RMB4.60 (tax

included) was to be distributed for every 10 shares, totaling RMB884,287,957.04.

After the above-mentioned distribution, the retained earnings of the Company as the parent will be RMB99,405,111.58.

The above profit distribution plan still needs to be submitted to the 2019 Annual General Meeting for approval.

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period)

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including other forms) (D)	D as % of B (%)
2019	884,287,957.04	2,898,192,168.84	30.51%	0.00	0.00%	884,287,957.04	30.51%
2018	204,449,011.09	1,090,418,910.77	18.75%	0.00	0.00%	204,449,011.09	18.75%
2017	850,443,359.87	2,365,214,907.43	35.96%	0.00	0.00%	850,443,359.87	35.96%

The net profit attributable to the ordinary shareholders of the listed company in the 2018 and 2019 consolidated statement is the data of the Company after the retrospective adjustment for business combination under the same control. The net profit attributable to the ordinary shareholders of the listed company in the 2017 consolidated statements is the data of the Company before the retrospective adjustment for business combination under the same control.

The Company was profitable in the Reporting period and the positive profits of the Company as the parent attributable to ordinary shareholders while the distribution plan of cash dividend for ordinary shareholders was not proposed.

Applicable Not applicable

II. Final Dividend Plan for the Reporting Period

Bonus shares/10shares (share)	0
Cash dividend/10 shares (RMB) (tax inclusive)	4.6
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	1,922,365,124
Total cash dividends (RMB) (tax inclusive)	884,287,957.04
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including other forms) (RMB)	884,287,957.04
Distributable profits (RMB)	1,081,244,306.00
Cash dividends (including other forms) as % of total profits to be distributed (%)	100%
Details of the cash dividends	

As the Company is in the mature stage of development with significant capital expenditures arrangement, when distributing profits, the proportion of cash dividends in this profit distribution shall be 40% at least.

Details of final dividend plan for the reporting period

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the consolidated net profit attributable to the Company as the parent for 2018 stood at RMB2,898,192,168.84 and the net profit of the Company as the parent at RMB1,031,693,987.55.

1. According to the Company Law and the Articles of Association of the Company distributed the profit, 10% of the profit shall be withdrawn as statutory reserve. RMB103,169,398.76 of the profit is planned to be withdrawn as statutory reserve of the Company. The accumulative distributable profit of the Company as the parent at the end of 2019 was RMB983,693,068.62;

2. Base on the total 1,922,365,124 shares as at the end of 2019, a cash dividend of RMB4.60 (tax included) is to be distributed for every 10 shares, totaling RMB884,287,957.04.

After the dividends distribution, the retained earnings of the Company as the parent will be RMB99,405,111.58.

The above profit distribution plan still needs to be submitted to the 2019 Annual General Meeting for approval.

III. Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

√ Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in acquisition documents or shareholding alteration documents	CMGD and Broadford Global	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment on safeguarding independence of CMPort made by CMGD and its person acting in concert Broadford Global: to safeguard the independence of finance, institutions, business and personnel of CMPort as well as independence and integrity of assets of CMPort.	15 March 2018	The commitment on safeguarding independence of CMPort is effective for a long time; the commitment on regulating related-party transactions is effective during the period when CMGD and its persons acting in concert possess control power over the Company	Ongoing
	CMGD and Broadford Global	Commitments on horizontal competition	Commitment on regulating related-party transaction made by CMGD and corresponding persons acting in concert- Broadford Global: 1. CMGD/Broadford Global will make a great effort to reduce related-party transaction between CMGD/Broadford Global and its related parties as well as CMPort. Inevitable business dealings	15 March 2018	The commitment on safeguarding	Ongoing

		ion, related-party transaction and capital occupation	or transactions shall be conducted as per marketization principle and fair price and the obligation of information disclosure shall be fulfilled pursuant to provisions; 2. CMGD/Broadford Global and its related parties ensure they will strictly observe related stipulations of laws, regulations, normative documents and Articles of Association of CMPort and equally execute shareholders' rights and fulfill shareholders' obligations together with other shareholders in line with legal program as well as won't seek improper interest with actual controller's status or damage legitimate interest of CMPort and other shareholders; 3. The above commitment is continuously effective during the period when CMGD/Broadford Global has the right to control CMPort. In case of losses incurred by CMGD/Broadford Global failing to fulfill the above commitment to CMPort, CMGD will bear corresponding compensation responsibility.		independence of CMPort is effective for a long time; the commitment on regulating related-party transactions is effective during the period when CMGD and its persons acting in concert possess control power over the Company	
	CMG	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment on regulating related-party transaction: 1. China Merchants Group will try its best to reduce related-party transaction between it and its related parties and CMPort. Inevitable business dealings or transactions shall be conducted as per marketization principle and fair price and the obligation of information disclosure shall be fulfilled pursuant to provisions; 2. China Merchants Group ensure they will strictly observe related stipulations of laws, regulations, normative documents and Articles of Association of CMPort and equally execute shareholders' rights and fulfill shareholders' obligations together with other shareholders in line with legal program as well as won't seek improper interest with actual controller's status or damage legitimate interest of CMPort and other shareholders; 3. The above commitment is continuously effective during the period when China Merchants Group has the right to control CMPort. In case of losses incurred by China Merchants Group failing to fulfill the above commitment to CMPort, China Merchants Group will bear corresponding compensation responsibility.	15 March 2018	Effective until no longer to be the actual controller of the Company	Ongoing
Commitments made in time of asset restructuring	CMID	Commitment on restriction on share trading	1. CMPort shares obtained by purchasing assets with shares issued this time are forbidden to be transferred or transacted in the market before the latter one between the date arising 36 months after the date when CMPort shares gained by CMID based on this transaction are registered under the name of CMID and the date when fulfillment of compensation obligations set forth in the <i>Impairment Compensation Agreement for Issuing Shares To Purchase Assets</i> signed by and between CMID and CMPort, separately and its supplementary agreement (if any) is over (except for repurchasing or presenting shares pursuant to <i>Impairment Compensation Agreement for Issuing Shares To Purchase Assets</i> and its supplementary agreement (if any)); 2. In case of closing price of CMPort stocks being lower than issue price for consecutive 20 transaction days within 6 months after completion of the transaction or such closing price being lower than issue price at the end of the 6th month after completion of the transaction, the lockup period of CMPort stocks held by CMID will be automatically lengthened for at least 6 months; 3. CMPort shares which derive from consideration shares obtained by CMID based on the transaction during the lockup period due to CMPort distributing stock dividend and capital reserve converted into increased capital shall be subject to the commitment regarding the above restricted	26 December 2018	25 June 2022	Ongoing

			stock trade period; 4. In case that the transaction is placed on file for investigation and prosecution by judiciary authorities as well as registered and investigated by CSRC because false record, misleading statement or important omission happens to provided or disclosed information, CMID won't transfer its shares with rights and interests at CMPort before case investigation conclusion is drawn; 5. In case that lockup period set forth in the commitment is inconsistent with regulatory opinions from securities market supervision department or lockup period required by related provisions, CMID shall adjust the above lockup period pursuant to regulatory opinions from relevant securities market supervision department and related provisions. 6. After the above lockup period expires, CMID Port shall observe provisions of laws and regulations, related rules of Shenzhen Stock Exchange as well as Articles of Association of CMPort in case of reducing shares held by it.			
	CMGD and Broadford Global	Commitment on restriction on share trading	1. Before completion of the transaction, CMPort shares held by CMGD and Broadford Global (include increased shares because allotment of shares, giving bonus and capital reserve converted into increased capital occurs to CMPort) shall not be transferred within 12 months as of the date when the transaction is over (the registration date of new shares by purchasing assets with shares issued this time); 2. In case that lockup period set forth in the commitment is inconsistent with regulatory opinions from securities market supervision department or lockup period required by related provisions, CMGD shall adjust the above lockup period pursuant to regulatory opinions from relevant securities market supervision department and related provisions. 3. In case that the transaction is placed on file for investigation and prosecution by judiciary authorities as well as registered and investigated by CSRC because false record, misleading statement or important omission happens to provided or disclosed information, CMGD and Broadford Global won't transfer its shares with rights and interests at CMPort before case investigation conclusion is drawn. In case of losses incurred by CMGD and Broadford Global violate fulfill the above promise to CMPort, CMGD will bear corresponding compensation responsibility.	26 December 2018	25 December 2019	Completed
	CMID	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment on avoiding horizontal competition: 1. CMID and other enterprise controlled by CMID fail to engage in or participate in business or activity which is similar with and constitutes or likely constitutes competitive relation with main business conducted by CMPort and the enterprise controlled by it now; 2. CMID will try its best to promote CMID and other enterprise controlled by CMID not to directly or indirectly engage in or participate in or assist to engage in or participate in any business or activity which constitutes or likely constitutes competitive relation with main business conducted by CMPort and the enterprise controlled by it now and in the future independently or together with others; 3. In case of discovering any new business opportunity which constitutes or likely constitutes direct or indirect competitive relation with main business of CMPort or the enterprise controlled by it, CMID or CMID and other enterprise controlled by it will immediately notify CMPort in written as well as make a great effort to promote such business opportunity to be provided to CMPort or the enterprise controlled by it firstly according to reasonable and fair terms and conditions; 4. In case of CMPort or the enterprise controlled by it waiving such competitive new business opportunity and CMID or/and other enterprise controlled by it engaging in such competitive business, CMPort or the enterprise controlled by it will have the right to purchase any stock rights, assets or other rights and interests in the above competitive business from CMID or/and other enterprise controlled by it once or several times at any moment, or CMPort will select entrusted operation, leasing or contract operation of assets or businesses of CMID or/and other enterprise controlled by it in the above competitive business as per the mode permitted by national laws and regulations; 5. When CMID and other enterprise controlled by it plans to transfer, sell, rent out, conduct licensed use of or	26 July 2018	Effective until no-longer to be the largest shareholder of the Company	Ongoing

			transfer or allow to use assets and businesses which constitutes or likely constitutes direct or indirect competitive relationship with main business of CMPort or the enterprise controlled by it in other way, CMID and other enterprise controlled by it will provide the right of priority assignment to CMPort or the enterprise controlled by it and promise to make a great effort to promote other enterprise controlled by CMID provide CMPort or the enterprise controlled by it with the right of priority assignment under the above situation; 6. As of the date when the commitment letter is provided, CMID promises to compensate all actual losses, damages and expenses arising from violation of any clause in the commitment letter by CMID or the enterprise controlled by it to CMPort or the enterprise controlled by it.			
	CMID	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment on regulating related-party transaction: 1. CMID and other enterprise controlled by it will make a great effort to avoid and reduce related-party transaction between CMPort and economic entity controlled by it; 2. CMID and other enterprise controlled by it will exercise stockholder's rights in accordance with related provisions of relevant laws and regulations as well as Articles of Association of CMPort and fulfill the obligation of vote avoidance at the moment of voting for related-party transactions involved by CMID and other enterprise controlled by it at the stockholders' meeting; 3. As for related-party transaction which is inevitable or occurs due to reasonable reason, CMID will carry out transaction pursuant to the principle of openness, fairness and justice for market transaction and based on fair and reasonable market price, perform related-party transaction decision-making process and legally fulfill information disclosure obligation to safeguard benefits of CMPort and other shareholders of CMPort in line with provisions of laws, regulations, normative documents and Articles of Association of CMPort; 4. It's ensured that no legitimate interest of CMPort and other shareholders of CMPort is damaged by related-party transaction based on status and influence of CMPort; 5. CMID will promote other enterprise controlled by it to observe the commitment of Subparagraph 1-4; 6. In case of CMID and other enterprise controlled by it violating the above commitment, causing rights and interests of CMPort and its shareholders are damaged, CMID will take corresponding compensation responsibility according to law.	26 July 2018	Effective until no longer to be the largest shareholder of the Company	Ongoing
	CMID	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment about keeping independence of CMPort: 1. After the transaction is completed, CMID will strictly observe related provisions regarding independence of listed Companies from CSRC and won't violate standard operating procedures of CMPort based on the first majority shareholder, conduct excessive intervention of operation and management activities of CMPort and its subsidiary, embezzle benefits of CMPort and its subsidiary or damage legitimate interest of CMPort and other shareholders; 2. CMID will ensure CMPort is independent from CMID and related parties in the aspects of business, asset, finance, personnel and institution; 3. CMID ensures independence of CMPort, CMID and other enterprise controlled by it fail to occupy capitals and resources of CMPort based on violation in any way and will strictly observe provisions of rules and regulations for avoiding occupation of related party funds from CMPort as well as related laws, regulations and normative documents; 4. The commitment letter takes effect as of the signature date of CMID as well as is legally binding upon CMID. CMID ensures it will strictly fulfill various commitments in the commitment letter and will take corresponding legal responsibility for losses incurred to CMPort due to violation of related commitment.	26 July 2018	Effective until no longer to be the largest shareholder of the Company	Ongoing
	CMG	Commitments on horizontal competition, related-	Commitment on avoiding horizontal competition: 1. China Merchants Group and the enterprise controlled by it (excluding CMPort Holdings and the enterprise controlled it) fail to engage in or participate in any business or activity which is similar with and constitutes or likely constitute direct or indirect competitive relationship with main business conducted by CMPort and the enterprise controlled by it now; 2. China Merchants Group will try	26 July 2018	Effective until no longer to be the actual controller of the	Ongoing

	party transaction and capital occupation	its best to promote enterprises controlled by it(except for CMPort and the enterprise controlled by it) not to directly or indirectly engage in or participate in or assist to engage in or participate in any business or activity which constitutes or likely constitutes competitive relation with main business conducted by CMPort and the enterprise controlled by it now and in the future independently or together with others; 3. In case of discovering any new business opportunity which constitutes and likely constitutes direct or indirect competitive relation with main business of CMPort or the enterprise controlled by it, China Merchants Group or enterprise controlled by it(except for CMPort and the enterprise controlled by it) will immediately notify CMPort in written as well as make a great effort to promote such business opportunity to be provided to CMPort or the enterprise controlled by it firstly according to reasonable and fair terms and conditions; 4. In case of CMPort or the enterprise controlled by it waives such competitive new business opportunity and China Merchants Group or the enterprise controlled by it (except for CMPort and the enterprise controlled by it) engaging in such competitive business, CMPort or the enterprise controlled by it will be entitled to purchase any equities, assets and other rights and interests in the above competitive business from China Merchants Group or the enterprise controlled by it (except for CMPort and the enterprise controlled by it) once or several times at any moment or CMPort will select entrusted operation, leasing or contract operation of assets or businesses of China Merchants Group or the enterprise controlled by it (except for CMPort and the enterprise controlled by it) in the mode permitted by national laws and regulations; 5. When China Merchants Group and the enterprise controlled by it (except for CMPort and the enterprise controlled by it) plans to transfer, sell, lease, allow to use or transfer or allow to use asset and business which constitutes or likely constitutes direct or indirect competitive relationship with main business of CMPort or the enterprise controlled by it in other way, China Merchants Group and the enterprise controlled by it (except for CMPort and the enterprise controlled by it) will provide the right of priority assignment for CMPort or the enterprise controlled by it and promise to make a great effort to promote the enterprise controlled by China Merchants Group to provide the of priority assignment for CMPort or the enterprise controlled by it under the above situation; 6. As of the date when the commitment letter is provided, China Merchants Group promises to compensate all actual losses, damages and expenses arising from violation of any clause in the commitment letter by China Merchants Group or the enterprise controlled by it to CMPort or the enterprise controlled by it.		Company	
CMG	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment on regulating related-party transaction: 1. China Merchants Group and other enterprise controlled by it will make a great effort to avoid and reduce related-party transaction between CMPort and economic entity controlled by it; 2. China Merchants Group and other enterprise controlled by it will exercise stockholder's rights in accordance with related provisions of relevant laws and regulations as well as Articles of Association of CMPort and fulfill the obligation of vote avoidance at the moment of voting for related-party transactions involved by CMID and other enterprise controlled by it at the stockholders' meeting; 3. As for related transaction which is inevitable or occurs due to reasonable reason, China Merchants Group will carry out transaction pursuant to the principle of openness, fairness and justice for market transaction and based on fair and reasonable market price, perform related-party transaction decision-making process and legally fulfill information disclosure obligation to safeguard benefits of CMPort and other shareholders of CMPort in line with provisions of laws, regulations, normative documents and Articles of Association of CMPort; 4. It's ensured that no legitimate interest of CMPort and other shareholders of CMPort is damaged by related-party transaction based on status and influence of CMPort; 5. China Merchants Group promotes other	26 July 2018	Effective until no longer to be the actual controller of the Company	Ongoing

		enterprise controlled by it to observe the commitment set forth in Subparagraph 1-4 above; 6. In case of China Merchants Group and other enterprise controlled by it violating the above commitment, causing rights and interests of CMPort and its shareholders are damaged, China Merchants Group will take corresponding compensation responsibility according to law.			
CMG	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment about keeping independence of CMPort: 1. After the transaction is completed, China Merchants Group will strictly observe related provisions regarding independence of listed companies from CSRC and won't violate standard operating procedures of CMPort based on actual controller's status, conduct excessive intervention of operation and management activities of CMPort and its subsidiary, embezzle benefits of CMPort and its subsidiary or damage legitimate interest of CMPort and other shareholders; 2. China Merchants Group will ensure CMPort is independent from China Merchants Group and related parties in the aspects of business, asset, finance, personnel and institution; 3. China Merchants Group ensures independence of CMPort, China Merchants Group and other enterprise controlled by it fail to occupy capitals and resources of CMPort based on violation in any way and will strictly observe provisions of rules and regulations for avoiding occupation of related party funds from CMPort as well as related laws, regulations and normative documents; 4. The commitment letter takes effect as of the signature date of China Merchants Group as well is legally binding upon China Merchants Group. China Merchants Group ensures it will strictly fulfill various commitments in the commitment letter and will take corresponding legal responsibility for losses incurred to listed Company due to violation of related commitment.	26 July 2018	Effective until no longer to be the actual controller of the Company	Ongoing
CMG	Commitments on lock-up of shares and shareholding reduction plan	1. Before completion of the transaction, CMPort shares held by or indirectly controlled by China Merchants Group (include increased shares because allotment of shares, giving bonus and capital reserve converted into increased capital occurs to CMPort) shall not be transferred within 12 months as of the date when the transaction is over (the registration date of new shares by purchasing assets with shares issued this time); 2. In case that lockup period set forth in the commitment is inconsistent with regulatory opinions from securities market supervision department or lockup period required by related provisions, China Merchants Group shall adjust the above lockup period pursuant to regulatory opinions from relevant securities market supervision department and related provisions. 3. In case that the transaction is placed on file for investigation and prosecution by judiciary authorities as well as registered and investigated by CSRC because false record, misleading statement or important omission happens to provided or disclosed information, China Merchants Group won't transfer its shares with rights and interests at listed Company before case investigation conclusion is drawn; 4. During the period from the date of resumption of trading of the transaction to the date when the transaction is over, China Merchants Group has no share reduction plan. The above shares include original CMPort shares directly held or indirectly controlled by China Merchants Group as well as derivative shares of original shares directly held or indirectly controlled during the above period due to participation in profit and presenting shares by CMPort as well as capital reserve converted into increased capital.	26 July 2018	25 December 2019	Completed
CMG	Other commitment	Commitment letter about perfecting the property ownership certificate for land and house property of CMPort Holdings and the enterprise subordinate to it: 1. China Merchants Group will spare no effort to assist, promote and drive CMPort Holdings and the enterprise subordinate to it to standardize, perfect and solve ownership defects of properties such as land and house property; 2. The following situations happen to CMPort Holdings and the enterprise subordinate to it before completion of the transaction: (1) Land use right of ownership certificate which is being handled, the house property failing to be timely handled (except for results incurred by force majeure, law, policy, government administration	26 July 2018	Effective until no longer to be the actual controller of the Company	Ongoing

		behavior and change in planned use of the land instead of CMPort Holdings and the enterprise subordinate to it); Or (2) Land use right of ownership certificate, the property ownership certificate failing to be handled (except for results incurred by force majeure, law, policy, government administration behavior and change in planned use of the land of CMPort Holdings and the enterprise subordinate to it); Or (3) In case of nonstandard other land use right and house property (except for results incurred by force majeure, law, policy, government administration behavior and change in planned use of the land instead of CMPort Holdings and the enterprise subordinate to it) and encountering actual losses (including but not limited to compensation, fine, expenditure and benefit lost), China Merchants Group will timely and fully compensate CMPort.			
CMG	Other commitment	Commitment letter about real estate leased by CMPort Holdings and the enterprise subordinate to it: In case of nonstandard situation of the leased property significantly influencing use of CMPort Holdings and the Company subordinate to it to engage in operation of normal business, China Merchants Group will actively take effective measures (including but not limited to arranging to provide the property with identical or similar conditions to be used for operation of related Company) to promote business operation of related Company to be conducted normally and alleviate or eliminate adverse effect; In case of nonstandard of the leased property causing CMPort Holdings and the enterprise subordinate to it produce actual additional expenditures or losses (such as third-party compensation), China Merchants Group will actively coordinate and negotiate with other related party to support normal operation of CMPort Holdings and the enterprise subordinate to it to the great extent and avoid or control continuous enlargement of the damage; At the same time, China Merchants Group agrees compensate CMPort Holdings and the enterprise subordinate to it in cash for actual losses incurred to CMPort Holdings and the enterprise subordinate to it for this reason to relieve or eliminate adverse effect.	26 July 2018	Effective until no longer to be the actual controller of the Company	Ongoing
CMG	Other commitment	Commitment letter about allotted land of the enterprise subordinate to China Merchants Port Holdings Company Limited from China Merchants Group: In case that the above allotted land is withdrawn or needs to be translated into assignment land due to policy adjustment in the future after the transaction is completed, China Merchants Group will actively coordinate with CMPort and related companies such as China Merchants Group International Port (Qingdao) Co., Ltd. and Shantou CMPort Group Co., Ltd. to handle the transfer procedure or take other feasible countermeasures. In case of any actual loss (excluding land-transferring fees or rent, fees paid for taking rural land, ownership registration fees, taxes and dues and other related expenses to be paid by Chiwan Wharf or above-mentioned related companies according to provisions of laws and regulations) incurred to CMPort or above-mentioned related companies for this reason, China Merchants Group will timely and fully compensate actual loss incurred to CMPort or above-mentioned related companies.	26 July 2018	Effective until no longer to be the actual controller of the Company	Ongoing
CMG	Other commitment	Commitment letter about undertaking the accreditation fees of property ownership certificate for the perfection of the land and house property of CMPort Holdings and the enterprise subordinate to it: In case of defective land use right and house property involved by the Company subordinate to CMPort Holdings on account of operation (namely land use right and house property of the Company subordinate to CMPort Holdings without complete ownership certificate existing before the transaction is completed), incurring registration fees such as taxes and dues, compensation and fine in the process of perfecting legal procedures of defective land use right and house property by the subordinate to CMPort Holdings, China Merchants Group will timely and fully compensate to the Company subordinate to CMPort Holdings for undertaking.	14 September 2018	Effective until no longer to be the actual controller of the Company	Ongoing
CMG	Other commitment	Commitment letter about related matters of CMPort after the transaction is completed: After the transaction is completed, Chiwan	30 September	Three to five years	Ongoing

	ment	Wharf will become port business asset management headquarters and domestic capital operation platform of China Merchants Group, deeply participate in integration of domestic regional port assets and enlarge the scale of domestic listed assets to make net profit of CMPort Holdings (00144.HK) enjoyed as per the rights and interests in the consolidated statement of listed Company in recent one fiscal year fail to exceed 50% net profit of consolidated statement of the listed Company and net asset of CMPort Holdings (00144.HK) enjoyed in light of rights and interests in the consolidated statement of listed Company in recent one fiscal year fail to exceed 30% net asset in the consolidated statement of the listed Company within 3-5 years after the transaction is completed.	2018	and CMG is the actual controller of the Company	
CMG	Other commitment	China Merchants Group and all its directors, supervisors and administrative officers ensure the transaction report, its abstract, other information provided for the transaction and application document are true, accurate and complete without false record, misleading statement or important omission as well as take individual and joint legal liability for false record, misleading statement or important omission. If the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), the directors, supervisors or senior managers of China Merchants Group do not transfer the shares that have interests in listed Company, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information on directors, supervisors or administrative officers of China Merchants Group will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information on directors, supervisors or administrative officers of China Merchants Group to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. In case that the situation of violating laws and rules is found upon investigation conclusion, directors, supervisors or administrative officers of China Merchants Group promise locked shares are voluntarily used for compensating related investors.	26 July 2018	Effectively continuously	Ongoing
CMG Hong Kong	Other commitment	1. CMG Hong Kong ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission; 2. CMG Hong Kong ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission; 3. CMG Hong Kong ensures descriptions and confirmations issued for the transaction is true, accurate and complete without false record, misleading statement or important omission; 4. CMG Hong Kong ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists; 5. The CMG Hong Kong made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in listed Company, and submit the written	26 July 2018	Effectively continuously	Ongoing

		<p>application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information on CMG Hong Kong will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information on CMG Hong Kong to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. If the investigation finds that there is a violation of the law, CMG Hong Kong committed to lock the shares voluntarily for the relevant investor compensation; 6. If CMG Hong Kong promises to related document, data and information provided in the reorganization process aren't true, accurate or complete or are with false record, misleading statement or important omission, CMG Hong Kong is willing to legally bear corresponding legal responsibility; 7. In case of CMG Hong Kong violating the above promise, incurring losses to CMPort, CMG Hong Kong will take corresponding compensation responsibility.</p>				
	CMID	Other commitment	<p>1. CMID ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission; 2. CMID ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission; 3. CMID ensures description and confirmation provided for the transaction are true, accurate and complete without any false record, misleading statement or important omission; 4. CMID ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists; 5. The CMID made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in CMPort, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. If the application for lock-up is not submitted within two transaction days, the Board of Directors is authorized to verify and submit the identity information and account information of CMID directly to the Stock Exchange and Registration and Settlement Company and apply for lock-up; If the Board of Directors fails to submit the identity information and account information of the CMID to the Stock Exchange and Registration and Settlement Company, then the Stock Exchange and Registration and Settlement Company shall be authorized to directly lock the relevant shares. If the investigation finds that there is a violation of the law, CMID committed to lock the shares voluntarily for the relevant investor compensation; 6. If CMID promises to related document, data and information provided in the reorganization process aren't true, accurate or complete or are with false record, misleading statement or important omission, CMID is willing to legally bear corresponding legal responsibility; 7. In case of CMID violating the above commitment, incurring losses to</p>	26 July 2018	Effectively continuously	Ongoing

			CMPort, CMID will take corresponding compensation responsibility.			
	CMPort Holdings	Other commitment	1. CMPort Holdings ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission; 2. CMPort Holdings ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission; 3. CMID ensures description and confirmation provided for the transaction are true, accurate and complete without any false record, misleading statement or important omission; 4. CMPort Holdings ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists; 5. CMPort Holdings made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC); CMPort Holdings committed that if CMPort Holdings violated the above promise, incurring losses to CMPort, CMPort Holdings will take corresponding compensation responsibility.	26 July 2018	Effective continuously	Ongoing
	CMG	Other commitment	1. China Merchants Group ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission; 2. China Merchants Group ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission; 3. China Merchants Group ensures descriptions and confirmations issued for the transaction is true, accurate and complete without false record, misleading statement or important omission; 4. China Merchants Group ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists; 5. China Merchants Group made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in CMPort, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information of China Merchants Group will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information of China Merchants Group to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. If the investigation finds that there is a violation of the law, China Merchants Group committed to lock the shares voluntarily for the relevant investor compensation; 6. If China Merchants Group promises to related document, data and information provided in the reorganization process aren't true, accurate or complete or are with false record,	26 July 2018	Effective continuously	Ongoing

			misleading statement or important omission, China Merchants Group is willing to legally bear corresponding legal responsibility; In case of China Merchants Group violating the above promise, incurring losses to CMPort, China Merchants Group will take corresponding compensation responsibility.			
	Chiwan Wharf and all directors, supervisors and senior management	Other commitment	Chiwan Wharf and all its directors, supervisors and administrative officers ensure the transaction report, its abstract, other information provided for the transaction and application document are true, accurate and complete without false record, misleading statement or important omission as well as take individual and joint legal liability for false record, misleading statement or important omission. If the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), the directors, supervisors, or senior managers of Chiwan Wharf do not transfer the shares that have interests in listed Company, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information on directors, supervisors or administrative officers of Chiwan Wharf will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information on directors, supervisors or administrative officers of Chiwan Wharf to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. In case that the situation of violating laws and rules is found upon investigation conclusion, directors, supervisors or administrative officers of Chiwan Wharf promise locked shares are voluntarily used for compensating related investors.	26 July 2018	Effective continuously	Ongoing
Other commitments made to minority shareholders	China Nanshan Development (Group) Inc.	Other commitment	China Nanshan Development(group) Incorporation will irrevocably and unconditionally agrees it will ensure transferee of such land use right and its successor and assignee will be fully exempted from responsibility for the above matters in case of CMPort encountering losses, needing to bear expenses and liabilities, undergoing claim for compensation or needing to file a lawsuit due to any actual or potential illegal and unenforceable issues incurred by land use agreement and relevant documents signed and to be signed by it.	20 March 2001	Effective continuously	Ongoing
	China-Africa Development Fund Co., Ltd.	Commitment of shares lock-up and share reduction plan	1. The Company has agreed not to transfer the shares subscribed within twelve months from the end date of the issue (which refers to the listing date of the stock issued) by CMPort. It has requested the Board of CMPort to apply with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (CSDC) for locking the shares subscribed by the Company to make sure that the aforementioned shares held by the Company will not be transferred within twelve months from the end date of the issue. 2. Except for the sell permitted by regulatory authorities that does not constitute nonperformance or incomplete performance of the aforementioned commitment, the Company undertakes that it will authorize CSDC to transfer the fund from the sell into its account to be owned by all its shareholders if it violates the aforementioned commitment. 3. The Company declares that it will faithfully fulfill its commitment and bear corresponding legal liabilities.	4 November 2019	3 November 2020	Ongoing
	Shenzhen Infrastructure Investm	Commitment of shares lock-up and	The Company has agreed not to transfer the shares subscribed within twelve months from the end date of the issue (which refers to the listing date of the stock issued) by CMPort. It has requested the Board of CMPort to apply with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (CSDC) for locking the	4 November 2019	3 November 2020	Ongoing

	ent Fund Partners hip (LP)	share reduction plan	shares subscribed by the Company to make sure that the aforementioned shares held by the Company will not be transferred within twelve months from the end date of the issue. 2. The Company committed that as not fulfilling nonperformance or incomplete performance of the aforementioned commitment, the Company shall compensate the direct economic loss of other shareholders. The Company undertakes that if it violates the aforementioned commitment, it will authorize CSDC to transfer the fund from the sale into its account to be owned by all shareholders. 3. 3. The Company declares that it will faithfully fulfill its commitment and bear corresponding legal liabilities.			
Whether fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)	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 Not applicable

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 or repay for non-operating purposes. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued the Special Report on Occupation of the Company's Capital by the Controlling Shareholder and Other Related Parties, and refer to www.cninfo.com.cn for details.

V. Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI. YoY Changes to Accounting Policies, Estimates and Methods

The Accounting Standards for Business Enterprises No. 21 – Lease (hereinafter referred to as “New lease standard”) revised and issued by Ministry of Finance on 7 December 2018 required that enterprises listed both domestically and overseas and enterprises listed overseas who prepare the financial statements by International Financial Reporting Standards or Accounting Standards for Business Enterprises shall implement it from 1 January 2019, and other enterprises implementing the

Accounting Standards for Business Enterprises shall implement it from 1 January 2021. According to the requirements of Ministry of Finance, enterprises whose subsidiaries are listed overseas and prepare the financial statements by International Financial Reporting Standards or Accounting Standards for Business Enterprises can implement the new lease standard in advance. The Company, in accordance with the requirements of Ministry of Finance, implemented the new lease standard from 1 January 2019. Refer to Announcement on Changes of Accounting Policy (Announcement No. 2019-031) on www.cninfo.com.cn, disclosed on 30 March 2019. In accordance with the regulations of new standards governing financial instrument, the Company shall not adjust the information between the comparable periods, and the accumulative influence in the first execution of the new standards shall be adjusted to the retained earnings at the period-begin and the amount of other relevant item in the financial statements.

On 30 April 2019, the Format of 2019 General Enterprises Financial Statement was revised and printed by the Ministry of Finance, making partial amendments to the format of financial statements. The changes of format of financial statements were implemented from the interim financial reports on 30 June 2019. Refer to Announcement on Changes of Accounting Policy (Announcement No. 2019-063) on www.cninfo.com.cn, disclosed on 31 August 2019.

On 19 September 2019, the Format of 2019 Consolidated Financial Statement was revised and printed by the Ministry of Finance, making partial amendments to the format of financial statements on the basis of the Format of 2019 General Enterprises Financial Statement and the Format of 2018 Financial Enterprises Financial Statement. The changes of format of financial statements were implemented from the third quarter financial statements on 30 September 2019. Refer to Announcement on Changes of Accounting Policy (Announcement No. 2019-076) on www.cninfo.com.cn, disclosed on 31 October 2019.

For further information, please refer to (III) Changes in Main Accounting Policies and Estimates in Part XI Financial Statements for details.

VII. Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

No such cases in the Reporting Period.

VIII. YoY Changes to the Scope of the Consolidated Financial Statements

On 31 December 2018, the subsidiary of the Company, China Merchants International Terminal (Zhanjiang) Co., Ltd. held 1,620,000,000 ordinary shares of Zhanjiang Port, accounting for 40.2916% of the total shares issued by Zhanjiang Port. On 2 January 2019, the Company signed the Agreement of Share Transfer of Zhanjiang Port (Group) Co., Ltd. with Sinotrans Guangdong Co., Ltd., which transferred 201,034,548 shares of Zhanjiang Port held by Sinotrans Guangdong Co., Ltd., accounting for 5% of total shares issued on the signing date with the consideration of transfer of RMB375,334,390.00.

The wholly-owned subsidiary of the Company CWH (H.K.) signed in Zhanjiang on 8 January 2019 the Agreement on a Capital Increase to Zhanjiang Port (Group) Co., Ltd. with Zhanjiang Infrastructure Investment and Zhanjiang Port (hereinafter referred to as the “Capital Increase Agreement”). According to the provisions of the Capital Increase Agreement, Zhanjiang Port issued

1,853,518,190 additional ordinary shares at the price of RMB1.867 per share or the equivalent in the foreign currency (based on the exchange rate at the time of payment) to increase its registered capital to RMB5,874,209,145. CWH (H.K.) subscribed for 1,606,855,919 such ordinary shares, accounting for 27.3544% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB3,000,000,000.77 or the equivalent in the foreign currency (based on the exchange rate at the time of payment) (hereinafter referred to as "the Transaction"); and Zhanjiang Infrastructure Investment subscribed for 246,662,271 shares, accounting for 4.1991% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB460,518,459.96.

As of 3 February 2019, the registration and filing procedures of the Transaction for business change was finished, and the capital increase to Zhanjiang Port by the Company's wholly-owned subsidiary CWH (H.K.) was completed. Upon the completion of the Transaction, the Company's interest in Zhanjiang Port has increased to 58.3549%. Therefore, Zhanjiang Port has since been included in the scope of the Company's consolidated financial statements.

IX. Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
The Company's payment to the domestic independent auditor (RMB'0,000)	586.2
How many consecutive years the domestic independent auditor has provided audit service for the Company	8
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Li Weihua, Zhang Min
How many consecutive years the certified public accountants have provided audit service for the Company	1
Name of the overseas independent auditor (if any)	Deloitte Touche Tohmatsu
The Company's payment to the overseas independent auditor (RMB'0,000) (if any)	363.8
How many consecutive years the overseas independent auditor has provided audit service for the Company (if any)	8
Names of the certified public accountants from the overseas independent auditor writing signatures on the auditor's report (if any)	Zhong Zhiwen
How many consecutive years the certified public accountants have provided audit service for the Company (if any)	3

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Approved by the 5th Meeting of the 9th Board of Directors in 2019 and 2018 Annual General Meeting of the Company, the Company was allowed to continuously engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the 2019 independent auditor for the audit of annual financial statements and internal control in the current year. The audit price for 2019 annual financial statements was RMB9.22 million and the price for internal control was RMB0.28 million. The total expense on aforesaid two audit work was RMB9.5 million.

X. Possibility of Listing Suspension or Termination after Disclosure of this Report

Applicable Not applicable

XI. Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XII. Major Legal Matters

Applicable Not applicable

No such cases in the Reporting Period.

XIII. Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

The Company had completed registration for the grant of stock option (the first grant) under the Stock Option Incentive Plan (Phase I) as at March 13, 2020. Review and approval procedures carried out in connection with the Stock Option Incentive Plan are as follows:

At the 2nd non-scheduled meeting of the Nomination, Remuneration and Appraisal Committee of the ninth session of the Board of 2019 held on October 10, 2019, the following proposals were considered and approved, including Stock Option Incentive Plan of CMPort (Draft) (hereinafter referred to as the “Stock Option Incentive Plan (Draft)”) and its summary, Stock Option Incentive Plan of CMPort (Phase I) (Draft) (hereinafter referred to as the “Stock Option Incentive Plan (Phase I) (Draft)”) and its summary, Management Measures for the Stock Option Incentive Plan of CMPort (hereinafter referred to as the “Management Measures for the Stock Option Incentive Plan”), Appraisal Measures for Implementing the Stock Option Incentive Plan and Implementation Appraisal Measures of Stock Option Incentive Plan by China Merchants Port Group Co., Ltd. (hereinafter referred to as “Implementation Appraisal Measures of Stock Option Incentive Plan”)

(2) At the 9th Extraordinary Meeting of the 9th Board in 2019 held on 11 October 2019, the following proposals were reviewed and approved, including Stock Option Incentive Plan (Draft) and its summary, Stock Option Incentive Plan (Phase I) (Draft) and its summary, Management Measures for the Stock Option Incentive Plan, Appraisal Measures for Implementing the Stock Option Incentive

Plan and Proposal on Requesting the General Meeting to Authorize the Board of Directors to Go Through Share Incentive Procedures, and independent directors expressed independent opinions. At the 2nd Extraordinary Meeting of the 9th Supervisory Committee in 2019 held on the same day, the following proposals were reviewed and approved, including Stock Option Incentive Plan (Draft) and its summary, Stock Option Incentive Plan (Phase I) (Draft) and its summary, Management Measures for the Stock Option Incentive Plan and Appraisal Measures for Implementing the Stock Option Incentive Plan, and List of Incentive Objects under the Stock Option Incentive Plan (Phase I) was reviewed with opinions expressed.

(3) On 3 January 2020, the Company received Approval on the Implementation of Stock Incentive Plan of CMPort (GZKF [2019] No. 748) issued by the State-owned Assets Supervision and Administration Commission of the State Council from China Merchants Group, the actual controller of the Company. In principle, approval was given to the Company for its implementation of the Stock Option Incentive Plan and performance appraisal goals under the Plan.

(4) At the 1st Extraordinary Meeting of the 9th Board of Directors in 2020 held on 9 January 2020, Stock Option Incentive Plan (Phase I) (Revised Draft) and its summary were reviewed and approved and independent directors expressed independent opinions. At the 1st Extraordinary Meeting of the 9th Supervisory Committee in 2020 held on the same day, Stock Option Incentive Plan (Phase I) (Revised Draft) and its summary were reviewed and approved and List of Incentive objects under the Stock Option Incentive Plan (Phase I) (After Adjustment) was reviewed with opinions expressed.

(5) On 20 January 2020, the Company disclosed the List of Incentive Objects of Stock Option Incentive Plan (Phase I) China Merchants Port Group Co., Ltd. The Company published the names and positions of the incentive objects for the first grant of the stock option in its internal OA system from 10 January to 19 January 2020. By the end of the publicity, the Company's Supervisory Committee had not received any objection against the incentive objects for the first grant. The Supervisory Committee reviewed the list of incentive objects for the first grant, and disclosed Notes of the Supervisory Committee on the Review and Publicity of the List of Incentive Objects under the Stock Option Plan (Phase I) on 20 January 2020.

(6) At the 1st non-scheduled shareholders' meeting of 2020 held on 3 February 2020, the following proposals were considered and approved, including Stock Option Incentive Plan (Draft) and its summary, Stock Option Incentive Plan (Phase I) (Revised Draft) and its summary, Management Measures for the Stock Option Incentive Plan, Appraisal Measures for Implementing the Stock Option Incentive Plan and Proposal on Requesting the General Meeting to Authorize the Board of Directors to Go Through Share Incentive Procedures. The Company's Stock Option Incentive Plan was approved and the Board of Directors was authorized to determine the grant date, grant stock option to the incentive objects when they meet the conditions and go through all procedures required for the grant. On the same day, the Company disclosed Self-inspection Report on the Trading of the Company's Shares by Insiders and Incentive Objects of the Stock Option Incentive Plan (Phase I) according to its verification of the trading engaged by the insiders and incentive objects.

(7) At the 2nd Extraordinary Meeting of the 9th Board of Directors in 2020 and the 2nd Extraordinary Meeting of the 9th Supervisory Committee in 2020 held on 3 February 2020, Announcement on the Grant of Stock Option (the First Grant) to Incentive Objects of the Stock Option Incentive Plan of the Company was considered and approved respectively. The Company's Board of Supervisors reviewed

the list of incentive objects under the Stock Option Incentive Plan (Phase I) on the grant date and expressed opinions, and independent directors expressed independent opinions.

The Company had completed registration for the grant of stock option (the first grant) under the Stock Option Incentive Plan (Phase I) as at 13 March 2020. On the next day, it published Announcement on Completion of the Grant of Stock Option (the First Grant) under the Stock Option Incentive Plan (Phase I) of the Company (Announcement No. 2020-020).

XVI. Major Related-Party Transactions

1. Continuing Related-Party Transactions

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price (RMB'0,000)	Total value	As % of total value of all same-type transactions	Approved transaction line (RMB'0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions (RMB'0,000)	Disclosure date	Index to disclosed information
Qingdao Qianwan United Container Terminal Co., Ltd.	Affiliated legal person	Render service	Exchange memo fee, office, other	Market price	5,497.69	5,497.69	9.21%	6,500.00	No	Settled monthly	5,497.69	30 March 2019	www.cninfo.com.cn (Announcement No. 2019-032)
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Under the control of ultimate shareholder	Render service and leasing	Labor cost, lease expense of land and houses	Market price	4,113.85	4,113.85	6.53%	5,000.00	No	Settled monthly	4,113.85	30 March 2019	www.cninfo.com.cn (Announcement No. 2019-032)
China Nanshan Development (Group) Inc.	Affiliated legal person	Leasing	Office, container yard, staff dormitory	Market price	14,948.42	14,948.42	15.71%	11,000.00	Yes	Settled monthly	14,948.42	30 March 2019	www.cninfo.com.cn (Announcement No. 2019-032)
Total				--	--	24,559.96	--	22,500.00	--	--	--	--	--
Large-amount sales return in detail				None									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				The Proposal on Recognition of 2018 Daily Related-party Transaction and the Forecast of 2019 Daily Related-party Transaction was reviewed and approved on the 5 th Meeting of the 9 th Board of Directors on 28 March 2019, which allowed the Company and subsidiaries to conduct daily business transaction including office leasing, software procurement and labor cost. The amount of daily related-party transactions in 2019 is estimated to be RMB575 million. The actual amount of the above related-parties daily transactions was RMB246 million. Due to the requirements of actual market and business development, there was difference existed which belonged to the normal management adjustment, without major influences to the daily operation and performance of the Company. Refer to Announcement on Recognition of Daily Related-party Transactions in 2019 and the Forecast of Daily Related-party Transactions in 2020 disclosed on www.cninfo.com.cn dated 16 April 2020.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

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

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Carrying value of transferring assets (RMB'0,000)	Estimated value of transferring assets (RMB'0,000)	Transfer price (RMB'0,000)	Method of settlement	Profit or loss on transaction (RMB'0,000)	Disclosure date	Index to disclosed information
Sinotrans Guangdong	The same ultimate actual controller	Assets purchase	The Company purchased the equity of Zhanjiang Port held by Sinotrans Guangdong	Fair value	24,255.07	37,533.44	37,533.44	Settled by times	0	5 January 2019	www.cninfo.com.cn (Announcement No. 2019-003)
Zhanjiang Infrastructure Investment	Senior manager of the Company holds the position the director	Assets purchase	The wholly-owned subsidiary, CWH (H.K.) subscribed 27.3544% of shares on issued date issued by Zhanjiang Port by RMB3,000,000,000.77.	Fair value	193,868.92	300,001.97	300,000.00	Settled by times	0	9 January 2019	www.cninfo.com.cn (Announcement No. 2019-005)
Reason for any significant difference between the transfer price and the carrying value or estimated value (if applicable)				None							
Influence to the business performance and financial condition				None							
The realization of the performance in the Reporting Period if relevant transaction involved in performance commitment				N/A							

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Whether there are credits and liabilities with non-operating related parties

Yes No

Credits receivable with related parties

Related party	Related relationship	Forming reason	Whether there is occupation on non-operating capital or not	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
China Merchants Group Finance Co., Ltd.	Other company under the same control of controlling shareholder	Bank deposits	No	49,413.12	829,195.99	789,602.59	2.04%	781.47	89,006.52
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Bank deposits and structural deposits	No	127,453.65	2,081,203.62	1,910,572.47	1.90%	2,607.43	298,084.80
Effects of credits with related parties on the Company's operating results and financial conditions		The above credits receivable with related parties were mainly deposits in financial institutions which has no major influence on the Company's operating results and financial conditions.							

Liabilities payable with related parties

Related party	Related relationship	Forming reason	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)	
China Merchants Group Finance Co., Ltd.	Other company under the same control of controlling shareholder	Borrowing	77,500	196,456.34	152,200.00	4.50%	4,041.1	121,756.34	
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Borrowing	-	9,009.30	-	4.00%	361.83	9,009.30	
Effects of liabilities with related parties on the Company's operating results and financial conditions		The above liabilities payable with related parties were mainly financial institution loans which had no major influence on the Company's operating results and financial conditions.							

5. Other Major Related-Party Transactions

(1) 17 companies have invested in CM Qianhai Industry, including CMPort Holdings and CMSK, holding subsidiaries of the Company. On 1 January 2019, CM Chidi, a subsidiary of CM Qianhai Industry, entered into Confirmation of Compensation for Creditors' Rights with the 19 land-holding companies to determine the amount and proportion of land compensation for creditors' rights of the 19 land-holding companies. Ansuje and Antongjie, wholly-owned subsidiaries of CMPort Holdings, will receive about RMB5.693 billion from CM Chidi as compensation for the land use rights of about

471,800 square meters, accounting for 13.1758% of the total amount of land compensation for creditor's rights. In order to keep the proportion of land compensation for creditor's rights in line with the proportion of 14% equity held indirectly by CMPort Holdings, Antongjie, Shekou Asset Management and CM Chidi signed on 11 January 2019 the Agreement on Transfer of Creditor's Rights, to stipulate that Antongjie will purchase 0.8242% of land compensation for creditor's rights from Shekou Asset Management, with an amount of creditor's rights up to about RMB356 million.

(2) CWH (H.K.), a wholly-owned subsidiary of the Company, signed Agreement on a Capital Increase to Zhanjiang Port (Group) Co., Ltd. with Zhanjiang Infrastructure Investment and Zhanjiang Port. According to the Agreement, Zhanjiang Port issued 1,853,518,190 additional ordinary shares at the price of RMB 1.867 per share or the equivalent in the foreign currency (based on the exchange rate at the time of payment) to increase its registered capital to RMB5,874,209,145. CWH (H.K.) subscribed for 1,606,855,919 such ordinary shares, accounting for 27.3544% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB3,000,000,000.77 or the equivalent in the foreign currency (based on the exchange rate at the time of payment); and Zhanjiang Infrastructure Investment subscribed for 246,662,271 shares, accounting for 4.1991% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB460,518,459.96.

(3) The controlling subsidiary of the Company, CMPort signed the Supplemental agreement (II) of the Shareholder Agreement of Lac Assal Investment Holding Company Limited and Supplemental agreement (III) of the Shareholder Agreement of Lac Assal Investment Holding Company Limited with CMI on 22 January 2019 and Cheer Signal on 29 April 2019 respectively. The agreements agreed that CMPort, CMI and Cheer Signal increased capital jointly to Lac Assal by cash according to the equity ratio in Lac Assal held by CMPort, CMI and Cheer Signal, totaling USD30,000,000 and USD84,750,000 respectively, among which CMPort increased capital of USD12,000,000 and USD33,900,000 respectively. After two-time capital increase, the registered capital of Lac Assal was increased to USD144,810,000 with no changes in equity ratio held by CMPort, CMI and Cheer Signal (40%, 40% and 20% respectively)

(4) The Company and subsidiaries opened the accounts at China Merchants Bank. In 2019, the maximum outstanding of deposits at China Merchants Bank of the company and subsidiaries is planned not to be more than RMB5 billion and the maximum loan balance not over RMB10 billion.

(5) The wholly-owned subsidiary of the controlling subsidiary CMPort, CMHD signed LAND LEASE AGREEMENT with joint-stock subsidiary of CMPort, KHOR AMBADO FZCO on 28 March 2019, which appointed CMID to lease the land located in B06/B07 Parcel of Djibouti international free trade zone with the coverage area of 137,801.63 square meters and the rental of USD27,756,004.31. The lease term is from the effective date of LAND LEASE AGREEMENT to 14 August 2116.

(6) The Company or its holding subsidiaries would use self-owned funds to provide shareholder loans of no more than RMB50 million to the participating subsidiary CM Antong with a loan term of no more than two years (inclusive).

To complete the equity assets transfer between the Company's holding subsidiary CMPort Holdings and CMA, CMPort Holdings or its controlled companies would provide TL with a financing of no more than USD968 million, including guaranteed long-term loans of no more than USD500 million with a term of eight years and mandatory convertible securities of no more than USD468 million for the subscription of TL. At the maturity of the long-term loans, CMA would provide the cash required

for repaying the loans by injecting capital in TL and all the convertible securities held by CMPort Holdings would be converted into TL's equity on a mandatory basis.

CM International Investment, a wholly-owned subsidiary of CMPort Holdings, would use self-owned funds to provide financial aid of RMB34.3 million for Tianjin Haitian, a participating subsidiary of CMPort Holdings, in the form of entrusted loans. Tianjin Port Holdings Co., Ltd., the controlling shareholder of Tianjin Haitian, would provide financial aid of the same conditions according to the contribution proportion with a loan term of three years.

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

Name of provisional reports	Disclosure date	Website
Announcement on Outward Investment and Related-party Transaction by the Wholly-owned Subsidiary	9 January 2019	www.cninfo.com.cn (Announcement No. 2019-005)
Announcement on Qianhai Land Readjustment and Related-party Transaction by the Wholly-owned Subsidiary of the Controlling Subsidiary	12 January 2019	www.cninfo.com.cn (Announcement No. 2019-008)
Announcement on Related-party Transaction by the Controlling Subsidiary	13 February 2019	www.cninfo.com.cn (Announcement No. 2019-012)
Announcement on Related-party Transaction by the Controlling Subsidiary	30 April 2019	www.cninfo.com.cn (Announcement No. 2019-043)
Announcement on Deposit and Loan of Related-party Transaction in 2019 at China Merchants Bank	30 March 2019	www.cninfo.com.cn (Announcement No. 2019-026)
Announcement on Signing the Land Lease Agreement and Related-party Transaction by the Wholly-owned Subsidiary of the Controlling Subsidiary	30 March 2019	www.cninfo.com.cn (Announcement No. 2019-029)
Announcement on Financial Assistance and Related-party Transaction by Joint-stock Subsidiary	7 September 2019	www.cninfo.com.cn (Announcement No. 2019-067)
Announcement on Financial Assistance and Outward Investment to the Joint-stock Subsidiary by the Controlling Subsidiary	26 November 2019	www.cninfo.com.cn (Announcement No. 2019-090)
Announcement on Adjustment of Deposit and Credit Limit with China Merchants Group Finance Co., Ltd. and Signing the Supplemental Agreement (II) of Financial Service Agreement and Related-party Transaction	26 November 2019	www.cninfo.com.cn (Announcement No. 2019-089)
Announcement on Financial Assistance and Related-party Transaction by Controlling Subsidiary	25 December 2019	www.cninfo.com.cn (Announcement No. 2019-098)

XVII. Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Details of entrustment

On 13 December 2018, the Company held the 10th Extraordinary Meeting of the 9th Directors of the Board, on which the Proposal on Signing Custody Agreement of Equity of Liaoning Port Group Co., Ltd. between the Company and China Merchants (Liaoning) Port Development Co., Ltd. was reviewed and approved. The Company was allowed to sign the Custody Agreement of Equity of Liaoning Port Group Co., Ltd. with China Merchants (Liaoning) Port Development Co., Ltd., the indirect wholly-owned subsidiary of CMG, and made an appointment that China Merchants (Liaoning)

Port Development entrusted all 49.9% shares of Liaoning Port Group Co., Ltd. held by it as of 13 December 2018 to the Company for management.

Project which generates profit or loss reaching over 10% of total profits of the Company during the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major guarantees

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
CMA CGM SA	N/A	-	11 June 2013	0	General guarantee	About 6 years	Yes	No
CMA CGM SA	N/A	8,030.52	11 June 2013	8,030.52	General guarantee	About 20 years	No	No
PORT DE DJIBOUTI S.A.,	N/A	-	14 June 2016	-	General guarantee	About 3 years	Yes	Yes
KHOR AMBADO FZCO	30 March 2019	20,091.46	24 May 2019	11,839.84	Joint liability guarantee	About 13 years	No	Yes
Total approved line for such guarantees in the Reporting Period (A1)		20,091.46		Total actual amount of such guarantees in the Reporting Period (A2)		20,091.46		
Total approved line for such guarantees at the end of the Reporting Period (A3)		28,121.98		Total actual balance of such guarantees at the end of the Reporting Period (A4)		19,870.36		
Guarantee between the Company to its subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not

Chiwan Wharf Holdings (Hong Kong) Limited	30 March 2019	400,000.00	31 July 2019	300,000.00	Joint liability guarantee	About 1 year	No	No
China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd	30 March 2019	12,800.00	-	-	-	-	-	-
Total approved line for such guarantees in the Reporting Period (B1)			412,800.00		Total actual amount of such guarantees in the Reporting Period (B2)			300,000.00
Total approved line for such guarantees at the end of the Reporting Period (B3)			412,800.00		Total actual balance of such guarantees at the end of the Reporting Period (B4)			300,000.00
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
China Merchants International Terminal (Qingdao) Co., Ltd.	30 March 2019	70,000.00	-	-	-	-	-	-
China Merchants International Terminal (Qingdao) Co., Ltd.	30 March 2019	10,000.00	-	-	-	-	-	-
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	N/A	80,000.00	12 January 2017	76,000.00	Joint liability guarantee	About 10 years	No	No
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	30 March 2019	100,000.00	-	-	-	-	-	-
China Merchants International (China) Investment Co., Ltd.	N/A	2,500.00	30 June 2016	2,500.00	Joint liability guarantee	About 10 years	No	No
China Merchants Finance Company Limited	4 May 2012	348,810.00	4 May 2012	348,810.00	General guarantee	About 10 years	No	No
China Merchants Finance Company Limited	3 August 2015	348,810.00	3 August 2015	348,810.00	General guarantee	About 10 years	No	No
China Merchants Finance Company Limited	3 August 2015	139,524.00	3 August 2015	139,524.00	General guarantee	About 5 years	No	No
CMHI Finance (BVI) Co., Ltd	6 August 2018	627,858.00	6 August 2018		General guarantee	About 5 years	No	No
CMHI Finance (BVI) Co., Ltd	6 August 2018	418,572.00	6 August 2018	418,572.00	General guarantee	About 10 years	No	No
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	244,097.24	16 September 2012	8,677.55	General guarantee	About 13 years	No	No
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	10,464.30	16 September 2012	10,464.30	General guarantee	Infinite	No	No

COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	17,440.50	16 September 2012	17,440.50	General guarantee	Infinite	No	No
Colombo International Container Terminals Limited	30 March 2019	200,000.00	-	-	-	-	-	-
Lome Container Terminal Co., Ltd.	N/A	7,815.50	June 2015	1,695.96	General guarantee	About 9 years	No	No
Lome Container Terminal Co., Ltd.	N/A	7,815.50	June 2015	1,695.96	General guarantee	About 9 years	No	No
Lome Container Terminal Co., Ltd.	N/A	7,815.50	June 2015	1,695.96	General guarantee	About 9 years	No	No
China Merchants Port Development (Shenzhen) Co., Ltd.	N/A	320,000.00	31 July 2017	154,000.00	Joint liability guarantee	About 5 years	No	No
China Merchants Port Development (Shenzhen) Co., Ltd.	30 March 2019	100,000.00	-	-	-	-	-	-
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	52,122.00	19 April 2018	46,909.80	General guarantee	About 6 years	No	No
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	74,368.89	7 November 2016	74,368.89	General guarantee	About 6 years	No	No
Shenzhen Haixing Harbor Development Co., Ltd.	30 March 2019	219,090.00	26 June 2019	16,150.08	Joint liability guarantee	About 3 years	No	No
Zhanjiang Port (Group) Co., Ltd.	30 March 2019	80,000.00	23 August 2017	7,000.00	Joint liability guarantee	About 2 years	No	No
HIPG, etc.	30 March 2019	419,500.00	-	-	-	-	-	-
Total approved line for such guarantees in the Reporting Period (C1)			1,198,590.00	Total actual amount of such guarantees in the Reporting Period (C2)			219,090.00	
Total approved line for such guarantees at the end of the Reporting Period (C3)			3,906,603.43	Total actual balance of such guarantees at the end of the Reporting Period (C4)			2,302,173.00	
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)			1,631,481.46	Total actual guarantee amount in the Reporting Period (A2+B2+C2)			539,181.46	
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			4,347,525.41	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)			2,622,043.36	
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				72.89%				
Of which:								
Balance of guarantees provided for shareholders, actual controller and their related parties (D)				11,839.84				
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)				2,178,280.42				
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)				975,237.08				

Total of the three amounts above (D+E+F)	3,165,357.34
Joint responsibilities possibly borne in the Reporting Period for undue guarantees (if any)	None
Provision of external guarantees in breach of the prescribed procedures (if any)	None

Particulars of guarantees adopting complex methods

Applicable Not applicable

(2) Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

No such cases in the Reporting Period.

(2) Entrusted Loans

Overview of entrusted loans in the Reporting Period

Unit: RMB'0,000

Amount	Capital resources	Undue balance	Overdue amount
3,430	Self-owned funds	3,430	-

Particulars of cash entrusted for wealth management with single significant amount or low security, bad liquidity, and no capital preservation

Applicable Not applicable

4. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVIII. Corporate Social Responsibilities

1. Fulfillment of Social Responsibilities

As an advocate and practitioner fulfilling the social responsibilities proactively, the Company leverages its own professional strengths to participate in charitable activities such as environmental protection, urban renewal, targeted poverty alleviation and reconstruction assistance to disaster-stricken areas, with an aim to safeguarding the rights and interests of its employees, attaching

importance to occupational health development, promoting urban and rural economic development and improving people's living standards. We also actively participate in various social organizations and political parties and strengthen our communication with the government and the industries to make use of our well-earned influence in the practice of enterprise social responsibilities.

The Company is always committed to take on historical missions and has a strong sense of social responsibilities. During our journey of growth and development, we never steer away from the original goal. We take the lead to address social problems, continue to seek for the matching point for mutual development with the society and explore appropriate models for conducting charitable business that meets the needs of the current generation. By leveraging our core strengths to launch professional charitable activities, support regional development and preserve fine cultures, we will incorporate social development needs into our daily operation activities and join hands with even more partners to create a harmonious society and promote social progress. Refer to Social Responsibility Report of China Merchants Port Group Co., Ltd. in 2019 for the fulfillment of social responsibilities in the Reporting Period for details.

2. Measures Taken for Targeted Poverty Alleviation

(1) Plan of Targeted Poverty Alleviation

In 2019, the Company undertook the poverty alleviation thinking and requirements from China Merchants Group Co., Limited, cooperated and participated actively in the investment of China Merchants Group Co., Limited such as educational poverty alleviation, industrial poverty alleviation and infrastructure construction, dedicating to make contributions to build a moderately prosperous society in 2020 in all respects.

The subsidiary of the Company, Zhanjiang Port Co., Ltd. carried out the targeted poverty alleviation in Mingli Village, Wuchuan, Guangdong Province. The plan is as follows:

Efforts have been made in the following aspects: First, in accordance with local government's plans on poverty alleviation, carry out poverty alleviation, cooperate in the building of new socialist countryside, work towards industrial prosperity, ecological livability, effective governance and well-off society, improve rural environments and gradually promote rural revitalization. Second, strengthen party building in Mingli Village, beef up position building and promotion under party building, strive to enhance the political theory level of party cadres, and drive the implementation of poverty alleviation. Third, guarantee the spending in poverty alleviation, expand the size of planting

and farming industries, drive the increase of project returns, raise the income of villagers and rural collectives, and strengthen poverty alleviation effects. Fourth, help impoverished households to find jobs and get rid of poverty in multiple respects. Fifth, help impoverished households in house renovation and repair and achieve the goal of building prosperous life. Sixth, continue charity works for Mingli Primary School and assist in the building of educational facilities. Seventh, guarantee the basic living needs of impoverished households. Eighth, promote consumption-based poverty alleviation and increase the income of impoverished households by buying their products instead of direct donation. Ninth, carry out condolence and other poverty alleviation work.

(2) Overview of Annual Targeted Poverty Alleviation

The subsidiary of the Company, Zhanjiang Port Co., Ltd. carried out the targeted poverty alleviation in Mingli Village, Wuchuan, Guangdong Province. The overview is as follows:

As of 31 December 2019, of the 127 persons in 47 impoverished households in Mingli Village, except for one person in one new household enjoying the five guarantees in the year, 126 in 46 of the households reached the “Eight Haves” goal and completed the task of casting off poverty, representing a poverty alleviation rate of 100% (The lowest annual household per capita income is RMB9,000 and the highest is RMB29,000). In 2019, the annual per capita income of the impoverished population of Mingli Village reached RMB13,292.23 (compared with RMB3,500 when the Company entered the Village for poverty alleviation in 2016), which had basically reached the 10 indicators for being excluded from relative impoverished villages. A number of projects have been completed and put to use, leading to substantial improvements to the appearance of the Village, delivering the achievements of building new socialist countryside to the villagers and further enhancing their sense of well-being.

(3) Results of Targeted Poverty Alleviation

Index	Unit of measurement	Amount/implementation
I. Overall situation	-	-
Of which: 1. Fund	RMB'0,000	124.56
2. Materials converted to cash	RMB'0,000	126
II. Subitem investment	-	-

1. Industrial development poverty alleviation	-	-
Of which: 1.1 Type of plan of industrial development poverty alleviation	-	Agriculture and forestry industrial poverty alleviation
1.2 Number of plan of industrial development poverty alleviation	Unit	1
1.3 Number of persons out of poverty which were helped to set up file card	Person	126
2. Transfer employment poverty alleviation	-	-
2.1 Number of persons of vocational training	Person	49
3. Relocation poverty alleviation	-	-
4. Educational poverty alleviation	-	-
4.1 Number of poor students supported	Person	2
5. Healthcare poverty alleviation	-	-
6. Ecological protection poverty alleviation	-	-
7. Basic living standard guarantee	-	-
Of which: 7.1 Investment amount for three kinds of left-behind person	RMB'0,000	2.65
7.2 Assistant number of three kinds of left-behind person	Person	9
8. Social poverty alleviation	-	-
8.1 Investment amount of targeted poverty alleviation	RMB'0,000	100
9. Other plans	-	-
III. Awards received (content, level)	-	-

3. Issues Related to Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities.

No.

The Company has made efforts to build green ports, formulate rules and policies on the management of energy conservation and environmental protection, further specify the content and mechanism for comprehensive monitoring and management of energy conservation and environmental protection, identify and deal with climate risk and beef up environmental risk assessment and management. The Company has continued to develop and apply new energy-efficient and eco-friendly technologies and products, further expand the application of a number of such technologies and products, such as “ship shore-based power supply” and “oil-to-electricity technology for reach stackers and stackers”, and perform monitoring, regulation and legal and conforming disposal of general and hazardous waste,

air pollution, dust pollution, water pollution and noise pollution. While promoting the concept of green office and carrying out diverse green public welfare activities, the Company has advanced the building of green supply chains and continuously enhanced its level of energy conservation, emission reduction and environmental management. Refer to *2019 Social Responsibilities Report of CMPort* for detail on the Company's environmental protection during the Reporting Period.

XIX Other Significant Events

1. Major Equity Acquisitions

During the Reporting Period, the Company included Zhanjiang Port into its consolidation scope. The detailed information is as follows:

On 31 December 2018, China Merchants International Terminals (Zhanjiang) Limited, a subsidiary of the Company, obtained 1,809,310,930 shares of A common stock shares of the Zhanjiang Port representing approximately 40.2916% of the total issued shares of the Zhanjiang Port.

On 2 January 2019, the Company signed the *Share Transfer Agreement on Zhanjiang Port (Group) Co., Ltd.* with Guangdong Sinotrans Co., Ltd., which stipulated to transfer the ordinary shares of 201,034,548 of Zhanjiang Port held by Sinotrans Guangdong Co., Ltd. to the Group which take account 5% of the total shares issued by Zhanjiang Port at the agreement signing date at the consideration of RMB375,334,390.00. For more information, refer to the *Announcement on the Resolution of the 1st Special Meeting of the 9th Board of Directors in 2019* (Announcement No.: 2019-001) disclosed on the cninfo website on 3 January 2019.

The subsidiary of the Company CWH (H.K.) signed in Zhanjiang on 8 January 2019 the Agreement on a Capital Increase to Zhanjiang Port (Group) Co., Ltd. with Zhanjiang Infrastructure Investment and Zhanjiang Port (hereinafter referred to as the "Capital Increase Agreement"). According to the provisions of the Capital Increase Agreement, Zhanjiang Port issued 1,853,518,190 additional ordinary shares at the price of RMB1.867 per share or the equivalent in the foreign currency (based on the exchange rate at the time of payment) to increase its registered capital to RMB5,874,209,145. CWH (H.K.) subscribed for 1,606,855,919 such ordinary shares, accounting for 27.3544% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB3,000,000,000.77 or the equivalent in the foreign currency (based on the exchange rate at the time of payment); and Zhanjiang Infrastructure Investment subscribed for 246,662,271 shares, accounting for 4.1991% of the issued shares of Zhanjiang Port as at the date of issuance of such shares, at a total price of RMB460,518,459.96. For details, please refer to the *Announcement on Resolutions of the 2nd Special Meeting of the 9th Board of Directors in 2019* (No.: 2019-004), *Announcement of China Merchants Port Group Co., Ltd. on External Investments by the Wholly-owned Subsidiary and Related-party Transactions* (No.: 2019-005) disclosed on Cninfo on 9 January 2019 and *Announcement on Resolutions of the 1st Extraordinary General Meeting of 2019* (No.: 2019-013) disclosed on Cninfo on 25 January 2019.

As of 3 February 2019, the above transaction was finished. Since then, the total ordinary shares in Zhanjiang Port held by the Company were 3,427,890,467 shares accounting for 58.3549% of total issued shares of Zhanjiang Port. The Company has the control power over Zhanjiang Port and may enjoy unfixed returns through engaging in its relevant activities. Therefore, the Company included

Zhanjiang Port in the scope of the Company's consolidated financial statements.

2. Introduction of Strategic Investors and Fundraising Projects

During the Reporting Period, the Company successfully introduced two strategic investors and fundraising projects. It has effectively improved the governance structure of the Company as a listed company and vigorously promoted the implementation of its strategies, bearing great significance to the long-term development of the Company.

The issue price of the private placement of stocks for the fund raised this time was RMB17.16 per share, which was no less than 90% of the average stock trading price of CMPort for the 20 trading days prior to the date of pricing benchmark (RMB15.99/share) and no less than the audited net assets per share of the Company at the end of the last reporting period (RMB17.15 per share). After the fundraising through the private placement of stocks, the Company had 128,952,746 additional shares with a total raised fund of RMB2,212,829,121.36. The initial listing date of the aforementioned new shares was 4 November 2019. (Announcement No.: 2019-078)

The Company had a total share capital of 1,793,412,378 shares before the registration of the new shares. After the private placement, its total share capital increased to 1,922,365,124 shares. The new shares of the fundraising through private placement are restricted tradable shares. Related specific investors who have subscribed the shares are not allowed to transfer within twelve months upon the date of listing.

The issue target of the financing is Shenzhen Infrastructure Investment Fund Partnership (Limited Partnership) and China-Africa Development Fund Co., Ltd. The details are as follows:

No.	Name of issue target	Shares	Amount (RMB)
1	Shenzhen Infrastructure Investment Fund Partnership (Limited Partnership)	64,850,182	1,112,829,123.12
2	China-Africa Development Fund Co., Ltd.	64,102,564	1,099,999,998.24
Total		128,952,746	2,212,829,121.36

The Articles of Association has made according adjustments for above changes of registered capital which has been reviewed and approved by the 11th Special Meeting of the 9th Board of Directors in 2019 held on 22 November 2019 and the 4th Extraordinary General Meeting of 2019 held on 11 December 2019.

3. Information Disclosure Index

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	Title
2019-001	3 January 2019	Announcement on Resolutions of the 1 st Special Meeting of the 9 th Board of Directors in 2019
2019-002	3 January 2019	Announcement on the Related-party Transaction regarding Assets Acquisition
2019-003	5 January 2019	Announcement on the Progress of the Related-party Transaction

		regarding Assets Acquisition
2019-004	9 January 2019	Announcement on Resolutions of the 2 nd Special Meeting of the 9 th Board of Directors in 2019
2019-005	9 January 2019	Announcement on the Related-party Transaction regarding Foreign Investments by the Wholly-owned Subsidiary
2019-006	9 January 2019	Reminder of Convening the 1 st Extraordinary General Meeting of 2019
2019-007	12 January 2019	Announcement on Resolutions of the 3 rd Special Meeting of the 9 th Board of Directors in 2019
2019-008	12 January 2019	Announcement on a Wholly-Owned Sub-subsidiary of a Majority-Owned Subsidiary Participating in a Land Readjustment in Qianhai and the Related-Party Transaction
2019-009	16 January 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of December 2018
2019-010	19 January 2019	Announcement on the Due Payment of 2018 Phase I Super-short-term Financing Bonds
2019-011	23 January 2019	Announcement on Resolutions of the 4 th Special Meeting of the 9 th Board of Directors in 2019
2019-012	23 January 2019	Announcement on a Related-Party Transaction of a Majority-Owned Subsidiary
2019-013	25 January 2019	Announcement on Resolutions of the 1 st Extraordinary General Meeting of 2019
2019-014	28 January 2019	Announcement on the Extension of the Share Lock-up Period by the Controlling Shareholder
2019-015	30 January 2019	2018 Annual Performance Forecast
2019-016	2 February 2019	Announcement on Resolutions of the 5 th Special Meeting of the 9 th Board of Directors in 2019
2019-017	2 February 2019	Reminder of Convening the 2 nd Extraordinary General Meeting of 2019
2019-018	12 February 2019	Announcement on Progress of Related-party Transaction regarding Foreign Investments by the Wholly-owned Subsidiary
2019-019	16 February 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of January 2019
2019-020	26 February 2019	Announcement on Resolutions of the 2 nd Extraordinary General Meeting of 2019
2019-021	16 March 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of February 2019
2019-022	19 March 2019	Announcement on the Change of the Company's Registered Information with the Industrial and Commercial Administration
2019-023	30 March 2019	Announcement on Resolutions of the 5 th Meeting of the 9 th Board of Directors
2019-024	30 March 2019	Announcement on Resolutions of the 5 th Meeting of the 9 th Supervisors of Committee
2019-025	30 March 2019	Abstract of Annual Report 2018
2019-026	30 March 2019	Announcement on the Related-Party Transaction Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2019

2019-027	30 March 2019	Announcement on the External Guarantee Progress of a Majority-Owned Subsidiary of the Company in 2018 and the Expected New External Guarantee Line in the Next 12 Months
2019-028	30 March 2019	Announcement on the Provision of Guarantee by a Majority-Owned Subsidiary for Its Minority-Owned Subsidiary
2019-029	30 March 2019	Announcement on a Wholly-Owned Subsidiary of a Majority-Owned Subsidiary Entering into a Land Lease Agreement and the Related-Party Transaction
2019-030	30 March 2019	Announcement on the Adjusted Limits of Deposits in and Loans from and Entering into a Supplementary Agreement to the Financial Service Agreement with China Merchants Group Finance Co., Ltd. and the Related-Party Transaction
2019-031	30 March 2019	Announcement on Changes to the Accounting Policies
2019-032	30 March 2019	Announcement on the Confirmation of the Continuing Related-Party Transactions in 2018 and the Estimation of Such Transactions in 2019
2019-033	30 March 2019	Reminder of Convening the 3 rd Extraordinary General Meeting of 2019
2019-034	30 March 2019	Announcement on the Disclosure of the 2018 Annual Results by a Majority-Owned Subsidiary
2019-035	30 March 2019	Announcement on the Online Investor Communication on the 2018 Annual Results to Be Held
2019-036	30 March 2019	Announcement on Changes to the Office Address, Telephone Number and Other Corporate Information
2019-037	13 April 2019	Announcement on an Estimated Growth in the Q1 2019 Results
2019-038	16 April 2019	Announcement on Resolutions of the 3 rd Extraordinary General Meeting of 2019
2019-039	16 April 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of March 2019
2019-040	26 April 2019	Announcement on the Related-Party Transactions of a Majority-Owned Subsidiary
2019-041	30 April 2019	Announcement on Resolutions of the 6 th Special Meeting of the 9 th Board of Directors in 2019
2019-042	30 April 2019	The Text of the First Quarter Report 2019
2019-043	30 April 2019	Announcement on the Related-Party Transactions of a Majority-Owned Subsidiary
2019-044	30 April 2019	Announcement on the Provision of Financial Aid by a Majority-Owned Subsidiary to Its Majority-Owned Subsidiary
2019-045	30 April 2019	Reminder of Convening the 2018 Annual General Meeting
2019-046	30 April 2019	Announcement on the Changed Name and Business Scope of a Wholly-Owned Subsidiary
2019-047	9 May 2019	Announcement on Additional Proposals for the 2018 Annual General Meeting and the Updated Notice of the 2018 Annual General Meeting
2019-048	16 May 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of April 2019
2019-049	21 May 2019	Announcement on Resolutions of the 2018 Annual General Meeting
2019-050	31 May 2019	Reminder of Issuance of 2019 Phase I and Phase II Super-short-term

		Financing Bonds
2019-051	11 June 2019	Announcement on Issue Results of 2019 Phase I and Phase II Super-short-term Financing Bonds
2019-052	15 June 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of May 2019
2019-053	28 June 2019	Announcement on Resolutions of the 7 th Special Meeting of the 9 th Board of Directors in 2019
2019-054	3 July 2019	Announcement on 2018 Equity Distribution Implementation
2019-055	11 July 2019	Announcement on an Estimated Growth in the H1 2019 Results
2019-056	16 July 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of June 2019
2019-057	16 August 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of July 2019
2019-058	16 August 2019	Announcement on Resignation of Securities Affairs Representative
2019-059	30 August 2019	Voluntary Announcement on Signing Strategic Cooperative Framework Agreement
2019-060	31 August 2019	Announcement on the 6 th Meeting of the 9 th Board of Directors
2019-061	31 August 2019	Announcement of the 6 th Meeting of the 9 th Supervisory Committee
2019-062	31 August 2019	Abstract of Interim Report 2019
	31 August 2019	Abstract of Interim Report 2019 (English Version)
2019-063	31 August 2019	Announcement on Changes of Accounting Policies
2019-064	31 August 2019	Announcement on the Disclosure of the 2019 Interim Results by a Majority-Owned Subsidiary
2019-065	31 August 2019	Announcement on the Online Investor Communication on the 2019 Interim Results to Be Held and Participation of 2019 Online Collective Reception Activity for Investors of Shenzhen Listed Companies
2019-066	7 September 2019	Announcement on Resolutions of the 8 th Special Meeting of the 9 th Board of Directors in 2019
2019-067	7 September 2019	Announcement on Providing Financial Aid for Sharing Companies and Related-party Transactions
2019-068	16 September 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of August 2019
2019-069	11 October 2019	Announcement on Resolutions of the 9 th Special Meeting of the 9 th Board of Directors in 2019
2019-070	11 October 2019	Announcement on Resolutions of the 2 nd Special Meeting of the 9 th Supervisory Committee in 2019
2019-071	11 October 2019	Announcement on an Estimated Growth in the Q3 2019 Results
2019-072	15 October 2019	Announcement on the Due Payment of 2016 Phase I Medium Term Note
2019-073	17 October 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of September 2019
2019-074	31 October 2019	Announcement on Resolutions of the 10 th Special Meeting of the 9 th Board of Directors in 2019
2019-075	31 October 2019	The Text of the Third Quarter Report 2019

	31 October 2019	The Text of the Third Quarter Report 2019 (English Version)
2019-076	31 October 2019	Announcement on Changes of Accounting Policies
2019-077	1 November 2019	Asset Acquisition and Supporting Fund Raising by Share Issuance and the Related-party Transaction Regarding the Report on Result of Private Placement of Stocks and the Abstract of the Listing Announcement
2019-078	1 November 2019	Asset Acquisition and Supporting Fund Raising by Share Issuance and the Related-party Transaction Regarding the Report on Result of Private Placement of Stocks for Raising Supporting Funds
2019-079	1 November 2019	Announcement on Changes in Shareholdings of Directors, Supervisors and Senior Executives
2019-080	1 November 2019	Report on Commitments of Parties Related to Raised Supporting Funds
2019-081	16 November 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of October 2019
2019-082	22 November 2019	Announcement on Signing the Three-party Supervision Agreement on Raised Funds
2019-083	26 November 2019	Announcement on Resolutions of the 11 th Special Meeting of the 9 th Board of Directors in 2019
2019-084	26 November 2019	Announcement on Resolutions of the 4 th Special Meeting of the 9 th Supervisory Committee in 2019
2019-085	26 November 2019	Announcement on Changes in Use of Some Raised Funds
2019-086	26 November 2019	Announcement on Providing Borrowings for the Majority-owned Subsidiary with Raised Funds for Implementing the Equity Investment Project and Related-party Transactions
2019-087	26 November 2019	Announcement on Replacement of Self-raised Funds Previously Input with Raised Funds
2019-088	26 November 2019	Announcement on Cash Management with Idle Raised Funds
2019-089	26 November 2019	Announcement on Adjusting Quotas of Deposits and Loans and Signing the Supplementary Agreement II of Financial Service Agreement as well as Related-party Transactions with China Merchants Group Finance Co., Ltd.
2019-090	26 November 2019	Announcement on Providing Financial Aid by the Majority-owned Subsidiary to its Sharing Subsidiary and Related-party Transactions regarding External Investments
2019-091	26 November 2019	Reminder of Convening the 4 th Extraordinary General Meeting of 2019
2019-092	27 November 2019	Announcement on Approval of Public Issuance of Corporate Bonds
2019-093	27 November 2019	Announcement on Approval of Registration of Issuing Super-short-term Financing Bonds and Medium Term Notes
2019-094	5 December 2019	Announcement on the Due Payment of 2019 Phase I Super-short-term Financing Bonds
2019-095	12 December 2019	Announcement on Resolutions of the 4 th Extraordinary General Meeting of 2019
2019-096	14 December 2019	Announcement on Voluntary Information Disclosure of Business Volume Data of November 2019
2019-097	25 December 2019	Announcement on Resolutions of the 12 th Special Meeting of the 9 th Board

		of Directors in 2019
2019-098	25 December 2019	Announcement on Providing Financial Aid by Majority-owned Subsidiaries and Related-party Transactions
2019-099	25 December 2019	Announcement on Resignation of Vice President

XX Significant Events of Subsidiaries

On 25 November 2019, CMPort Holdings signed a memorandum of agreement with CMA, according to which, CMA intended to transfer the equity assets of 10 ports it held to Terminal Link (TL). To complete the transfer, CMPort Holdings would provide TL with a financing of no more than US\$968 million, including guaranteed long-term loans of no more than US\$500 million with a term of eight years and mandatory convertible securities of no more than US\$468 million for the subscription of TL. At the maturity of the long-term loans, CMA would provide the cash required for repaying the loans by injecting capital in TL and all the convertible securities held by CMPort Holdings would be converted into TL's equity on a mandatory basis. On 26 March 2020, CMPort Holdings completed the acquisition of Phase I eight target ports, with the subscription of mandatory convertible securities and prepayment of the loans amounting to approximately US\$815 million.

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	1,148,860,804	64.06%	128,952,746	0	0	-42,554	128,910,192	1,277,770,996	66.47%
1. Shares held by state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal person	0	0.00%	128,952,746	0	0	0	128,952,746	128,952,746	6.71%
3. Shares held by other domestic investors	212,156	0.01%	0	0	0	-42,554	-42,554	169,602	0.01%
Including: Shares held by domestic legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural person	212,156	0.01%	0	0	0	-42,554	-42,554	169,602	0.01%
4. Shares held by foreign investors	1,148,648,648	64.05%	0	0	0	0	0	1,148,648,648	59.75%
Including: Shares held by foreign legal person	1,148,648,648	64.05%	0	0	0	0	0	1,148,648,648	59.75%
Shares held by foreign natural person	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	644,551,574	35.94%	0	0	0	42,554	42,554	644,594,128	33.53%
1. RMB ordinary shares	464,855,324	25.92%	0	0	0	3,000	3,000	464,858,324	24.18%
2. Domestically listed foreign shares	179,696,250	10.02%	0	0	0	39,554	39,554	179,735,804	9.35%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,793,412,378	100.00%	128,952,746	0	0	0	128,952,746	1,922,365,124	100.00%

Reasons for share changes:

1. Raising supporting funds through share issuance; 2. Changes in directors, supervisors, and senior executives of the Company in December 2018.

Approval of share changes:

On 19 June 2018, the Company's 5th Special Meeting of the 9th Board of Directors in 2018 reviewed and approved the Proposal on Raising Supporting Funds by the Company.

On 28 June 2018, SASAC issued the Reply to the Issues in Respect of the Private Placement of A-Shares by Shenzhen Chiwan Wharf Holdings Limited (GZCQ [2018] No. 360). In principle, this plan of raising supporting funds was approved.

On 26 July 2018, the Company held the 2nd Extraordinary General Meeting of 2018 and approved the Proposal on Raising Supporting Funds by the Company.

On 9 October 2018, the Commission for Reviewing M&A of Listed Companies under China Securities Regulatory Commission approved the Company's issue of shares by asset acquisition and raising of supporting funds and related-party transactions.

On 31 October 2018, the Company received the Reply on the Approval of the Issue of Shares by Shenzhen Chiwan Wharf Holdings Limited to China Merchants Investment Development Company Limited for Asset Acquisition and Raising of Supporting Funds (ZJXK [2018] No. 1750) from China Securities Regulatory Commission which approved this transaction.

Transfer of share ownership:

Applicable Not applicable

The Company received the Confirmation of Acceptance of Share Registration Application issued by China Securities Depository and Clearing Co., Ltd. on 28 October 2019 which confirmed that the increased shares issued by the listed company for raising supporting funds was 128,952,746 (restricted public shares). The first trading day of above increased shares was 4 November 2019.

Progress on any share repurchases:

Applicable Not applicable

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

Applicable Not applicable

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

The total shares in this private placement were 128,952,746, and the total share capital after the issuance was 1,922,365,124. The net asset value per share and earnings per share before and after this issuance calculated on the basis of financial data of 2018 and January to September in 2019 were as follows:

Item	Before		After	
	January-September 2019/30 September 2019	2018/31 December 2018	2019/31 December 2019	2018/31 December 2018
Net asset value per share(RMB per share)	18.4	17.15	18.71	17.14
EPS (RMB per share)	1.38	0.61	1.51	0.57

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

Applicable Not applicable

2. Changes in Restricted Shares

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of increased restricted shares	Number of released restricted shares	Number of restricted shares at the period-end	Reason for restriction	Date of restriction release
China Merchants Investment Development Company Limited	1,148,648,648	0	0	1,148,648,648	According to relevant laws and regulations and the shareholder commitment	June 2022
Yuan Yuhui	10,530	0	0	10,530	According to the Articles of Association and the relevant laws and regulations	-
Ni Keqin	21,909	0	0	21,909	According to the Articles of Association and the relevant laws and regulations	-
Zheng Shaoping	9,496	0	0	9,496	According to the Articles of Association and the relevant laws and regulations	-
Zhang Jianguo	74,282	18,570	0	55,712	According to the Articles of Association and the relevant laws and regulations	December 2020
Zhao Chaoxiong	64,954	16,238	0	48,716	According to the Articles of Association and the relevant laws and regulations	December 2020
Wang Yongli	4,985	1,246	0	3,739	According to the Articles of Association and the relevant laws and regulations	December 2020
Yao Shenglan	26,000	6,500	0	19,500	According to the Articles of Association and the relevant laws and regulations	December 2020

Total	1,148,860,804	42,554	0	1,148,818,250	--	--
-------	---------------	--------	---	---------------	----	----

II. Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Name of stock and its derivative securities	Issuing date	Issuing price (or interest rate)	Numbers	Listing date	Approved numbers for trading	Expiry date of the trading
Stock						
Private placement of A shares	28 October 2019	RMB17.16 per share	128,952,746	4 November 2019	128,952,746	4 November 2019
Convertible corporate bonds, separate bargaining convertible corporate bonds and corporate bonds						
Other derivative securities						

Explanation for securities (exclusive of preferred shares) issued in the Reporting Period

On 28 October 2019, the 128,952,746 A shares issued by the Company was registered on Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Those shares were traded on Shenzhen Stock Exchange on 4 November 2019.

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

At the beginning of the Reporting Period, the total share capital of the Company was 1,793,412,378 shares. During the Reporting Period, shares through private placement for raising supporting funds were 128,952,746 shares. After the registration of the increased shares, the total share capital of the Company was changed into 1,922,365,124 shares. There is no case in which other shareholders became the controlling shareholders of the Company through subscribing the shares in this private placement which will not cause any changes in the control power over the Company. After this issuance, the listed company still conforms to the listing conditions of stock trading.

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders at the period-end	34,398	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	35,454	Number of preferred shareholders with resumed voting rights at the period-end (if any) (see note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8)	0
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen
CHINA MERCHANTS INVESTMENT DEVELOPMENT COMPANY LIMITED	Foreign legal person	59.75%	1,148,648,648	0	1,148,648,648	0	0
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	State-owned legal person	19.29%	370,878,000	0	0	370,878,000	0
SHENZHEN INFRASTRUCTURE INVESTMENT FUND-SHENZHEN INFRASTRUCTURE INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP)	Fund and wealth management products	3.37%	64,850,182	64,850,182	64,850,182	0	0
CHINA-AFRICA DEVELOPMENT FUND	State-owned legal person	3.33%	64,102,564	64,102,564	64,102,564	0	0
BROADFORD GLOBAL LIMITED	State-owned legal person	2.88%	55,314,208	0	0	55,314,208	0
CMBSA REFTIF TEMPLETON ASIAN GROWTH FUND GTI 5496	Foreign legal person	1.56%	29,976,596	-13,468,608	0	29,976,596	Unknown
NORGES BANK	Foreign legal person	0.15%	2,802,863	0	0	2,802,863	Unknown

CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned legal person	0.13%	2,513,355	-127,665	0	2,513,355	Unknown
MAI SHUQING	Domestic natural person	0.12%	2,376,747	15,700	0	2,376,747	Unknown
SHEN HUAILING	Domestic natural person	0.08%	1,519,849	1,519,849	0	1,519,849	Unknown
Strategic investors or general legal person becoming top-ten shareholders due to placing of new shares (if any) (see note 3)		N/A					
Related or acting-in-concert parties among the shareholders above	China Merchants Gangtong Development (Shenzhen) Co., Ltd. is a majority-owned subsidiary of Broadford Global Limited, and Broadford Global Limited is the controlling shareholder of China Merchants Investment Development Company Limited. The Company does not know whether the other unrestricted shareholders are related parties or not.						
Top 10 unrestricted shareholders							
Name of shareholder	Unrestricted shares held at the period-end	Shares by type					
		Type	Shares				
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	370,878,000	RMB ordinary share	370,878,000				
BROADFORD GLOBAL LIMITED	55,314,208	Domestically listed foreign share	55,314,208				
CMBSLA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	29,976,596	Domestically listed foreign share	29,976,596				
NORGES BANK	2,802,863	Domestically listed foreign share	2,802,863				
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,513,355	Domestically listed foreign share	2,513,355				
MAI SHUQING	2,376,747	RMB ordinary share	2,376,747				
SHEN HUAILING	1,519,849	Domestically listed foreign share	1,519,849				
VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,262,936	Domestically listed foreign share	1,262,936				
INDUSTRIAL AND COMMERCIAL BANK OF CHINA-FULLGOAL CHINA SECURITIES DIVIDEND INDEX STRENGTHEN SECURITIES INVESTMENT FUND	1,260,101	RMB ordinary share	1,260,101				

CHEN ZEHONG	1,240,000	RMB ordinary share	1,240,000
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	China Merchants Gangtong Development (Shenzhen) Co., Ltd. is a majority-owned subsidiary of Broadford Global Limited. The Company does not know whether the other unrestricted shareholders are related parties or not.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	N/A		

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

Yea No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a central state-owned legal person

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
BROADFORD GLOBAL LIMITED	Deng Weidong	27 November 2017	68550019-000-11-17-2	Port services, bonded logistic and cold chain services, property development and investment
Shareholdings of the controlling shareholder in other listed companies at home or abroad in this Reporting Period	N/A			

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Central institution for state-owned assets management

Type of the actual controller: legal person

Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
China Merchants Group	Li Jianhong	14 October 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, refloatation and tugboat; industrial production; construction, repairing, checking and marketing of shipping, offshore petroleum drilling equipment;

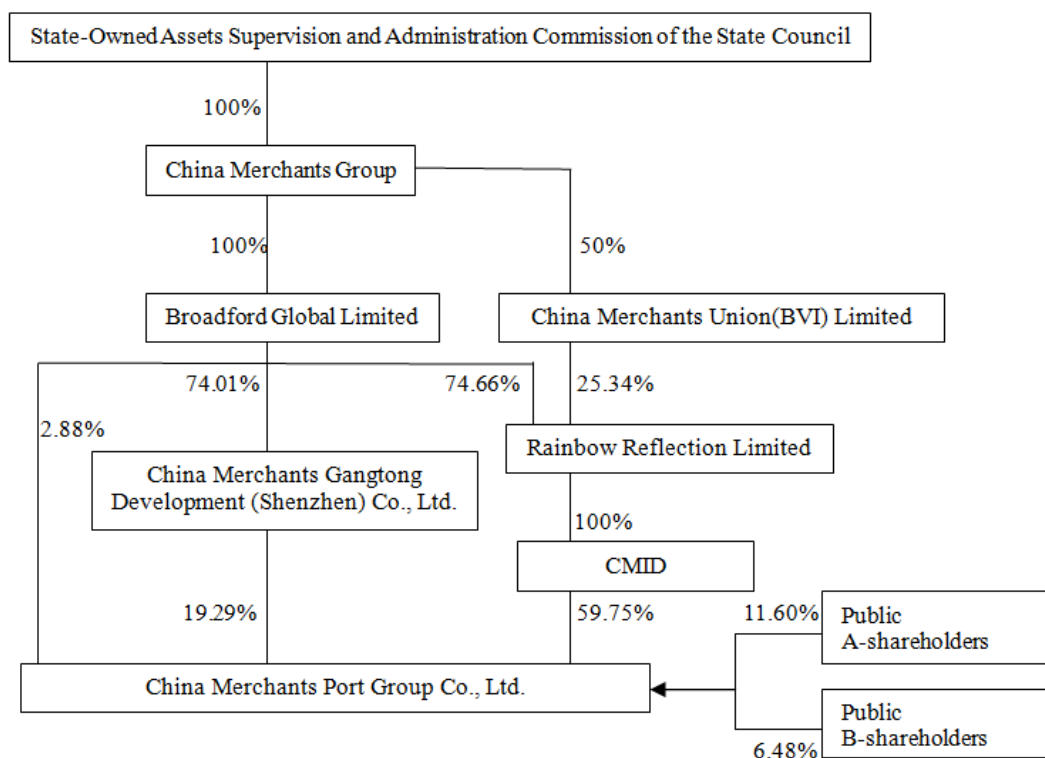
				repairing and checking of drilling platform and drilling container; overall contracting of water/land construction projects and the related offshore petroleum development projects, and their construction organization and logistic services; procurement, supply and sale of water/land communication and 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. (The company shall independently choose business items and carry out business activities according to law. For items requiring approval according to law, the company must obtain approval from related authorities before carrying out the business activities. The company shall not engage in business activities that are banned and restricted in the municipal industrial policies.)
Shareholdings of the actual controller in other listed companies at home or abroad in this Reporting Period	<p>China Merchants Group holds:</p> <p>62.77% shares of China Merchants Port Holdings Company Limited;</p> <p>54.39% shares of China Merchants Energy Shipping Co., Ltd;</p> <p>74.35% China Merchants Land Limited;</p> <p>68.72% shares of China Merchants Expressway Network & Technology Holdings Co., Ltd;</p> <p>56.34% shares of Sinotrans Limited;</p> <p>64.08% shares of China Merchants Shekou Industrial Zone Holdings Co., Ltd.;</p> <p>44.09% shares of China Merchants Securities Co. Ltd.;</p> <p>29.94% shares of Anhui Expressway Company Limited;</p> <p>29.97% shares of China Merchants Bank Co., Ltd;</p> <p>27.59% shares of China Merchants China Direct Investments Limited;</p> <p>26.77% shares of Shanghai International Port (Group) Co., Ltd;</p> <p>24.56% shares of China International Marine Containers (Group) Ltd;</p> <p>24.72% shares of Sichuan Expressway Company Limited;</p> <p>75.01% shares of Dalian Port (PDA) Company Limited;</p> <p>17.75% shares of Fujian Expressway Development Co., Ltd;</p> <p>16.52% shares of Heilongjiang Transport Development Co., Ltd;</p> <p>16.02% shares of Shandong Hi-speed Co., Ltd;</p> <p>15.43% shares of Henan Zhongyuan Expressway Co., Ltd;</p> <p>15.53% shares of Hubei Chutian Expressway Co., Ltd;</p> <p>14.04% shares of Jilin Expressway Co., Ltd;</p> <p>13.86% shares of Guangxi Wuzhou Communications Co., Ltd;</p> <p>11.69% shares of Jiangsu Expressway Company Limited;</p> <p>7.04% shares of Xiandai Touzi Co., Ltd;</p> <p>4.02% shares of Shenzhen Expressway Co., Ltd;</p> <p>3.09% shares of Ningbo Zhoushan Port Company Limited;</p> <p>2.54% shares of Qingdao Port International Co., Ltd;</p> <p>1.20% shares of Oriental Times Media Co., Ltd;</p> <p>0.37% shares of Hunan Sunward Intelligent Machine Co., Ltd;</p> <p>0.16% shares of CMMB Vision Holdings Limited;</p> <p>6.03% shares of S.F. Holding Co., Ltd.;</p> <p>27.02% shares of Nanjing Tanker Corporation;</p> <p>1.28% shares of Sinotrans & CSC Phoenix Co., Ltd.;</p> <p>0.53% shares of China Shipbuilding Industry Company Limited;</p> <p>19.08% shares of Jinzhou Port Co., Ltd.;</p> <p>78.29% shares of Yingkou Port Services Co., Ltd.;</p> <p>51.16% shares of China Merchants Property Operation & Service Co., Ltd.</p>			

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Name of corporate shareholders	Legal representative /person in charge	Date of establishment	Registered capital	Business scope or management activities
China Merchants Investment Development Company Limited	Hu Jianhua	15 November 2013	HKD28,287,989,241	Investment management of equities and others
China Merchants Gangtong Development (Shenzhen) Co., Ltd.	Deng Weidong	16 January 2018	RMB9,446 million	Provision of management services for ports (without involving special administrative measures on the access of foreign investment); port information inquiries, economic information consultation, economic information consultation, corporate management consultation, business information consultation, brand management consultation and logistics information consultation (excluding restricted items in each case); technical development and sales of ship machinery and equipment; technical services in respect of port loading and unloading equipment; supporting businesses in respect of the design, sales, import and export of loading and unloading tools, mechanical and electrical products and non-ferrous metal products (excluding precious metals) (Commodities that involve state trading, quota, license and special administrative regulations shall be operated through the application pursuant to related state regulations); technical

				development and technical services in respect of modern logistics information systems; supply chain management and related supporting services; design of logistics plans; planning of corporate image; planning of cultural exchange activities (without involving special administrative measures on the access of foreign investment); marketing planning; and planning of brand image. (In each case, any item forbidden by laws, administrative regulations and the State Council shall be excluded and restricted items shall be operated upon the attainment of the permission)
--	--	--	--	--

5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

For details, see III. Fulfillment of commitments in Part V Significant Events of this report

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Convertible Corporate Bonds

Applicable Not applicable

No convertible corporate bonds in the Reporting Period.

Part IX Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/ Former	Gender	Age	Start of tenure	End of tenure	Beginning sharehold ing (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/d ecrease (share)	Ending sharehold ing (share)
Deng Renjie	Chairman of the Board	Incumbent	Male	50	December 2018	June 2020	0	0	0	0	0
Bai Jingtao	Vice Chairman of the Board and CEO	Incumbent	Male	54	September 2017	June 2020	0	0	0	0	0
Yan Shuai	Director	Incumbent	Male	47	December 2018	June 2020	0	0	0	0	0
Su Jian	Director	Incumbent	Male	48	December 2018	June 2020	0	0	0	0	0
Song Dexing	Director	Incumbent	Male	57	December 2018	June 2020	0	0	0	0	0
Yuan Yuhui	Independent director	Incumbent	Male	69	June 2017	June 2020	14,040	0	0	0	14,040
Su Qiyun	Independent director	Incumbent	Male	56	June 2017	June 2020	0	0	0	0	0
Li Changqing	Independent director	Incumbent	Male	51	June 2017	June 2020	0	0	0	0	0
Liu Yingjie	Chairman of the Supervisory Committee	Incumbent	Male	48	December 2018	June 2020	0	0	0	0	0
Hu Qin	Supervisor	Incumbent	Female	53	December 2018	June 2020	0	0	0	0	0
Yang Yuntao	Supervisor	Incumbent	Male	53	December 2018	June 2020	0	0	0	0	0
Ni Keqin	Supervisor	Incumbent	Female	55	June 2017	June 2020	29,211	0	0	0	29,211
Zheng Linwei	Supervisor	Incumbent	Male	49	June 2017	June 2020	0	0	0	0	0
Zhang Yi	COO and GM	Incumbent	Male	49	December 2018	June 2020	0	0	0	0	0
Zheng Shaoping	Vice GM	Incumbent	Male	57	December 2018	June 2020	12,661	0	0	0	12,661

Huang Chuanjing	Vice GM and Secretary of the Board	Incumbent	Male	37	December 2018	June 2020	0	0	0	0	0
Lu Yongxin	Vice GM	Incumbent	Male	50	December 2018	June 2020	0	0	0	0	0
Li Yubin	Vice GM	Incumbent	Male	48	December 2018	June 2020	0	0	0	0	0
Wen Ling	CFO	Incumbent	Female	54	December 2018	June 2020	0	0	0	0	0
Fu Gangfeng	Former Chairman of the Board	Former	Male	53	December 2018	January 2020	0	0	0	0	0
Yan Gang	Former vice GM	Former	Male	47	December 2018	December 2019	0	0	0	0	0
Total	--	--	--	--	--	--	55,912	0	0		55,912

II Change of Directors, Supervisors and Senior Management

Name	Office title	Type of change	Date of change	Reason for change
Fu Gangfeng	Chairman of the Board	Left	31 January 2020	Job change
Yan Gang	Vice GM	Left	23 December 2019	Job change

III Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

Deng Renjie, Chairman of the Board, graduated from Beijing Electronic Science & Technology Institute, majoring in computing, and obtained a bachelor degree, later graduated from Dalian Maritime University, majoring in international economic law, and obtained master's degree. Deng Renjie now holds the post of the Executive Vice President of China Merchants Group Company Limited, President of Liaoning Port Group Co., Ltd., the Company's Chairman of the Board, Vice President of the 8th Council of China Highway and Transportation Society & Vice President of the 7th Council of China Transportation Association. Deng Renjie has successively held the posts of Researcher of General Office of Ministry of Communications, Deputy Director of General Office of Hunan Provincial Party Committee, Deputy Secretary General of Hunan Provincial Party Committee, Deputy Secretary General of Party Committee of Xinjiang Autonomous Region, Assistant President of China Merchants Group Company Limited, Director of General Manager's Office, and Chairman of the Board of China Merchants Expressway Network & Technology Holdings Co., Ltd. Deng Renjie has been being the Vice Chairman of the Board of the Company from December 2018 to January 2020, and has been being the Chairman of the Board of the Company since February 2020.

Bai Jingtao, Vice Chairman of the Board and Chief Executive Officer, Professor Level Senior Engineer, graduated from Department of Water Conservancy of Tianjin University and obtained bachelor's degree in port and waterway engineering. Later Bai Jingtao studied at Graduate School of

Wuhan University of Technology, Graduate School of Shanghai Maritime University and obtained master's degree in management science and engineering, doctor's degree in transportation planning and management respectively. Bai Jingtao now holds the post of the Company's Vice Chairman of the Board, CEO and Party Secretary, Managing Director of China Merchants Port Holdings Company Limited (CM Port Holdings). Bai Jingtao has successively held the posts of Assistant Engineer of CCCC Water Transportation Consultants Co., Ltd, Principal Staff of Division of Engineering Management and Division of Infrastructure Management of Ministry of Communications, Deputy Director and Director of Division of Infrastructure Management and Division of Water Transport of Ministry of Communications, Vice President of China Merchants Zhangzhou Development Zone Co., Ltd and Director of Zhangzhou Port Authority, Deputy Director of Xiamen Port Authority and Executive Deputy Commander of Construction Headquarters of Xiamen Haicang Bonded Port Area, Deputy President of China Merchants International Company Limited, Secretary of the Party Committee of China Merchants Zhangzhou Economic and Technological Development Zone and Executive Deputy Director of Management Committee, Secretary of the Party Committee and President of China Merchants Zhangzhou Economic and Technological Development Zone Company Limited. Bai Jingtao has been being the Director of the Company since September 2017 and the Director and Chief Executive Officer of the Company since December 2018, and has been being the Vice Chairman of the Board and Chief Executive Officer of the Company since April 2020.

Yan Shuai, Director, graduated from Harbin Engineering University, majoring in industrial automation, and obtained bachelor's degree in engineering. Later Yan Shuai obtained master's degree in management at Beijing University of Aeronautics and Astronautics. Yan Shuai now holds the posts of Director of Human Resources Department. Yan Shuai has successively held the posts of Deputy Researcher of General Office of the State Council of the People's Republic of China Second Secretariat, Vice President of China Merchants Group Finance Co., Ltd., Deputy Director (principal person) of Human Resources Department of China Merchants Group Company Limited. Yan Shuai has been being the Director of the Company since December 2018.

Su Jian, Director, Non-Practicing Member of The Chinese Institute of Certified Public Accountants, Intermediate Accountant, graduated from Department of Economics of Shanghai University of Finance and Economics, and obtained bachelor's degree in economics. Li Jian now holds the post of Director of Finance Department (Property Right Department) of China Merchants Group Company Limited. Li Jian has successively held the post of Financial Manager of China Merchants International Travel Co., Ltd., Senior Manager of Finance Department of China Merchants Shekou Industrial Zone, Senior Manager of Finance Department, Assistant Director of Finance Department, Deputy Director of Finance Department, Deputy Director of Human Resources Department, Deputy Director of Party Committee Office, Deputy Director of Organization Department of Party Committee, Deputy Director of Finance Department (Property Right Department) (principal person) in China Merchants Group Company Limited, Secretary of Party Committee, Secretary of Committee for Discipline Inspection, Vice President of China Merchants Industrial Group Company Limited. Su Jian has been being the Director of the Company since December 2018.

Song Dexing, Director, Senior Engineer, graduated from Department of Mechanics of Wuhan University of Technology (former name is Wuhan Institute of Water Transportation Engineering), and obtained bachelor's degree in engineering. Later Song Dexing obtained master's degree, majoring in transportation planning at Wuhan University of Technology and doctor's degree in management,

majoring in administrative management at Huazhong University of Science and Technology. Song Dexing now holds the posts of Business Director of Transportation & Logistics, Minister of Transportation & Logistics Business Department/Beijing Headquarters of China Merchants Group Company Limited, President, Secretary of Party Committee of SINOTRANS&CSC. Song Dexing has successively held the posts of Secretary of Youth League Committee, Engineer of Water Transport Planning & Design Institute of Ministry of Communications, Principal Staff of Division of Transport of Ministry of Communications, Deputy Director, Director of Container Office of Division of Water Transport of Ministry of Communications, Deputy Mayor of Luoyang Municipal People's Government (temporary post), Deputy Director of China Waterborne Transport Research Institute, Deputy Director, Director of Yangtze Three Gorges Navigation Administration, Deputy Director, Director of Division of Water Transport of Ministry of Communications, Director of Bureau of Water Transport of Ministry of Transport (Director of Taiwanese Affairs Office of the ministry), Vice Chairman of the Board, Member of Party Committee, Deputy Secretary of Party Committee, Secretary of Committee for Discipline Inspection of SINOTRANS&CSC, General Manager of SINOTRANS&CSC, Director of Department of Comprehensive Logistics Business of China Merchants Group Company Limited. Song Dexing has been being the Director of the Company since December 2018.

Yuan Yuhui, Independent Director, MBA, now acts as the Director of Shenzhen Riland Industrial Co., Ltd. He once acted as the Vice GM, Vice Director of China Nanshan Development (Group) Incorporation and the Director of the Company. And he has been being the Independent Director of the Company since August 2015.

Su Qiyun, Independent Director, 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 now is the founding partner of Beijing Deheng Law Office. 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 he has been an Independent Director of the Company since May 2014.

Li Changqing, Independent Director, 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 the Director of Senior Business Administration Education Center, professor and doctoral supervisor of Xiamen University. And he has been being an Independent Director of the Company since May 2014.

Liu Yingjie, Chairman of the Supervisory Committee, graduated from Capital University of Economics and Business, majoring in accounting, and obtained bachelor's degree in economics. Liu Yingjie now holds the post of Director of Risk Control Department/Law and Compliance Department of China Merchants Group. Liu Yingjie has successively held the posts of Deputy Director, Director of Division of Comprehensive Audit of Supervision Department of COSCO, Director of Division of Computer Audit, Assistant Director, Deputy Director of Risk Control Department/Audit Department of China Merchants Group. Liu Yingjie has been being the Chairman of the Supervisory Committee of the Company since December 2018.

Hu Qin, Supervisor, graduated from Peking University, majoring in international law, and obtained master's degree in law. Later Hu Qin studied at NUS Business School and obtained master's degree in management. Hu Qin now holds the post of Deputy Director of Risk Control Department/Law

&Compliance of China Merchants Group. Hu Qin has successively held the posts of Deputy General Manager of Planning Department of China Merchants Shekou Industrial Zone Company Limited, General Manager and General Counsel of Department of Legal Affairs, General Counsel of China Merchants Shekou Industrial Zone Holdings Co., Ltd., Deputy Director of Risk Control Department of China Merchants Group, Deputy Director of Legal Department. Hu Qin has been being the Supervisor of the Company Since December 2018.

Yang Yuntao, Supervisor, graduated from Jilin University, majoring in international law, and obtained bachelor's degree in law. Later Yang Yuntao studied at School of Law, University of International Business and Economics, and obtained doctor's degree in law. Yang Yuntao now holds the posts of Deputy Director of Transportation & Logistics Business Department/Beijing Headquarters of China Merchants Group Company Limited, Deputy General Manager and General Counsel of SINOTRANS&CSC, Member of Party Committee. Yang Yuntao has successively held the posts of Deputy General Manager of Port Business Department of Sino-Trans China National Foreign Trade Transportation Corporation, General Manager of Law Department, Director, Deputy President (principal person) of SINOTRANS (Hong Kong) Group Company Limited, Non-Executive Director of SINOTRANS Limited, General Manager of Law Department of Sino-Trans China Foreign Trade Transportation (Group) Corporation, General Manager, Deputy General Counsel, General Counsel of Law Department of SINOTRANS & CSC. Yang Yuntao has been being the Supervisor of the Company since December 2018.

Ni Keqin, Supervisor, is the Deputy GM of Chiwan Container Terminal Co., Ltd. now. She took the positions of Manager Assistant, Deputy Manager as well as Manager of the Operation Department and GM Assistant of CCT successively. She has been being the Supervisor of the Company since May 2008.

Zheng Linwei, Supervisor, graduated from NJAU, with a bachelor degree of Agricultural Foreign Trade and graduated from Shanghai Maritime University with MBA in 2004. He now serves as Vice GM of the Harbor Division, Dongguan Shenzhen Chiwan Wharf Holdings Limited and Dongguan Shenzhen Chiwan Terminal Co., Ltd. He has been being worked at the Harbor Division of the Company from August 1993. He once acted as Director of Operation Room of Department II of Commercial Freight of the Harbor Division of the Company, Manager Assistant, Vice Manager, and Manager of Department II of Commercial Freight. And he has been being the Supervisor of the Company since May 2014.

Zhang Yi, President and Chief Operational Officer, graduated from Wuhan Institute of Water Transportation Engineering and obtained bachelor's degree in transportation management engineering. Later Zhang Yi obtained doctor's degree in engineering at Wuhan University of Technology. Zhang Yi now holds the post of the GM & COO of the Company, Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Zhang Yi has successively held the posts of Planner of Planning Division of Zhanjiang Port Authority, Deputy Director of Planning Development Division of Zhanjiang Port Authority, Assistant Director of Zhanjiang Port Authority, Director, President, Secretary of Party Committee of Zhanjiang Port Group Company Limited. Zhang Yi has been being the President&COO of the Company since December 2018.

Zheng Shaoping, Vice President, graduated from Dalian Maritime University for postgraduate, majoring in international maritime law. Later Zheng Shaoping obtained master's degree in business

administration at The University of Wales. He now acts as the Vice President of the Company, the Executive Director and Vice General Manager of China Merchants Port Holdings Company Limited. He once acted as the Vice General Manager of Shenzhen Chiwan Wharf Holdings Limited & General Manager of Chiwan Wharf Container Company, Vice General Manager and Director of Shenzhen Chiwan Wharf Holdings Limited, General Manager and Director of Shenzhen Chiwan Wharf Holdings Limited, General Manager and Vice Chairman of the Board of Shenzhen Chiwan Wharf Holdings Limited, General Manager and Chairman of the Board of Shenzhen Chiwan Wharf Holdings Limited, Vice General Manager of China Nanshan Development (Group) Inc., Vice General Manager and Executive Director of China Merchants Holdings (International) Company Limited, Vice General Manager (General Manager Level) and Executive Director of China Merchants Holdings (International) Company Limited. He has been being the Vice President of the Company since December 2018.

Huang Chuanjing, Vice President and Board Secretary, graduated from the English Department of Shandong University of Science and Technology with a bachelor's degree in arts. Later, he obtained a master's degree in business administration at The University of Wales. Now he holds the post of the Vice President & Board Secretary of the Company. He once was the Director of Wharf Operation Department of China Merchants International Qingdao Wharf Company Limited, Assistant of General Manager's Office, Director of Administration Department of China Merchants International Company Limited, Assistant Director of General Office of China Merchants Group, Senior Manager, Assistant General Manager of General Office of China Merchants Group Company Limited, Assistant Director of General Office and secretary of the board of China Merchants Group Company Limited, Assistant Director of Board of Directors Office, Chief of Board Secretariat of General Office, Deputy Director of General Office and Deputy Director of Board of Directors Office in China Merchants Group Company Limited. Huang Chuanjing has been acting as the Vice President of the Company since December 2018.

Lu Yongxin, Vice President, graduated from Dalian University of Technology, and obtained bachelor's degree in English for science and technology. Later Lu Yongxin graduated from Curtin University and obtained master's degree in project management. Lu Yongxin now holds the post of Deputy GM of the Company, Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Lu Yongxin has successively held the posts of Assistant General Manager of Zhenhua Construction Co. Ltd., Deputy Director of CHEC (Beijing) Head Office, Deputy General Manager of Research & Development Department of China Merchants Port Holdings Company Limited (CM Port Holdings), General Manager of Overseas Business Department, Assistant General Manager. Lu Yongxin has been dispatched to Terminal Link in France to act as CFO and Senior Vice President. Lu Yongxin has been as the Vice President of the Company since December 2018.

Li Yubin, Vice President, graduated from Tianjin University, majoring in Harbor and Cannel Engineering with the bachelor of engineering degree, Tianjin University, majoring in engineering management, and obtained master's degree. Later Li Yubin graduated from The University of Hong Kong and obtained doctor's degree in real estate and construction. Li Yubin now holds the post of Deputy President of the Company and Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Li Yubin has successively held the posts of Deputy General Manager of Road and Bridge Project of China Harbor Company in Bangladeshi Office, Project

Director of Overseas Business Department of CHEC, Assistant General Manager of Planning and Commerce Department of China Merchants Port Holdings Company Limited (CM Port Holdings), General Manager, Deputy General Economist of Strategy and Operation Management Department, General Manager, Deputy General Economist of Strategy and Operation Department, General Manager of China Merchants Bonded Logistics Co., Ltd. and the Chief Representative of Representative Office of China Merchants Group in Djibouti. Li Yubin has been acting the Vice President of the Company since December 2018.

Wen Ling, Chief Financial Officer, graduated from Finance Dept. in Southwestern University of Finance and Economics with a master degree. Wen is now the CFO of the Company, the CFO of China Merchants Port Holdings Company Limited. Wen 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, Senior Vice Financial Manager, and GM of Capital Operation Dept. in China Merchants Port Holdings Company Limited. And Wen has been acting as the CFO of the Company since December 2018.

Offices held concurrently in shareholding entities:

Applicable Not applicable

Offices held concurrently in other entities:

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Deng Renjie	China Merchants Group Co., Limited	Vice President	March 2015		Yes
Deng Renjie	Liaoning Port Group	Chairman of the Board	November 2018		No
Deng Renjie	Yingkou Port Group Co., Ltd.	Chairman of the Board	April 2019		No
Deng Renjie	China Merchants Steamship Co., Ltd.	Chairman of the Supervisory Committee	June 2017		No
Deng Renjie	China Merchants Group (H.K.) Limited	Director	December 2015		No
Deng Renjie	Dalian Port Group Corporation Limited	Chairman of the Board	May 2019		No
Bai Jingtao	Liaoning Port Group	Director, GM	April 2019		No
Bai Jingtao	DaLian Port (PDA) Company Limited	Vice Chairman of the Board	June 2017	March 2019	No
Bai Jingtao	Terminal Link	Director	June 2017		No
Bai Jingtao	Shanghai International Port (Group) Co., Ltd.	Vice Chairman of the Board	June 2016		No
Yan Shuai	China Merchants Group (Beijing) Co., Limited	Director	July 2016		No
Yan Shuai	China Merchants Group (Shanghai) Co., Limited	Director	July 2016		No
Yan Shuai	Liaoning Port Group	Director	August 2019		No
Su Jian	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd.	Director	December 2018		No
Su Jian	CHINA MERCHANTS INTERNATIONAL FINANCE COMPANY LIMITED	Director	September 2017		No

Su Jian	China Merchants Zhangzhou	Director	September 2017		No
Su Jian	CHINA MERCHANTS FINANCE HOLDINGS COMPANY LIMITED	Director	September 2017		No
Su Jian	China Merchants Expressway Network & Technology Holdings Co., Ltd.	Director	July 2017		No
Su Jian	China Merchants Energy Shipping Co., Ltd.	Director	August 2017	January 2019	No
Su Jian	CHINA MERCHANTS UNION (BVI) LIMITED	Director	July 2017		No
Su Jian	DIVERSE SUCCESS LIMITED	Director	August 2019		No
Su Jian	CHINA MERCHANTS INDUSTRY HOLDINGS COMPANY LIMITED	Director	September 2017		No
Su Jian	China Merchants Securities Co., Ltd	Non-executive director	July 2017		No
Su Jian	Liaoning Port Group	Director	September 2019		No
Su Jian	Sinotrans Limited	Director	March 2019		No
Song Dexing	SINOTRANS&CSC	GM	June 2016		Yes
Song Dexing	Nanjing Port (Group) Co., Ltd.	Chairman of the Board	October 2017		No
Song Dexing	China Merchants Energy Shipping Co., Ltd.	Vice Chairman of the Board	August 2018		No
Song Dexing	Liaoning Port Group	Director	September 2019		No
Song Dexing	Sinotrans Limited	Vice Chairman of the Board, Executive Director	June 2018		No
Liu Yingjie	Sinotrans Limited	Chairman of the Supervisory Committee	March 2019		No
Liu Yingjie	China Merchants Group Finance Co., Ltd.	Chairman of the Supervisory Committee	August 2019		No
Liu Yingjie	China Merchants Energy Shipping Co., Ltd.	Shareholder supervisor	August 2017	June 2019	No
Liu Yingjie	China Yangtze Shipping Group Co., Ltd.	Chairman of the Supervisory Committee	November 2017		No
Hu Qin	Shenzhen China Merchants Shekou Asset Management Co., Ltd.	Supervisor	May 2015		No
Hu Qin	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Supervisor	May 2017		No
Hu Qin	China Merchants Hainan Development & Investment Co., Ltd.	Supervisor	December 2018		No
Yang Yuntao	SINOTRANS&CSC	Vice GM	June 2016		Yes
Yang Yuntao	China Yangtze Shipping Group Co., Ltd.	Director	December 2018		No
Zhang Yi	China Merchants Hainan Development & Investment Co., Ltd.	Director	December 2018		No
Zheng Shaoping	DaLian Port (PDA) Company Limited	Director	June 2017	March 2019	No
Zheng Shaoping	Ningbo Daxie China Merchants International Container Terminal	Director	April 2014		No
Zheng Shaoping	Ningbo Zhoushan Port Company Limited	Director	April 2015		No
Zheng Shaoping	Tianjin Five International Container Terminal Co., Ltd.	Director	April 2014	August 2019	No

Zheng Shaoping	Tianjin Port Container Terminal Co., Ltd.	Director	August 2019		No
Zheng Shaoping	Qingdao Qianwan United Container Terminal Co., Ltd.	Director	March 2016		No
Zheng Shaoping	Qingdao Qianwan New United Container Terminal Co., Ltd.	Director	March 2016		No
Zheng Shaoping	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Director	March 2017		No
Zheng Shaoping	Shanghai International Port (Group) Co., Ltd.	Director	May 2014		No
Zheng Shaoping	Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	Director	August 2016		No
Zheng Shaoping	Antong Holdings Co., Ltd.	Chairman of the Board	August 2016	March 2020	No
Zheng Shaoping	China Merchants Antong Logistics Management Co., Ltd.	Chairman of the Board	September 2019		No
Zheng Shaoping	Quanzhou Shanghangtong Logistics Management Co., Ltd.	Executive director	October 2019		No
Lu Yongxin	Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim ?irketi	Chairman of the Board	December 2019		No
Lu Yongxin	Tin-can Island Container Terminal Ltd	Vice Chairman of the Board	July 2019		No
Li Yubin	MODERN TERMINALS LIMITED	Director	March 2015		No
Li Yubin	Shenzhen Lianyongtong Terminal Co., Ltd.	Director	January 2014		No
Li Yubin	Cofco China Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Vice Chairman of the Board	August 2017	May 2019	No
Li Yubin	Silk Road Yishang Information Technology Co., Ltd.	Chairman of the Board	January 2019		No
Wen Ling	Shanghai International Port (Group) Co., Ltd.	Supervisor	July 2019		No
Wen Ling	China Nanshan Development (Group) Inc.	Supervisor	July 2019		No
Note	Offices of directors, supervisor, and senior management held concurrently in other entities exclude offices held in the Company and subsidiaries within the consolidation scope.				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

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 RMB150,000/year (tax included), which has been approved at the 3rd Extraordinary General Meeting of 2018.

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.

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.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Deng Renjie	Chairman of the Board	Male	50	Incumbent	0	Yes
Bai Jingtao	Vice Chairman of the Board, CEO	Male	54	Incumbent	461	No
Yan Shuai	Director	Male	47	Incumbent	0	Yes
Su Jian	Director	Male	48	Incumbent	0	Yes
Song Dexing	Director	Male	57	Incumbent	0	Yes
Yuan Yuhui	Independent director	Male	69	Incumbent	15	No
Su Qiyun	Independent director	Male	56	Incumbent	15	No
Li Changqing	Independent director	Male	51	Incumbent	15	No
Liu Yingjie	Chairman of the Supervisory Committee	Male	48	Incumbent	0	Yes
Hu Qin	Supervisor	Female	53	Incumbent	0	Yes
Yang Yuntao	Supervisor	Male	53	Incumbent	0	Yes
Ni Keqin	Supervisor	Female	55	Incumbent	134	No
Zheng Linwei	Supervisor	Male	49	Incumbent	119	No
Zhang Yi	COO and GM	Male	49	Incumbent	276	No
Zheng Shaoping	Vice GM	Male	57	Incumbent	378	No
Huang Chuanjing	Vice GM and Board Secretary	Male	37	Incumbent	191	No
Lu Yongxin	Vice GM	Male	50	Incumbent	276	No
Li Yubin	Vice GM	Male	48	Incumbent	342	No
Wen Ling	CFO	Female	54	Incumbent	164	No
Fu Gangfeng	Former Chairman of the Board	Male	53	Former	0	Yes
Yan Gang	Former vice GM	Male	47	Former	298	No
Total	--	--	--	--	2,684	--

Note: Total before-tax remuneration for senior management includes the deferred bonus of Three-year (from 2016 to 2018) Strategic Assessment cashed by the Company in the Reporting Period.

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	299
Number of in-service employees of major subsidiaries	14,761

Total number of in-service employees	15,060
Total number of paid employees in the Reporting Period	15,060
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	9,470
Functions	
Function	Employees
Production	8,005
Sales	570
Technical	3,343
Financial	543
Administrative	2,599
Total	15,060
Educational backgrounds	
Educational background	Employees
Master's degree and above	451
Bachelor's degree	3,449
Junior college	3,509
Technical secondary school and below	7,651
Total	15,060

2. Employee Remuneration Policy

Through its remuneration management system that is oriented by its strategies and based on the three core elements of internal consistency, staff contribution and external competition, the Company performs dynamic management of its remuneration strategy, remuneration level and remuneration components. In 2019, the Company improved its remuneration and incentive system, aligned at international leading comprehensive port operators and domestic excellent listed port groups, and teased out the benchmark for incentive optimization to enhance market competitiveness. Based on the concept of delicacy management of talents, the Company allocated more resources to its core talents and high-performance personnel and enhanced the effectiveness of resource allocation through precise incentive.

The Company innovated its incentive mechanism and combined long-term incentive and short-term incentive to guide focus on its long-term development. It has successfully introduced the stock option incentive plan to form a mechanism for sharing of profits and risks among itself and its shareholders and staff. The plan will help to increase shareholder values, safeguard owners' rights and interests, assist the management to balance between short-term and long-term goals, support the Company's implementation of strategies and long-term sustainable development, fully mobilize the enthusiasm of its middle and senior management personnel and core technical talents, and attract and retain excellent management talents and key personnel.

3. Employee Training Plans

The Company is dedicated to creating a platform for the development and promotion of global port professionals, provides domestic and foreign employees with learning opportunities, opens channels

for global career development and helps employees to keep improving themselves with the development of the Company. Meanwhile, it provides its peers with opportunities of coming to China for exchange to share knowledge and values. In 2019, the Company further optimized the training system, integrated internal and external training resources, and established a series of key training projects at different levels with different categories, including the project series for senior executive on International situation, industrial transfer and safety training, the project series on enhancement of global management and financial capability of middle-level key leaders through internal training courses, open class and network courses cooperating with professional institutions and the projects on the enhancement of professional and general abilities for junior employees. The Company made vigorous efforts to create the network platform Zhi-niao and develop and upload online courses. and share training resources openly, enlarging the learning timely and effectively. Strengthening the communications and collaboration between various units, it shall achieve the comprehensive integration of talents training under the guidance of the Company. The Company actively fulfilled the social responsibility, carrying out the “Co-creating Blue Dream-21th Century Maritime Silk Road Talents Plan” of China Merchants Port, which cultivate professionals of port and shipping for countries along the One Belt and One Road. As of the end of 2019, the project had cultivated 163 young backbone talents from 21 countries on 4 continents. In September 2019, it designed the “C-Blue Elite Program” sailing class for overseas excellent undergraduates majored in port and shipping. Through the program, the Company aimed to attract excellent young people to China and develop more innovation talents with international vision, international awareness, international communication abilities and cross-cultural communication competence. Meanwhile, the Company participated in “Zhangqian project” of Hongkong sea silk association and other practical projects for students, providing Hongkong university students with meaningful overseas internship opportunity, and actively promoting the cooperation of the university and enterprises.

4. Labor Outsourcing

Applicable Not applicable

Part X Corporate Governance

I General Information 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, the Company revised the Articles of Association in accordance with the changes of registered capital and adjustment of setting up of senior management based on demand for operating and management. The revision has been reviewed and approved on the 1st Special Meeting of the 9th Board of Director held on 2 January 2019 and the 1st Extraordinary General Meeting of 2019 later held on 24 January 2019.

2. The Company's shareholder structure, assets size, governance structure and strategic planning have all changed due to its completion of material assets restructuring on 26 December 2018. In consideration of the Company's actual situation, according to the *Guidelines on Bylaws of Listed Companies*, *Rules for General Meetings of Listed Companies*, *Guidelines of Shenzhen Stock Exchange for Standard Operations of Listed Companies*, *Code of Corporate Governance for Listed Companies*, *Rules of Shenzhen Stock Exchange for Stock Listing*, *Company Law of the People's Republic of China* and other relevant laws and regulations, and in accordance with the requirements of state-owned assets management authorities for fully promoting the building of law-based central government-owned enterprises and the running and regulation of companies according to laws and regulations, the Company during the Reporting Period amended 24 systems including the *Articles of Incorporation*, and established six new systems, including Working Instructions for Board Secretary. The detailed information is as follows:

Name of system	Review	Disclosure
Revised systems		
Articles of Association	Has been reviewed on the 6 th Meeting of the 9 th Board of Directors held on 29 August 2019 and the 11 th Special Meeting of the 9 th Board of Directors held on 22 November 2019 and approved on the 4 th Extraordinary General Meeting of 2019 held on 11 December 2019.	Has been disclosed on Cninfo in time
Rules of Procedures for the Board of Directors		
Rules of Procedures for the Annual General Meeting	Has been reviewed on the 6 th Meeting of the 9 th Board of Directors held on 29 August 2019 and approved on the 4 th Extraordinary General Meeting of 2019 held on 11 December 2019.	
Work Policy for Independent Directors		
Management Policies for Related-party Transactions		

Management Policies for Raised Funds		
Specific System for Engaging Accountants		
Rules of Procedures for the Supervisory Committee	Has been reviewed on the 6 th Meeting of the 9 th Supervisory Committee held on 29 August 2019 and approved on the 4 th Extraordinary General Meeting of 2019 held on 11 December 2019	
Working Articles of Audit Committee of the Board of Directors	Has been reviewed and approved on the 6 th Meeting of the 9 th Board of Directors held on 29 August 2019	
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 Rules of Annual Report for Independent Directors		
Working Articles of Chief Executive Officer		
Management Policies for the Shares of the Company Held by Directors, Supervisors and Senior Management and the Changes		
Management Rules on Information Disclosure		
Management System on Inside Information and Insiders		
Rules of Accountability for Significant Mistakes in Annual Report Information Disclosure		
Information Disclosure Management Rules for the Inter-bank Debt Financing Instrument		
Management System of Foreign Investment		
Management Method of Financial Tools		
Management System on Person in Charge of Finance and CFO		
Rules on the Management of Investors Relations		

Internal Audit System		
Established systems		
Management System of External Guarantees	Has been reviewed on the 6 th Meeting of the 9 th Board of Directors held on 29 August 2019 and approved on the 4 th Extraordinary General Meeting of 2019 held on 11 December 2019.	Has been disclosed on Cninfo in time
Working Articles of Board Secretary	Has been reviewed and approved on the 6 th Meeting of the 9 th Board of Directors held on 29 August 2019	
Management System of Securities Investments		
Management system of Subsidiaries		
Management Method of Donations		
Rules of Procedures for Office Meeting		

3. 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.

4. Relationship between the controlling shareholder and the Company: controlling shareholder of the Company acted in line with rules during the reporting period, did not intervene 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.

5. 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 1st Extraordinary General Meeting of 2004 and the Nomination, Remuneration and Evaluation Committee and Strategy Committee as approved by the 2005 Annual General Meeting, with a view to ensuring the efficient operation and scientific decision-making of the Board of Directors.

6. 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.

7. Stakeholders: the Company fully respected and safeguarded the legal rights and interests of the banks and other creditors, staff, clients and other stakeholders so as to develop the Company in a consistent and healthy way.

8. Information disclosure and transparency: As the department for the management of information disclosure, the Board of Directors of the Company is responsible for managing the information

disclosure matters of the Company. Chairman of the Board assumes a central role in managing the information disclosure matters of the Company while the Board Secretary is responsible for organizing and coordinating such matters. The Board Secretary of the Company is responsible for the management of investor relationships. Unless expressly authorized and trained, other directors, supervisors, senior management members and staff members of the Company should avoid speaking on behalf of the Company in investor relationship activities. 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.

9. 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 Board, Working Articles of Chief Executive Officer, Management System for Company Shares held by Directors, Supervisors and Senior Executives and Its Changes, Management System of Foreign Investment, Management System 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, Management System of External Guarantees, Working Articles of Board Secretary, Management System of Securities Investments, Management System of Subsidiaries, Management Method of Donations, Rules of Procedures for Office Meeting etc. 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.

Indicate by tick market whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, 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

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 1 st Extraordinary General Meeting of 2019	Extraordinary General Meeting	90.28%	24 January 2019	25 January 2019	For the resolution announcement (No. 2019-013), see http://www.cninfo.com.cn
The 2 nd Extraordinary General Meeting of 2019	Extraordinary General Meeting	22.16%	25 February 2019	26 February 2019	For the resolution announcement (No. 2019-020), see http://www.cninfo.com.cn
The 3 rd Extraordinary General Meeting of 2019	Extraordinary General Meeting	90.05%	15 April 2019	16 April 2019	For the resolution announcement (No. 2019-038), see http://www.cninfo.com.cn
The 2018 Annual General Meeting	Annual General Meeting	89.91%	20 May 2019	21 May 2019	For the resolution announcement (No. 2019-049), see http://www.cninfo.com.cn
The 4 th Extraordinary General Meeting of 2019	Extraordinary General Meeting	90.52%	11 December 2019	12 December 2019	For the resolution announcement (No. 2019-095), see http://www.cninfo.com.cn

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

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Yuan Yuhui	14	2	12	0	0	No	5
Su Qiyun	14	2	12	0	0	No	
Li Changqing	14	2	12	0	0	No	

Why any independent director failed to attend two consecutive board meetings:

Applicable Not applicable

2. Objections Raised by Independent Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

Yes No

Suggestions from independent directors adopted or not adopted by the Company:

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 2019 as disclosed at

<http://www.cninfo.com.cn>.

VI Performance of Duty by Specialized Committees under the Board in the Reporting Period

(I) Performance of the Audit Committee of the Board of Directors

The members of Audit Committee include independent director Li Changqing (convener), director Su Jian, and independent director Su Qiyun. 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 and the Working Practices for the Audit Committee of the Board on Annual Report performed their duties, and give full play to their expertise and experience, earnestly examine the Company's annual audit, reviewing of financial statement, internal control, and other significant financial information, providing the Board of Directors' scientific and efficient decision-making with professional support.

1. Particulars about the Meetings

During the Reporting Period, the Audit Committee of the Board held a total of five meetings, with details as follows:

(1) The 1st Meeting of the Audit Committee of the 9th Board of Directors for 2019

On 27 March 2019, it was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3rd Road, Shenzhen, at which the following proposals were reviewed and approved unanimously:

Proposal on Work Report of Accounting Firm for 2018

Proposal on Financial Report of 2018

Proposal on Renewal of Appointment of Accounting Firm for 2019

Proposal on Internal Auditing Report for 2018

Proposal on Internal Control and Audit Office's Auditing Report No. 3 for 2018

Proposal on Anti-fraud Risk Assessment Report for 2018

Proposal on Internal Auditing Plan for 2019

Proposal on Working Report of the Audit Committee of the Board in 2018

(2) The 2nd Meeting of the Audit Committee of the 9th Board of Directors for 2019

On 26 April 2019, it was held by communication meeting at which the Proposal on Internal Auditing Report for the First Quarter of 2019 was reviewed and approved unanimously.

(3) The 3rd Meeting of the Audit Committee of the 9th Board of Directors for 2019

On 29 August 2019, it was held by communication meeting at which the following proposals were reviewed and approved unanimously:

Proposal on Interim Financial Report for 2019

Proposal on Internal Auditing Report for the Second Quarter of 2019

Proposal on Internal Control and Audit Office's Auditing Report for 2019 No. 1 on Qingdao Project

Proposal on Internal Control and Audit Office's Auditing Report for 2019 No. 2 on KUMPORT Project

(4) The 4th Meeting of the Audit Committee of the 9th Board of Directors for 2019

On 29 October 2019, it was held by communication meeting at which the following proposals were reviewed and approved unanimously:

Proposal on Internal Auditing Report for the Third Quarter of 2019

Proposal on Internal Control and Audit Office's Auditing Report for 2019 No. 3

Proposal on Internal Control and Audit Office's Auditing Report for 2019 No. 4

Proposal on Internal Control and Audit Office's Auditing Report for 2019 No. 5

Proposal on Internal Control and Audit Office's Auditing Report for 2019 No. 6

(5) The 5th Meeting of the Audit Committee of the 9th Board of Directors for 2019

On 30 December 2019, it held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3rd Road, Shenzhen, at which the Audit Report on the Company's Finance and Internal Control by Deloitte Touche Tohmatsu Certified Public Accountants LLP for 2019 were debriefed by the Committee members.

2. Performance of Duties to the Audit Work of Financial Statements of the Company

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 audit work of Financial Statements of the Company for 2018 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 financial statements of the Company for 2018.

During the reporting period, the Audit Committee expressed its audit opinions two times on the financial statements of the Company for 2018 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 2018. Information included in the Financial Statements was objective and complete. Financial Statements for 2018 which was preliminarily audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP may be submitted for review at the 5th Meeting of the 9th Board of Directors.

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

During the Reporting Period, the Audit Committee issued two letters to Deloitte Touche Tohmatsu Certified Public Accountants LLP to urge them to produce their audit recommendation on the financial statements and the summary statement of adjusting events in a timely manner to help our financial staff finish the preparation of financial statements and related notes for 2018 as soon as possible, 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 29 March 2019. The Audit Committee considered that the Certified Public Accountants conducted the audit work of 2018 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 December 2018 and its operation results and cash flows for the year 2018 and the audit conclusion made was in line with the actual situation of the Company.

3. Paying attention to the Internal Control and Internal Audit Work of the Company

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

The members of Nomination, Remuneration and Evaluation Committee include independent director Yuan Yuhui (Convener), director Yan Shuai, and independent director Su Qiyun. During the Reporting Period, the Nomination, Remuneration and Evaluation Committee earnestly performed their duties, investigated the equity incentive plan and examined the remuneration of directors, supervisors and senior executives 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 two meetings, details of which are as follows:

1. On 27 March 2019, the 1st Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2019 was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3rd Road, Shenzhen, at which the following proposals were reviewed and approved unanimously:

Proposal on Working Report of the Nomination, Remuneration and Evaluation Committee of the Board for 2018

Proposal on Report on the Remuneration of the Directors, Supervisors and Senior Management Staff for 2018

2. On 11 October 2019, the 2nd Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2019 was held by communication meeting at which the following proposals were reviewed and approved unanimously:

Proposal on Stock Options Incentive Plan of China Merchants Port Group Co., Ltd. (Draft) and its Abstract

Proposal on Stock Options Incentive Plan of China Merchants Port Group Co., Ltd. (Phase I) (Draft) and its Abstract

Proposal on Management Method for Stock Options Incentive Plan of China Merchants Port Group Co., Ltd.

Proposal on Examination Method for Implementation of Stock Options Incentive Plan of China Merchants Port Group Co., Ltd.

(III) Performance of the Strategy Committee

The members of Strategy Committee include Chairman of the Board Deng Renjie (Convener), Vice Chairman of the Board and CEO Bai Jingtao, director Song Dexing, independent director Yuan Yuhui, and independent director Li Changqing. 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 earnestly performed their duties, 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 three meetings, details of which are as follows:

1. On 2 January 2019, the 1st Meeting of the Strategy Committee of the 9th Board of Directors for 2019 was held by communication meeting at which the Proposal on Signing the Agreement on Transfer of Shares in Zhanjiang Port (Group) Co., Ltd. by the Company with Sinotrans Guangdong Co., Ltd. was reviewed and approved unanimously:

2. On 8 January 2019, the 2nd Meeting of the Strategy Committee of the 9th Board of Directors for 2019 was held by communication meeting at which the Proposal on Capital Increase in Zhanjiang Port (Group) Co., Ltd. by the Wholly-owned Subsidiary was reviewed and approved unanimously.

3. On 27 March 2019, the 3rd Meeting of the Strategy Committee of the 9th Board of Directors for 2019 was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3rd Road,

Shenzhen, at which the following proposals were reviewed and approved unanimously:

Proposal on Working Report of the Strategy Committee of the Board in 2018

Proposal on Five-Year Strategic Plan of the Company from 2019 to 2023

VII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

The Company has a mature assessment mechanism and system covering all senior management personnel. The annual comprehensive assessment combines qualitative and quantitative methods with the dimensions including performance, competence, self-discipline, etc. The assessment results of senior management serve as an important basis for appointment and motivation. The Company adjusts and determines the post salary of senior managers based on the factors including operation status, position served and assessment results, and determines the performance bonus of managers through the factors including annual comprehensive ability assessment, annual key performance indicators appraisal and three-year strategic appraisal results.

The Company implements a featured performance-oriented system of “outperforming the market performance and surpassing peers” for the appraisal of and bonus distribution to its senior management. Through year-on-year comparison vertically and comparison with benchmark peers transversely, the appraisal coefficient gives a more comprehensive and objective reflection of the actual performance level and links more closely with performance bonuses. Through the three-year strategic appraisal mechanism and the introduction of medium- and long-term incentive and short-term incentive combined, the Company defers a portion of the performance bonuses to senior management until the end of the three-year strategic appraisal cycle. By doing so, the Company makes its senior management focus not only on short-term performance yearly but also on medium- and long-term development of the Company. To motivate senior management personnel more effectively, the Company has successfully introduced the stock option incentive plan to form a mechanism for the sharing of profits and risks and fully mobilize the enthusiasm of senior management personnel. It is beneficial to the Company’s long-term sustainable development and enhancement of shareholder values.

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report		16 April 2020		
Index to the disclosed internal control self-evaluation report		For details, see www.cninfo.com.cn		
Evaluated entities' combined assets as % of consolidated total assets		97.6%		
Evaluated entities' combined operating revenue as % of consolidated operating revenue		98.7%		
Identification standards for internal control weaknesses				
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting		
		Great defect	Significant defect	Common defect
Nature standard	If a defect or defect group give rise to the following events which cannot be prevented or found and made rectification, the defect or defect group are recognized as significant defects: (1) Malpractices of directors, supervisors and senior management; (2) The Company make correction to the financial report issued; (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; (4) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid.	Development direction substantially deviates from the strategic goals, investment direction, and business structure, commercial modeled. which completely unable to support the realization of strategic goals	Development direction partly deviates 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 slightly deviates 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 cannot completed as planned	Strategy implementation is blocked, most of indicators of strategy implementation cannot completed as planned	Strategy implementation is blocked, part of indicators of strategy implementation cannot completed as planned
		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 cohesion	In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have greatly adverse effect to enterprises culture and enterprises cohesion	damage the working enthusiasm of all the employees, reduce work efficiency, have some adverse effect to enterprises culture and enterprises cohesion
		The employee's ability and professional skills universally cannot meet the enterprise development needs by a large margin	The employee's ability and professional skills in some significant fields cannot meet the enterprise development needs	The employee's ability and professional skills in some fields cannot 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 standard	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% above judging standard $> 1\%$ misstatement amount was significant defect; misstatement amount	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
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
	Had significant adverse impact to the annual	Had larger adverse impact to the annual	Had adverse impact to the annual operation	

<1% below of judging standard was general standard.	operation profits or cause decrease of annual operation profits when at 5% (including 5%) above of judging standard	operation profits or cause decrease of annual operation profits when at 1% (including 1%) to 5% judging standard	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 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	Larger investment mistake incurred 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	Great investment mistake incurred which cause direct economy losses when at 1% below of judging standard or the return on investment less than 30% lower than expected
	10 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 more than 10 people but less than 50 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%	Several commercial disputes, civil lawsuits, and had obviously influence in a certain area and period, may pay compensation at 1% (including 1%) to 5% of	Irreconcilable commercial disputes, civil lawsuits happened sometimes, cause a certain influences in local, may pay compensation at 1%

	(including 5%) above of judging standard	judging standard	below of judging standard
	A serious violation of laws and regulations, investigated by government department and legal department, may 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 material weaknesses in internal control over financial reporting			0
Number of material weaknesses in internal control not related to financial reporting			0
Number of serious weaknesses in internal control over financial reporting			0
Number of serious weaknesses in internal control not related to financial reporting			0

X Independent Auditor's Report on Internal Control

Opinion paragraph in the independent auditor's report on internal control	
We believe that China Merchants Port Group Co., Ltd. has maintained effective internal control over financial reporting in all material respects as of 31 December 2019 as per the Basic Rules for Enterprise Internal Control and relevant regulations.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	16 April 2020
Index to such report disclosed	For details, see www.cninfo.com.cn
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Part XI Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No

Part XII Financial Statements (See attached)

I Independent Auditor's Report

Type of the independent auditor's opinion	Standard and unqualified auditor's report
Date of signing this report	15 April 2020
Name of the independent auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Reference number of Audit Report	De Shi Bao (Shen) Zi (20) No. P02283
Name of the certified public accountants	Li Weihua, Zhang Min

Part XIII 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”;

For and on behalf of the Board

Bai Jingtao

Legal representative of

China Merchants Port Group Co., Ltd.

Dated 16 April 2020

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

<u>CONTENTS</u>	<u>Pages</u>
AUDITOR'S REPORT	1 - 6
THE CONSOLIDATED AND COMPANY BALANCE SHEETS	7 - 10
THE CONSOLIDATED AND COMPANY INCOME STATEMENTS	11 - 12
THE CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS	13 - 14
THE CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	15 - 18
NOTES TO THE FINANCIAL STATEMENTS	19 - 177

AUDITOR'S REPORT

De Shi Bao (Shen) Zi(20) No. P02283
(Page 1, 6 pages)

To the Shareholders of China Merchants Port Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of China Merchants Port Group Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2019, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and company's financial position as of 31 December 2019, the consolidated and company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

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

III. Key Audit Matters

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

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

As disclosed in Notes (V) 11 to the consolidated financial statements, the Company has made equity investment in several enterprises, over which the Company exercises joint control or has significant influence. In 2019, the Company's income from investment in associates/joint ventures under equity method amounts to RMB 3,727,850,763.22. As at 31 December 2019, the carrying amount of long-term equity investment of the Company in associates/joint ventures amounts to RMB 57,916,539,383.26. Since the investment income from long-term equity investment in associates/joint ventures is significant, with its accuracy depending on the investee's financial status and operation results, we identified the aforesaid subsequent measurement of long-term equity investment in associates/joint ventures as a key audit matter of the consolidated financial statements.

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

AUDITOR'S REPORT- continued

De Shi Bao (Shen) Zi(20) No. P02283
(Page 2, 6 pages)

III. Key Audit Matters - continued

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

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

III. Key Audit Matters - continued

2. Goodwill impairment

As disclosed in Notes (V) 21 to the consolidated financial statements, as at 31 December 2019, the goodwill in the consolidated financial statements of the Company was RMB 8,023,659,694.81. The management of the Company used the net amount of fair value less costs of disposal or the present value of the estimated future cash flows to determine the recoverable amount of the relevant asset group when testing the goodwill for impairment, of which the fair value assessment is based on the market approach, and the forecast of future cash flows and the calculation of the present value included key assumptions, such as income growth rate, gross profit margin, discount rate, etc. We identified the goodwill impairment as a key audit matter of the consolidated financial statements due to the significant amount of goodwill and that the management needs to make significant judgments and estimates when conducting goodwill impairment testing.

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

- (1) Assess reasonability of division of asset group and combination of asset group management made by management;
- (2) Referred to industry practice to assess whether the management's approach in cash flows forecast is appropriate and whether the assumptions used are reasonable;
- (3) Compared the data used in cash flow forecast with historical data and budget data approved by the management, and assessed the reasonableness of the data used;
- (4) Compared the growth rate of the business volume in the forecast period with the growth rate of the historical business volume and evaluated its appropriateness.
- (5) Compared the gross profit margin of the forecast period with the actual gross profit margin of previous years to assess its appropriateness in combination with the business plan and industry development trend;
- (6) Understood the basis for management to determine the growth rate of the business in the subsequent forecast period and assessed its appropriateness;
- (7) Assessed the appropriateness of the discount rate adopted by the management in combination with market risk-free interest rates, risk factors, etc.;
- (8) Reviewed whether the calculation of the present value of future cash flows was correct.
- (9) Reviewed whether the method to assess the fair value less costs of disposal was appropriate.

AUDITOR'S REPORT- continued

De Shi Bao (Shen) Zi (20) No. P02283
(Page 4, 6 pages)

IV. Other Information

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

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

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

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

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

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

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

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

AUDITOR'S REPORT- continued

De Shi Bao (Shen) Zi(20) No. P02283

(Page 5, 6 pages)

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

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

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

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

AUDITOR'S REPORT- continued

De Shi Bao (Shen) Zi(20) No. P02283
(Page 6, 6 pages)

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

We communicated with those charged with governance over audit scope, time arrangement and significant audit findings, including any significant deficiencies of internal control that we identified through audit.

We also provided the those charged with governance with a statement that we had complied with relevant ethical requirements of independence, and communicated with those charged with governance over all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant
(Engagement Partner)

Li Wei Hua

Chinese Certified Public Accountant

Zhang Min

April 15, 2020

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS
AT 31 DECEMBER 2019

Consolidated Balance Sheet

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)
Current assets:			
Cash and bank balances	(V)1	7,734,948,210.26	7,077,396,895.72
Notes receivable	(V)2	38,192,250.02	11,608,669.43
Accounts receivable	(V)3	1,356,460,129.90	1,109,230,503.08
Accounts receivable financing	(V)4	260,760,537.45	-
Prepayments	(V)5	55,034,019.81	124,404,862.87
Other receivables	(V)6	2,129,378,252.50	766,518,078.72
Inventories	(V)7	163,980,192.08	108,567,270.02
Assets held for sale	(V)8	188,404,228.34	115,356,162.94
Non-current assets due within one year	(V)9	808,893,013.06	25,952,956.76
Other current assets	(V)10	2,298,792,661.70	1,195,421,189.12
Total current assets		15,034,843,495.12	10,534,456,588.66
Non-current Assets:			
Long-term receivables	(V)11	1,098,831,799.90	793,046,240.11
Long-term equity investments	(V)12	57,916,539,383.26	50,176,577,263.40
Other investments in equity instruments	(V)13	163,561,272.00	247,848,314.30
Other non-current financial assets	(V)14	2,385,363,537.39	2,087,872,081.94
Investment properties	(V)15	5,760,262,674.40	5,890,146,989.51
Fixed assets	(V)16	27,519,962,529.29	22,994,190,880.43
Construction in progress	(V)17	6,334,141,441.88	5,499,426,090.06
Right-of-use assets	(V)18	9,633,325,390.46	
Intangible assets	(V)19	19,693,715,554.10	20,761,018,044.54
Research expenditure	(V)20	37,399,092.28	-
Goodwill	(V)21	8,023,659,694.81	8,335,895,842.35
Long-term prepaid expenses	(V)22	711,911,011.67	235,706,437.21
Deferred tax assets	(V)23	300,435,502.27	66,708,157.19
Other non-current assets	(V)24	2,082,965,467.04	395,191,485.98
Total non-current assets		141,662,074,350.75	117,483,627,827.02
TOTAL ASSETS		156,696,917,845.87	128,018,084,415.68

AT 31 DECEMBER 2019

Consolidated Balance Sheet - continued

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)
Current liabilities:			
Short-term borrowings	(V)25	9,439,099,793.47	3,427,365,512.21
Notes payable	(V)26	76,455,949.01	-
Accounts payable	(V)27	591,112,466.39	429,120,690.97
Receipts in advance	(V)28	28,826,687.37	29,170,709.86
Contract liabilities	(V)29	85,831,002.52	49,993,895.50
Employee benefits payable	(V)30	634,718,784.64	433,489,555.40
Taxes payable	(V)31	1,898,076,342.74	345,183,422.42
Other payables	(V)32	2,223,754,677.96	1,690,124,901.29
Non-current liabilities due within one year	(V)33	6,104,339,856.79	2,896,971,014.97
Other current liabilities	(V)34	885,956,581.63	609,009,584.80
Total current liabilities		21,968,172,142.52	9,910,429,287.42
Non-current Liabilities:			
Long-term borrowings	(V)35	6,313,735,540.33	6,971,479,842.18
Bonds payable	(V)36	20,930,681,967.19	22,097,467,096.40
Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities	(V)37	1,647,129,968.61	
Long-term payables	(V)38	1,935,245,003.21	1,294,190,118.18
Projected benefits obligation	(V)39	471,482,138.63	375,325,127.65
Provisions	(V)40	76,242,559.95	34,951,392.27
Deferred income	(V)22	1,147,752,857.17	228,658,214.64
Deferred tax liabilities	(V)41	3,961,752,749.17	2,911,074,941.27
Other non-current liabilities	(V)42	3,254,515,306.85	3,777,582,522.86
Total non-current liabilities		39,738,538,091.11	37,690,729,255.45
TOTAL LIABILITIES		61,706,710,233.63	47,601,158,542.87
SHAREHOLDERS' EQUITY:			
Share capital	(V)43	1,922,365,124.00	1,793,412,378.00
Capital reserve	(V)44	22,296,485,467.35	19,426,912,957.05
Other comprehensive income	(V)45	(355,944,565.91)	88,925,978.57
Special reserve	(V)46	12,386,734.70	8,231,080.43
Surplus reserve	(V)47	630,345,307.43	527,175,908.67
Unappropriated profit	(V)48	11,467,166,351.85	8,915,817,110.21
Total shareholders' equity attributable to equity holders of the parent		35,972,804,419.42	30,760,475,412.93
Minority interests		59,017,403,192.82	49,656,450,459.88
TOTAL SHAREHOLDERS' EQUITY		94,990,207,612.24	80,416,925,872.81
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		156,696,917,845.87	128,018,084,415.68

The accompanying notes form part of the financial statements.

The financial statements on pages 7 to 177 were signed by the following:

Bai Jingtao

Wen Ling

Sun Ligan

Legal Representative

Chief Financial Officer

Head of Accounting Department

AT 31 DECEMBER 2019

Balance Sheet of the Company

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)
Current Assets:			
Cash and bank balances		690,685,211.42	389,876,753.95
Accounts receivable		-	23,444,175.65
Other receivables	(XIV)1	805,534,763.27	651,015,334.06
Inventories		-	165,553.46
Other current assets		1,107,292,458.33	1,563,111.61
Total current assets		2,603,512,433.02	1,066,064,928.73
Non-current Assets:			
Long-term receivables		61,004,284.75	11,004,284.75
Long-term equity investments	(XIV)2	30,266,376,582.23	28,544,261,576.96
Other investments in equity instruments		155,688,635.00	151,746,700.00
Investment properties		-	12,685,959.06
Fixed assets		672,842.27	190,804,655.63
Construction in progress		5,803,169.37	2,500,843.87
Intangible assets		54,692,581.18	57,755,603.44
Long-term prepaid expenses		-	3,785,801.32
Deferred tax assets		928,465.21	-
Total non-current assets		30,545,166,560.01	28,974,545,425.03
TOTAL ASSETS		33,148,678,993.03	30,040,610,353.76

AT 31 DECEMBER 2019

Balance Sheet of the Company - continued

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)
Current Liabilities:			
Short-term borrowings		300,378,812.50	378,615,990.56
Accounts payable		-	13,125,624.29
Contract liabilities		-	92,003.00
Employee benefits payable		6,000,000.00	26,605,190.52
Taxes payable		209,282,889.78	18,826,587.50
Other payables		628,013,119.77	708,309,782.90
Non-current liabilities due within one year		35,832,000.00	301,508,794.53
Other current liabilities		715,766,708.20	206,349,863.00
Total current liabilities		1,895,273,530.25	1,653,433,836.30
Non-current Liabilities:			
Long-term payables		-	151,710,000.00
Deferred tax liabilities		35,164,858.75	34,179,375.00
Total non-current liabilities		35,164,858.75	185,889,375.00
TOTAL LIABILITIES		1,930,438,389.00	1,839,323,211.30
SHAREHOLDERS' EQUITY			
Share capital		1,922,365,124.00	1,793,412,378.00
Capital reserve		27,576,242,527.73	25,517,647,180.04
Other comprehensive income		105,594,576.25	102,638,125.00
Special reserve		-	470,465.59
Surplus reserve		630,345,307.43	527,175,908.67
Unappropriated profit		983,693,068.62	259,943,085.16
TOTAL SHAREHOLDERS' EQUITY		31,218,240,604.03	28,201,287,142.46
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		33,148,678,993.03	30,040,610,353.76

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated Income Statement

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Operating income	(V)49	12,123,829,423.74	9,703,394,622.58
Less: Operating costs	(V)49	7,648,920,919.71	5,739,241,395.87
Business taxes and levies	(V)50	172,556,579.92	235,953,803.51
Administrative expenses	(V)51	1,509,520,581.66	1,251,865,675.45
Research and development expenses		123,853,344.29	121,989,097.82
Financial expenses	(V)52	1,936,269,737.53	1,643,418,102.95
Including: Interest expense		2,089,837,594.54	1,634,101,331.80
Interest income		252,060,018.58	272,453,293.86
Add: Other income	(V)53	162,101,113.10	56,180,127.64
Investment income	(V)54	4,619,173,755.42	3,967,828,149.48
Including: Income from investments in associates and joint ventures	(V)54	3,727,850,763.22	3,913,864,538.60
Gains (losses) from changes in fair value	(V)55	66,483,266.48	(1,074,406,837.68)
Gains (losses) from impairment of credit	(V)56	(50,249,409.77)	(7,528,580.60)
Gains from impairment of assets	(V)57	25,051.16	-
Gains on disposal of assets	(V)58	4,794,562,782.79	19,258,495.33
II. Operating profit		10,324,804,819.81	3,672,257,901.15
Add: Non-operating income	(V)59	553,103,360.41	67,128,689.98
Less: Non-operating expenses	(V)60	70,452,012.40	125,031,298.57
III. Gross profit		10,807,456,167.82	3,614,355,292.56
Less: Income tax expenses		2,640,538,894.62	728,440,538.60
IV. Net profit		8,166,917,273.20	2,885,914,753.96
(I) Categorization by continuity of operation			
1. Net profit of continued operation		8,166,917,273.20	2,885,914,753.96
2. Net profit of discontinued operation		-	-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the parent		2,898,192,168.84	1,090,418,910.77
2. Profit or loss attributable to minority shareholder		5,268,725,104.36	1,795,495,843.19
V. Amount of other comprehensive net income after tax	(V)63	(1,096,285,894.51)	204,602,785.68
Amount of other comprehensive net income after tax attributable to equity holders of the parent		(443,076,984.15)	41,778,087.02
(I) Other comprehensive income that will not be reclassified to profit or loss		9,090,184.52	(48,671,312.79)
1. Change as a result of remeasurement of the net defined benefit plan		1,069,722.83	(7,943,999.30)
2. Other comprehensive income under the equity method that will not be reclassified to profit or loss		4,830,921.62	(46,138,662.23)
3. Fair value changes of other investments in equity instruments		3,189,540.07	5,411,348.74
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		(452,167,168.67)	90,449,399.81
1. Other comprehensive income under the equity method that will be reclassified to profit or loss		(59,050,164.54)	(7,952,099.73)
2. Translation differences of financial statements denominated in foreign currencies		(393,117,004.13)	98,401,499.54
Amount of other comprehensive net income after tax attributable to minority shareholders		(653,208,910.36)	162,824,698.66
VI. Total comprehensive income attributable to:		7,070,631,378.69	3,090,517,539.64
Shareholders of the parent		2,455,115,184.69	1,132,196,997.79
Minority shareholders		4,615,516,194.00	1,958,320,541.85
VII. Earnings per share			
(I) Basic earnings per share		1.59	0.61
(II) Diluted earnings per share		1.59	0.61

The accompanying notes form part of the financial statements.

Income Statement of the Company

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Operating income	(XIV)3	92,042,598.05	243,899,253.07
Less: Operating costs	(XIV)3	76,084,023.73	160,065,451.42
Taxes and levies		1,839,217.71	47,542,310.81
Administrative expenses		60,487,851.03	122,905,018.75
Research and development expenses		-	742,954.48
Financial expenses		41,936,976.49	34,174,062.13
Including: Interest expense		42,810,942.02	36,872,089.57
Interest income		15,909,363.66	20,843,903.27
Add: Other income		955,987.32	271,927.46
Investment income	(XIV)4	1,306,222,961.66	193,138,161.44
Including: Income from investments in associates and joint ventures	(XIV)4	70,092,131.84	63,015,142.10
Gains (losses) on disposal of assets		-	(937,948.47)
II. Operating profit		1,218,873,478.07	70,941,595.91
Add: Non-operating income		57,049.23	1,336,230.70
Less: Non-operating expenses		81,092.18	867,312.18
III. Gross profit		1,218,849,435.12	71,410,514.43
Less: Income tax expenses		187,155,447.57	395,773.33
IV. Net profit		1,031,693,987.55	71,014,741.10
V. Amount of other comprehensive net income after tax		2,956,451.25	3,377,145.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		2,956,451.25	3,377,145.00
1. Change as a result of remeasurement of the net defined benefit plan		-	-
2. Other comprehensive income under the equity method that will not be reclassified to profit or loss		-	-
3. Fair value changes of other investments in equity instruments		2,956,451.25	3,377,145.00
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
1. Other comprehensive income under the equity method that will be reclassified to profit or loss		-	-
2. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		1,034,650,438.80	74,391,886.10

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		12,294,529,982.73	9,581,481,387.06
Receipts of tax refunds		23,569,265.92	6,203,721.12
Other cash receipts relating to operating activities	(V)64(1)	1,165,710,845.18	963,935,271.59
Sub-total of cash inflows		13,483,810,093.83	10,551,620,379.77
Cash payments for goods purchased and services received		3,593,786,248.69	2,647,715,026.47
Cash payments to and on behalf of employees		2,621,068,087.09	1,808,824,527.76
Payments of all types of taxes		957,382,790.97	762,131,488.97
Other cash payments relating to operating activities	(V)64(2)	809,699,551.14	1,044,373,911.73
Sub-total of cash outflows		7,981,936,677.89	6,263,044,954.93
Net Cash Flows from Operating Activities	(V)65(1)	5,501,873,415.94	4,288,575,424.84
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		-	200,000.00
Cash receipts from investments income		1,804,725,809.65	1,813,166,370.38
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		6,274,482,747.66	19,846,988.10
Net cash receipts from disposal of subsidiary and other operating units	(V)64(5)	1,000,000.00	-
Other cash receipts relating to investing activities	(V)64(3),(4)	3,535,967,030.93	156,615,992.14
Sub-total of cash inflows		11,616,175,588.24	1,989,829,350.62
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,515,540,735.97	2,437,080,643.74
Cash payments to acquire investments		7,898,674,384.09	4,084,107,008.20
Net cash payment to acquire subsidiary and other operating units		-	8,931,096,795.81
Other cash payments relating to investing activities	(V)64(6)	2,138,951,129.78	1,686,107,391.23
Sub-total of cash outflows		13,553,166,249.84	17,138,391,838.98
Net Cash Flows from Investing Activities		(1,936,990,661.60)	(15,148,562,488.36)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		2,213,530,171.90	296,363,615.57
Including: cash receipts from capital contributions from minority owners of subsidiary		27,255,000.00	40,100,000.00
Cash receipts from borrowings		14,306,287,000.87	21,763,411,408.42
Cash receipts from issue of bonds		-	10,621,000,000.00
Other cash receipts relating to financing activities	(V)64(7)	1,713,327,483.01	3,876,395,683.27
Sub-total of cash inflows		18,233,144,655.78	36,557,170,707.26
Cash repayments of borrowings		15,402,220,794.12	23,593,666,839.99
Cash payments for distribution of dividends or profit or interest		4,022,043,402.10	3,942,108,074.86
Including: Payments for distribution of dividends or profit to minorities		1,745,724,195.29	1,929,962,094.72
Other cash payments relating to financing activities	(V)64(8)	42,583,797.55	146,196,535.06
Sub-total of cash outflows		19,466,847,993.77	27,681,971,449.91
Net Cash Flows from Financing Activities		(1,233,703,337.99)	8,875,199,257.35
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		9,697,074.77	(371,390,771.83)
V. Net Increase (Decrease) in Cash and Cash Equivalents		2,340,876,491.12	(2,356,178,578.00)
Add: Opening balance of Cash and Cash Equivalents	(V)65(2)	5,373,281,504.75	7,729,460,082.75
VI. Closing Balance of Cash and Cash Equivalents	(V)65(2)	7,714,157,995.87	5,373,281,504.75

The accompanying notes form part of the financial statements.

Cash Flow Statement of the Company

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		104,722,961.87	229,302,378.14
Other cash receipts relating to operating activities		246,055,628.30	29,331,866.91
Sub-total of cash inflows		350,778,590.17	258,634,245.05
Cash payments for goods purchased and services received		36,211,750.68	74,086,330.85
Cash payments to and on behalf of employees		85,120,511.18	121,661,642.64
Payments of all types of taxes		20,158,391.66	9,401,709.94
Other cash payments relating to operating activities		53,795,218.14	279,797,604.56
Sub-total of cash outflows		195,285,871.66	484,947,287.99
Net Cash Flows from Operating Activities		155,492,718.51	(226,313,042.94)
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		57,727,526.33	445,875,054.92
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		-	766,830.38
Other cash receipts relating to investing activities		612,722,414.48	635,013,754.63
Sub-total of cash inflows		670,449,940.81	1,081,655,639.93
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		8,035,563.48	12,539,040.21
Cash payments to acquire investments		8,000,000.00	-
Net cash payments for acquisitions of subsidiaries and other business units		386,159,390.00	149,709,800.00
Other cash payments relating to investing activities		2,060,171,330.96	374,513,229.40
Sub-total of cash outflows		2,462,366,284.44	536,762,069.61
Net Cash Flows from Investing Activities		(1,791,916,343.63)	544,893,570.32
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		2,186,275,171.90	256,263,615.57
Cash receipts from borrowings		2,160,000,000.00	566,016,000.00
Cash receipts from issue of bonds		-	200,000,000.00
Other cash receipts relating to financing activities		-	-
Sub-total of cash inflows		4,346,275,171.90	1,022,279,615.57
Cash repayments of borrowings		2,167,116,843.58	300,000,000.00
Cash payments for distribution of dividends or profit or interest		239,800,502.62	873,011,086.61
Other cash payments relating to financing activities		1,593,549.44	1,497,344.37
Sub-total of cash outflows		2,408,510,895.64	1,174,508,430.98
Net Cash Flows from Financing Activities		1,937,764,276.26	(152,228,815.41)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(497,294.65)	(6,549,202.77)
V. Net Increase (Decrease) in Cash and Cash Equivalents		300,843,356.49	159,802,509.20
Add: Opening balance of Cash and Cash Equivalents		389,841,854.93	230,039,345.73
VI. Closing Balance of Cash and Cash Equivalents		690,685,211.42	389,841,854.93

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

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

Consolidated Statement of Changes in Shareholders' Equity - continued

Unit: RMB

Item	2018							Minority interests	Total shareholders' equity
	Attributable to shareholders of the parent								
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit			
I. Closing balance of the preceding year	644,763,730.00	167,480,381.24	19,800,344.49	4,767,373.45	520,074,434.56	3,566,083,142.17	1,644,073,503.71	6,567,042,909.62	
Add: Changes in accounting policies	-	-	(722,556,561.97)	-	-	816,323,338.17	6,484,493.08	100,251,269.28	
Corrections of prior period errors	-	-	-	-	-	-	-	-	
Business combination involving enterprises under common control	-	18,678,418,974.96	(26,864,990.92)	-	-	4,900,224,775.30	43,870,482,449.58	67,422,261,208.92	
Others	-	-	-	-	-	-	-	-	
II. Opening balance of the year	644,763,730.00	18,845,899,356.20	(729,621,208.40)	4,767,373.45	520,074,434.56	9,282,631,255.64	45,521,040,446.37	74,089,555,387.82	
III. Changes for the year	1,148,648,648.00	581,013,600.85	818,547,186.97	3,463,706.98	7,101,474.11	(366,814,145.43)	4,135,410,013.51	6,327,370,484.99	
(I) Total comprehensive income	-	-	41,778,087.02	-	-	1,090,418,910.77	1,958,320,541.85	3,090,517,539.64	
(II) Owners' contributions and reduction in capital	1,148,648,648.00	581,013,600.85	776,769,099.95	-	-	-	3,092,504,057.82	5,598,935,406.62	
1. Capital contribution from shareholders	1,148,648,648.00	-	-	-	-	-	1,594,806,295.50	2,743,454,943.50	
2. Capital contribution from other equity investment holder	-	-	-	-	-	-	-	-	
3. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-	
4. Business combination involving enterprises under common control	-	(583,183,507.54)	776,769,099.95	-	-	-	-	193,585,592.41	
5. Others	-	1,164,197,108.39	-	-	-	-	1,497,697,762.32	2,661,894,870.71	
(III) Profit distribution	-	-	-	-	7,101,474.11	(1,457,233,056.20)	(920,434,015.30)	(2,370,565,597.39)	
1. Transfer to surplus reserve	-	-	-	-	7,101,474.11	(7,101,474.11)	-	-	
2. Transfer to general reserve	-	-	-	-	-	-	-	-	
3. Distributions to shareholders	-	-	-	-	-	(850,443,359.86)	-	(850,443,359.86)	
4. Others	-	-	-	-	-	(599,688,222.23)	(920,434,015.30)	(1,520,122,237.53)	
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	
(V) Special reserve	-	-	-	3,463,706.98	-	-	5,019,429.14	8,483,136.12	
1. Withdrawn in the period	-	-	-	24,165,961.75	-	-	49,870,501.76	74,036,463.51	
2. Utilized in the period	-	-	-	(20,702,254.77)	-	-	(44,851,072.62)	(65,553,327.39)	
(VI) Others	-	-	-	-	-	-	-	-	
IV. Closing balance of the year	1,793,412,378.00	19,426,912,957.05	88,925,978.57	8,231,080.43	527,175,908.67	8,915,817,110.21	49,656,450,459.88	80,416,925,872.81	

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

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

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

Unit: RMB

Item	2018						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	
I. Closing balance of the preceding year	644,763,730.00	240,001,254.59	6,647,500.00	-	520,074,434.56	1,046,473,178.03	2,457,960,097.18
Add: Changes in accounting policies	-	-	92,613,480.00	-	-	-	92,613,480.00
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	240,001,254.59	99,260,980.00	-	520,074,434.56	1,046,473,178.03	2,550,573,577.18
III. Changes for the year	1,148,648,648.00	25,277,645,925.45	3,377,145.00	470,465.59	7,101,474.11	(786,530,092.87)	25,650,713,565.28
(I) Total comprehensive income	-	-	3,377,145.00	-	-	71,014,741.10	74,391,886.10
(II) Owners' contributions and reduction in capital	1,148,648,648.00	25,277,645,925.45	-	-	-	-	26,426,294,573.45
1. Capital contribution from shareholders	1,148,648,648.00	25,276,764,780.38	-	-	-	-	26,425,413,428.38
2. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-
3. Others	-	881,145.07	-	-	-	-	881,145.07
(III) Profit distribution	-	-	-	-	7,101,474.11	(857,544,833.97)	(850,443,359.86)
1. Transfer to surplus reserve	-	-	-	-	7,101,474.11	(7,101,474.11)	-
2. Transfer to general reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(850,443,359.86)	(850,443,359.86)
4. Others	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	470,465.59	-	-	470,465.59
1. Withdrawn in the period	-	-	-	2,621,280.84	-	-	2,621,280.84
2. Utilized in the period	-	-	-	(2,150,815.25)	-	-	(2,150,815.25)
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the year	1,793,412,378.00	25,517,647,180.04	102,638,125.00	470,465.59	527,175,908.67	259,943,085.16	28,201,287,142.46

The accompanying notes form part of the financial statements.

(I) GENERAL INFORMATION OF THE COMPANY

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

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

The Company's and consolidated financial statements have been approved by the Board of Directors on 14 April 2020.

See Notes (VII) "Equity in other entities" for details of the scope of consolidated financial statements in the current period are subsidiaries acquired through business combination under common control. See Note (VI) "Changes in the consolidated scope" for details of changes in the scope of consolidated financial statements in the current period.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

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

Going concern

As at 31 December 2019, the Group had total current liabilities in excess of total current assets of RMB 6,933,328,647.40. On 31 December 2019, the Group had available and unused line of credit amounting to RMB 46,602,858,550.04, which is greater than the balance of the net current liabilities. The Group can obtain financial support from the available line of credit when needed. Therefore, the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

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

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement - continued

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

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

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

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

(III) 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 ("ASBE").

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2019, and the Company's and consolidated results of operations, the Company's and consolidated shareholders' equity and cash flows for the year then ended.

2. Accounting period

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

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

3. Operating cycle

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

4. Functional currency

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

(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

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

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

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

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

(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

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

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

6. Preparation of consolidated financial statements

6.1 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.

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

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

6. Preparation of consolidated financial statements - continued

6.1 Preparation of consolidated financial statements - continued

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

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

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

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

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

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

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

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

6. Preparation of consolidated financial statements - continued

6.1 Preparation of consolidated financial statements - continued

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

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

7. 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 Notes (III) 16.3.2, a long-term equity investment is subject to for using the equity method.

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

7. Types of joint arrangements and the accounting treatment of joint operation - continued

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

8. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (generally due within 3 months since the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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

9. Foreign currency transactions - continued

9.1 Transactions denominated in foreign currencies - continued

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

9.2 Translation of financial statements denominated in foreign currencies

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

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

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

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

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

9. Foreign currency transactions - continued

9.2 Translation of financial statements denominated in foreign currencies - continued

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

10. Financial instruments

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

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

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

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

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

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

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

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

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

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

10.1.1 Financial assets measured at amortized cost

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

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

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

10.1.2 Financial assets at FVTOCI

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

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

10.1.2 Financial assets at FVTOCI - continued

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

10.1.3 Financial assets at FVTPL

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

10.2 Impairment of financial instruments

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

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

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

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

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

10.2.1 Significant increase of credit risk

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

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

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

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.1 Significant increase of credit risk - continued

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

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

10.2.2 Credit-impaired financial assets

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

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

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.3 Determination of expected credit loss

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

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

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

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

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.4 Write-down of financial assets

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

10.3 Transfer of financial assets

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

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

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

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

10. Financial instruments - continued

10.3 Transfer of financial assets - continued

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

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

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

10.4 Classification of financial liabilities equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Financial liabilities at FVTPL

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

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities- continued

10.4.1.1 Financial liabilities at FVTPL- continued

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

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

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

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

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

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

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities- continued

10.4.1.2 Other financial liabilities

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

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

10.4.1.3 Financial guarantee contracts and loan commitments

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

10.4.2 Derecognition of financial liabilities

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

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.2 Derecognition of financial liabilities - continued

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

10.4.3 Equity instruments

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

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

10.5 Derivatives and embedded derivatives

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

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

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

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

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

10. Financial instruments - continued

10.5 Derivatives and embedded derivatives - continued

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

10.6 Offsetting financial assets and financial liabilities

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

10.7 Reclassification of financial instruments

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

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

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

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

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

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

10. Financial instruments - continued

10.7 Reclassification of financial instruments- continued

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

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

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

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

11. Accounts receivable

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

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

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

12. Accounts receivable financing

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

13. Inventories

13.1 Categories of inventories

Inventories include raw materials, merchandise and others. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

13.2 Valuation method of inventories upon delivery

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

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

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

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

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

13.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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

14. Contract assets

14.1 Recognition and criteria of contract assets

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

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

Refer to Note 3, 10.2 "Impairment of financial instruments" for determination and accounting treatments of expected credit losses for contract assets.

15. Assets held for sale

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

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

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

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

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

15. Assets held for sale - continued

Non-current held-for-sale assets is not subject to depreciation and amortization. The creditor interest and other expenses of disposal group classified as held-for-sale asset should still be recognized.

Once the associate or joint venture equity investment is completely or partly classified as held-for-sale assets, the classified part of the investment is not subject to equity method measurement.

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

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

16. Long-term equity investments

16.1 Basis for determining joint control and significant influence over investee

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

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

16. Long-term equity investments - continued

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

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

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

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

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

16. Long-term equity investments - continued

16.3 Subsequent measurement and recognition of profit or loss

16.3.1 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.

16.3.2 A long-term equity investment accounted for using the equity method

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

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

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

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

16. Long-term equity investments - continued

16.3 Subsequent measurement and recognition of profit or loss - continued

16.3.2 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.

16.4 Disposal of long-term equity investments

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

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

17. Investment properties

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

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

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

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

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

18. Fixed assets*18.1 Recognition criteria for fixed assets*

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

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

18.2 Depreciation 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	5.00	1.90-19.00
Buildings	10-50 years	5.00	1.90-9.50
Machinery and equipment, furniture and fixture and other equipment	3-20 years	5.00	4.75-31.67
Motor vehicles and cargo ships	5-25 years	5.00	3.80-19.00

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

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

18. Fixed assets - continued

18.3 Other explanations

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

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

19. Construction in progress

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

20. Borrowing Costs

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

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

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

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

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

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

21.2 Research and development expenditure

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

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

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

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

21. Intangible assets - continued

21.2 Research and development expenditure - continued

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

The costs of intangible assets generated by the internal research only include the total expenditure incurred for the period from the time point of capitalization to the intangible assets are ready for intended use. For the identical intangible asset, the expenditures recorded as expenses before they qualify for capitalization during the development process are not adjusted.

22. Impairment of long-term assets

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

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

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

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

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

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

23. Long-term prepaid expenses

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

24. Contract liabilities

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

25. Employee benefits

25.1 The accounting treatment of short-term employee benefits

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

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

25.2 The accounting treatment of post-employment benefits

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

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

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

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

25. Employee benefits - continued

25.2 The accounting treatment of post-employment benefits - continued

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

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

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

25.3 The accounting treatment of termination benefits

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

26. Provisions

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

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

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

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

27. Revenue

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

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

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

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

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

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

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

27. Revenue - continued

For contracts that contain variable consideration(e.g. sales discount), the Group estimates the amount of consideration using either the expected value or the most likely amount.

The transaction price that includes variable consideration is only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty is subsequently resolved.

At the end of each reporting period, the Group reevaluates the variable consideration included in the transaction price.

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

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

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

Where payment is received in advance, the advance payment received shall be recorded as a liability and recognized as revenue when the relevant performance obligation is satisfied.

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

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

28. Contract costs

28.1 Costs to fulfill a contract

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

28.2 Impairment of contract costs

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

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

29. Types and accounting methods of government grants

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attached to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

29.1 The accounting treatment of government grants related to assets

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

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

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

29. Types and accounting methods of government grants - continued

29.2 The accounting treatment of government grants related to income

The Group's government grant, such as financial support funds of business tax converted to VAT and reward for energy saving, if used to compensate the related expenses or losses to be incurred in subsequent periods, is determined to be government grant relating to income.

A government grant relating to income, if used to compensate the related cost, expenses or losses to be incurred in subsequent periods, is determined as deferred income and recognized in profit or loss over the periods in which the related costs are recognized; if used to compensate the related cost, expenses or losses already incurred, is recognized immediately in profit or loss for the period.

A government grant relating to the Group's daily activities, is recognized in other income in line with the nature of economic transaction. A government grant not relating to the Group's daily activities, is recognized in non-operating income.

30. Deferred tax assets/ deferred tax liabilities

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

30.1 Current income tax

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

30.2 Deferred tax assets and deferred tax liabilities

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (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.

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

30. Deferred tax assets/ deferred tax liabilities - continued

30.2 Deferred tax assets and deferred tax liabilities- continued

Deferred tax liabilities are 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.

30.3 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.

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

31. Leases

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

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

31.1 The Group as Lessee

31.1.1 Separating components of a lease

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

31.1.2 Right-of-use assets

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

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

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

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

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

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.3 Lease liabilities

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

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

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

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

Interest on the lease liabilities in each period during the lease term is calculated by a constant periodic rate of interest on the remaining balance of the lease liabilities.

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

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

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

31. Leases - continued

31.1 The Group as Lessee - continued

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

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

31.1.5 Lease modifications

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

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

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

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

31.2 The Group as Lessor

31.2.1 Separating components of a lease

For a contract that contains lease and non-lease components, the Group shall allocate the consideration in the contract in accordance with the allocation of the transaction price under the revenue standard, on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.

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

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.2 Classification of leases

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

31.2.2.1 The Group as lessor under operating leases

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

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

31.2.2.2 The Group as lessor under finance leases

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

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

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

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

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

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

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.3 Subleases

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

31.2.4 Lease modifications

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

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

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

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

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

31.2.5 Sale and leaseback transactions

31.2.5.1 The Group as the seller-lessee

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

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

32. Exchange of Non-Monetary Assets

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

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

33. Discontinued Operation

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

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

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

34. Safety Production Cost

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

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

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

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

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

Goodwill impairment

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

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.

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

36. Changes in significant accounting policies and accounting estimates

(1) New lease standard

Since 1 January 2019 (the date of initial application), the Group has adopted the Accounting Standards for Business Enterprises No 21 – Leases (hereinafter referred to as "New Lease Standards") revised by MoF in 2018. The New Leases Standard improves the definition of leases; adds contents including identifying a lease, separating components of a lease and combination of leases; no longer adopts the original classification of operating leases and finance leases for lessees, requiring that in cases of all leases (except short-term leases and leases of low-value assets), a right-of-use asset and a lease liability shall be recognised at the commencement date of the lease; improves subsequent measurement of leases for lessors, adding accounting treatments for changes in the lease term or the assessment of an option to purchase the underlying asset; and sets out relevant principles for disclosure. Moreover, additional disclosure as lessor is presented. The revised accounting policies of the Group as lessee and lessor for the recognition and measurement of leases are set out in Note III. 30.

For the lease contracts that already existed before the application of the standard, the Group chooses not to reassess whether the contract was, or contained, a lease on the date of initial application.

The Group As lessee

In accordance with the New Leases Standard, during the initial application of the standard, the accumulative amounts affected shall be adjusted in the opening balance (i.e. balance as at 1 January 2019) of relevant items in the financial statements, with no impacts on comparative information.

Except for the leases of low-value assets, for all the leases classified as operating leases before the initial application of the standard, the Group chooses one or more of the following practical expedients:

- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases;
- application of a single discount rate to a portfolio of leases with similar characteristics on measuring lease liabilities;
- The measurement of right-of-use assets excludes any initial direct costs incurred;
- If the contract contains options to extend or terminate the lease, the Group determines the lease term based on the actual usage of the options before the date of initial application and hindsight.
- As an alternative to impairment tests for right-of-use assets, assessed whether a contract containing a lease was an onerous contract before the date of initial application in accordance with the Accounting Standard for Business Enterprises No.13- Contingencies, and adjusted right-of-use assets based on the provision for impairment of loss recorded in the balance sheet before the date of initial application;
- Performance of accounting treatments subject to final arrangements of lease modification, if any, before the date of initial application.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**36. Changes in significant accounting policies and accounting estimates - continued****(1) New lease standard - continued**

On the date of initial application, the Group made the following adjustments in accordance with the New Leases Standard:

- For leases that were classified as finance leases previously, the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date;
- For a lease previously classified as an operating lease, the Group recognised a lease liability at the date of initial application, by measuring that lease liability at the present value of the remaining lease payments and discounted using the lessee's incremental borrowing rate at the date of initial application, and a right-of-use asset at the date of initial application, by measuring that right-of-use asset using the following method: -- Measured at carrying amounts as if the New Leases Standard were adopted since the commencement date of the lease term (the incremental borrowing rate of the lessor on the date of initial application is adopted as the discount rate).

As at 1 January 2019, the Group has recognized lease liabilities of RMB 1,231,425,355.87 and right-of-use assets of RMB 8,280,694,060.88. For the leases classified as operating leases before the initial application, the Group recognised the lease liabilities at the date of initial application, by measuring that lease liability at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate at the date of initial application. The weighted average of these incremental borrowing rates is 5.12%.

Effects of applying the new lease standard on items in the consolidated balance sheet of the Group at 1 January 2019 are as follows:

	Unit: RMB		
Item	31 December 2018	Reclassification	1 January 2019
Assets:			
Prepayments	124,404,862.87	(42,559,680.57)	81,845,182.30
Fixed assets	22,994,190,880.43	(5,418,649,214.54)	17,575,541,665.89
Right-of-use assets		8,280,694,060.88	8,280,694,060.88
Intangible assets	20,761,018,044.54	(1,798,568,602.15)	18,962,449,442.39
Liabilities:			
Other payables	1,690,124,901.29	(17,158,000.00)	1,672,966,901.29
Non-current liabilities due within one year	2,896,971,014.97	138,227,164.89	3,035,198,179.86
Lease liabilities		1,062,562,578.13	1,062,562,578.13
Long-term payables	1,294,190,118.18	(41,329,917.95)	1,252,860,200.23
Shareholders' Equity			
Unappropriated profit	8,915,817,110.21	(41,018,077.68)	8,874,799,032.53
Minority interests	49,656,450,459.88	(80,367,183.77)	49,576,083,276.11

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**36. Changes in significant accounting policies and accounting estimates - continued****(1) New lease standard - continued***The Group as the lessee - continued*

Differences between the lease liabilities recognized by the Group at 1 January 2019 and the significant operating lease commitments disclosed in the 2018 financial statements are as follows:

Item	Unit: RMB Amount
Non-cancellable operating leases at 31 December 2018:	1,756,853,448.93
Lease liabilities discounted using the incremental borrowing rate at the date of initial application	879,791,487.61
Add: Lease liabilities arising from lease modifications to existing leases(Note 1)	18,799,241.72
Renewal option that is reasonably certain to be exercised	270,731,536.32
Less: Recognition exemption – short-term leases	9,862,435.57
Lease liabilities relating to original leases recognised under the new lease standard	1,159,459,830.08
Add: Finance lease payable at 31 December 2018	71,965,525.79
Lease liabilities	1,231,425,355.87
Including: Non-current liabilities due within one year	168,862,777.74
Lease liabilities	1,062,562,578.13

Note1: The Group entered into new lease contracts for port and terminal facilities, machinery and equipment, furniture and fixture and other equipment, etc. As the commencement date of the leases is after the initial application date, the above renewal contracts are accounted for as modifications to the original contracts under the new lease standard.

The carrying amount of the right-of-use asset at 1 January 2019 is detailed as follows:

Item	Unit: RMB 1/1/2019
Right-of-use assets recognised under operating leases before the date of initial application	1,063,476,244.19
Assets held under finance leases that are recognised as fixed assets under the former lease standard (Note 2)	5,418,649,214.54
Land use right recognised as intangible assets under the former lease standard	1,798,568,602.15
Total	8,280,694,060.88

The right-of-use asset disclosed by categories at 1 January 2019:

Item	Unit: RMB 1/1/2019
Port and terminal facilities	5,542,541,139.16
Buildings	164,239,617.13
Machinery and equipment, furniture and fixture and other equipment	133,936,083.43
Motor vehicles and cargo ships	10,249,287.29
Others	2,429,727,933.87
Total	8,280,694,060.88

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

36. Changes in significant accounting policies and accounting estimates - continued

(1) New lease standard - continued

The Group as the lessee - continued

Note 2: The Group recognizes the fixed assets of RMB 5,418,649,214.54 still in lease as at 1 January 2019 and classified as finance leases under the former lease standard as right-of-use assets.

(2) Exchange of Non-monetary Assets

On 9 May 2020, the Ministry of Finance ("MoF") published the Cai Kuai (2019) No. 8. (hereinafter referred to as the " New standards for Exchange of Non-monetary Assets ") which revised the accounting Standards for business enterprises No.7 , Exchange of Non-monetary Assets , and should be effective on 10 June 2019. New standards for Exchange of Non-monetary Assets firstly revised the definition of Non-monetary Assets and clarified the application scope. It secondly specified when to confirm a non-monetary assets transaction meets the conditions. Thirdly, It specified the different principles for non-monetary assets input and output transaction. Fourthly, It refined the accounting treatment and added disclosure requirements.

The Company has adjusted the non-monetary assets transaction during 1 January 2019 and 10 June 2019 and performed retroactive modulation for the transaction before 1 January 2019.

(3) Presentation of financial statements

The Company has prepared the financial statements for the year 2019 in accordance with the Notice of the Revised Format of 2019 Financial Statements for General Business Enterprises (Cai Kuai (2019) No. 6, hereinafter referred to as the "Cai Kuai No.6 Document") released by the Ministry of Finance on 30 April 2019. Cai Kuai No.6 Document revised the presenting accounts in the balance sheet and income statement and split "Notes and accounts receivable" to be "Notes receivable" and "Accounts receivable", and "Notes and accounts payable" to be "Notes payable" and "Accounts payable". It also specified or revised the presentation of line items of "Non-current assets due within one year", "Deferred income", "Other equity instruments", "Research and development expenses", "Interest income" under "Financial expenses", "Other income", "Gains on disposal of assets", "Non-operating income" and "Non-operating expenses", and adjusted the presenting location of "Impairment losses of assets", and specified the presentation of "Capital contribution of holders of other equity instruments". For the above changes in presenting accounts, the Company has adjusted retrospectively the comparable data for the prior year.

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

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%-34%(Note 1)
	Dividend income tax	5%、10%、25%(Note 2)
Value-added Tax ("VAT") (Note 3)	Income from sale of goods (Note 4)	9%-16%
	Income from transportation, loading and unloading business and part of modern service industries	6%
	Income from sale of real estate, property management, real estate lease, etc.	5%
Social contribution tax (Note 5)	Income	0.65%-7.6%
Deed tax	Land use right and property transfer amount	3%-5%
Property tax	70% of cost of property or rental income	1.2% or 12%
City maintenance and construction tax	VAT paid	1%-7%
Education surtax	VAT paid	3%

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

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

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

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

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

Note4: Pursuant to *Announcement of Customs on Relevant Policies for Deepening the Value-Added Tax Reform issued by the Ministry of Finance, the State Taxation Administration and the General Administration* (Announcement No. 39 [2019] of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), from 1 April 2019, the tax rate of 16% and 10% applicable to the VAT taxable sale or import of goods are adjusted to 13% and 9%, respectively.

Note5: The social contribution tax is the tax paid by the overseas subsidiaries of the Group to the local government.

2. Tax preference

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**1. Cash and bank balances**

Unit: RMB

Item	Closing balance	Opening balance (restated)
Cash	331,305.65	349,650.07
RMB	122,990.39	77,877.30
USD	55,429.82	29,909.14
HKD	28,354.40	57,342.60
BRL	8,872.81	11,402.34
Others	115,658.23	173,118.69
Bank deposit (Note1)	7,423,112,193.18	6,118,508,644.13
RMB	4,868,888,181.56	3,401,709,911.75
USD	1,597,545,919.28	1,326,034,833.97
EUR	528,103,576.51	359,682,134.06
BRL	310,275,686.79	539,493,644.44
HKD	76,041,665.91	432,603,546.37
Others	42,257,163.13	58,984,573.54
Other cash and bank balances (Note 2)	311,504,711.43	958,538,601.52
RMB	311,504,711.43	958,538,601.52
Total	7,734,948,210.26	7,077,396,895.72
Including: The total amount of funds deposited overseas	3,511,266,717.03	2,809,011,079.47

Note1: The bank deposits of the Group deposited overseas and restricted for remittance to China at the end of the year totaled RMB nil (at the end of the previous year: RMB 1,002,027,200.00).

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**1. Cash and bank balances - continued**

Note2: The structured deposits that can be readily withdrawn on demand totaled RMB 294,519,101.06, the deposit totaled RMB 15,648,978.15, and the balance of the margin maintenance account was RMB 1,336,632.22.

2. Notes receivable

(1) Category of notes receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance	13,290,478.02	11,608,669.43
Commercial acceptance	24,901,772.00	-
Total	38,192,250.02	11,608,669.43
Less: Provision for credit losses (Note)	-	-
Carrying amount	38,192,250.02	11,608,669.43

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

(2) As at 31 December 2019, there are no notes receivable pledged.

(3) As at 31 December 2019, there are no notes receivable endorsed or discounted which are not yet due at the balance sheet date.

Unit: RMB

Item	Amount derecognized at the end of the year	Amount recognized at the end of the year
Bank acceptance	300,000.00	-
Commercial acceptance	4,541,403.43	-
Total	4,841,403.43	-

(4) As at 31 December 2019, there are no notes reclassified to accounts receivable due to the drawers' inability to settle the note.

(5) The Group has no notes receivable written off in 2019.

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

3. Accounts receivable

(1) Accounts receivable disclosed by aging

Unit: RMB

Aging	Closing balance		
	Accounts receivable	Provision for credit loss	Proportion (%)
Within 1 year	1,397,114,366.29	53,712,152.09	3.84
More than 1 year but not exceeding 2 years	12,924,655.94	1,233,944.62	9.55
More than 2 years but not exceeding 3 years	1,304,475.96	499,044.67	38.26
More than 3 years	43,951,987.53	43,390,214.44	98.72
Total	1,455,295,485.72	98,835,355.82	

(2) Disclosure of accounts receivable by categories

Unit: RMB

Credit rating	Expected credit loss rate (%)	Closing balance			Opening balance		
		Carrying amount	Provision for credit loss	Book value	Carrying amount	Provision for credit loss	Book value
A	0.00-0.10	552,947,162.60	236,251.00	552,710,911.60	323,319,258.26	32,331.93	323,286,926.33
B	0.10-0.30	730,397,420.98	2,106,455.92	728,290,965.06	614,037,476.13	1,144,038.38	612,893,437.75
C	0.30-50.00	70,292,155.38	1,703,501.79	68,588,653.59	155,462,941.77	2,079,476.01	153,383,465.76
D	50.00-100.00	101,658,746.76	94,789,147.11	6,869,599.65	59,928,872.52	40,262,199.28	19,666,673.24
Total		1,455,295,485.72	98,835,355.82	1,356,460,129.90	1,152,748,548.68	43,518,045.60	1,109,230,503.08

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

Unit: RMB

Item	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
At 1 January 2019	3,255,846.32	40,262,199.28	43,518,045.60
Carrying amount of accounts receivable at 1 January 2019			
-- Transferred to credit-impaired accounts receivables	-	-	-
-- Reversed to not credit-impaired accounts receivable	-	-	-
Provision for the year	1,667,805.36	52,556,214.94	54,224,020.30
Reversal for the year	(2,049,083.92)	(296,692.00)	(2,345,775.92)
Transfer-out from derecognition of financial assets(including direct write-down)	-	-	-
Other changes	1,171,640.95	2,267,424.89	3,439,065.84
At 31 December 2019	4,046,208.71	94,789,147.11	98,835,355.82

(4) The Group has no accounts receivable written off in 2019.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Accounts receivable - continued

(5) The top five balances of accounts receivable classified by debtor

Unit: RMB

Name of entity	Closing balance	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision for credit loss
Client A	149,146,106.27	Within 1 year	10.24	149,146.11
Client B	88,998,923.34	Within 1 year, more than 1 year but not exceeding 2 years, more than 2 year but not exceeding 3 years, more than 3 years	6.12	158,176.01
Client C	65,719,439.09	Within 1 year, more than 1 year but not exceeding 2 years, more than 2 year but not exceeding 3 years	4.52	65,719.44
Client D	61,650,252.50	Within 1 year	4.24	61,650.25
Client E	48,948,830.76	Within 1 year	3.36	48,948.83
Total	414,463,551.96		28.48	483,640.64

4. Accounts receivable financing

(1) Accounts receivable financing classification

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance measured by fair value	260,760,537.45	-

(2) On 31 December 2019, The Group has no pledged accounts receivable financing.

(3) On 31 December 2019, The Group has no pledged accounts receivable financing.

Unit: RMB

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

5. Prepayments

(1) Aging analysis of prepayment

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	50,341,341.46	91.47	124,276,781.51	99.90
More than 1 year but not exceeding 2 years	4,533,596.99	8.24	4,000.00	-
More than 2 years but not exceeding 3 years	-	-	81.36	-
More than 3 years	159,081.36	0.29	124,000.00	0.10
Total	55,034,019.81	100.00	124,404,862.87	100.00

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Prepayments - continued

- (2) As at 31 December 2019, the Group has no significant prepayments aged more than one year.
- (3) The top five balances of prepayments classified by entities

Unit: RMB

Name of entity	Relationship with the Company	31 December 2019	Proportion of the closing balance to the total prepayments (%)
Saham Assurance Togo S.A.	Non-related party	6,039,892.02	10.98
Chubb Seguros Brasil S.A.	Non-related party	5,471,286.32	9.94
Fairfax Brasil Seguros Corporativos S.A.	Non-related party	3,038,626.22	5.52
N-Able (Pvt) Ltd.	Non-related party	1,824,252.09	3.31
Allianz	Non-related party	1,502,286.34	2.73
Total		17,876,342.99	32.48

6. Other receivables

6.1 Summary of other receivables

Unit: RMB

Item	Closing balance	Opening balance (restated)
Interest receivable	159,794.48	-
Dividend receivable	459,352,522.24	259,804,145.16
Other receivables	1,669,865,935.78	506,713,933.56
Total	2,129,378,252.50	766,518,078.72

6.2 Interest receivable

(1) Classification of interest receivable

Unit: RMB

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

- (2) As at 31 December 2019, the Group has no significant overdue interest.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables - continued

6.3 Dividend receivable

(1) Presentation of dividend receivable

Unit: RMB

Name of investee	Closing balance	Opening balance
China Nanshan Development (Group) Incorporation ("Nanshan Group")	313,435,420.00	175,692,500.00
Tin-Can Island Container Terminal Ltd	82,625,546.31	-
Qingdao Qianwan United Container Terminal Co., Lt.	50,000,000.00	25,000,000.00
Zhanjiang Port (Group) Co., Ltd. ("Zhanjiang Port ")	-	9,253,682.23
Shanghai International Port (Group) Co., Ltd.	-	50,118,027.14
Others	13,751,368.26	-
Total	459,812,334.57	260,064,209.37
Less: Provision for credit loss	459,812.33	260,064.21
Book value	459,352,522.24	259,804,145.16

(2) Significant dividend receivable aged more than 1 year

Unit: RMB

Name of investee	Closing balance	Aging	Why unrecovered	Closing balance of provision for credit losses
Nanshan Group	105,415,500.00	More than 1 year but not exceeding 2 years	Undergoing relevant formalities and expected to be recovered at the end of 2020	105,415.50

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

Unit: RMB

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2019	260,064.21	-	-	260,064.21
Carrying amount of dividends receivable at 1 January 2019				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	199,748.12	-	-	199,748.12
Reversal for the year	-	-	-	-
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2019	459,812.33	-	-	459,812.33

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**6. Other receivables - continued**

6.4 Other receivables

(1) Other receivables disclosed by aging

Unit: RMB

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion (%)
Within 1 year	1,300,755,524.31	1,978.18	0.00
More than 1 year but not exceeding 2 years	14,474,718.17	46,121.93	0.32
More than 2 years but not exceeding 3 years	3,556,322.62	56,383.37	1.59
More than 3 years	387,443,486.16	36,259,632.00	9.36
Total	1,706,230,051.26	36,364,115.48	

(2) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Operation compensation(Note 1)	669,121,539.36	176,625,857.32
Land compensation (Note 2)	521,246,000.00	-
Temporary payments	334,617,193.32	187,153,302.95
Compensation for profit or loss on transition(Note 3)	35,317,035.66	-
Deposits	21,309,320.77	39,657,003.56
Others	124,618,962.15	138,880,391.56
Total	1,706,230,051.26	542,316,555.39
Less: Provision for credit loss	36,364,115.48	35,602,621.83
Book value	1,669,865,935.78	506,713,933.56

Note 1: It is the compensation paid by Global Terminal Limited, the holding company of the non-controlling shareholder of Lomé Container Terminal S.A.(hereinafter referred to as "LCT"), the non-wholly owned subsidiary of the Group for the operation of the subsidiary, refer to Note V, 59 for details.

Note 2: On 5 November 2019, Shantou China Merchants Port Group Co., Ltd.(hereinafter referred to as "Shantou Port") entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Shantou Land Reserve Center. Pursuant to the contract, the land and attached buildings of approximately 370.96 mu located in Zhuchi deepwater port on the south of Zhongshan East Road of Shantou will be returned to Shantou Land Reserve Center by Shantou Port, which is amounting to RMB 1,558,032,000.00.

As at 31 December 2019, there are land and attached buildings of approximately 183.63 mu pending for transfer with the carrying amount of RMB 207,904,868.22 and the compensation of RMB 771,246,000.00. The compensation is approximately RMB537,635,141.78. After netting transaction expenses, the land compensation of RMB521,246,000.00 is not yet recovered.

As at 31 December 2019, there are land and attached buildings of 187.33 mu pending for transfer, which are presented as held for sale assets by the Group.

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

6. Other receivables - continued

6.4 Other receivables - continued

(2) Disclosure of other receivables by nature - continued

Note 3: As stated in Note VI.1, the Company acquired Zhanjiang Port this year. According to relevant contract terms, Zhanjiang Infrastructure, the non-controlling shareholder of Zhanjiang Port, shall have the compensation for profit or loss on transition of RMB 31,513,558.59 (calculated based on the original shareholding ratio) paid to the Company in the form of dividends deduction; Sinotrans Guangdong Co., Ltd., the former shareholder of Zhanjiang Port, shall have the compensation for profit or loss on transition of RMB 3,803,477.07 (calculated based on the original shareholding ratio) paid to the Company in the form of dividends deduction.

(3) Provision for credit loss on other receivables

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

As at 31 December 2019, the credit risk and expected credit loss of other receivables of each category of customers are presented as below:

Unit: RMB

Credit rating	Expected credit loss rate (%)	Closing balance				Opening balance			
		Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
A	0.00-0.10	1,669,968,696.05	-	-	1,669,968,696.05	-	-	-	-
B	0.10-0.30	-	-	-	-	506,719,623.66	-	-	506,719,623.66
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	36,261,355.21	36,261,355.21	-	-	35,596,931.73	35,596,931.73
Account balance		1,669,968,696.05	-	36,261,355.21	1,706,230,051.26	506,719,623.66	-	35,596,931.73	542,316,555.39
Provision for credit loss		102,760.27	-	36,261,355.21	36,364,115.48	5,690.10	-	35,596,931.73	35,602,621.83
Book value		1,669,865,935.78	-	-	1,669,865,935.78	506,713,933.56	-	-	506,713,933.56

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

6. Other receivables - continued

6.4 Other receivables - continued

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

Unit: RMB

Item	Stage 1 Expected credit loss in 12 months	Stage 2 Lifetime expected credit loss (not credit- impaired)	Stage 3 Lifetime expected credit loss (credit- impaired)	Total
At 1 January 2019	5,690.10	-	35,596,931.73	35,602,621.83
Carrying amount of other receivables at 1 January 2019				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	39,665.00	-	576,181.80	615,846.80
Reversal for the year	(2,497,831.58)	-	-	(2,497,831.58)
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	2,555,236.75	-	88,241.68	2,643,478.43
At 31 December 2019	102,760.27	-	36,261,355.21	36,364,115.48

(5) The Group has no other receivables written off in 2019.

(6) The top five balances of other receivables classified by debtor

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion of the amount to the other receivable (%)	Provision for credit loss at the end of the year
Global Terminal Limited	Operation compensation	669,121,539.36	Within 1 year, More than 3 years	39.22	17,528.45
Shantou Land Reserve Center	Land compensation	521,246,000.00	Within 1 year	30.55	-
Shenzhen Qianhaiwan Bonded Port Authority	Temporary payments	61,317,510.00	More than 3 years	3.59	6,131.75
State-owned Assets Supervision and Administration Commission of Shantou Municipal People's Government	Temporary payments	43,674,019.13	More than 3 years	2.56	4,367.40
Shenzhen Qianhaiwan Bonded Port Area Authority	Temporary payments	43,326,181.06	Within 1 year	2.54	-
Total		1,338,685,249.55		78.46	28,067.60

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

7. Inventories

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening Balance		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	147,548,980.01	1,918,890.33	145,630,089.68	89,572,663.06	2,584,953.53	86,987,709.53
Finished goods	4,944,593.66	-	4,944,593.66	4,629,610.81	-	4,629,610.81
Others	13,405,508.74	-	13,405,508.74	16,949,949.68	-	16,949,949.68
Total	165,899,082.41	1,918,890.33	163,980,192.08	111,152,223.55	2,584,953.53	108,567,270.02

(2) Provision for decline in value of inventories

Unit: RMB

Item	1 January 2019	Provision	Decrease		31 December 2019
			Reversal	Write-off	
Raw materials	2,584,953.53	-	25,051.16	641,012.04	1,918,890.33

(3) As at 31 December 2019, the Group has no capitalized borrowing cost in the balance of inventories.

8. Assets held for sale

Unit: RMB

Item	Carrying amount at closing balance	Fair value at closing balance	Estimated disposal expenses	Schedule
Long-term assets held for sale	188,404,228.34	786,786,000.00	20,815,400.00	Removal before 30 June 2020
Less: Provision for impairment of assets held for sale	-			
Carrying amount	188,404,228.34			

Note: Refer to Note (V) 6.4(2) for details.

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance (restated)
Long-term receivables due within one year	809,702,715.78	25,986,030.98
Less: Provision for credit loss	809,702.72	33,074.22
Book value	808,893,013.06	25,952,956.76

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

10. Other current assets

(1) Categories of other current assets

Unit: RMB

Item	Closing balance	Opening balance
Structural deposits	2,000,298,176.18	-
Including: Principal	1,991,000,000.00	-
Interest receivable	9,298,176.18	-
Prepaid taxes	31,612,381.68	7,872,157.38
Loans to associates of related parties	-	1,029,478,047.00
Others(Note)	266,882,103.84	159,100,462.79
Total	2,298,792,661.70	1,196,450,667.17
Less: Provision for credit loss – loans to associates of related parties	-	1,029,478.05
Book value	2,298,792,661.70	1,195,421,189.12

Note: Refer to the VAT credits of domestic subsidiaries.

(2) Changes in provision for credit loss on other current assets

Unit: RMB

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2019	1,029,478.05	-	-	1,029,478.05
Carrying amount of other current assets at 1 January 2019				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	-	-	-	-
Reversal for the year	(1,029,478.05)	-	-	(1,029,478.05)
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2019	-	-	-	-

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

11. Long-term receivables

(1) Details of long-term receivables

Unit: RMB

Item	Closing balance			Opening balance (restated)		
	Account balance	Provision for credit loss	Book value	Account balance	Provision for credit loss	Book value
Principal and interest of receivables for cooperation(Note)	1,025,631,435.87	1,025,631.44	1,024,605,804.43	-	-	-
Advances to shareholders	869,503,011.54	869,503.01	868,633,508.53	819,826,111.17	826,914.30	818,999,196.87
Financing lease deposits	14,500,000.00	14,500.00	14,485,500.00	-	-	-
Total	1,909,634,447.41	1,909,634.45	1,907,724,812.96	819,826,111.17	826,914.30	818,999,196.87
Less: Long-term receivables due within 1 year	809,702,715.78	809,702.72	808,893,013.06	25,986,030.98	33,074.22	25,952,956.76
Long-term receivables due over 1 year	1,099,931,731.63	1,099,931.73	1,098,831,799.90	793,840,080.19	793,840.08	793,046,240.11

Note: Refer to the land-transferring fees of cruise port project paid by Zhangjiang Port, subsidiary of the Company on behalf of its associate Zhanjiang China Merchants Harbor City Investment Co., Ltd. ("China Merchants Harbor City"); and the interest is paid by China Merchants Harbor City in accordance with the benchmark interest rate of the People's Bank of China for the same period.

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

Unit: RMB

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2019	826,914.30	-	-	826,914.30
Carrying amount of long-term receivables at 1 January 2019				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	1,082,720.15	-	-	1,082,720.15
Reversal for the year	-	-	-	-
Transfer-out on derecognition of financial assets(including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2019	1,909,634.45	-	-	1,909,634.45

(3) As at 31 December 2019, there are no long-term receivables derecognized due to the transfer of financial assets at the end of the year.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

11. Long-term receivables - continued

(4) There are no assets and liabilities arising from the transfer or continuing involvement of long-term receivables at 31 December 2019.

12. Long-term investments

Unit: RMB

Investees	Accounting method	1 January 2019	Effect of changes in the scope of consolidation (Note 2)	Changes for the year							31 December 2019	Closing value of provision for impairment	
				Increase	Investment profit or loss under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Others	Provision for impairment			Effect of translation of financial statements denominated in foreign currencies
I. Joint ventures													
Euro-Asia Oceangate S.à r.l.	Equity method	2,668,860,034.32	-	-	71,820,758.28	(280,527.66)	-	(147,837,530.98)	-	-	43,205,141.32	2,635,767,875.28	-
Port of Newcastle(Note 1)	Equity method	2,122,353,964.75	-	68,471,438.86	31,855,255.55	(22,634,759.93)	-	(28,606,943.76)	-	-	28,557,291.19	2,199,996,246.66	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,512,162,331.41	-	-	142,602,575.17	-	-	(150,000,000.00)	-	-	-	1,504,764,906.58	-
Ningbo Daxie Merchants International Terminals Co., Ltd.	Equity method	815,846,742.40	-	-	120,498,548.83	-	-	(82,350,000.00)	-	-	-	853,995,291.23	-
Laizhou Laiyin Port Business Co., Ltd.	Equity method	793,557,064.58	-	-	42,110,853.02	-	-	(43,605,689.02)	-	-	-	792,062,228.58	-
Zhangjiang Port(Note 2)	Equity method	2,007,506,536.77	-	-	4,273,885.37	-	-	-	(2,011,780,422.14)	-	-	-	-
Others	Equity method	1,310,015,480.03	113,562,995.78	8,000,000.00	55,537,145.35	4,196,807.83	-	(23,106,144.67)	(67,529,762.21)	-	4,963,495.78	1,405,640,017.89	-
Subtotal		11,230,302,154.26	113,562,995.78	76,471,438.86	468,699,021.57	(18,718,479.76)	-	(475,506,308.43)	(2,079,310,184.35)	-	76,725,928.29	9,392,226,566.22	-
II. Associates													
Shanghai International Port (Group) Co., Ltd. (A Share)	Equity method	22,187,560,070.95	-	-	2,425,921,985.71	(44,041,520.45)	305,487,960.90	(955,194,576.56)	-	-	(1,691,053.00)	23,918,042,867.55	-
Nanshan Group	Equity method	5,061,280,021.90	-	-	242,285,185.34	(9,766,075.98)	15,461,264.40	(219,122,880.00)	-	-	-	5,090,137,515.66	-
Terminal Link SAS	Equity method	3,933,259,485.26	-	-	280,560,341.83	12,048,067.43	-	-	-	-	(13,463,319.11)	4,212,404,575.41	-
Dalian Port Co., Ltd.	Equity method	3,203,881,342.67	-	-	148,347,321.32	5,010,696.01	2,082,698.58	(51,579,984.00)	-	-	(14,481,518.80)	3,293,260,555.78	661,864,517.40
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.(hereinafter referred to as" China Merchants Qianhai Industrial")(Note 3)	Equity method	72,800,000.00	-	7,456,412,803.00	(5,514,066.49)	-	-	-	(682,632,512.39)	-	-	6,841,066,224.12	-
Others	Equity method	4,487,494,188.36	59,122,780.74	678,573,224.36	167,550,973.94	(78,353,158.16)	34,520,308.86	(257,058,128.22)	-	-	77,550,888.64	5,169,401,078.52	-
Subtotal		38,946,275,109.14	59,122,780.74	8,134,986,027.36	3,259,151,741.65	(115,101,991.15)	357,552,232.74	(1,482,955,568.78)	(682,632,512.39)	-	47,914,997.73	48,524,312,817.04	661,864,517.40
Total		50,176,577,263.40	172,685,776.52	8,211,457,466.22	3,727,850,763.22	(133,820,470.91)	357,552,232.74	(1,958,461,877.21)	(2,761,942,696.74)	-	124,640,926.02	57,916,539,383.26	661,864,517.40

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – continued**12. Long-term investments - continued**

Note 1: The increase for the year is the stamp tax paid of AUD 14 million (equivalent to RMB 68,471,438.86) due to acquisition of Port of Newcastle Investments (Holdings) Pty Limited, Port of Newcastle Investments (Property Holdings) Pty Limited, Port of Newcastle Investments (Holdings) Trust, Port of Newcastle Investments (Property Holdings) Trust (collectively referred to as "Port of Newcastle").

Note 2: Refer to Note VI, 1 for details.

Note 3: Refer to Note X,5(6) for details.

13. Other investments in equity instruments**(1) Details of Other investments in equity instruments**

Unit: RMB

Investees	Closing balance	Opening balance
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	144,069,435.00	141,547,500.00
Lac Assal Investment Holding Company Limited	-	88,806,577.97
Others	19,491,837.00	17,494,236.33
Total	163,561,272.00	247,848,314.30

(2) Details of non-trading equity instruments

Unit: RMB

Item	Dividends income recognized for the year	Accumulated gains/losses	Amounts transferred to retained earnings from other comprehensive income	Why designated as FVTOIC	Why transferred to retained earnings from other comprehensive income
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	10,362,585.00	130,559,435.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Lac Assal Investment Holding Company Limited	-	6,127,068.35	6,127,068.35	The intention of holding is neither for sale nor profits in short-term	Transformed to an associate
Others	580,175.11	6,648,872.81	(1,742,907.19)	The intention of holding is neither for sale nor profits in short-term	East Aden Holding Company Limited transformed to an associate
Total	10,942,760.11	143,335,376.16	4,384,161.16		

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS – continued**14. Other non-current financial assets**

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at FVTPL	2,385,363,537.39	2,087,872,081.94
Including: Investments in equity instruments	2,385,363,537.39	2,087,872,081.94
Including: Ningbo Zhoushan Port Co., Ltd.(A shares)	1,548,914,671.20	1,361,414,474.58
Qingdao Port International Co., Ltd.	820,263,917.11	603,681,045.90
Others	16,184,949.08	122,776,561.46

15. Investment properties**(1) Investment properties measured under cost method**

Unit: RMB

Item	Land use rights	Buildings	Total
I.Total original carrying amount			
1. Balance at 1 January 2019	28,632,130.84	6,292,605,806.72	6,321,237,937.56
2.Increase in the current year	77,095,361.98	5,744,045.30	82,839,407.28
(1) Changes in consolidation scope	77,095,361.98	-	77,095,361.98
(2) Other increase	-	5,744,045.30	5,744,045.30
3.Decrease in the current year	-	6,611,400.00	6,611,400.00
4. Balance at 31 December 2019	105,727,492.82	6,291,738,452.02	6,397,465,944.84
II.Accumulated depreciation and amortisation			
1. Balance at 1 January 2019	15,495,791.85	415,595,156.20	431,090,948.05
2.Increase in the current year	15,756,720.44	190,883,555.47	206,640,275.91
(1) Provision for the year	2,134,718.70	188,283,452.16	190,418,170.86
(2)Changes in consolidation scope	13,622,001.74	-	13,622,001.74
(3) Other increase	-	2,600,103.31	2,600,103.31
3. Decrease in the current year	-	527,953.52	527,953.52
4. Balance at 31 December 2019	31,252,512.29	605,950,758.15	637,203,270.44
III.Impairment provision			
1. Balance at 1 January 2019	-	-	-
2. Increase in the current year	-	-	-
3. Decrease in the current year	-	-	-
4. Balance at 31 December 2019	-	-	-
IV. Book value			
1. At 31 December 2019	74,474,980.53	5,685,787,693.87	5,760,262,674.40
2. At 1 January 2019	13,136,338.99	5,877,010,650.52	5,890,146,989.51

(2) Investment properties without ownership certificates

Unit: RMB

Item	Closing balance	Opening balance
Buildings and land use rights	40,255,588.09	43,119,291.89

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

16. Fixed assets

16.1 Summary of fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	27,519,109,906.41	22,994,155,151.43
Disposal of fixed assets	852,622.88	35,729.00
Total	27,519,962,529.29	22,994,190,880.43

16.2 Fixed assets

(1) Details of fixed assets

Unit: RMB

Item	Port and terminal facilities	Buildings	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Total
I. Total original carrying amount					
1. Balance at 31 December 2018	21,835,237,866.98	1,148,966,435.46	10,592,156,358.16	1,368,265,652.07	34,944,626,312.67
Add: Changes in accounting policy	(5,228,720,859.19)	(133,330,274.56)	(262,585,213.34)	(38,350,000.00)	(5,662,986,347.09)
2. Balance at 1 January 2019	16,606,517,007.79	1,015,636,160.90	10,329,571,144.82	1,329,915,652.07	29,281,639,965.58
3. Increase for the year	10,705,981,160.20	610,385,510.98	3,540,091,808.12	744,710,073.31	15,601,168,552.61
(1) Purchase	57,330,774.88	4,509,444.69	133,011,962.46	20,136,360.22	214,988,542.25
(2) Transfer from development expenditure	-	-	203,539.84	-	203,539.84
(3) Transfer from construction in progress	2,178,289,357.84	31,634,640.06	754,826,891.92	84,474,509.55	3,049,225,399.37
(4) Transfer from other non-current assets	-	-	52,470,573.84	-	52,470,573.84
(5) Effect of changes in the scope of consolidation	8,470,361,027.48	574,241,426.23	2,599,578,840.06	640,099,203.54	12,284,280,497.31
4. Decrease for the year	454,021,361.06	8,842,438.62	197,980,656.97	46,814,646.40	707,659,103.05
(1) Disposal or retirement	290,094,629.69	4,866,167.52	194,751,763.03	46,814,646.40	536,527,206.64
(2) Transfer to investment properties	-	3,976,271.10	-	-	3,976,271.10
(3) Transfer to held for sale assets	163,926,731.37	-	3,228,893.94	-	167,155,625.31
5. Effect of changes in foreign exchange	(23,249,228.12)	2,513,708.28	16,395,624.54	11,405,782.06	7,065,886.76
6. Balance at 31 December 2019	26,835,227,578.81	1,619,692,941.54	13,688,077,920.51	2,039,216,861.04	44,182,215,301.90
II. Accumulated depreciation					
1. Balance at 31 December 2018	4,947,169,556.44	247,180,241.42	6,183,431,342.23	515,226,508.99	11,893,007,649.08
Add: Changes in accounting policy	(79,532,929.29)	(6,255,609.41)	(130,447,881.14)	(28,100,712.71)	(244,337,132.55)
2. Balance at 1 January 2019	4,867,636,627.15	240,924,632.01	6,052,983,461.09	487,125,796.28	11,648,670,516.53
3. Increase for the year	3,000,601,209.37	162,942,162.21	1,905,806,501.71	382,573,252.12	5,451,923,125.41
(1) Provision	779,035,162.75	55,401,978.88	749,519,583.33	97,050,501.54	1,681,007,226.50
(2) Effect of changes in the scope of consolidation	2,221,566,046.62	107,540,183.33	1,156,286,918.38	285,522,750.58	3,770,915,898.91
4. Decrease for the year	270,361,688.78	6,129,923.93	187,507,185.22	36,724,765.35	500,723,563.28
(1) Disposal or retirement	171,504,010.93	3,529,820.62	184,704,078.66	36,724,765.35	396,462,675.56
(2) Transfer to investment properties	-	2,600,103.31	-	-	2,600,103.31
(3) Transfer to held for sale assets	98,857,677.85	-	2,803,106.56	-	101,660,784.41
5. Effect of changes in foreign exchange	(2,145,974.27)	718,710.53	4,889,844.24	2,107,868.19	5,570,448.69
6. Balance at 31 December 2019	7,595,730,173.47	398,455,580.82	7,776,172,621.82	835,082,151.24	16,605,440,527.35
III. Impairment provision					
1. Balance at 31 December 2018	57,419,468.96	-	44,043.20	-	57,463,512.16
Add: Changes in accounting policy	-	-	-	-	-
2. Balance at 1 January 2019	57,419,468.96	-	44,043.20	-	57,463,512.16
3. Increase for the year	-	-	201,355.98	-	201,355.98
(1) Effect of changes in the scope of consolidation	-	-	201,355.98	-	201,355.98
4. Decrease for the year	-	-	-	-	-
5. Balance at 31 December 2019	57,419,468.96	-	245,399.18	-	57,664,868.14
IV. Book value					
1. Book value at 31 December 2019	19,182,077,936.38	1,221,237,360.72	5,911,659,899.51	1,204,134,709.80	27,519,109,906.41
2. Book value at 31 December 2018	16,830,648,841.58	901,786,194.04	4,408,680,972.73	853,039,143.08	22,994,155,151.43

(2) The Group has no fixed assets that are temporarily idle as at 31 December 2019.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**16. Fixed assets - continued**

16.2 Fixed assets - continued

(3) Fixed assets leased out under operating leases

Unit: RMB

Item	Book value at 31 December 2019	Book value at 31 December 2018
Buildings	312,602,129.37	242,804,849.53
Port and terminal facilities	12,233,139.52	844,843,802.95
Machinery and equipment, furniture and fixture and other equipment	63,964.98	139,712.96
Motor vehicles and cargo ships	17,754.72	-
Total	324,916,988.59	1,087,788,365.44

(4) Fixed assets without ownership certificates

Unit: RMB

Item	Book value at 31 December 2019	Book value at 31 December 2018
Buildings, port and terminal facilities	1,652,483,135.07	1,590,990,468.38

(5) Other issues

Unit: RMB

Item	Amount	Remark
Cost of fixed assets fully depreciated but still in use as at 31 December 2019	2,791,308,996.03	
Cost of fixed assets temporarily idle as at 31 December 2019	-	
Fixed assets disposed and retired for the year:		
Cost of fixed assets disposed and retired	536,527,206.64	
Net value of fixed assets disposed and retired	140,064,531.08	
Profit or loss on disposal or retirement of fixed assets	(17,700,058.28)	

15.3 Disposal of fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Machinery and equipment, furniture and fixture and other equipment	848,410.93	23,079.00
Motor vehicles and cargo ships	4,211.95	12,650.00
Total	852,622.88	35,729.00

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

17. Construction in progress

17.1 Summary of construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	6,318,389,715.70	5,499,426,090.06
Materials for construction of fixed assets	15,751,726.18	-
Total	6,334,141,441.88	5,499,426,090.06

17.2 Construction in progress

(1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Port and terminal facilities	5,713,564,853.28	787,181.96	5,712,777,671.32	4,104,748,962.75	-	4,104,748,962.75
Berths and yards	296,933,093.52	-	296,933,093.52	1,023,331,798.30	-	1,023,331,798.30
Infrastructure	175,423,610.37	-	175,423,610.37	40,000,912.00	-	40,000,912.00
Ship under construction	80,042,167.50	-	80,042,167.50	22,985,373.73	-	22,985,373.73
Others	53,213,172.99	-	53,213,172.99	308,359,043.28	-	308,359,043.28
Total	6,319,176,897.66	787,181.96	6,318,389,715.70	5,499,426,090.06	-	5,499,426,090.06

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

17. Construction in progress - continued

17.2 Construction in progress - continued

(2) The top ten balances of construction in progress

Unit: RMB

Item	Budget amount	1 January 2019	Increase for the year	Effect of changes in scope of consolidation	Transfer to fixed assets	Other decreases for the year	Effect of changes in foreign exchange	31 December 2019	Proportion of accumulated construction investment in budget (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the year	Interest capitalization rate for the current year (%)	Capital source
Reconstruction project of container, oil terminal and tank area, HIPG	2,822,177,972.30	1,384,261,784.70	-	-	-	-	22,794,017.60	1,407,055,802.30	49.86	49.86	-	-	-	Self-funding
Guangao project Phase II, Shantou Port	2,200,000,000.00	1,250,245,755.45	499,044,891.68	-	342,477,489.06	2,573,371.44	-	1,404,239,786.63	79.51	79.51	13,447,553.66	-	-	Self-funding and loan
Reconstruction project of Berth 1#-4#, Haixing Wharf	2,851,020,136.97	417,326,228.14	641,663,530.85	-	-	-	-	1,058,989,758.99	37.14	37.14	5,806,750.96	5,806,750.96	3.92	Self-funding and loan
Project of Grain Dispatch Warehouse at Berth2#,3# Phase III, Machong Port	620,000,000.00	54,800,647.68	266,398,210.78	-	-	-	-	321,198,858.46	51.81	51.81	16,955.56	16,955.56	4.36	Self-funding and loan
Donghaidao port wharf project, Zhanjiang Port	905,348,400.00	-	48,487,590.17	206,058,139.11	-	-	-	254,545,729.28	28.12	28.12	20,489,781.20	9,105,325.34	4.79	Self-funding and loan
Xiashan port general wharf project, Zhanjiang Port	737,975,100.00	-	169,495,671.06	64,813,237.96	-	-	-	234,308,909.02	31.75	31.75	2,865,473.23	2,865,473.23	4.79	Self-funding and loan
CICT Machinery equipment procurement project	209,216,238.00	-	204,067,723.49	-	-	-	2,006,393.85	206,074,117.34	98.50	98.50	-	-	-	Self-funding
Petrifaction old tank area reconstruction, Phase I, Zhanjiang Port	218,378,500.00	-	1,994,027.62	176,989,605.30	-	-	-	178,983,632.92	81.96	81.96	5,024,262.73	-	-	Self-funding and loan
Baoman Port container wharf extension project, Phase I, Zhanjiang Port	2,412,810,000.00	-	49,802,533.11	105,892,965.68	-	-	-	155,695,498.79	6.45	6.45	964,740.46	964,740.46	4.79	Self-funding and loan
Baoman stuffing and destuffing service area, Phase I Project, Zhanjiang Port	606,521,505.83	-	9,554,950.43	124,474,810.57	-	-	-	134,029,761.00	22.10	22.10	16,689,500.56	-	-	Self-funding and loan
Total	13,583,447,853.10	3,106,634,415.97	1,890,509,129.19	678,228,758.62	342,477,489.06	2,573,371.44	24,800,411.45	5,355,121,854.73			65,305,018.36	18,759,245.55		

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

17. Construction in progress - continued

17.3 Materials for construction of fixed assets

Unit: RMB

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

18. Right-of-use assets

(1) Details of right-of-use assets

Unit: RMB

Item	Port and terminal facilities	Buildings	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Others	Total
I. Cost						
1. Balance at 31 December 2018						
Add: Changes in accounting policy	5,696,887,745.03	181,521,736.13	264,518,199.73	38,350,000.00	2,603,500,288.84	8,784,777,969.73
2. Balance 1 January 2019	5,696,887,745.03	181,521,736.13	264,518,199.73	38,350,000.00	2,603,500,288.84	8,784,777,969.73
3. Increase for the year	906,090,446.15	7,691,430.56	503,167,422.04	7,620,740.24	198,170,427.78	1,622,740,466.77
(1) Purchase	43,133,738.23	7,691,430.56	6,340,687.53	-	191,746,689.11	248,912,545.43
(2) Effect of changes in the scope of consolidation	862,956,707.92	-	496,826,734.51	7,620,740.24	6,423,738.67	1,373,827,921.34
4. Decrease for the year	1,707,585.07	5,202,400.95	-	-	-	6,909,986.02
(1) Termination of lease	1,707,585.07	5,202,400.95	-	-	-	6,909,986.02
5. Effect of changes in foreign exchange	88,131,920.50	2,195,653.48	39,678.18	-	44,408,750.58	134,776,002.74
6. Balance at 31 December 2019	6,689,402,526.61	186,206,419.22	767,725,299.95	45,970,740.24	2,846,079,467.20	10,535,384,453.22
II. Accumulated depreciation						
1. Balance at 31 December 2018						
Add: Changes in accounting policy	154,346,605.87	17,282,119.00	130,582,116.30	28,100,712.71	173,772,354.97	504,083,908.85
2. Balance at 1 January 2019	154,346,605.87	17,282,119.00	130,582,116.30	28,100,712.71	173,772,354.97	504,083,908.85
3. Increase for the year	222,180,410.17	19,985,432.77	100,981,272.43	2,848,243.48	46,784,440.48	392,779,799.33
(1) Provision	211,794,077.31	19,985,432.77	51,419,032.74	709,088.28	44,978,579.62	328,886,210.72
(2) Increase for changes in the scope of consolidation	10,386,332.86	-	49,562,239.69	2,139,155.20	1,805,860.86	63,893,588.61
4. Decrease for the year	356,556.12	447,016.56	-	-	-	803,572.68
(1) Termination of lease	356,556.12	447,016.56	-	-	-	803,572.68
5. Effect of changes in foreign exchange	2,669,904.40	160,165.93	8,353.91	-	3,160,503.02	5,998,927.26
6. Balance at 31 December 2019	378,840,364.32	36,980,701.14	231,571,742.64	30,948,956.19	223,717,298.47	902,059,062.76
III. Impairment provision						
1. Balance at 31 December 2018						
Add: Changes in accounting policy						
2. Balance 1 January 2019						
3. Increase for the year	-	-	-	-	-	-
4. Decrease for the year	-	-	-	-	-	-
5. Balance at 31 December 2019	-	-	-	-	-	-
IV. Book value						
1. Book value at 31 December 2019	6,310,562,162.29	149,225,718.08	536,153,557.31	15,021,784.05	2,622,362,168.73	9,633,325,390.46
2. Book value at 31 December 2018						

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**18. Right-of-use assets - continued**

(2) Amount recognized in profit or loss

Unit: RMB

Category	Amount incurred in the current period
Depreciation expenses of right-of-use assets(Note 1)	328,886,210.72
Interest expenses on lease liabilities (Note 2)	106,836,843.78
Expenses for short-term leases	58,919,264.88
Expenses for leases of low value assets	-
Variable lease payments not included in the measurement of lease liabilities(Note 3)	-
Revenue from sublease of right-of-use assets	19,572,976.50

Note 1: No depreciation expenses of right-of-use assets is capitalized in 2019.

Note 2: No interest expenses of lease liabilities are capitalized in 2019.

Note 3: No variable lease payments were included in the measurement of lease liabilities in 2019.

(3) The total cash outflows in relation to leases for the current year amounting to RMB 526,621,689.64.

(4) Lease assets of the Group with the lease term as follows:

Category	Lease term
Port and terminal facilities	1-99 years
Buildings	1-5 years
Machinery and equipment, furniture and fixture and other equipment	1-6 years
Motor vehicles and cargo ships	5-9 years
Others	2-99 years

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

19. Intangible assets

(1) Summary of intangible assets

Unit: RMB

Items	Land use rights	Terminal management rights	Others	Total
I. Total original carrying amount				
1. Balance at 31 December 2018	13,097,878,517.45	10,511,520,659.11	1,124,069,969.28	24,733,469,145.84
Add: Changes of accounting policies	(1,813,694,115.71)	-	-	(1,813,694,115.71)
2. Balance at 1 January 2019	11,284,184,401.74	10,511,520,659.11	1,124,069,969.28	22,919,775,030.13
3. Increase in the current year	4,019,959,533.26	11,544,709.16	108,916,766.14	4,140,421,008.56
(1) Purchase	-	11,544,709.16	70,770,763.15	82,315,472.31
(2) Effect of changes in the scope of consolidation	4,016,895,872.22	-	36,305,792.10	4,053,201,664.32
(3) Other increase	3,063,661.04	-	1,840,210.89	4,903,871.93
4. Decrease in the current year	1,985,834,473.13	7,943,452.72	3,937,120.86	1,997,715,046.71
(1) Disposal	931,377,542.00	-	-	931,377,542.00
(2) Transfer to held-for-sale assets (Note 1)	137,535,397.65	-	-	137,535,397.65
(3) Other decrease (Note 2)	916,921,533.48	7,943,452.72	3,937,120.86	928,802,107.06
5. Effect of changes in foreign exchange	6,364,192.81	(291,366,046.68)	(80,792,488.12)	(365,794,341.99)
6. Balance at 31 December 2019	13,324,673,654.68	10,223,755,868.87	1,148,257,126.44	24,696,686,649.99
II. Accumulated amortization				
1. Balance at 31 December 2018	2,433,897,714.42	1,268,696,311.70	269,857,075.18	3,972,451,101.30
Add: Changes of accounting policies	(15,125,513.56)	-	-	(15,125,513.56)
2. Balance at 1 January 2019	2,418,772,200.86	1,268,696,311.70	269,857,075.18	3,957,325,587.74
3. Increase in the current year	786,821,200.60	238,624,029.70	93,471,339.77	1,118,916,570.07
(1) Accrual of amortization	326,408,082.24	238,624,029.70	67,594,658.22	632,626,770.16
(2) Effect of changes in the scope of consolidation	460,413,118.36	-	25,876,681.55	486,289,799.91
4. Decrease in the current year	49,669,959.62	-	891,025.77	50,560,985.39
(1) Disposal	35,043,949.41	-	-	35,043,949.41
(2) Transfer to held-for-sale assets	14,626,010.21	-	-	14,626,010.21
(3) Other increase	-	-	891,025.77	891,025.77
5. Effect of changes in foreign exchange	5,228,241.48	(25,835,819.75)	(2,102,498.26)	(22,710,076.53)
6. Balance at 31 December 2019	3,161,151,683.32	1,481,484,521.65	360,334,890.92	5,002,971,095.89
III. Total provision for impairment losses				
1. Balance at 31 December 2018	-	-	-	-
Add: Changes of accounting policies	-	-	-	-
2. Balance at 1 January 2019	-	-	-	-
3. Increase in the current year	-	-	-	-
4. Decrease in the current year	-	-	-	-
5. Balance at 31 December 2019	-	-	-	-
IV. Total book value				
1. Book value at 31 December 2019	10,163,521,971.36	8,742,271,347.22	787,922,235.52	19,693,715,554.10
2. Book value at 31 December 2018	10,663,980,803.03	9,242,824,347.41	854,212,894.10	20,761,018,044.54

Note 1: Details are set out in Note (V) 6.4 (2).

Note 2: Primarily the lands located in Shenzhen Qianhaiwan Logistics Park has been returned to government in 2019 by the Company's subsidiaries Antongjie Terminal Services (Shenzhen) Co., Ltd. ("ATJ") and Ansuje Terminal Services (Shenzhen) Co., Ltd. ("ASJ"). Details are set out in Note (X) 5 (6).

(2) Land use rights without ownership certificates on 31 December 2019:

Unit: RMB

Item	Book value at this year end	Book value at last year end
Land use rights	1,163,098,978.96	1,383,494,095.83

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

20. Development expenses

Unit: RMB

Item	1/1/2019	Changes in the scope of consolidation	Increase in the current year	Decrease in the current year			31/12/2019
				Transfer to intangible assets	Transfer to fixed assets	Transfer to profit or loss for the year	
Crude oil unit train loading equipment key technology research	-	1,826,780.56	14,004,176.18	-	-	-	15,830,956.74
CMPort terminals information sharing platform	-	-	8,606,646.27	-	-	8,606,646.27	-
Intelligent monitoring system at Shekou Custom	-	-	8,601,073.24	-	-	8,601,073.24	-
R&D of automation-based and intelligence-based overall IT solution for container terminal	-	-	6,583,130.94	-	-	6,583,130.94	-
Electronic bill of lading (loaded container from other terminals)	-	-	5,076,107.10	-	-	5,076,107.10	-
Mazut, diesel, petrol, methanol process automatic control system development and application	-	-	4,834,850.03	-	-	-	4,834,850.03
SCT OOG self-service access gate	-	-	4,624,600.00	-	-	4,624,600.00	-
Knoe hanger supporting wheel modification	-	-	4,224,000.00	-	-	4,224,000.00	-
Automatic distribution and identification of seals	-	-	4,416,000.00	-	-	4,416,000.00	-
Onshore bridge equipment repairing auxiliary system based on mobile application technology	-	-	4,080,000.00	-	-	4,080,000.00	-
Others	-	13,141,526.26	82,871,568.99	1,434,483.16	203,539.84	77,641,786.74	16,733,285.51
Total	-	14,968,306.82	147,922,152.75	1,434,483.16	203,539.84	123,853,344.29	37,399,092.28

21. Goodwill

(1) Carrying amount of goodwill

Unit: RMB

Investee	1/1/2019	Increase	Decrease	Effect of changes in foreign exchange	31/12/2019
TCP Participações S.A. ("TCP")	4,284,229,939.11	-	-	(737,763,462.93)	3,546,466,476.18
Mega Shekou Container Terminals Limited	1,815,509,322.42	-	-	-	1,815,509,322.42
China Merchants Port Holdings Company Limited ("CMPort")	993,992,000.00	-	-	-	993,992,000.00
Shantou Port	552,317,736.65	-	-	-	552,317,736.65
Zhanjiang Port (Note)	-	418,345,307.68	-	-	418,345,307.68
Shenzhen Mawan Project	408,773,001.00	-	-	-	408,773,001.00
Others (Note)	281,073,843.17	7,182,007.71	-	-	288,255,850.88
Total	8,335,895,842.35	425,527,315.39	-	(737,763,462.93)	8,023,659,694.81

Note: The increase in the current year mainly represent the goodwill arising from the Group's acquisitions of Zhanjiang Port and Guangdong Zhanjiang Port Longteng Shipping Co., Ltd. ("Longteng Shipping") respectively in February 2019 and December 2019. Details are set out in Note (VI) 1.

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

21. Goodwill - continued

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

The Group takes the ability to independently generate cash inflows, manage the way of production and operation activities (mainly by geographic areas) and unified decision on the use and disposal of the assets as the criteria to determine assets group or portfolio of assets group, and performs impairment test of goodwill for the assets group or portfolio of assets group as determined. As at 31 December 2019, the assets group or portfolio of assets group determined by the Group include: TCP; Mega Shekou Container Terminals Limited, including Shekou Container Terminals Ltd., Shenzhen Lianyunjie Container Terminals Co., Ltd., Anxunjie Container Terminals (Shenzhen) Co., Ltd.; CMPort; Shantou Port; Zhanjiang port; Shenzhen Mawan Project, including Shenzhen Mawan Port Waterway Co., Ltd., Shenzhen Mawan Port Services Co., Ltd. and Shenzhen Magang Cangma Co., Ltd.

(3) Impairment test of goodwill and key parameters

When testing the goodwill for impairment, the Group compares the carrying amount of related assets group and portfolio of assets group (including goodwill) with the recoverable amount. If the recoverable amount is less than the carrying amount, the difference is included in profit or loss for the period. The Group determines the recoverable amount of the assets group and portfolio of assets group that generate goodwill at fair value less cost of disposal or at present value of expected future cash flows. The fair value is determined using market approach. The present value of cash flows is estimated based on the forecast of cash flows for five-to-ten-year detailed forecast period and subsequent forecast period. The estimated future cash flows for the detailed forecast period are based on the business plan established by the management; the expected future cash flows for the subsequent forecast period are determined in conjunction with the level of the final year of the detailed forecast period, combined with the Group's business plans, industry trends and inflation rates. The growth rate adopted will not exceed the long-term average growth rate of the country where the assets group and portfolio of assets group are located. The key assumptions used by the Group in estimating the present value of future cash flows include growth in business volume, gross profit margin and discount rate etc. The discount rate and the growth rate for subsequent forecasted period adopted in 2019 are around 9.40%-12.3% and 3% respectively. The parameters of key assumptions determined by the Group's management are in line with the Group's historical experience or external source of information.

(4) Effect of impairment test of goodwill

After the test, the Group's management considers that any reasonable change in above assumptions will not result in the circumstance that the carrying amount of the assets group and portfolio of assets group is higher than the recoverable amount, therefore it is not necessary to make provision for impairment of goodwill.

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

22. Long-term prepaid expenses

Unit: RMB

Item	1/1/2019	Effect of changes in the scope of consolidation	Increase in the current period	Amortization in the current period	Other decrease	31/12/2019
Tonggu channel widening project (Note 1)	164,567,384.97	-	390,445,093.47	21,333,123.01	8,163,265.59	525,516,089.84
Relocation project of Nanhai Rescue Bureau	40,107,549.49	-	-	1,057,781.52	-	39,049,767.97
Expenditures for the improvement of leased fixed assets	21,163,538.17	-	153,528.33	1,447,327.28	2,090,855.04	17,778,884.18
West port area public channel widening project (Note 2)	-	-	81,488,690.28	1,018,601.68	-	80,470,088.60
Others	9,867,964.58	2,630,870.77	43,327,480.45	6,730,134.72	-	49,096,181.08
Total	235,706,437.21	2,630,870.77	515,414,792.53	31,586,968.21	10,254,120.63	711,911,011.67

Note 1: This represent the Group's actual expenses on the Shenzhen West Port Area Tonggu Channel 240-270 Meters Widening Project. According to relevant resolutions of Shenzhen municipal government, the expenses incurred for the project are born by the enterprise and government on 50% to 50% principle. The Company's subsidiary has included the expenses on deepening the channel in the item of "long-term prepaid expenses", and amortized such expenses over the expected useful life of 40 years using straight-line method since the completion of the channel widening project on 27 February 2019.

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

23. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit	805,528,482.59	196,545,362.77	-	-
Depreciation of fixed assets	108,244,052.41	27,227,981.18	22,036,522.49	4,514,995.56
Deductible losses	79,034,267.56	19,758,566.89	86,136,992.42	23,604,794.05
Provision for credit loss	71,636,378.50	17,881,386.96	32,805,128.88	8,213,219.45
Provisions	60,976,862.88	16,601,394.38	19,470,820.00	6,620,078.85
Deferred income	40,272,757.15	9,737,699.40	50,033,346.52	11,382,687.30
Amortization of computer software	13,630,227.66	3,407,556.91	16,453,443.95	4,113,360.99
Organization costs	10,905,997.08	2,726,499.27	14,386,394.26	3,287,938.27
Provision for impairment losses of assets	1,918,890.31	479,722.58	2,258,081.96	481,468.22
Others	29,120,031.36	6,069,331.93	17,635,287.26	4,489,614.50
Total	1,221,267,947.50	300,435,502.27	261,216,017.74	66,708,157.19

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

23. Deferred tax assets and deferred tax liabilities - continued

(2) Deferred tax liabilities without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding dividend income tax	24,219,415,080.67	1,735,339,232.65	17,819,027,902.41	1,138,273,886.12
Fair value adjustment of assets acquired by business combination	7,989,044,772.81	1,812,240,254.17	6,415,001,869.22	1,431,954,458.35
Changes in fair value of other equity investments	1,434,338,833.65	186,123,245.82	930,040,371.21	105,285,399.58
Changes in fair value of other non-current financial assets	731,584,120.16	166,830,773.03	754,359,502.42	174,592,634.60
Depreciation of fixed assets	140,659,435.00	35,164,858.75	136,717,500.00	34,179,375.00
Others	110,838,382.96	26,054,384.75	114,027,794.35	26,789,187.62
Total	34,625,880,625.25	3,961,752,749.17	26,169,174,939.61	2,911,074,941.27

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

Unit: RMB

Item	Offset amount of deferred tax assets and liabilities in the current period	Deferred tax assets or liabilities after offsetting in the current period	Offset amount of deferred tax assets and liabilities in the prior period	Deferred tax assets or liabilities after offsetting in the prior period
Deferred tax assets	-	300,435,502.27	-	66,708,157.19
Deferred tax liabilities	-	3,961,752,749.17	-	2,911,074,941.27

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	503,037,805.60	237,418,074.51
Deductible losses	2,289,500,649.57	1,291,865,454.88
Total	2,792,538,455.17	1,529,283,529.39

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

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

Unit: RMB

Year	Closing balance	Opening balance
2019	-	132,642,333.11
2020	182,809,604.33	110,359,740.81
2021	244,394,853.17	151,793,398.29
2022	615,440,669.35	320,679,566.41
2023	745,889,729.49	576,351,741.67
2024	500,926,253.51	-
No expiration date	39,539.72	38,674.59
Total	2,289,500,649.57	1,291,865,454.88

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**24. Other non-current assets**

Unit: RMB

Item	Closing balance	Opening balance
Dachanwan port area Phase II land replacement payment (Note 1)	916,884,222.49	-
Advances of channel project (Note 2)	896,848,920.76	-
Prepayments of land use rights	132,334,704.86	175,908,026.15
Prepayments of fixed assets	90,186,071.12	174,039,051.91
Prepayments of terminal franchise	30,356,842.78	30,383,609.79
Others	16,354,705.03	14,860,798.13
Total	2,082,965,467.04	395,191,485.98

Note 1: Details are set out in Note (X) 5(6).

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

25. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance (restarted)
Credit loan	9,439,099,793.47	3,427,365,512.21

(2) At 31 December 2019, the Group has no short-term borrowings that were overdue.

26. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance	2,529,389.61	-
Commercial acceptance	73,926,559.40	-
Total	76,455,949.01	-

27. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Construction fee	173,811,112.97	115,371,240.88
Material purchase	146,969,853.48	76,365,058.49
Service fee	133,134,547.67	132,946,488.81
Equipment payments	15,947,499.80	659,317.15
Rental fee	13,897,329.66	10,564,893.93
Others	107,352,122.81	93,213,691.71
Total	591,112,466.39	429,120,690.97

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**27. Accounts payable - continued**

(2) Significant accounts payable aged more than one year

Unit: RMB

Item	Amount	Reason for outstanding
Shenzhen Land and Resources Bureau	21,642,795.50	The government planning project has not been completed, and the certificates of property rights has not been processed.

28. Receipts in advance

(1) Summary of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Rental fee receipt in advance	13,409,679.80	5,536,804.56
Service fee receipt in advance	10,500,836.06	23,038,672.44
Others	4,916,171.51	595,232.86
Total	28,826,687.37	29,170,709.86

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

29. Contract liabilities

(1) Summary of contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Port charges received in advance	63,954,147.44	11,657,235.81
Service fee received in advance	17,396,130.82	24,353,966.50
Warehousing fee received in advance	-	8,705,589.57
Others	4,480,724.26	5,277,103.62
Total	85,831,002.52	49,993,895.50

(2) Items with significant change in carrying amount and reason for the change

Unit: RMB

Item	Amount of change	Reason for the change
Port charges received in advance	52,296,911.63	Fulfilling the performance obligations and inclusion of Zhanjiang Port in the scope of consolidation

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

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

29. Contract liabilities - continued

(4) Qualitative and quantitative analysis of contract liabilities

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

(5) Revenue recognized in the current period and included in the opening carrying amount of contract liabilities

An amount of RMB 39,037,511.27 included in the book value of contract liabilities at the beginning of 2019 has been recognized as revenue in the current year, including contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of service fee in advance amounting to RMB 14,405,439.86, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of port charges in advance amounting to RMB 11,385,355.28, and contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of warehousing fee in advance amounting to RMB 8,449,390.82 as well as contract liabilities arising from settled but unfinished construction resulting from other contracts amounting to RMB 4,797,325.31.

30. Employee benefits payable

(1) Details of employee benefits payable are as follows

Unit: RMB

Item	1/1/2019	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2019
1. Short-term benefits	431,714,138.23	74,046,373.76	2,505,176,428.76	2,380,580,326.31	630,356,614.44
2. Post-employment benefits – defined contribution plan	2,286,649.91	-	224,339,253.53	221,610,579.66	5,015,323.78
3. Termination benefits	-	-	14,610,713.62	14,610,713.62	-
4. Others	(511,232.74)	-	6,662,872.93	6,804,793.77	(653,153.58)
Total	433,489,555.40	74,046,373.76	2,750,789,268.84	2,623,606,413.36	634,718,784.64

(2) Short-term benefits

Unit: RMB

Item	1/1/2019	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2019
I. Wages and salaries, bonuses, allowances and subsidies	409,390,929.61	72,201,271.35	2,077,766,550.89	1,954,494,382.02	604,864,369.83
II. Staff welfare	-	-	120,257,663.25	120,257,663.25	-
III. Social insurance charges	5,145,526.57	-	115,987,499.06	111,496,252.60	9,636,773.03
Including: Medical insurance	4,418,339.26	-	91,570,250.51	87,671,544.82	8,317,044.95
Work injury insurance	-	-	8,645,779.35	8,645,779.35	-
Maternity insurance	-	-	5,831,448.10	5,831,448.10	-
Others	727,187.31	-	9,940,021.10	9,347,480.33	1,319,728.08
IV. Housing funds	-	-	141,006,740.13	141,006,740.13	-
V. Labor union and employee education funds	17,166,673.76	1,845,102.41	38,809,767.71	41,966,072.32	15,855,471.56
VI. Other short-term benefits	11,008.29	-	11,348,207.72	11,359,215.99	0.02
Total	431,714,138.23	74,046,373.76	2,505,176,428.76	2,380,580,326.31	630,356,614.44

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**30. Employee benefits payable - continued****(3) Defined contribution plan**

Unit: RMB

items	1/1/2019	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2019
I. Basic pension	1,620,436.89	-	181,593,596.57	178,313,764.59	4,900,268.87
II. Unemployment insurance	551,158.12	-	3,229,973.30	3,781,131.41	0.01
III. Enterprise annuity plan	115,054.90	-	39,515,683.66	39,515,683.66	115,054.90
Total	2,286,649.91	-	224,342,871.98	221,614,198.11	5,015,323.78

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

31. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	1,843,381,355.01	271,954,754.74
VAT	11,377,223.08	8,200,265.65
Others	43,317,764.65	65,028,402.03
Total	1,898,076,342.74	345,183,422.42

32. Other payables**(1) Summary of other payables**

Unit: RMB

Item	Closing balance	Opening balance (restated)
Interest payable	-	-
Dividends payable	150,286,550.81	66,052,207.09
Other payables	2,073,468,127.15	1,624,072,694.20
Total	2,223,754,677.96	1,690,124,901.29

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

32. Other payables - continued

(2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Ordinary share dividends	150,286,550.81	66,052,207.09
Including: Modern Terminals Limited	58,156,000.00	-
Yihai Kerry Arawana Cereals, Oils and Foodstuffs Co. Ltd.	37,402,426.09	37,402,426.09
Sri Lanka Ports Authority	31,392,997.47	-
Soifer Participações Societárias S.A.	14,141,088.03	-
Pattac Empreendimentos e Participações S.A.	4,597,020.40	-
Tuc Participacoes Portuarias S.A.	4,597,018.82	-
Sinotrans South China Co., Ltd.	-	25,949,781.00
Qingdao Port (Group) Co., Ltd.	-	2,700,000.00

As at 31 December 2019, the dividend payable with aging over one year amounts to RMB 37,402,426.09 which represents the dividends not yet received by the investor.

(3) Other payables

(a) Disclosure of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	1,053,340,753.66	660,870,685.70
Deposits	162,460,889.01	149,705,612.54
Customer discount	117,736,418.62	128,787,894.63
Prepaid expenses	110,741,377.48	140,305,423.54
Port construction and security fee	58,732,330.62	62,255,593.38
Balance of land use rights transfer	14,538,738.00	93,258,350.90
Others	555,917,619.76	388,889,133.51
Total	2,073,468,127.15	1,624,072,694.20

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

32. Other payables - continued

(3) Other payables - continued

(b) Significant other payables with aging over 1 year

Unit: RMB

Company name	Closing balance	Reason for being outstanding or carried forward
Shanghai Zhenhua Heavy Industries Co., Ltd.	60,656,174.48	Equipment failed to meet the acceptance standards
CCCC Fourth Harbor Engineering Co., Ltd.	41,820,223.83	Project not yet approved by a third party
CCCC Third Harbor Engineering Co., Ltd.	37,314,702.00	Project not yet approved by a third party
Shantou Transportation Bureau	31,358,355.47	To be paid after confirmation by mutual parties
Zhanjiang Transportation Bureau	23,247,472.05	Balance of advances
China Merchants Real Estate (Shenzhen) Co., Ltd.	20,762,053.30	Quality warranty, the contracted settlement condition has not been reached
Qingdao Maritime Bureau	20,713,982.12	Port construction fee not yet settled
CCCC-FHDI Engineering Co., Ltd.	16,985,103.50	Performance of contract not yet completed
Shenzhen Municipal Special Fund for Development of Bulk Cement	12,238,226.14	Collection of dividends payments etc.
China Merchants Finance Lease (Tianjin) Co., Ltd.	11,250,000.00	Performance of contract not yet completed
Shantou Finance Bureau	10,000,000.00	To be paid after confirmation by mutual parties
Guangdong Hengtai Tong Industrial Co., Ltd.	10,000,000.00	Quality warranty, the contracted settlement condition has not been reached
Shenzhen Dongpeng Construction Supervision Co., Ltd.	9,906,473.62	Not yet applied or processed by the counterparty
China First Metallurgical Group Co., Ltd.	8,175,706.55	Performance of contract not yet completed
Harman Technology (Shenzhen) Co., Ltd.	5,884,632.48	The contracted settlement condition has not been reached
Total	320,313,105.54	

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance (restated)
Long-term loans due within one year	2,954,701,198.90	1,974,288,010.22
Including: Credit loan	1,294,054,756.85	389,974,981.60
Guaranteed loan	1,119,153,332.94	1,109,331,175.51
Mortgage loan	541,493,109.11	474,981,853.11
Bonds payable due within one year	1,889,505,167.46	785,481,781.86
Long-term payable due within one year	61,107,722.82	30,635,607.84
Long-term employee benefits payable due within one year	31,950,000.00	19,100,000.00
Lease liabilities due within one year	341,240,327.95	
Other non-current liabilities due within one year	825,835,439.66	87,465,615.05
Total	6,104,339,856.79	2,896,971,014.97

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

34. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance (restated)
Short-term bonds payable	712,345,315.07	206,349,863.00
Accrued professional agency fee	143,346,356.53	116,064,056.75
Joint venture loan	-	241,927,341.05
Others	30,264,910.03	44,668,324.00
Total	885,956,581.63	609,009,584.80

Changes of short-term bonds payable:

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	1/1/2019	Effect of changes in the scope of consolidation	Amount issued in the current year	Interest accrued based on par value	Discount or premium amortization	Repayment in the current year	31/12/2019
4.73%, RMB 200 million, Super & Short-term Commercial Paper	200,000,000.00	24/04/2018	267 days	200,000,000.00	206,349,863.00	-	-	570,191.79	-	206,920,054.79	-
3.08%, RMB 700 million, Super & Short-term Commercial Paper	700,000,000.00	04/06/2019	270 days	700,000,000.00	-	-	700,000,000.00	12,345,315.07	-	-	712,345,315.07
2.98%, RMB 300 million, Super & Short-term Commercial Paper	300,000,000.00	04/06/2019	180 days	300,000,000.00	-	-	300,000,000.00	4,396,721.31	-	304,396,721.31	-
5.70%, RMB 300 million, Super & Short-term Commercial Paper	300,000,000.00	16/05/2018	272 days	300,000,000.00	-	312,325,273.97	-	324,041.10	-	312,649,315.07	-
5.97%, RMB 300 million, Super & Short-term Commercial Paper	300,000,000.00	04/06/2018	272 days	300,000,000.00	-	311,914,102.74	-	1,334,390.41	-	313,248,493.15	-
3.80%, RMB 300 million, Super & Short-term Commercial Paper	300,000,000.00	18/01/2019	277 days	300,000,000.00	-	300,437,260.27	-	7,995,616.45	-	308,432,876.72	-
Total	2,100,000,000.00			2,100,000,000.00	206,349,863.00	924,676,636.98	1,000,000,000.00	26,966,276.13	-	1,445,647,461.04	712,345,315.07

35. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance (restated)
Credit borrowings	3,368,772,302.71	2,047,087,456.97
Guaranteed borrowings (Note 1)	2,857,916,427.61	3,676,678,040.09
Mortgage borrowings (Note 2)	3,041,748,008.91	3,222,002,355.34
Total	9,268,436,739.23	8,945,767,852.40
Less: Long-term borrowings due within one year	2,954,701,198.90	1,974,288,010.22
Including: Credit borrowings	1,294,054,756.85	389,974,981.60
Guaranteed borrowings	1,119,153,332.94	1,109,331,175.51
Mortgage borrowings	541,493,109.11	474,981,853.11
Long-term borrowings due after one year	6,313,735,540.33	6,971,479,842.18

During the year, the annual interest rate of the borrowing ranges from 1.20% to 5.89%.

Note1: The loan was guaranteed by China Merchants International (China) Investment Co., Ltd., JYRT and China Merchants Port Development (Shenzhen) Co., Ltd. ("CMPD").

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

35. Long-term borrowings - continued

(1) Classification of long-term borrowings - continued

Note 2: As at 31 December 2019, the Group obtained the long-term loan of RMB 3,028,877,614.16 (31 December 2018: RMB 3,194,255,164.03) with its entire equity in Colombo International Container Terminals Limited and the entire equity in Thesar Maritime Limited, and the land with ownership, fixed assets and construction in progress held by Guangdong Yide Port Co., Ltd. (hereinafter referred to as "Yide Port"), the land use rights of Shenzhen Haixing Harbor Development Co., Ltd. as well as the sea area use rights of Dongguan Chiwan Port Service Co., Ltd. mortgaged as collaterals.

Details of mortgage borrowings are as follows:

Unit: RMB

Company name	Closing balance	Opening balance (restated)	Collateral
China Development Bank Corporation	1,358,129,654.07	1,568,189,186.18	The Group's entire equity in Colombo International Container Terminals Limited
International Finance Corporation	449,103,214.20	530,954,660.44	The Group's entire equity in Thesar Maritime Limited
African Development Bank	206,294,203.06	243,879,424.87	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	169,887,745.22	200,892,936.34	
The Opec Fund For International Development	145,656,886.91	172,142,912.47	
Societe de Promotion et de Participation pour la Cooperation Economique S.A.	145,613,216.49	172,210,289.61	
Deutsche Investitions-und Entwicklungsgesellschaft MBH	121,392,394.29	143,457,150.91	
China Construction Bank Shunde Branch	184,264,872.07	190,275,794.52	Land use rights, fixed assets and construction in progress of Yide Port (see note (V) 62)
Bank of China Qianhai Shekou Branch	241,388,867.03	-	Land use rights of Shenzhen Haixing Harbor Development Co., Ltd (see note (V) 62)
China Merchants Bank Dongguan Branch	20,016,955.57	-	Sea area use rights of Dongguan Chiwan Warf Co., Ltd. (see note (V) 62)
Total	3,041,748,008.91	3,222,002,355.34	

36. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
4.375%, USD 900 million corporate bond	6,349,018,876.27	6,235,321,752.65
5.000%, USD 600 million corporate bond	4,218,874,981.43	4,145,346,424.65
4.750%, USD 500 million corporate bond	3,541,255,065.51	3,481,200,658.82
5.000%, USD 500 million corporate bond	3,500,281,169.59	3,437,038,919.01
4.890%, USD 2,500 million corporate bond	2,585,072,602.74	2,585,072,602.74
3.500%, USD 200 million corporate bond	1,414,333,247.34	1,389,033,618.74
IPCA + 7.8164%, BRL 428 million corporate bond	810,150,534.24	783,774,548.64
4.980%, RMB 400 million corporate bond	401,200,657.53	-
5.150%, RMB 500 million corporate bond	-	524,651,558.48
2.970%, RMB 300 million corporate bond	-	301,508,794.53
Total	22,820,187,134.65	22,882,948,878.26
Less: Bonds payable due within one year	1,889,505,167.46	785,481,781.86
Bonds payable due after one year	20,930,681,967.19	22,097,467,096.40

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

36. Bonds payable - continued

(2) Changes of bonds payable

Unit: RMB

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	1/1/2019	Effect of changes in scope of consolidation	Amount issued in the current year	Interest accrued based on par value	Discount or premium amortization	Repayment in the current year	Effect of changes in foreign exchange	31/12/2019
4.375%, USD 900 million corporate bond	USD 900,000,000.00	06/08/2018	5 years	USD 900,000,000.00	6,235,321,752.65	-	-	272,014,148.70	9,090,007.51	272,014,148.70	104,607,116.11	6,349,018,876.27
5.000%, USD 600 million corporate bond	USD 600,000,000.00	06/08/2018	10 years	USD 600,000,000.00	4,145,346,424.65	-	-	207,248,875.20	4,177,721.93	207,248,875.20	69,350,834.85	4,218,874,981.43
4.750%, USD 500 million corporate bond	USD 500,000,000.00	03/08/2015	10 years	USD 500,000,000.00	3,481,200,658.82	-	-	164,072,026.13	2,156,660.73	164,072,026.20	57,897,746.03	3,541,255,065.51
5.000%, USD 500 million corporate bond	USD 500,000,000.00	04/05/2012	10 years	USD 500,000,000.00	3,437,038,919.01	-	-	172,707,396.00	6,040,527.71	172,707,396.00	57,201,722.87	3,500,281,169.59
4.890%, RMB 2,500 million corporate bond	RMB 2,500,000,000.00	21/04/2017	5 years	RMB 2,500,000,000.00	2,585,072,602.74	-	-	122,250,000.00	-	122,250,000.00	-	2,585,072,602.74
3.500%, USD 200 million corporate bond	USD 200,000,000.00	03/08/2015	5 years	USD 200,000,000.00	1,389,033,618.74	-	-	48,358,070.88	2,184,832.77	48,358,070.88	23,114,795.83	1,414,333,247.34
IPCA+7.8164%, BRL 428 million corporate bond	BRL 428,047,000.00	07/11/2016	6 years	BRL 428,047,000.00	783,774,548.64	-	-	95,782,430.65	11,483,036.38	64,633,265.91	(16,256,215.52)	810,150,534.24
4.980%, RMB 400 million corporate bond	RMB 400,000,000.00	10/12/2018	3 years	RMB 400,000,000.00	-	402,892,493.15	-	18,228,164.38	-	19,920,000.00	-	401,200,657.53
5.150%, RMB 500 million corporate bond	RMB 500,000,000.00	06/02/2018	3 years	RMB 500,000,000.00	524,651,558.48	-	-	1,070,098.17	-	525,721,656.65	-	-
2.970%, RMB 300 million corporate bond	RMB 300,000,000.00	11/10/2016	3 years	RMB 300,000,000.00	301,508,794.53	-	-	6,932,712.28	468,493.19	308,910,000.00	-	-
Total					22,882,948,878.26	402,892,493.15	-	1,108,663,922.39	35,601,280.22	1,905,835,439.54	295,916,000.17	22,820,187,134.65
Less: Bonds payable due within one year					785,481,781.86							1,889,505,167.46
Bonds payable due after one year					22,097,467,096.40							20,930,681,967.19

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

37. Lease liabilities

Unit: RMB

Category	Closing balance	Opening balance
Lease payment	2,934,104,267.67	
Unrecognized financing cost	(945,733,971.11)	
Total	1,988,370,296.56	
Less: Lease liabilities due within one year	341,240,327.95	
Lease liabilities due after one year	1,647,129,968.61	

38. Long-term payables

(1) Summary of long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	1,447,802,228.74	1,285,984,226.34
Special payables	548,550,497.29	38,841,499.68
Total	1,996,352,726.03	1,324,825,726.02
Less: Long-term payables due within one year	61,107,722.82	30,635,607.84
Long-term payables due after one year	1,935,245,003.21	1,294,190,118.18

(2) Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Terminal management rights (Note 1)	881,239,309.85	823,360,554.03
Payable to minority shareholders of subsidiaries (Note 2)	407,092,971.69	390,658,146.52
Borrowings from related parties (Note 3)	150,000,000.00	-
Financing lease payments	-	71,965,525.79
Others	9,469,947.20	-
Total	1,447,802,228.74	1,285,984,226.34
Less: Long-term payables due within one year	61,107,722.82	30,635,607.84
Long-term payables due after one year	1,386,694,505.92	1,255,348,618.50

Note 1: As at 12 August 2011, the Group reached a 35-year building, operation and transfer agreement through the subsidiary Colombo International Container Terminals Limited and the Sri Lanka Port Authority on the building, operation, management and development of the Colombo Port South Container Terminal (hereinafter referred to as for "BOT"). The above-mentioned terminal operating rights purchase amount is determined by discounting the amount to be paid in the future using the prevailing market interest rate according to the BOT agreement. As at 31 December 2019, the amount is RMB 881,239,309.85.

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

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**38. Long-term payables - continued****(2) Long-term payables - continued**

Note 3: At 9 December 2019, ZCMG, a subsidiary of the Company, and China Merchants Finance Lease (Tianjin) Co., Ltd. entered into a 72-month sale-and-leaseback agreement in respect of the sale-and-leaseback assets, with a consideration of RMB 150,000,000.00. The leased assets represent the front 80 meters hydraulic project main body assets of section A and section B under the Xiamen Port Houshi port area No. 3 general berth project. According to the agreement, after the lessee has settled all the liabilities under the contract, it is entitled to purchase the leased assets at the nominal price of RMB 100 (inclusive of VAT). ZCMG is the saler and lessee of the leased assets. As China Merchants Finance Lease (Tianjin) Co., Ltd. has no control over the leased assets, the transfer of assets in the sale-and-leaseback transaction is not a sale and the cash receipts are accounted for as financial liabilities, i.e. borrowings from related parties. According to the agreement, the interest rate for the borrowings is 4.75% and the borrowing period is 72 months.

At 9 December 2019, ZCMG and China Merchants Finance Lease (Tianjin) Co., Ltd. as the beneficiary entered into a mortgage agreement with the land use rights of two plots of land for harbor and wharf with areas of 126,400 square meters and 172,700 square meters respectively as the collaterals. As of 31 December 2019, the carrying amount of the mortgaged land use rights is RMB 121,585,300.20.

(3) Special payables

Unit: RMB

Item	1/1/2019	Increase in the current year	Effect of changes in the scope of consolidation	Decrease in the current year	31/12/2019	Reason
Refunds of Harbor Construction Fee	36,061,435.67	78,708.90	510,107,118.35	900,794.60	545,346,468.32	Note 1
Employee housing fund	2,780,064.01	423,964.96	-	-	3,204,028.97	Note 2
Total	38,841,499.68	502,673.86	510,107,118.35	900,794.60	548,550,497.29	

Note 1: This represents the refund of the construction fee received by the Group from the Ministry of Transport, Shenzhen Municipal Transportation Bureau. According to the "Port Construction Fee Management Measures" promulgated by the Ministry of Finance, this payment is dedicated to the construction of water transport infrastructure.

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

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**39. Long-term employee benefits payable****(1) Long-term employee benefits payable**

Unit: RMB

Item	Closing balance	Opening balance
Post-employment benefits - net liabilities of defined benefits plan (note)	454,383,940.25	385,323,310.21
Termination benefits	49,048,198.38	9,101,817.44
Total	503,432,138.63	394,425,127.65
Less: Long-term employee benefits payable due within one year	31,950,000.00	19,100,000.00
Long-term employee benefits payable due after one year	471,482,138.63	375,325,127.65

(2) Changes of defined benefits plan

Present value of defined benefits plan obligation:

Unit: RMB

Item	2019	2018
I. Opening balance	385,323,310.21	358,010,123.90
II. Defined benefits cost included in profit or loss for the period	25,714,051.83	10,313,678.43
1. Current service cost	10,244,780.50	2,163,678.43
2. Past service cost	(180,000.00)	(7,460,000.00)
3. Interest adjustment	15,649,271.33	15,610,000.00
III. Defined benefits cost included in other comprehensive income	(1,513,131.31)	34,693,502.67
1. Actuarial gains (losses)	(1,552,580.61)	34,562,392.88
2. Effect of exchange rate changes	39,449.30	131,109.79
IV. Other changes	44,859,709.52	(17,693,994.79)
1. Benefits paid	(31,910,290.48)	(17,693,994.79)
2. Changes in the scope of consolidation	76,770,000.00	-
V. Closing balance	454,383,940.25	385,323,310.21

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

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

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

40. Provisions

Unit: RMB

Item	Closing balance	Opening balance	Reason
Estimated expenses on Shangtou Port land acquisition and reservation	45,897,100.00	-	
Sales discount	15,265,697.07	15,480,571.55	
Pending litigation (Note)	15,079,762.88	19,470,820.72	Note
Total	76,242,559.95	34,951,392.27	

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

41. Deferred income

Unit: RMB

Item	1/1/2019	Increase in the current year	Effect of changes in the scope of consolidation	Decrease in the current year	31/12/2019
Government grants	228,658,214.64	503,152,280.00	452,418,582.19	37,903,296.88	1,146,325,779.95
Unrealized sale-and-leaseback income	-	-	1,902,769.80	475,692.58	1,427,077.22
Total	228,658,214.64	503,152,280.00	454,321,351.99	38,378,989.46	1,147,752,857.17

Items involving government grants are as follows:

Unit: RMB

Liabilities	1/1/2019	Increase	Effect of changes in the scope of consolidation	Recognized in Other comprehensive income	31/12/2019	Related to assets /related to income
Refund from marine reclamation land	-	-	392,906,557.65	17,736,737.26	375,169,820.39	Related to assets
Tonggu channel widening project (Note)	-	282,311,343.28	-	5,881,486.48	276,429,856.80	Related to assets
West port area public channel widening project (Note)	-	217,588,656.72	-	967,832.04	216,620,824.68	Related to assets
Modern logistics special funds	115,360,000.04	-	-	639,999.96	114,720,000.08	Related to assets
Terminal subsidy	47,775,000.00	-	-	1,224,999.96	46,550,000.04	Related to assets
Appropriation for harbor dues on cargo	-	-	22,819,438.96	504,043.87	22,315,395.09	Related to assets
Port construction subsidy	-	1,000,000.00	20,946,639.06	847,305.47	21,099,333.59	Related to assets
Qianwan Bonded Logistics Park Project	15,304,301.08	200,000.00	-	1,077,251.84	14,427,049.24	Related to assets
Subsidized grain transfer project subsidy	8,142,857.12	-	-	285,714.29	7,857,142.83	Related to assets
Central budgetary support for bulk grain transfer terminal projects	7,472,916.67	-	-	212,500.00	7,260,416.67	Related to assets
Refund of land transfer charges	-	-	6,680,000.00	-	6,680,000.00	Related to assets
AMP project	6,748,036.42	-	-	961,620.72	5,786,415.70	Related to assets
Oil to electricity project	6,017,089.67	-	-	784,837.92	5,232,251.75	Related to assets
War readiness tug special fund	-	-	4,425,000.00	206,250.00	4,218,750.00	Related to assets
Bonded logistics center industry informatization development special fund	-	-	2,690,000.00	110,000.00	2,580,000.00	Related to assets
Automated terminal operation and dispatching system special support project	5,162,470.31	-	-	2,915,508.74	2,246,961.57	Related to assets
War readiness portal crane subsidy	1,855,895.24	-	-	262,008.73	1,593,886.51	Related to assets
Bulk cargo production business management system	-	1,500,000.00	-	-	1,500,000.00	Related to assets
Research and development of fully automated intelligent terminal information investment based on cloud platform architecture	2,737,023.07	-	-	1,679,085.80	1,057,937.27	Related to assets
Green low carbon port project	1,403,900.02	-	-	421,170.00	982,730.02	Related to assets
Others	10,678,725.00	552,280.00	1,818,226.52	1,184,943.80	11,997,007.72	
Total	228,658,214.64	503,152,280.00	452,418,582.19	37,903,296.88	1,146,325,779.95	

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**41. Deferred income - continued**

Note: According to the reply from Ministry of Transportation, Shenzhen West Port Area Tonggu Channel 240-270 Meters Widening project, Shenzhen West Port Area West Public Channel Section I 240-270 Meters Widening Project and Shenzhen West Port Area West Public Channel Section II and III 240-270 Meters Widening Project have been included in the National "13th Five-year Plan for Water Transport". As of 31 December 2019, the Ministry of Transportation has appropriated relevant subsidies of RMB 499,900,000 to the Company's subsidiaries.

42. Other non-current liabilities

c	Closing balance	Opening balance
TCP operating rights liability (Note 1)	3,326,952,857.86	3,260,547,002.45
Obligation to minority shareholders due to acquisition (Note 2)	732,733,351.01	579,195,304.56
Berth priority call right (Note 3)	20,664,537.64	25,305,830.90
Total	4,080,350,746.51	3,865,048,137.91
Less: Other non-current liabilities due within one year	825,835,439.66	87,465,615.05
Including: TCP operating rights liability	93,102,088.65	87,465,615.05
Obligation to minority shareholders due to acquisition	732,733,351.01	-
Other non-current liabilities due after one year	3,254,515,306.85	3,777,582,522.86

Unit: RMB

Note 1: As at 23 February 2018, CMPort, a subsidiary of the Company, acquired a 90% stake in TCP and incorporate it into the consolidated financial statements of the Group. TCP has operation right the port of paranagua up to 2048. At 31 December 2019, the payment to acquire the port operation rights is calculated based on local comprehensive price index.

Note 2: In February 2018, CMPort, a subsidiary of the Company, acquired a 90% stake in TCP. According to the agreement, minority shareholders of TCP can choose to sell their 10% stake in TCP to Kong Rise Development, a subsidiary of CMPort, at the market price or the BRL 320 million (whichever is higher) after two years. Therefore, the Group recognizes the total amount of obligations related to the purchase of minority interests as liabilities.

Note 3: This represents the berth priority call right as agreed in the contract entered into with the clients in 2003, with total amount of USD 14 million. The Group must give priority to the berthing requirements of the contracted customers during the contract period. The Group amortized the berth priority right within 20 years using straight-line method. In 2019, the amount included in operating income is RMB 4,641,293.26.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

43. Share capital

Unit: RMB

Item	Opening balance	Changes for the year				Sub-total	Closing balance
		New issue of share (note)	Bonus issue	Capitalization of surplus reserve	Others		
2019							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	128,952,746.00	-	-	-	128,952,746.00	128,952,746.00
3. Other domestic shares (Note)	212,156.00	-	-	-	(42,554.00)	(42,554.00)	169,602.00
4. Foreign shares	1,148,648,648.00	-	-	-	-	-	1,148,648,648.00
Total restricted tradable shares	1,148,860,804.00	128,952,746.00	-	-	(42,554.00)	128,910,192.00	1,277,770,996.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,855,324.00	-	-	-	3,000.00	3,000.00	464,858,324.00
2. Foreign capital shares listed domestically	179,696,250.00	-	-	-	39,554.00	39,554.00	179,735,804.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,551,574.00	-	-	-	42,554.00	42,554.00	644,594,128.00
III. Total shares	1,793,412,378.00	128,952,746.00	-	-	-	128,952,746.00	1,922,365,124.00
2018							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	160,106.00	-	-	-	52,050.00	52,050.00	212,156.00
4. Foreign shares	-	1,148,648,648.00	-	-	-	1,148,648,648.00	1,148,648,648.00
Total restricted tradable shares	160,106.00	1,148,648,648.00	-	-	52,050.00	1,148,700,698.00	1,148,860,804.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,859,300.00	-	-	-	(3,976.00)	(3,976.00)	464,855,324.00
2. Foreign capital shares listed domestically	179,744,324.00	-	-	-	(48,074.00)	(48,074.00)	179,696,250.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,603,624.00	-	-	-	(52,050.00)	(52,050.00)	644,551,574.00
III. Total shares	644,763,730.00	1,148,648,648.00	-	-	-	1,148,648,648.00	1,793,412,378.00

Note: In October 2019, the Company issued 128,952,746 shares of ordinary shares tailed for Shenzhen Infrastructure Investment Fund Partnership (LLP) and Sino-Africa Development Fund Co., Ltd. at the price of RMB17.16 per share.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

44. Capital Reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2019				
Capital premium	19,429,694,090.05	2,770,861,727.22	16,957,921.94	22,183,597,895.33
Including: Capital contributed by investors (note 1)	4,954,397,136.25	2,058,595,347.69	-	7,012,992,483.94
Differences arising from business combination involving enterprises under common control	13,311,099,845.41	-	-	13,311,099,845.41
Differences arising from acquisition of minority interests (Note 2)	-	419,130,116.03	-	419,130,116.03
Others (Note 3)	1,164,197,108.39	293,136,263.50	16,957,921.94	1,440,375,449.95
Other capital Reserve	(2,781,133.00)	129,059,971.90	13,391,266.88	112,887,572.02
Including: Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Other changes of owners' equity of the investee under equity method other than changes in net profit or loss, profit distribution and other comprehensive income	-	129,059,971.90	13,391,266.88	115,668,705.02
Others (Note 3)	-	-	-	-
Total	19,426,912,957.05	2,899,921,699.12	30,349,188.82	22,296,485,467.35
2018				
Capital premium	18,848,680,489.20	1,164,197,108.39	583,183,507.54	19,429,694,090.05
Including: Capital contributed by investors	4,954,397,136.25	-	-	4,954,397,136.25
Differences arising from business combination involving enterprises under common control	13,894,283,352.95	-	583,183,507.54	13,311,099,845.41
Others	-	1,164,197,108.39	-	1,164,197,108.39
Other capital Reserve	(2,781,133.00)	-	-	(2,781,133.00)
Including: Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Total	18,845,899,356.20	1,164,197,108.39	583,183,507.54	19,426,912,957.05

Note 1: The increase in the year mainly represents the premium of the shares issued by the Company.

Note 2: The increase in the year mainly represents the dividends from the Company's share in CMPort which is obtained in the form of scrip dividends, i.e. the portion of change in minority interests. Details are set out in Note (VII)1(2).

Note 3: The increase in the year primarily represents the difference between the disposal price of equity of Xinda Resources Limited held by the Company's subsidiary CMPort and the share of net assets of the subsidiary corresponding to the disposal of the long-term equity investments continuously calculated since the date of acquisition, which is CNY 221,549,814.91. The company Details are set out in Note (VII)2(1).

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

45. Other comprehensive income

Unit: RMB

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

45. Other comprehensive income - continued

Unit: RMB

Item	Opening balance	2019						Less: Other comprehensive income carried forward to retained earnings	Closing balance
		Pre-tax amount for the year	Less: Amount included in other comprehensive income in the prior periods transferred to profit or loss this year	Less: Income tax expense	Post-tax income attributable to the parent company owner	Post-tax income attributable to minority shareholders	Impact of business combination involving enterprises under common control		
2018:									
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	(742,874,052.89)	(127,586,823.04)	-	1,125,715.00	(48,671,312.79)	(80,041,225.25)	867,218,499.76	-	75,673,134.08
Including: Changes arising from remeasurement of defined benefits plan	-	(20,136,880.35)	-	-	(7,943,999.30)	(12,192,881.05)	7,943,999.30	-	-
Other comprehensive income that can't be transferred to profit or loss under equity method	-	(116,954,783.85)	-	-	(46,138,662.23)	(70,816,121.62)	46,138,662.23	-	-
Changes in fair value of other equity instruments	(742,874,052.89)	9,504,841.16	-	1,125,715.00	5,411,348.74	2,967,777.42	813,135,838.23	-	75,673,134.08
II. Other comprehensive income that will be reclassified subsequently to profit or loss	13,252,844.49	333,315,323.72	-	-	90,449,399.81	242,865,923.91	(90,449,399.81)	-	13,252,844.49
Including: Other comprehensive income that may be transferred to profit or loss under equity method	100,000.00	(20,157,413.77)	-	-	(7,952,099.73)	(12,205,314.04)	7,952,099.73	-	100,000.00
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	353,472,737.49	-	-	98,401,499.54	255,071,237.95	(98,401,499.54)	-	13,152,844.49
Total other comprehensive income	(729,621,208.40)	205,728,500.68	-	1,125,715.00	41,778,087.02	162,824,698.66	776,769,099.95	-	88,925,978.57

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

46. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2019:				
Production safety reserve	8,231,080.43	108,062,435.41	103,906,781.14	12,386,734.70
2018:				
Production safety reserve	4,767,373.45	24,165,961.75	20,702,254.77	8,231,080.43

47. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2019:				
Statutory surplus reserve	527,175,908.67	103,169,398.76	-	630,345,307.43
2018:				
Statutory surplus reserve	520,074,434.56	7,101,474.11	-	527,175,908.67

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 may 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 share capital after approval.

The appropriation of discretionary surplus reserve is proposed by the board of directors and approved at the shareholders meeting. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval.

48. Unappropriated profit

Unit: RMB

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

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

48. Unappropriated profit - continued

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
2018:		
Unappropriated profit at the end of prior year before adjustment	3,566,083,142.17	
Adjustment of total unappropriated profit at the beginning of year	5,716,548,113.47	
Unappropriated profit at the beginning of year after adjustment	9,282,631,255.64	
Add: Net profit attributable to shareholders of the Company for the year	1,090,418,910.77	
Less: Appropriation to statutory surplus reserve	7,101,474.11	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	850,443,359.86	
Ordinary shares' dividends converted into share capital	-	
Others	599,688,222.23	
Unappropriated profit at the end of the year	8,915,817,110.21	

Note 1: As set out in Note (III)34, the Group reduced the unappropriated profit at the beginning of the year by RMB41,018,077.68 due to the impact of changes of accounting policies.

Note 2: According to the resolution of shareholders meeting on 20 May 2019, the Company distributes cash dividends of RMB 1.14 (inclusive of tax) for every 10 shares, totaling to RMB204,449,011.09 on the basis of the total shares of 1,793,412,378 shares at the end of 2018.

Note 3: Profit distribution after the balance sheet date

According to the profit distribution plan for 2019, approved by the 9th board of directors at the 7th meeting on 14 April 2020, the Company, based on the total shares of 1,922,365,124 on the 31 December 2019, would distribute cash dividends at a amount of RMB884,287,957.04. The above profit distribution plan has yet been approved by shareholders meeting.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**49. Operating income and operating costs****(1) Operating income and operating costs**

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Principal operating	11,958,482,255.05	7,425,898,430.33	9,570,796,336.11	5,517,782,669.86
Other operating	165,347,168.69	223,022,489.38	132,598,286.47	221,458,726.01
Total	12,123,829,423.74	7,648,920,919.71	9,703,394,622.58	5,739,241,395.87

(2) Revenue from contracts

Unit: RMB

Categories of contracts	Ports operation	Bonded logistics operation	Other operation	Total
Mainland China, Hong Kong and Taiwan area	8,310,009,620.17	396,670,343.38	165,347,168.69	8,872,027,132.24
- Pearl River Delta	5,196,613,368.06	267,511,586.97	165,347,168.69	5,629,472,123.72
- Yangtze River Delta	-	-	-	-
- Bohai Rim	65,287,182.79	129,158,756.41	-	194,445,939.20
- Other areas	3,048,109,069.32	-	-	3,048,109,069.32
Other countries	3,237,062,565.69	14,739,725.81	-	3,251,802,291.50
Total	11,547,072,185.86	411,410,069.19	165,347,168.69	12,123,829,423.74

(3) Description of performance obligations

The Group provides wharf service, bonded logistics service and other services. These services are obligations performed over a period of time. For wharf services, as the handling time for containers and bulk cargos is short, the management believes that it is not necessary to recognize revenue according to the progress towards the completion of contract and it is an appropriate method to recognize the fulfillment of performance obligation and revenue upon the completion of the service. For bonded logistics service and other services, the customers evenly obtains and consumes the economic benefits from the Group's performance of contract, meanwhile the charging rules as agreed in the contract terms usually adopt daily/month/yearly basis. During the process of rendering services, the Group recognizes revenue using straight-line method. Part of the Group's handling contracts are established with discount terms, i.e. the customers whose business volume reaches agreed level, are granted with preferential charge rate or discount. At the end of the year, as the business quantity finally realized within the contract period is uncertain, the contract consideration is subject to variable factors. The management included this part of discount in provisions. Details are set out in Note (V) 40. The Group's revenue contract does not have significant financing components.

- (4) At the end of the year, the variable consideration of RMB15,265,697.07 (31 December 2018: RMB15,480,571.55) arising from sales discount is not included in the transaction price due to the restriction requirements relating to variable considerations.

50. Taxes and levies

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Property tax	45,998,786.01	50,993,199.89
Land use tax	32,116,936.18	15,095,001.85
City construction and maintenance tax	6,188,074.98	5,258,434.33
Stamp duty	4,948,743.36	45,775,414.65
Education surcharges and local education surcharges	4,866,915.60	4,059,161.54
Others (Note)	78,437,123.79	114,772,591.25
Total	172,556,579.92	235,953,803.51

Note: Others mainly represent (1) the tax levied by Program of Social Integration and Contribution for the Financing of Social Security against enterprises, amounting to BRL14,988,643.16 (equivalent to RMB 26,302,820.45); (2) Tax for services calculated based on the services rendered, amounting to BRL24,028,392.69 (equivalent to RMB42,166,224.91).

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**51. Administrative expense**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee's salary	980,074,507.53	702,986,443.49
Depreciation expenses	74,954,306.82	42,634,581.68
Amortization of intangible assets	58,414,351.33	14,013,965.69
Fees paid to agencies	55,258,915.07	233,972,825.17
Others	340,818,500.91	258,257,859.42
Total	1,509,520,581.66	1,251,865,675.45

52. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expense	2,018,175,947.65	1,672,764,416.74
Less: Capitalized interest expenses	35,175,196.89	38,663,084.94
Less: Interest income	252,060,018.58	272,453,293.86
Exchange differences	37,236,030.34	235,825,068.78
Handling fee	56,876,221.78	37,531,206.16
Others	4,379,909.45	8,413,790.07
Interest expenses of lease liabilities	106,836,843.78	
Total	1,936,269,737.53	1,643,418,102.95

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

53. Other income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Allocation of deferred income	37,903,296.88	9,551,510.74
Department of Commerce of Guangdong Province - Special funds for promoting economic development of Guangdong	20,970,000.00	-
Shenzhen Municipal Finance Committee – Foreign trade growth incentive fund	13,850,262.00	-
Additional deduction of VAT	13,268,318.27	-
Sri Lanka Hambantota Port project subsidies	10,278,619.72	-
Nanshan district modern logistics project support fund	8,094,400.00	3,000,000.00
Transport Bureau of Zhangzhou Development Zone port operation support subsidy	7,415,800.50	5,602,326.79
Refund of withholding taxes	6,903,526.71	2,334,770.36
Shenzhen Transportation Committee – key logistics enterprises finance subsidiary	6,019,100.00	-
Nanshan district independent innovation enterprise development special fund	5,561,600.00	-
Shenzhen Municipal Finance Committee 2019 equipment construction fee	5,448,613.20	-
Shenzhen Science and Technology Innovation Committee – R&D subsidy	4,241,000.00	5,411,000.00
Electricity subsidy	3,307,715.28	4,040,714.30
Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration – the first batch of headquarter enterprise contribution support fund for 2019	2,375,100.00	-
Xiamen Port Holding Group Co., Ltd. – 2018 incentive support fund	2,000,000.00	-
Steady post subsidies	1,985,363.23	476,958.57
Fujian Provincial Port and Shipping Development Special Fund	1,864,088.00	1,029,000.00
Special fund for foreign trade and economic development from central government (cross-border business management system based on big data service)	1,720,000.00	-
Fujian Development and Reform Commission – 3rd batch provincial demonstration logistics park subsidy	1,000,000.00	-
Special fund for promoting high-quality development of economy	1,000,000.00	-
Market Supervision Bureau Of Shenzhen – China quality awards nomination prize	1,000,000.00	-
Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration – Qianhai cooperation zone new trade development special fund	1,000,000.00	-
Shenzhen Municipal Finance Committee policy subsidy	-	5,767,400.00
Infrastructure construction investment of Central government – TCP port project (early stage work) subsidy	-	5,161,467.89
Subsidy for increasing the port's capacity of handling containers for 2017	-	3,500,000.00
Domestic trade containers handling capacity finance subsidy from Transportation Committee	-	1,999,631.00
Economy, Trade and Information Commission of Shenzhen Municipality – Subsidy of central government for 2017 foreign economic and trade development special fund (cross-border e-commerce type) (Trade clearance facilitation platform)	-	1,904,900.00
Others	4,894,309.31	6,400,447.99
Total	162,101,113.10	56,180,127.64

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**54. Investment income****(1) Details of investment income:**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Long-term equity investments income under equity method	3,727,850,763.22	3,913,864,538.60
Gains from remeasurement of previously held equity at fair value upon obtaining the control (Note)	845,432,476.22	-
Investment income on other non-current financial assets	127,790,790.54	45,661,915.63
Investment income on disposal of other non-current financial assets	(407,903.18)	
Dividend income on other equity instruments	10,942,760.11	8,228,975.00
Interest income on debt investments	20,352,987.67	-
Others	(112,788,119.16)	72,720.25
Total	4,619,173,755.42	3,967,828,149.48

There is no significant restriction on the remittance of the Group's investment income.

Note: The income is mainly generated by the acquisition of Zhanjiang Port whose original equity was remeasured at fair value.

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

Unit: RMB

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes
Shanghai International Port (Group) Co., Ltd.	2,425,921,985.71	2,571,370,986.64	Changes in net profit of investee
Terminal Link SAS	280,560,341.83	357,885,181.99	Changes in net profit of investee
Nanshan Group	242,285,185.34	220,478,175.60	Changes in net profit of investee
Dalian Port Co., Ltd.	148,347,321.32	112,882,708.11	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	142,602,575.17	141,704,248.41	Changes in net profit of investee
Ningbo Daxie Merchants International Wharf Co., Ltd.	120,498,548.83	102,956,377.59	Changes in net profit of investee
Euro-Asia Oceangate, S.a` r.l.	71,820,758.28	108,552,693.45	Changes in net profit of investee
China Overseas Harbour Affaris (Laizhou) Co., Ltd.	42,110,853.02	48,450,765.57	Changes in net profit of investee
Port of Newcastle	31,855,255.55	8,870,390.98	Changes in net profit of investee
Others	221,847,938.17	240,713,010.26	Changes in net profit of investee
Total	3,727,850,763.22	3,913,864,538.60	

55. Gains (losses) on changes in fair value

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Other non-current financial assets	431,344,898.81	(948,440,538.45)
Including: Financial assets at fair value through profit or loss	431,344,898.81	(948,440,538.45)
Other non-current liabilities	(364,861,632.33)	(125,966,299.23)
Including: Financial liabilities at fair value through profit or loss	(364,861,632.33)	(125,966,299.23)
Total	66,483,266.48	(1,074,406,837.68)

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**56. Gains (losses) on impairment of credit**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
I. Gains (losses) on impairment of credit of accounts receivable	(51,878,244.38)	3,102,192.00
II. Gains (losses) on impairment of credit of other receivables	1,682,076.71	(9,760,870.10)
III. Gains (losses) on impairment of credit of long-term receivables	(1,082,720.15)	(784,171.05)
IV. Others	1,029,478.05	(85,731.45)
Total	(50,249,409.77)	(7,528,580.60)

57. Gains from impairment of assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from decline in value of inventories	25,051.16	-

58. Gains on disposal of assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current year
Gains on disposal of non-current assets	4,794,562,782.79	19,258,495.33	4,794,562,782.79
Including: Gains on disposal of fixed assets	6,759,787.47	18,151,195.97	6,759,787.47
Gains on disposal of intangible assets	1,108,671,001.98	-	1,108,671,001.98
Gains on disposal of construction in progress	47,902,373.19	-	47,902,373.19
Others	3,631,229,620.15	1,107,299.36	3,631,229,620.15

Note: The gains on disposal of assets mainly include:

- On 30 October 2019, the Company's subsidiary Shantou Port signed the "Transfer Letter" with Shantou Land Reserve Center, returning the land around 133.61 mu and accompany buildings on the east of Zhuchi deepwater port and on the south of Zhongshan East Road of Shantou to the municipal government. According to the legal opinion, Shantou Port confirmed the completion of transfer of the land of 133.61 mu and accompany buildings, and recognized gains on compensation of assets amounting to RMB69,324,588.03.
- The Company's subsidiary Shantou Port obtained received a compensation of RMB537,635,141.78 by returning its land parcels of 183.63 mu and accompany buildings at Zhuchi deepwater port on the south of Zhongshan East Road of Shantou to government. Details are set out in Note (V)6.4(2).
- The Company's subsidiaries Antongjie Terminal Services (Shenzhen) Co., Ltd. ("ATJ") and Anshujie Terminal Services (Shenzhen) Co., Ltd. ("ASJ") obtained compensation of RMB4,193,314,004.68 by returning land parcels and its accompany buildings. Details are set out in Note (X)5(6).

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

59. Non-operating income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current year
Compensation obtained by minority shareholders (Note)	488,492,798.26	-	488,492,798.26
Compensation received for contracts violation	14,444,165.81	945,809.03	14,444,165.81
Exempted account currents	2,026,044.81	-	2,026,044.81
Insurance compensation received	-	540,000.00	-
Others	48,140,351.53	65,642,880.95	48,140,351.53
Total	553,103,360.41	67,128,689.98	553,103,360.41

Note: In August 2012, the Group acquired 50% equity of LCT held by Mediterranean Shipping Company S.A ("MSC") through its subsidiary Global Terminal Limited at the consideration of EUR150 million. According to the "Equity Acquisition Agreement", from 2014 to 2028, MSC provides LCT port with commitment of minimum quantity of containers through Global Terminal Limited, of which the performance is assessed every three years, and agrees on the compensation mechanism whenever the guaranteed quantity of containers is not satisfied. In 2019, the Group recognized compensation of RMB488,492,798.26 for the period from 2017 to 2019. As at 31 December 2019, the Group accumulatively recognized compensation of RMB866,629,494.55 of which RMB669,121,539.36 is not yet received.

60. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Donations	31,344,046.81	12,070,408.91	31,344,046.81
Losses on retirement of non-current assets	24,459,845.75	32,095,701.53	24,459,845.75
Compensation, liquidated damages and penalties	5,574,036.67	49,204,874.59	5,574,036.67
Others	9,074,083.17	31,660,313.54	9,074,083.17
Total	70,452,012.40	125,031,298.57	70,452,012.40

61. Income tax expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	2,308,373,316.21	510,367,919.37
Deferred tax expenses	332,165,578.41	218,072,619.23
Total	2,640,538,894.62	728,440,538.60

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**61. Income tax expenses - continued**

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

Unit: RMB

Item	Amount incurred in the current period
Accounting profit	10,807,456,167.82
Income tax expenses calculated at 25%	2,701,864,041.96
Effect of non-deductible cost, expenses and losses	261,705,254.04
Accrued income tax expenses	973,358,960.93
Effect of deductible temporary differences and deductible losses for which the deferred tax assets are not recognized in current period	136,262,425.91
Effect of tax-free income (Note)	(565,271,919.77)
Effect of tax incentives and changes of tax rate	(289,666,792.29)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(475,302,953.37)
Effect of utilizing deductible losses for which the deferred tax assets were not recognized in prior period	(76,090,943.14)
Effect of adjustments to prior-year income tax	(31,763,879.70)
Changes in the opening balance of deferred tax assets/ liabilities due to tax adjustments	5,366,646.17
Others	78,053.88
Income tax expenses	2,640,538,894.62

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

62. Assets with restricted ownership or use right

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances (Note 1)	15,648,978.15	1,697,027,200.00
Equity investment in Colombo International Container Terminals Limited (Note 2)	1,591,452,920.23	1,526,241,901.61
Equity investment in Thesar Maritime Limited (Note 2)	799,684,707.77	767,331,789.70
Fixed assets (Note 3)	349,612,960.23	5,825,207,339.57
Intangible assets (Note 3)	345,131,760.52	161,408,030.71
Construction in progress (Note 3)	23,840,920.42	43,352,104.93
Total	3,125,372,247.32	10,020,568,366.52

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

Note 2: Details of mortgaged equity and interests are set out in Note (V) 35.

Note 3: Yide Port mortgaged its land with property right, fixed assets and construction in progress to obtain bank borrowings; Shenzhen Haixing Harbor Development Co., Ltd. mortgaged its land with property right to obtain bank borrowings; Dongguan Chiwan Warf Co., Ltd. mortgaged its sea area use right with property right to obtain bank borrowings; ZCMG mortgaged its land with property right to obtain related party borrowings. Details of mortgage borrowings are set out in Note (V) 35 and Note (V) 38.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**63. Other comprehensive income**

Details are set out in Note (V) 45.

64. Items in cash flow statement**(1) Other cash receipts relating to operating activities:**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Government grants	614,567,707.23	50,797,838.32
Interest income	212,679,224.25	214,787,250.36
Guarantees and deposits	30,791,091.36	27,953,110.71
Rentals	16,310,934.86	13,313,831.31
Compensation from contracts	13,860,280.30	218,843,719.69
Insurance compensation	4,565,218.67	16,320,537.80
Harbor construction fee	2,803,216.00	96,876,815.04
Others	270,133,172.51	325,042,168.36
Total	1,165,710,845.18	963,935,271.59

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Operating expenses such as operating costs and administration expense etc.	201,645,233.00	255,069,427.76
Advance payment	177,076,380.78	155,172,493.64
Rentals	31,228,253.07	70,806,355.26
Port construction fee	26,478,534.06	83,269,723.00
Guarantees and deposits	20,638,334.19	16,514,731.00
Port charges	8,187,025.59	53,236,125.23
Harbour dues on cargo	3,138,152.55	2,668,097.85
Others	341,307,637.90	407,636,957.99
Total	809,699,551.14	1,044,373,911.73

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Recovery of loans	1,018,695,828.48	120,500,000.00
Recovery of deposits restricted due to acquisition of Hambantota Port project	1,001,472,400.00	-
Net cash receipts from acquisition of subsidiaries and other operating units	845,457,228.45	-
Cash receipts for debt transfer	356,137,574.00	-
Recovery of principal of structured deposit that is not readily for withdrawal	314,000,000.00	-
Interest of structured deposits	-	36,115,992.14
Others	204,000.00	-
Total	3,535,967,030.93	156,615,992.14

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**64. Items in cash flow statement - continued****(4) Net cash payments for acquiring subsidiaries and other operating units**

Unit: RMB

Item	Amount incurred in the current period
Cash and cash equivalents paid for business combination in the current year	375,334,390.00
Including: Zhanjiang port	375,334,390.00
Longteng Shipping	-
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	1,220,791,618.45
Including: Zhanjiang port	1,216,363,923.97
Longteng Shipping	4,427,694.48
Net cash payments for acquisition of subsidiaries	(845,457,228.45)
Including: Zhanjiang port	(841,029,533.97)
Longteng Shipping	(4,427,694.48)

(5) Net cash receipts from disposal of subsidiaries and other operating units

Unit: RMB

Item	Amount incurred in the current period
Cash and cash equivalent received in current period for disposal of subsidiaries in prior period	1,000,000.00
Including: China Merchants Warehousing (Shenzhen) Service Co., Ltd.	1,000,000.00

(6) Other cash payments relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Structured deposit that is not readily for withdrawal	1,610,000,000.00	695,000,000.00
Debt transfer payment	356,137,574.00	-
Related party borrowings	104,390,000.00	-
Supplementary payment of tax on significant assets restructuring	68,423,555.78	-
Deposits restricted due to acquisition of Hambantota Port project	-	965,644,000.00
Payment of income tax on disposal of other equity instruments	-	25,463,391.23
Total	2,138,951,129.78	1,686,107,391.23

(7) Other cash receipts relating to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Proceeds from disposal of equity of subsidiaries by CMPort	1,713,327,483.01	-
Proceeds from disposal of equity of the Company by CMPort	-	3,876,395,683.27
Total	1,713,327,483.01	3,876,395,683.27

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**64. Items in cash flow statement - continued**

(8) Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Bonds issuance cost	6,600,000.00	104,284,657.11
Repayment of advances of shareholders	1,592,783.29	1,833,400.80
Lease payments	-	39,828,477.15
Others	34,391,014.26	250,000.00
Total	42,583,797.55	146,196,535.06

65. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Amount incurred in the current period	Amount incurred in the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	8,166,917,273.20	2,885,914,753.96
Add: Provision for impairment losses of assets	(25,051.16)	-
Provision for impairment losses of credit	50,249,409.77	7,528,580.60
Depreciation of fixed assets	1,681,007,226.50	1,298,671,209.43
Depreciation of investment property	190,418,170.86	183,248,437.37
Depreciation of right-of-use assets	328,886,210.72	-
Amortization of intangible assets	632,626,770.16	526,994,590.78
Amortization of long-term prepaid expenses	31,586,968.21	19,045,474.75
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(4,794,562,782.79)	(19,258,495.33)
Losses on retirement of fixed assets, intangible assets and other long-term assets	24,459,845.75	32,095,701.53
Losses (gains) on changes in fair value	(66,483,266.48)	1,074,406,837.68
Financial expenses	2,127,073,624.88	1,869,926,400.58
Investment loss (income)	(4,619,173,755.42)	(3,967,828,149.48)
Decrease (increase) in deferred tax assets	(191,905,933.39)	(24,282,252.12)
Increase in deferred tax liabilities	524,071,511.80	242,354,871.34
Decrease (increase) in inventories	(11,704,381.63)	(25,110,483.47)
Decrease (increase) in operating receivables	(2,391,266,937.99)	(261,424,216.35)
Increase in operating payables	3,819,698,512.95	446,292,163.57
Net cash flows from operating activities	5,501,873,415.94	4,288,575,424.84
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	7,714,157,995.87	5,373,281,504.75
Less: Opening balance of cash	5,373,281,504.75	7,729,460,082.75
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	2,340,876,491.12	(2,356,178,578.00)

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

65. Supplementary information to the cash flow statement - continued

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	7,714,157,995.87	5,373,281,504.75
Including: Cash on hand	331,305.65	349,650.07
Bank deposits	7,422,490,058.00	5,116,481,444.13
Other monetary funds	291,336,632.22	256,450,410.55
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	7,714,157,995.87	5,373,281,504.75

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

66. Foreign currency monetary items

Item	Closing balance of original currency	Exchange rate	Closing amount in RMB
Cash and bank balances			2,254,117,370.52
Including: HKD	24,556,034.06	0.8958	21,997,295.31
USD	210,842,987.16	6.9762	1,470,882,847.03
EUR	66,928,010.67	7.8155	523,075,867.39
RMB	238,161,360.79	1.0000	238,161,360.79
Accounts receivable			134,801,300.52
Including: HKD	6,121,974.82	0.8958	5,484,065.04
USD	4,590,551.69	6.9762	32,024,606.70
EUR	12,448,676.19	7.8155	97,292,628.78
Other receivables			561,195,430.79
Including: HKD	35,529,633.52	0.8958	31,827,445.71
USD	3,538,045.40	6.9762	24,682,112.32
EUR	32,766,909.72	7.8155	256,089,782.91
RMB	248,596,089.85	1.0000	248,596,089.85
Long-term receivables			9,800,295.76
Including: EUR	1,253,956.87	7.8155	9,800,295.76
Short-term borrowings			1,304,398,148.00
Including: HKD	540,743,634.74	0.8958	484,398,148.00
RMB	820,000,000.00	1.0000	820,000,000.00
Accounts payable			30,431,392.31
Including: HKD	3,086,706.06	0.8958	2,765,071.29
USD	50,041.20	6.9762	349,097.42
EUR	3,489,504.65	7.8155	27,272,223.60
RMB	45,000.00	1.0000	45,000.00
Other payables			574,112,167.24
Including: HKD	13,979,385.79	0.8958	12,522,733.79
USD	47,361,608.63	6.9762	330,404,054.12
EUR	18,525,508.27	7.8155	144,786,109.92
RMB	86,399,269.41	1.0000	86,399,269.41
Non-current liabilities due within one year			261,401,461.04
Including: EUR	33,446,543.54	7.8155	261,401,461.04
Long-term borrowings			1,254,199,485.00
Including: EUR	124,950,000.00	7.8155	976,546,725.00
USD	39,800,000.00	6.9762	277,652,760.00
Bonds payable			21,212,400,200.93
Including: RMB	2,500,000,000.00	1.0000	2,500,000,000.00
USD	2,682,319,916.42	6.9762	18,712,400,200.93
Long-term payables			1,940,107,556.84
Including: HKD	2,366,680.83	0.8958	2,120,072.69
USD	217,303,185.71	6.9762	1,515,950,484.15
EUR	54,000,000.00	7.8155	422,037,000.00

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

67. Government grants

Unit: RMB

Type	Amount	Item	Account	Amount included in profit or loss for the period
Related to assets	282,311,343.28	Tonggu channel widening project	Deferred income	-
Related to assets	217,588,656.72	West port area public channel widening project	Deferred income	-
Related to income	20,970,000.00	Department of Commerce of Guangdong Province - Special funds for promoting economic development of Guangdong	Other income	20,970,000.00
Related to income	13,850,262.00	Shenzhen Municipal Finance Committee – Foreign trade growth incentive fund	Other income	13,850,262.00
Related to income	13,268,318.27	Additional deduction of VAT	Other income	13,268,318.27
Related to income	10,278,619.72	Sri Lanka Hambantota Port project subsidies	Other income	10,278,619.72
Related to income	8,094,400.00	Nanshan district modern logistics project support fund	Other income	8,094,400.00
Related to income	7,415,800.50	Transport Bureau of Zhangzhou Development Zone port operation support subsidy	Other income	7,415,800.50
Related to income	6,903,526.71	Refund of withholding taxes	Other income	6,903,526.71
Related to income	6,019,100.00	Shenzhen Transportation Committee – Finance subsidiary for key logistics enterprises	Other income	6,019,100.00
Related to income	5,561,600.00	Nanshan district independent innovation enterprise development special fund	Other income	5,561,600.00
Related to income	5,448,613.20	Shenzhen Municipal Finance Committee 2019 equipment construction fee	Other income	5,448,613.20
Related to income	4,241,000.00	Shenzhen Science and Technology Innovation Committee – R&D subsidy	Other income	4,241,000.00
Related to income	3,307,715.28	Electricity subsidy	Other income	3,307,715.28
Related to income	2,375,100.00	Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration – the first batch of headquarter enterprise contribution support fund for 2019	Other income	2,375,100.00
Related to income	2,000,000.00	Xiamen Port Holding Group Co., Ltd. – 2018 incentive support fund	Other income	2,000,000.00
Related to income	1,985,363.23	Steady post subsidies	Other income	1,985,363.23
Related to income	1,864,088.00	Fujian Provincial Port and Shipping Development Special Fund	Other income	1,864,088.00
Related to income	1,720,000.00	Special fund for foreign trade and economic development from central government (cross-border business management system based on big data service)	Other income	1,720,000.00
Related to assets	1,500,000.00	Zhanjiang port bulk cargo production business management system	Deferred income	-

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

67. Government grants - continued

Unit: RMB

Type	Amount	Item	Account	Amount included in profit or loss for the period
Related to income	1,000,000.00	Fujian Development and Reform Commission – 3 rd batch provincial demonstration logistics park subsidy	Other income	1,000,000.00
Related to income	1,000,000.00	Special fund for promoting high-quality development of economy	Other income	1,000,000.00
Related to income	1,000,000.00	Market Supervision Bureau Of Shenzhen – China quality awards nomination prize	Other income	1,000,000.00
Related to income	1,000,000.00	Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration – Qianhai cooperation zone new trade development special fund	Other income	1,000,000.00
Related to assets	1,000,000.00	Port construction subsidy	Deferred income	-
Related to income	4,894,309.31	Others	Other income	4,894,309.31
Related to income	485,929.28	Others	Deferred income	485,929.28
Related to assets	752,280.00	Others	Deferred income	-
Total	627,836,025.50			124,683,745.50

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

68. Lease

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

Unit: RMB

Maturity analysis of undiscounted lease receipts	31/12/2019
c	262,471,675.69
2 nd year subsequent to the balance sheet date	170,415,614.49
3 rd year subsequent to the balance sheet date	126,553,858.93
4 th year subsequent to the balance sheet date	94,901,695.84
5 th year subsequent to the balance sheet date	86,772,978.95
Subsequent years	415,842,560.49
Total	1,156,958,384.39

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

Note 2: For 2019, the revenue relating to operating lease amounts to RMB260,445,597.84; there is no revenue relating to variable lease payment that is not included in lease receipts.

(VI) CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination not involving enterprises under common control

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

Unit: RMB

Name of acquiree	Date on which the investment is acquired	Acquisition cost	Proportion of equity acquired (%)	Acquisition method	Acquisition date	Basis for determining the acquisition date	Acquiree's income from acquisition date to the end of the year	Acquiree's net profit from acquisition date to the end of the year
Zhanjiang port (Note 1)	3 February 2019	6,188,148,907.97	58.3549	Cash payment	3 February 2019	Transfer of control	2,306,530,651.61	75,720,720.11
Longteng Shipping (Note 2)	31 December 2019	77,485,870.00	70.00	Change of articles of association	31 December 2019	Transfer of control	-	-

Note 1: At 31 December 2018, China Merchants International Terminal (Zhanjiang) Co., Ltd., a subsidiary of the Company, holds 1,620,000,000 shares of ordinary shares of Zhanjiang Port, accounting for 40.2916% of the issued shares of Zhanjiang Port.

On 2 January 2019, the Company and Guangdong Sinotrans Co., Ltd. entered into the "Share Transfer Agreement on Zhanjiang Port (Group) Co., Ltd.", according to which the Company receives 201,034,548 shares of ordinary shares of Zhanjiang Port held by Guangdong Sinotrans Co., Ltd., accounting for 5% of the total issued shares of Zhanjiang Port at the date of the agreement. The consideration for the conversion is RMB375,334,390.00.

(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued**1. Business combination not involving enterprises under common control - continued****(1) Business combination not involving enterprises under common control for the year - continued**

On 8 January 2019, Chiwan Wharf (Hong Kong) Co., Ltd. ("CWHK"), a subsidiary of the Company, and Zhanjiang Infrastructure and Zhanjiang Port signed the "Capital Increase Agreement of Zhanjiang Port (Group) Co., Ltd". According to the agreement, Zhanjiang Port proposes to issue additional 1,853,518,190 shares of ordinary share at the price of RMB 1.867 per share or equivalent foreign currency price (determined based on exchange rate of the capital contribution) so as to increase its registered capital to RMB 5,874,209,145.00. CWHK proposes to subscribe for 1,606,855,919 shares ordinary shares, accounting for 27.3544% of the issued shares of Zhanjiang Port at the issuing date. The total subscription payment is RMB 3,000,000,000.77 or the equivalent amount in foreign currency (determined based on the exchange rate of capital contribution).

The above transaction has been completed on 3 February 2019. Since then, the Group holds total 3,427,890,467 shares of ordinary share of Zhanjiang Port, accounting for 58.3549% of the total issued shares of Zhanjiang Port. The Group is able to control Zhanjiang Port, therefore includes Zhanjiang Port in the scope of consolidation financial statements.

Note 2: According to the previous articles of association of Longteng Shipping, the top authority of the company is the General Shareholders Meeting, and the resolution of Shareholders Meeting requires unanimous consent of all the shareholders. Therefore, the Company's subsidiary Zhanjiang Port accounts for Longteng Shipping as a joint venture.

At 31 December 2019, Longteng Shipping held the 2019 second extraordinary shareholders meeting where the resolution of changing the articles of association was approved. According to the revised articles of association, the Company's top authority is the Shareholders Meeting, and the resolution of Shareholders Meeting requires consent of no less one half of the shareholders having voting power. Therefore, the Company's subsidiary Zhanjiang Port has control over Longteng Shipping. So that the Group included it in the scope of consolidated financial statements.

(2) Acquisition cost and goodwill

Unit: RMB

Acquisition cost	Zhanjiang Port	Longteng Shipping
--Cash	3,375,334,390.77	-
-- Fair value of previously held equity at acquisition date	2,816,617,994.27	77,485,870.00
-- Others	(3,803,477.07)	-
Total acquisition cost	6,188,148,907.97	77,485,870.00
Less: Share of fair value of net identifiable assets	5,769,803,600.29	70,303,862.29
Goodwill	418,345,307.68	7,182,007.71

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Business combination not involving enterprises under common control - continued

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

Unit: RMB

Item	Zhanjiang Port		Longteng Shipping	
	Fair value at acquisition date	Carrying amount at acquisition date	Fair value at acquisition date	Carrying amount at acquisition date
Assets:				
Current assets	5,165,579,759.10	5,165,579,759.10	16,465,094.05	16,465,094.05
Other non-current financial assets	15,243,577.73	15,243,577.73	-	-
Long-term receivables	877,208,613.40	877,208,613.40	-	-
Long-term equity investments	172,685,776.52	165,494,758.03	-	-
Investment property	63,473,360.24	39,760,964.41	-	-
Fixed assets	8,445,573,407.27	7,451,556,053.74	67,589,835.15	62,305,835.15
Right-of-use assets	1,304,452,747.69	1,304,452,747.69	5,481,585.04	5,481,585.04
Construction in progress	1,158,968,327.74	1,158,968,327.74	19,804,885.23	19,804,885.23
Materials for construction of fixed assets	13,684,316.43	13,684,316.43	-	-
Intangible assets	3,566,911,864.41	2,211,115,469.85	-	-
Development expenses	14,968,306.82	14,968,306.82	-	-
Goodwill	-	9,775,569.57	-	-
Long-term prepaid expenses	2,630,870.77	2,630,870.77	-	-
Deferred tax assets	41,991,411.69	41,991,411.69	7,500.00	7,500.00
Other non-current assets	875,819,471.20	875,819,471.20	-	-
Liabilities:				
Current liabilities	6,048,006,153.82	6,048,006,153.82	3,456,823.04	3,456,823.04
Long-term borrowings	1,762,537,800.00	1,762,537,800.00	-	-
Bonds payable	400,000,000.00	400,000,000.00	-	-
Long-term payables	510,107,118.35	510,107,118.35	-	-
Deferred income	454,321,351.99	454,321,351.99	-	-
Long-term employee benefits payable	103,174,447.59	103,174,447.59	30,000.00	30,000.00
Deferred tax liabilities	595,179,290.60	-	1,321,000.00	-
Lease liabilities	857,876,749.08	857,876,749.08	4,106,987.44	4,106,987.44
Net assets	10,987,988,899.58	9,212,226,597.34	100,434,088.99	96,471,088.99
Less: Minority interests	5,218,185,299.29	4,401,619,250.71	30,130,226.70	28,941,326.70
Net assets acquired	5,769,803,600.29	4,810,607,346.63	70,303,862.29	67,529,762.29

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

Unit: RMB

Item	Acquisition date to the end of the period of business combination	
	Zhanjiang port	Longteng Shipping
Operating income	2,306,530,651.61	-
Operating cost and expenses	2,266,290,301.90	-
Gross profit	70,722,673.91	-
Net profit	75,720,720.11	-
Net cash flows from operating activities	735,126,563.91	-
Net cash flows from investing activities	(616,817,351.55)	-
Net cash flows from financing activities	(3,934,477,407.34)	-
Net increase in cash and cash equivalents	(3,816,168,194.98)	-

(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued**1. Business combination not involving enterprises under common control - continued****(5) Gains or losses from remeasurement of equity held prior to acquisition date at fair value**

Unit: RMB

Name of the acquiree	Carrying amount of previously held equity at the acquisition date	Fair value of previously held equity at the acquisition date	Gains or losses from remeasurement of previously held equity at fair value	Method of determining the fair value of previously held equity at acquisition date and key assumptions	Amount transferred from other comprehensive income to investment income in respect of the equity held prior to the acquisition date
Zhanjiang Port	1,981,183,625.76	2,816,617,994.27	835,434,368.51	Asset-based valuation	-
Longteng Shipping	67,487,762.29	77,485,870.00	9,998,107.71	Asset-based valuation	-

(VII) EQUITY IN OTHER ENTITIES**1. Interests in subsidiaries****(1) Composition of the Group**

Name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered capital (RMB'0000, unless otherwise specified)	Proportion of ownership Interest(%)		Acquisition method
					Direct	Indirect	
Shenzhen Chiwan International Freight Agency Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	550.00	100.00	-	Established through investment
CWHK	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1,000,000	100.00	-	Established through investment
Dongguan Chiwan Warf Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	85.00	-	Established through investment
Dongguan Chiwan Terminal Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	100.00	-	Established through investment
Shenzhen Chiwan Harbor Container Co. Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	28,820.00	100.00	-	Business combination involving enterprises under common control
Shenzhen Chiwan Port Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	1,500.00	100.00	-	Business combination involving enterprises under common control
Chiwan Container Terminal Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD95,300,000	55.00	20.00	Business combination involving enterprises under common control
Shenzhen Chiwan Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	2,400.00	100.00	-	Business combination involving enterprises under common control
Chiwan Shipping (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	Logistics support services	HKD800,000	100.00	-	Business combination involving enterprises under common control
CMPort (Note 1)	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD40,614,228,200.00	40.91	-	Business combination involving enterprises under common control
China Merchants Bonded Logistics Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	70,000.00	40.00	60.00	Business combination involving enterprises under common control
China Merchants International Information Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	IT service	5,000.00	23.16	76.84	Business combination involving enterprises under common control
China Merchants International (China) Investment Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment holding	USD30,000,000	-	100.00	Business combination involving enterprises under common control

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered capital (RMB'0000, unless otherwise specified)	Proportion of ownership Interest(%)		Acquisition method
					Direct	Indirect	
CMT	Qingdao, PRC	Qingdao, PRC	Logistics support services	USD206,300,000	-	100.00	Business combination involving enterprises under common control
China Merchants Container Services Limited	Hong Kong, PRC	Hong Kong, PRC	Logistics support services	HKD500,000	-	100.00	Business combination involving enterprises under common control
China Merchants Port (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	55,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haiqin Project Management Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Engineering supervision	300.00	-	100.00	Business combination involving enterprises under common control
ATJ	Shenzhen, PRC	Shenzhen, PRC	Preparation for warehousing project	HKD100,000,000	-	100.00	Business combination involving enterprises under common control
ASJ	Shenzhen, PRC	Shenzhen, PRC	Preparation for warehousing project	HKD100,000,000	-	100.00	Business combination involving enterprises under common control
China Merchants International Terminal (Qingdao) Co., Ltd.	Qingdao, PRC	Qingdao, PRC	Logistics support services	USD44,000,000	-	90.10	Business combination involving enterprises under common control
Colombo International Container Terminals Limited	Sri Lanka	Sri Lanka	Logistics support services	USD150,000,100	-	85.00	Business combination involving enterprises under common control
Shenzhen Mawan Port Services Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Magang Cangma Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	33,500.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Mawan Port Service Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	-	100.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Tugboat Co., Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	1,500.00	-	100.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Port Co., Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	100,000.00	-	60.00	Business combination involving enterprises under common control
ZCMG (note 2)	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	44,450.00	-	31.00	Business combination involving enterprises under common control
Shekou Container Terminals Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	HKD618,201,200	-	100.00	Business combination involving enterprises under common control
Shenzhen Lianyunjie Container Terminals Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	60,854.90	-	100.00	Business combination involving enterprises under common control
Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	127,600.00	-	100.00	Business combination involving enterprises under common control
Anyunjie Port Warehousing Service (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Preparation for warehousing project	6,060.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haixing Harbor Development Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD15,151,500	-	67.00	Business combination involving enterprises under common control
Shenzhen Lianyongtong Terminal Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD7,000,000	-	100.00	Business combination involving enterprises under common control
Yide Port	Foshan, PRC	Foshan, PRC	Logistics support services	21,600.00	-	51.00	Business combination involving enterprises under common control
Mega Shekou Container Terminals Limited	British Virgin Islands	British Virgin Islands	Investment holding	USD120.00	-	80.00	Business combination involving enterprises under common control
Thesar Maritime Limited	Cyprus	Cyprus	Investment holding	EUR5,000.00	-	100.00	Business combination involving enterprises under common control
LCT	Republic of Togo	Republic of Togo	Logistics support services	XOF200,000,000	-	100.00	Business combination involving enterprises under common control

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered capital (RMB'0000, unless otherwise specified)	Proportion of ownership Interest(%)		Acquisition method
					Direct	Indirect	
Hambantota International Port Group (Private)Limited	Sri Lanka	Sri Lanka	Logistics support services	USD794,000,000	-	85.00	Business combination involving enterprises under common control
Shantou port	Shantou, PRC	Shantou, PRC	Logistics support services	12,500.00	-	60.00	Business combination involving enterprises under common control
JYRT	Shenzhen, PRC	Shenzhen, PRC	Property lease service etc.	80,000.00	-	100.00	Business combination involving enterprises under common control
QHW	Shenzhen, PRC	Shenzhen, PRC	Property lease service etc.	20,000.00	-	100.00	Business combination involving enterprises under common control
Juzhongzhi Investment (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment consulting	4,000.00	-	75.00	Business combination involving enterprises under common control
Shenzhen Lianda Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	200.00	-	60.29	Business combination involving enterprises under common control
Zhangzhou Zhongli Outer Wheel Tally Co., Ltd	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	200.00	-	84.00	Business combination involving enterprises under common control
China Merchants Holdings (Djibouti) FZE	Djibouti	Djibouti	Logistics support services	USD38,140,000	-	100.00	Business combination involving enterprises under common control
Xinda Resources Limited	British Virgin Islands	British Virgin Islands	Investment holding	USD 1.00	-	74.95	Business combination involving enterprises under common control
Kong Rise Development Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 1.00	-	100.00	Business combination involving enterprises under common control
TCP	Brazil	Brazil	Logistics support services	BRL 68,851,600	-	90.00	Business combination not involving enterprises under common control
China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd. ("RoRo Logistics" Note 3)	Zhoushan, PRC	Zhoushan, PRC	Logistics support services	17,307.86	51.00	-	Assets acquisition
Shenzhen Haixing Logistics Development Co., Ltd. (Note 4)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	7,066.79	-	100.00	Assets acquisition
Zhanjiang Port (Note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	587,420.91	3.42	54.93	Business combination not involving enterprises under common control
Zhanjiang Port International Container Terminal Co., Ltd. (Note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	60,000.00	-	80.00	Business combination not involving enterprises under common control
Zhanjiang Port Petrochemical Terminal Co., Ltd. (note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	18,000.00	-	50.00	Business combination not involving enterprises under common control
China Ocean Shipping Tally Co., Ltd., Zhanjiang (Note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	300.00	-	84.00	Business combination not involving enterprises under common control
Zhanjiang Port Donghaidao Bulk Cargo Terminal Co., Ltd. (Note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	5,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Bonded Service Co., Ltd., Guangdong (Note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	300.00	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Logistics Co., Ltd. (Note 5)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	10,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Haichuan Trading Co., Ltd. (Note 6)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	200.00	-	100.00	Business combination not involving enterprises under common control
Longteng Shipping (Note 6)	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	9,000.00	-	70.00	Business combination not involving enterprises under common control

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Note 1: On 19 June 2018, the Company and China Merchants Group (Hong Kong) Co., Ltd. ("CMHK") entered into "Agreement of Concerted Action on China Merchants Port Holdings Company Limited". According to the agreement, CMHK unconditionally keeps consistent with the Company when voting for the matters discussed at the general shareholders meeting of CMPort in respect of its 22.64% voting power of CMPort as entrusted, and performs the voting as per the Company's opinion. Therefore, the Company totally has 62.09% voting power of CMPort, and has control over CMPort.

For July and November 2019, CMPort respectively distributed 2018 dividends and 2019 interim dividends to shareholders. The shareholders may select to receive the interim dividends in cash as an alternative of entire or partial scrip dividends. The Company select to receive all its share of dividends from the shareholding in CMPort in the form of scrip dividends. Upon the completion of above distribution of CMPort, the Company's share in CMPort increased from 1,313,541,560 shares to 1,411,014,033 shares, accounting for 40.91% (previously 39.45%) of the total issued shares of CMPort. The proportion of shares held by CMHK changed from 22.64% to 21.86%. Therefore, the Company has total 62.77% voting power of CMPort and has control over CMPort.

Note 2: The Group and China Merchants Zhangzhou Development Zone Co., Ltd. entered into "Equity Custody Agreement", according to which China Merchants Zhangzhou Development Zone Co., Ltd. entrusted its 29% equity of ZCMG to the Group for operation and management. Therefore, the Group has 60% voting power of ZCMG and includes it in the scope of consolidated financial statements.

Note 3: RoRo Logistics, a subsidiary of the Group, held a shareholders meeting on 17 September 2019, and approved the merger agreement entered into with China Merchants Port (Zhoushan) RoRo Terminal Co., Ltd. ("RoRo Terminal"), another subsidiary of the Group, on 16 September 2019. According to the agreement, RoRo Logistics merged RoRo Terminal and continued to survive, while RoRo Terminal was cancelled. The merger was completed on 5 November 2019.

On 18 September 2019, RoRo Logistics and RoRo Terminal, which are subsidiaries of the Group, respectively published announcement on "Zhoushan Daily", explaining the settlement of liabilities or debt guarantees of RoRo Logistics and RoRo Terminal. The debts of both parties before the merger will be borne by RoRo Logistics that continues to survive.

On 28 November 2019, the Group's subsidiary RoRo Logistics completed the industrial and commercial registration of changes while RoRo Terminal completed the industrial and commercial registration of cancellation.

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Note 4: On 13 May 2019, the Company's subsidiary Shenzhen Haixing Xiaoyetian Logistics Development Co., Ltd. renamed to Shenzhen Haixing Logistics Development Co., Ltd.

Note 5: Details are set out in Note (VI) 1.

(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 in the current year	Dividends distributed to minority shareholders in the current year	Balance of minority interests at the end of the year
CMPort	59.09	4,698,967,872.72	1,632,905,377.51	53,597,183,498.95

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

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

Unit: RMB

Name of the subsidiary	31/12/2019						31/12/2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CMPort	11,159,452,476.24	119,576,502,129.38	130,735,954,605.62	13,858,924,526.23	35,059,524,441.90	48,918,448,968.13	9,453,546,575.26	110,694,125,429.95	120,147,672,005.21	8,017,825,679.49	37,213,240,669.92	45,231,066,349.41

Unit: RMB

Name of the subsidiary	2019				2018			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CMPort	7,845,242,646.62	7,421,484,985.59	6,327,276,475.35	3,944,044,766.09	7,729,738,537.45	2,685,592,888.44	2,886,818,529.12	3,595,234,888.15

(VII) EQUITY IN OTHER ENTITIES - continued

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

(1) Description of changes in ownership interests in subsidiaries

During the year, the Group's ownership interests in CMPort changed from 39.45% to 40.91%. Details are set out in Note (VII) 1 (1).

In December 2019, the Company sold 25.05% equity of Xinda Resources Limited, a wholly-owned subsidiary of the Company, and related 25.05% of the shareholders' loans to an external third party at the consideration of USD 248,010,000.00 (equivalent to RMB1,713,327,483.01). After the disposal, the Company's ownership interests in Xinda Resources Limited decreased from 100% to 74.95%.

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

Unit: RMB

	CMPort	Xinda Resources Limited
Acquisition cost		
- Cash	-	1,713,327,483.01
- Fair value of non-cash assets	1,116,813,838.52	-
Total acquisition cost/disposal consideration	1,116,813,838.52	1,713,327,483.01
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired/disposed	1,535,943,954.55	1,171,773,303.33
Difference	(419,130,116.03)	541,554,179.68
Including: Adjustment to capital Reserve	419,130,116.03	541,554,179.68
Adjustment to surplus reserve	-	-
Adjustment to unappropriated profit	-	-

3. Interests in joint ventures and associates

(1) Material joint ventures or associates

Unit: RMB

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

(VII) EQUITY IN OTHER ENTITIES - continued**4. Key financial information of material associates**

Unit: RMB

Item	Shanghai International Port (Group) Co., Ltd.	
	Closing balance / Amount incurred in the current period	Opening balance/ Amount incurred in the prior period
Current assets	40,399,631,516.67	47,842,620,837.32
Including: Cash and cash equivalents	17,900,365,675.69	27,935,157,994.83
Non-current assets	101,777,664,401.29	96,524,413,178.58
Total assets	142,177,295,917.96	144,367,034,015.90
Current liabilities	19,339,272,490.14	31,676,398,710.35
Non-current liabilities	32,049,165,771.78	30,340,320,855.30
Total liabilities	51,388,438,261.92	62,016,719,565.65
Minority interests	8,732,108,869.09	6,802,318,747.82
Equity attributable to shareholders of the parent company	82,056,748,786.95	75,547,995,702.43
Share of net assets calculated based on the proportion of ownership interests	21,966,591,650.27	20,216,643,649.97
Adjustments		
-Goodwill	2,076,585,747.12	2,076,585,747.12
-Others	(125,134,529.84)	(105,669,326.14)
Carrying amounts of equity investments in associates	23,918,042,867.55	22,187,560,070.95
Fair value of publicly quoted equity investments in associates	35,788,783,813.22	32,129,272,123.48
Operating income	36,101,631,985.21	38,042,544,621.37
Net profit	9,925,845,382.34	11,472,021,103.16
Other comprehensive income	(197,209,230.86)	(954,348,960.96)
Total comprehensive income	9,728,636,151.48	10,517,672,142.20
Dividends received from associates in the current year	955,194,576.56	1,059,194,508.74

5. Summarized financial information of immaterial associates and joint ventures

Unit: RMB

	Closing balance / Amount incurred in the current period	Opening balance/ Amount incurred in the prior period
Joint ventures:		
Total carrying amount of investments	9,392,226,566.22	11,230,302,154.26
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	468,699,021.57	429,904,250.47
- Other comprehensive income	(18,718,479.76)	(5,608,904.12)
- Total comprehensive income	449,980,541.81	424,295,346.35
Associates:		
Total carrying amount of investments	24,606,269,949.49	16,758,715,038.19
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	833,229,755.94	912,589,301.49
- Other comprehensive income	(71,060,470.70)	(31,643,724.68)
- Total comprehensive income	762,169,285.24	880,945,576.81

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

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, notes receivable, account receivables, other receivables, long-term receivables, other equity instrument investments, other non-current financial assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables etc. Details of these financial instruments are disclosed in Notes (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 HKD, USD and EUR. Except for part of the purchases and sales, the Group's other principal activities are denominated and settled in RMB. As at 31 December 2019, the balance of the Group's assets and liabilities are both denominated in functional currency, except that the assets and liabilities set out below are recorded using foreign currency. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances	829,827,620.81	2,134,538,905.15
Accounts receivable	134,801,300.52	159,141,161.37
Other receivables	558,948,223.20	574,646,768.14
Long-term receivables	9,800,295.76	-
Short-term borrowings	1,304,398,148.00	1,825,358,000.00
Accounts payable	30,431,392.31	45,071,940.89
Other payables	261,684,252.87	512,625,788.26
Non-current liabilities due within one year	261,401,461.04	220,116,765.00
Long-term borrowings	976,546,725.00	1,926,978,130.00
Bonds payable	2,500,000,000.00	21,384,578,670.28
Long-term payables	431,361,402.17	423,754,200.00

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - 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. According to the current risk exposure and judgment of the exchange rate movements, management considers it is unlikely that the exchange rate changes in the future one year will result in significant loss to the Group.

Sensitivity analysis on currency risk

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

Unit: RMB

Item	Changes in exchange rate	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	(17,661,467.60)	(17,661,467.60)	(11,394,591.45)	(11,394,591.45)
All foreign currencies	5% decrease against RMB	17,661,467.60	17,661,467.60	11,394,591.45	11,394,591.45
All foreign currencies	5% increase against USD	(7,574,539.96)	(7,574,539.96)	17,324.20	17,324.20
All foreign currencies	5% decrease against USD	7,574,539.96	7,574,539.96	(17,324.20)	(17,324.20)
All foreign currencies	5% increase against HKD	(97,677,880.50)	(97,677,880.50)	(1,098,658,981.68)	(1,098,658,981.68)
All foreign currencies	5% decrease against HKD	97,677,880.50	97,677,880.50	1,098,658,981.68	1,098,658,981.68
All foreign currencies	5% increase against FCFA	(41,707,232.31)	(41,707,232.31)	(63,413,556.92)	(63,413,556.92)
All foreign currencies	5% decrease against FCFA	41,707,232.31	41,707,232.31	63,413,556.92	63,413,556.92

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies** - continued1.1 Market risk - continued1.1.2 Interest rate risk - changes in cash flows

Risk of changes in cash flows of financial instruments arising from interest rate changes is mainly related to bank loans with floating interest rate. (See Note (V) 24 and Note (V) 34). The Group continuously and closely monitors the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain these borrowings at floating rates. Presently, the Group has no arrangement such as interest rate swaps etc.

Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumptions:

- Fluctuations of market interest rate can affect the interest income or expense of a financial instrument with floating interest rate;
- For a financial instrument at fair value with fixed interest rate, the fluctuations of market interest rate can only affect its interest income or expense;
- For a derivative financial instrument designated as hedging instrument, the fluctuations of market interest rate affects its fair value, and all interest rate hedging are expected to be highly effective;
- The changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discounting method by applying the market interest rate at balance sheet date.

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

Unit: RMB

Item	Changes in interest rate	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings and long-term borrowings	1% increase	(126,905,885.92)	(126,905,885.92)	(119,061,442.29)	(119,061,442.29)
Short-term borrowings and long-term borrowings	1% decrease	126,905,885.92	126,905,885.92	119,061,442.29	119,061,442.29

1.1.3 Other price risk

The Group's price risk is mainly arising from held-for-trading equity instrument investments and other equity instrument investments. The Group reduces the price risk of equity instrument investments by holding portfolio of multiple equity securities.

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives and policies - continued

1.2 Credit risk

As at 31 December 2019, 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 financial assets recognized 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 financial assets 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 they are deposited with banks with high credit ratings.

The Group has adopted a policy to ensure that all sales customers have good credit records.

The Group's risk exposure spreads over a number of counterparties and customers, therefore the Group has no significant concentration of credit risk. At 31 December 2019, the balance of accounts receivable from top five entities is RMB 368,100,117.85 (31 December 2018: RMB 278,398,497.79), accounting for 25.29% (31 December 2018: 24.16%) of the Group's accounts receivable. In addition, the Group has no other significant credit risk exposure concentrated on single financial asset or portfolio of financial assets with similar characteristics.

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 utilisation of bank borrowings and ensures compliance with loan covenants.

As of 31 December 2019, the Group had total current liabilities in excess of total current assets of RMB6,933,328,647.40. As at 31 December 2019, the Group has available unutilized loan facility of RMB46,602,858,550.04 which is more than current liabilities. Therefore, the Group's management believes that the Group has no significant liquidity risk.

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies - continued****1.3 Liquidity risk - continued**

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

Unit: RMB

Item	Carrying amount	Gross amount	Within 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Short-term borrowings	9,439,099,793.47	10,355,601,387.26	10,355,601,387.26	-	-
Notes payable	76,455,949.01	76,455,949.01	76,455,949.01	-	-
Accounts payable	591,112,466.39	591,112,466.39	591,112,466.39	-	-
Other payables	2,223,754,677.96	2,223,754,677.96	2,223,754,677.96	-	-
Non-current liabilities due within one year	5,339,656,505.78	6,891,154,734.34	6,891,154,734.34	-	-
Other current liabilities	885,956,581.63	889,618,828.21	889,618,828.21	-	-
Long-term borrowings	6,313,735,540.33	7,053,819,598.75	-	5,772,853,260.76	1,280,966,337.99
Bonds payable	20,930,681,967.19	24,531,511,141.22	-	16,073,205,487.93	8,458,305,653.29
Lease liabilities	1,647,129,968.61	2,503,787,833.87	-	1,119,187,835.33	1,384,599,998.54
Long-term payables	1,386,694,505.92	1,405,262,255.92	-	216,675,454.18	1,188,586,801.74
Derivative financial liabilities					
Non-current liabilities due within one year	732,733,351.01	732,733,351.01	732,733,351.01	-	-

(IX) DISCLOSURE OF FAIR VALUE**1. Closing balance of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value at closing balance			
	Level 1	Level 2	Level 3	Total
Measurements at fair value continuously				
Accounts receivable financing	-	260,760,537.45	-	260,760,537.45
Other equity instrument investments	11,220,000.00	-	152,341,272.00	163,561,272.00
Other non-current financial assets	1,753,178,588.31	616,000,000.00	16,184,949.08	2,385,363,537.39
Total assets measured at fair value continuously	1,764,398,588.31	876,760,537.45	168,526,221.08	2,809,685,346.84
Other non-current liabilities	-	-	4,059,686,208.87	4,059,686,208.87
Total liabilities measured at fair value continuously	-	-	4,059,686,208.87	4,059,686,208.87

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

The market prices of other equity instrument investments and other non-current financial assets are determined at the closing price of the equity instrument at Shanghai Stock Exchange and Hong Kong Stock Exchange at 31 December 2019.

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

Item	Fair value in the current year	Fair value in the prior year	Valuation techniques	Inputs
Accounts receivable financing	260,760,537.45	-	Cash flow discounting	Discount rate
Other non-current financial assets	616,000,000.00	-	Listed company comparison approach	Share price

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

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

Unit: RMB

Item	Fair value in the current year	Fair value in the prior year	Valuation techniques	Inputs
Other equity instrument investments	152,341,272.00	238,048,314.30	Net worth method	Carrying amount
Other non-current financial assets	2,000,000.00	2,000,000.00	Cash flow discounting	Discount rate
Other non-current financial assets	700,834.13	689,901.07	Net worth method	Carrying amount
Other non-current financial assets	13,484,114.95	533,366,660.39	Listed company comparison approach	Share price
Other non-current liabilities	3,326,952,857.86	3,260,547,002.45	Cash flow discounting	Discount rate
Other non-current liabilities	732,733,351.01	579,195,304.56	Option Pricing method	Exercising price, expected volatility etc.

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

(IX) DISCLOSURE OF FAIR VALUE - continued**5. Fair value of financial assets and financial liabilities not measured at fair value**

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

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

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

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**1. Parent of the Company**

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

Note: Broadford Global Limited directly holds 2.88% equity of the Company, and indirectly holds 19.29% and 59.75% equity of the Company through the subsidiaries China Merchants Gangtong Development (Shenzhen) Co., Ltd. and China Merchants Investment Development Co., Ltd. respectively.

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

2. Subsidiaries of the Company

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

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**3. Associates and joint ventures of the Company**

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

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

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

Note: See Note (VI) 1, it is no longer a related party of the Group since 31 December 2019.

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
Qingdao Port (Group) Co., Ltd.	Minority shareholders of subsidiaries
Yihai Kerry Arawana Cereals, Oils and Foodstuffs Co. Ltd.	Minority shareholders of subsidiaries
Zhanjiang Infrastructure	Minority shareholders of subsidiaries
Antong Holdings and its subsidiaries (Note 1)	Connected person
China COSCO Shipping Group and its subsidiaries (Note 1)	Connected person
CMHK	Controlled by the same ultimate controlling shareholder
Sinotrans (NZ) Limited	Controlled by the same ultimate controlling shareholder
Guangdong Sinotrans Co., Ltd.	Controlled by the same ultimate controlling shareholder
Guangdong Sinotrans Shipping Agency Co., Ltd.	Controlled by the same ultimate controlling shareholder
Guangzhou International Ocean Shipping Agency Co., Ltd.	Controlled by the same ultimate controlling shareholder
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate controlling shareholder
South China Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
EuroAsia Dockyard Enterprise and development Ltd.	Controlled by the same ultimate controlling shareholder
Qingdao Bonded Logistics Park Sino-foreign Transport Warehousing Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shantou COSCO Shipping Agency Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Nanyou (Holdings) Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Qianhai Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Landmark (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen China Merchants Shekou Assets Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Real Estate (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants (Shenzhen) Power Supply., Ltd.	Controlled by the same ultimate controlling shareholder
Csc Roro Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Merchants Construction Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen China Merchants Property Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Tally Shenzhen CO., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards (Shekou) Limited	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards Limited	Controlled by the same ultimate controlling shareholder
Zhanjiang port (note 2)	Controlled by the same ultimate controlling shareholder
CM Houlder Insurance Brokers Limited	Controlled by the same ultimate controlling shareholder
China Merchants Godown, Wharf & Transportation Company Limited	Controlled by the same ultimate controlling shareholder
Huanan Refrigeration Ice Making (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Hanghua Science & Technology & Trade Center Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Group Finance Company Limited	Controlled by the same ultimate controlling shareholder

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**4. Other related parties of the Company - continued**

Name of other related party	Relationship with the Company
China Merchants Steam Navigation Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Life Insurance Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Finance Lease (Tianjin) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Food (China) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Tongshang Finance Lease Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Bureau Logistics Group Qingdao Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Logistics Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Property Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Bureau Zhongbai Commercial Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Securities Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Agency Shenzhen	Controlled by the same ultimate controlling shareholder
Sinotrans South China Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Outbound Air Transport Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Container Lines (Hong Kong) Company Limited	Controlled by the same ultimate controlling shareholder
Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	Where the ultimate controlling shareholder has significant influence
Shenzhen Zhaogang Seaway Goods Trading Center	Where the ultimate controlling shareholder has significant influence
Khor Ambado FZCo	Where the ultimate controlling shareholder has significant influence
China Merchant Bank Co., Ltd.	Where the ultimate controlling shareholder has significant influence

Note 1: From 9 September 2019 to 31 December 2019, the Company's Chairman Fu Gangfeng work as the key management personnel of both the Company and China COSCO Shipping Corporation Limited; from 25 September 2019 to 31 December 2019, the Company's deputy general manager Zheng Shaoping work as the senior management personnel of both the Company and Antong Holdings Co., Ltd. Therefore, the related party transactions and balances for the period in which the aforesaid two persons were the director, senior management personnel of China COSCO Shipping Corporation Limited and Antong Holdings Co., Ltd. are disclosed.

Note 2: See Note (VI) 1, it is no longer a related party of the Group since 3 February 2019.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Rendering and receipt of service

Unit: RMB

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Closing balance	Opening balance
Receipt of service:				
Nanshan Group and its subsidiaries	Service expenditure	Negotiation	59,399,028.43	1,080,269.25
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service expenditure	Negotiation	18,116,312.14	15,358,571.88
Yiu Lian Dockyards Limited	Service expenditure	Negotiation	11,822,773.93	10,019,922.18
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Service expenditure	Negotiation	8,063,768.58	10,707,148.03
COSCO Logistics (Zhanjiang) Co., Ltd.	Service expenditure	Negotiation	5,302,779.67	
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Service expenditure	Negotiation	5,050,730.12	5,681,278.30
China Merchants Bureau Logistics Group Qingdao Co., Ltd.	Service expenditure	Negotiation	4,291,294.93	3,751,785.75
China Marine Shipping Agency Shenzhen Co., Ltd.	Service expenditure	Negotiation	2,998,142.60	3,539,104.80
China Merchants (Shenzhen) Power Supply., Ltd.	Service expenditure	Negotiation	2,611,504.71	2,908,847.34
Shenzhen China Merchants Property Management Co., Ltd.	Service expenditure	Negotiation	2,496,785.30	-
CM Houlder Insurance Brokers Limited	Service expenditure	Negotiation	2,475,979.40	2,102,764.12
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	1,887,287.74	-
China Merchants Life Insurance Co., Ltd.	Service expenditure	Negotiation	1,674,762.08	-
Hoi Tung (Shanghai) Company Limited	Service expenditure	Negotiation	1,472,835.51	3,461,147.79
China Outbound Air Transport Co., Ltd.	Service expenditure	Negotiation	1,178,932.56	2,199,064.60
China Ocean Shipping Tally Shenzhen CO., Ltd.	Service expenditure	Negotiation	1,168,331.49	1,240,537.34
China Communications Import & Export Co., Ltd.	Service expenditure	Negotiation	1,076,783.22	-
China Merchants Property Management Co., Ltd.	Service expenditure	Negotiation	569,772.90	1,764,315.36
China Merchants Securities Co., Ltd.	Service expenditure	Negotiation	-	22,641,509.43
Other related party	Service expenditure	Negotiation	5,255,018.65	4,917,018.18
Shenzhen China Merchants Property Management Co., Ltd.	Property utilities	Negotiation	19,706,450.63	13,814,358.72
Nanshan Group and its subsidiaries	Property utilities	Negotiation	5,923,767.12	2,052,879.52
Other related party	Property utilities	Negotiation	2,114,730.66	1,920,545.44
China Merchants Finance Lease (Tianjin) Co., Ltd.	Lease service fee	Negotiation	6,447,169.81	-
China Merchants Group Finance Company Limited	Interest expense	Negotiation	42,581,045.29	51,574,070.78
Port de Djibouti S.A.	Interest expense	Negotiation	7,364,273.28	24,719,148.38
China Merchant Bank Co., Ltd.	Interest expense	Negotiation	3,618,321.05	104,400.00
China Merchants Steam Navigation Company Limited	Interest expense	Negotiation	-	3,961,479.45
Total			224,668,581.80	189,520,166.64

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Unit: RMB

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Closing balance	Opening balance
Rendering of service:				
COSCO Logistics (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	142,786,686.45	
China COSCO Shipping Group and its subsidiaries	Service revenue	Negotiation	128,551,617.88	
Qingdao Qianwan United Container Terminal Co., Ltd.	Service revenue	Negotiation	54,976,948.20	59,871,312.19
China Ocean Shipping Agency (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	48,467,968.01	
Guangdong Sinotrans Shipping Agency Co., Ltd.	Service revenue	Negotiation	33,230,929.57	-
Antong Holdings and its subsidiaries	Service revenue	Negotiation	30,031,214.77	
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	Service revenue	Negotiation	22,026,784.26	26,678,580.24
Khor Ambado FZCo	Service revenue	Negotiation	13,593,100.08	22,976,552.15
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service revenue	Negotiation	9,297,044.19	14,667,866.59
China Marine Shipping Agency Shenzhen Co., Ltd.	Service revenue	Negotiation	7,924,860.20	11,339,084.02
Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	Service revenue	Negotiation	7,624,557.93	13,954,183.68
Huanan Refrigeration Ice Making (Shenzhen) Co., Ltd.	Service revenue	Negotiation	6,487,127.00	6,422,615.01
Sinotrans (NZ) Limited	Service revenue	Negotiation	6,191,950.42	-
Yiu Lian Dockyards (Shekou) Limited	Service revenue	Negotiation	5,818,220.17	3,319,608.63
Guizhou East Land Port Operation Co., Ltd.	Service revenue	Negotiation	5,538,484.09	
China Merchants International Shipping Agency (Shenzhen) Co., Ltd.	Service revenue	Negotiation	5,516,336.45	3,013,980.25
International Djibouti Industrial Parks Operation FZCO	Service revenue	Negotiation	5,109,432.57	3,054,612.36
Guizhou Qiandongnan Continental Land Port Operation Co., Ltd.	Service revenue	Negotiation	4,995,026.14	
Longteng Shipping	Service revenue	Negotiation	4,250,943.39	
Sinotrans Container Lines Co., Ltd.	Service revenue	Negotiation	4,173,590.92	10,699,341.99
Ningbo Daxie Merchants International Wharf Co., Ltd.	Service revenue	Negotiation	3,973,305.23	3,929,015.11
South China Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	3,574,103.34	-
Qingdao Qianwan New United Container Terminal Co., Ltd.	Service revenue	Negotiation	3,165,271.40	3,411,057.43
Great Horn Development Company FZCO	Service revenue	Negotiation	2,492,673.00	3,985,900.36
Zhangzhou COSCO Shipping Agency Co., Ltd.	Service revenue	Negotiation	2,465,482.40	5,804,690.70
Shenzhen China Merchants Shekou Assets Management Co., Ltd.	Service revenue	Negotiation	2,297,545.50	-
Sinotrans Container Lines (Hong Kong) Company Limited	Service revenue	Negotiation	2,211,004.97	2,182,888.92
Qingdao Wutong Century Supply Chain Co., Ltd.	Service revenue	Negotiation	2,061,301.86	-
Shenzhen Zhaogang Seaway Goods Trading Center	Service revenue	Negotiation	2,026,044.81	-
Qingdao Bonded Logistics Park Sino-foreign Transport Warehousing Logistics Co., Ltd.	Service revenue	Negotiation	1,855,239.95	5,085,762.32
China Overseas Harbour Affaris (Laizhou) Co., Ltd.	Service revenue	Negotiation	1,775,122.48	1,574,244.92
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	1,643,202.86	1,071,100.78
Shanghai International Port (Group) Co., Ltd.	Service revenue	Negotiation	1,588,035.85	1,588,035.85
CMHK	Service revenue	Negotiation	1,412,000.00	1,600,000.00
Terminal Link SAS	Service revenue	Negotiation	1,362,717.34	1,378,437.57
China Merchants Logistics Shenzhen Co., Ltd.	Service revenue	Negotiation	1,267,111.56	927,269.16
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	Service revenue	Negotiation	1,200,615.17	1,119,436.15
Sinotrans Shantou Company Limited	Service revenue	Negotiation	1,142,737.27	607,506.45
Shenzhen Qianhai Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	1,073,773.97	-
Doraleh Multi-purpose Port	Service revenue	Negotiation	1,062,268.33	337,140.73
Nanshan Group and its subsidiaries	Service revenue	Negotiation	1,000,829.05	359,379.51
Guangzhou International Ocean Shipping Agency Co., Ltd.	Service revenue	Negotiation	935,982.67	1,312,017.95
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Service revenue	Negotiation	283,404.19	2,496,490.06
China Outbound Air Transport Co., Ltd.	Service revenue	Negotiation	386.55	1,993,291.26
Zhanjiang port	Service revenue	Negotiation	-	5,568,651.21
Port de Djibouti S.A.	Service revenue	Negotiation	-	4,640,763.43
China Merchants Bureau Zhongbai Commercial Logistics Co., Ltd.	Service revenue	Negotiation	-	2,484,304.00
Other related party	Service revenue	Negotiation	8,688,006.09	6,874,767.79
Port of Newcastle and its subsidiaries	Interest income	Negotiation	62,584,543.33	34,416,578.56
China Merchants Harbor City	Interest income	Negotiation	48,716,656.41	
China Merchant Bank Co., Ltd.	Interest income	Negotiation	26,074,287.83	34,629,531.08
Khor Ambado FZCo	Interest income	Negotiation	18,187,714.88	51,599,386.03
China Merchants Group Finance Company Limited	Interest income	Negotiation	7,814,725.11	14,042,476.82
Tianjin Haitian Bonded Logistics Co., Ltd.	Interest income	Negotiation	1,394,695.28	1,383,325.48
Modern Terminals Limited	Interest income	Negotiation	-	1,193,424.67
Other related party	Interest income	Negotiation	60,804.82	60,669.23
Total			761,984,416.19	373,655,280.64

(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 the lessee	Type of leased assets	Pricing method and decision procedures of related transactions	Lease income recognized in the current year	Lease income recognized in the prior year
China Merchants Food (China) Co., Ltd.	Buildings	Negotiation	5,675,752.58	3,393,457.47
Qingdao Qianwan West Port United Wharf Co., Ltd.	Port and terminal facilities	Negotiation	4,571,984.36	-
China Communications Import & Export Co., Ltd.	Buildings	Negotiation	3,943,926.21	2,699,223.60
Qingdao Bonded Logistics Park Sino-foreign Transport Warehousing Logistics Co., Ltd.	Buildings	Negotiation	3,816,263.45	-
Nanshan Group and its subsidiaries	Buildings	Negotiation	2,698,718.83	3,506,398.00
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Buildings	Negotiation	2,678,324.75	-
Yiu Lian Dockyards (Shekou) Limited	Buildings	Negotiation	2,441,075.14	2,025,218.14
Qingdao Wutong Century Supply Chain Co., Ltd.	Buildings	Negotiation	1,082,330.31	-
China Merchants Securities Co., Ltd.	Buildings	Negotiation	2,330,741.02	-
Shenzhen Nanyou (Holdings) Ltd.	Buildings	Negotiation	426,100.95	2,400,571.43
Other related party	Buildings, land use rights	Negotiation	3,015,488.40	1,573,182.07
Total			32,680,706.00	15,598,050.71

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties - continued

The Group as the lessee:

Unit: RMB

Name of the lessor	Type of leased assets	Retail (Year)	Lease term (disclose the period covered by contract)	Other significant terms and conditions of the lease
China Merchants Finance Lease (Tianjin) Co., Ltd.	Port and terminal facilities	108,319,079.87	9 March 2018 - 26 March 2024	N/A
China Merchants Finance Lease (Tianjin) Co., Ltd.	Machinery equipment, port and terminal facilities	65,715,388.88	30 November 2018 - 30 November 2024	N/A
Nanshan Group and its subsidiaries	Buildings, port and terminal facilities	56,968,753.40	1 January 2016 - 31 December 2018	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	46,381,918.54	30 October 2017 - 27 October 2023	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Port and terminal facilities	20,621,444.76	1 July 2017 - 31 December 2019	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	17,717,147.04	26 December 2016 - 15 November 2022	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Port and terminal facilities	14,409,799.89	1 January 2018 - 31 December 2019	N/A
EuroAsia Dockyard Enterprise and development Ltd.	Port and terminal facilities	13,642,731.02	1 January 2018 - 31 December 2019	N/A
Nanshan Group and its subsidiaries	Others	6,397,693.72	1 January 2016 - 31 December 2018	Attached with renewal option
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Others	5,823,873.60	1 January 2019 - 31 December 2019	Attached with renewal option
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Buildings	5,363,598.90	1 January 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Others	4,858,285.68	1 June 1998 - 31 May 2018	Attached with renewal option
Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	Buildings	3,541,404.00	1 March 2017 - 28 February 2020	N/A
Nanshan Group and its subsidiaries	Buildings	3,101,220.22	1 January 2019 - 31 December 2019	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings	2,936,922.24	1 July 2019 - 31 December 2019	N/A
Shenzhen Nanyou (Holdings) Ltd.	Buildings	1,995,553.14	1 January 2019 - 31 December 2019	N/A
Nanshan Group and its subsidiaries	Buildings	1,817,704.08	1 January 2016 - 31 December 2018	Attached with renewal option
China Merchants Godown, Wharf & Transportation Co., LTD.	Vehicles and vessels	1,457,985.47	1 January 2019 - 31 December 2019	N/A
Nanshan Group and its subsidiaries	Others	1,428,571.43	1 May 2015 - 30 April 2020	N/A
China Merchants Hanghua Science & Technology & Trade Center Co., Ltd.	Port and terminal facilities	990,257.55	1 May 2018 - 30 April 2021	N/A
China Merchants Hanghua Science & Technology & Trade Center Co., Ltd.	Buildings	750,288.73	1 January 2019 - 31 December 2019	N/A
Nanshan Group and its subsidiaries	Others	693,151.72	1 January 2017 - 25 August 2021	N/A
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Buildings	687,796.80	1 September 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Buildings	658,661.84	25 August 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Port and terminal facilities	639,738.84	1 January 2019 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Buildings	500,146.74	1 May 2019 - 31 December 2019	N/A
Nanshan Group and its subsidiaries	Others	461,005.72	1 January 2017 - 31 December 2020	N/A
Other related party	Buildings	1,107,721.69	1 January 2015 - 31 December 2023	N/A
Total		388,987,845.51		

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued****(3) Related party guarantees**

The Group as the guarantor

Unit: RMB

Secured party	Credit Line	Guaranteed amount	Commencement date	Maturity	The guarantee has been completed or not
2019					
Terminal Link SAS (note 1)	24,982,114.97	12,241,236.33	June 2013	2019	Yes
Terminal Link SAS (note 1)	80,305,197.15	80,305,197.15	June 2013	2033	No
Khor Ambado FZCo (note 2)	200,914,560.00	118,398,397.00	24 May 2019	2032	No
Port de Djibouti S.A.	343,160,000.00	24,192,780.00	14 June 2016	14 June 2019	Yes
Total	649,361,872.12	235,137,610.48			
2018					
Terminal Link SAS (note 1)	82,195,789.24	82,195,789.24	June 2013	2033	No
Terminal Link SAS (note 1)	24,982,114.97	12,241,236.33	June 2013	2019	No
Port de Djibouti S.A.	343,160,000.00	24,192,780.00	14 June 2016	14 June 2019	No
Total	450,337,904.21	118,629,805.57			

Note 1: CMA CGM S.A. is another shareholder of Terminal Link SAS, an associate of the Group. The Group has made a commitment to CMA CGM S.A. that the Group will provides guarantee for its bank loan financing to the associate Terminal Link SAS and other liabilities to the extent of the Group's 49% ownership interest in the company. The actual guaranteed amount is RMB80,305,197.15 on 31 December 2019. If any guarantee liability occurs, the Group will compensate CMA CGM S.A.

Note 2: Khor Ambado FZCo is a related company of the Group's common ultimate controlling shareholder. The Group provides guarantee for its bank loans and other liabilities, with actual guaranteed amount of RMB118,398,397.00.

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Borrowings and loans with related parties

Unit: RMB

Related party	Amount	Commencement date	Maturity date	Description
2019				
Borrowings				
China Merchants Group Finance Company Limited	300,378,812.51	2 December 2019	1 December 2020	Fixed interest rate of 4.1325%
China Merchants Group Finance Company Limited	270,548,281.28	22 April 2019	21 April 2020	Fixed interest rate of 4.3500%
China Merchants Finance Lease (Tianjin) Co., Ltd.	150,000,000.00	23 December 2019	23 December 2025	Fixed interest rate of 4.7500%
China Merchants Group Finance Company Limited	150,000,000.00	27 August 2019	26 August 2020	Fixed interest rate of 4.1325%
China Merchants Group Finance Company Limited	56,483,984.71	1 July 2019	1 July 2034	Fixed interest rate of 4.6550%
China Merchants Group Finance Company Limited	50,061,625.00	4 June 2019	3 June 2020	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	50,000,000.00	29 July 2019	28 July 2022	Fixed interest rate of 4.5125%
China Merchants Group Finance Company Limited	47,000,000.00	14 October 2019	13 October 2024	Fixed interest rate of 4.7500%
China Merchants Group Finance Company Limited	33,052,804.00	22 July 2019	21 July 2020	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	29,000,000.00	18 October 2019	17 October 2023	Fixed interest rate of 4.7500%
China Merchants Group Finance Company Limited	28,000,000.00	15 January 2019	14 January 2024	Fixed interest rate of 4.7500%
China Merchants Group Finance Company Limited	23,000,000.00	10 June 2019	14 January 2024	Fixed interest rate of 4.7500%
China Merchants Group Finance Company Limited	10,000,000.00	28 December 2019	31 October 2023	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	6,000,000.00	22 July 2019	21 July 2020	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	1,000,000.00	24 December 2019	23 December 2020	Fixed interest rate of 4.3500%
Total	1,204,525,507.50			
Lendings				
China Merchants Antong Logistics Management Company	50,000,000.00	24 September 2019	24 September 2021	Fixed interest rate of 8.5000%
2018				
Borrowings				
China Merchants Group Finance Company Limited	270,000,000.00	23 April 2018	22 April 2019	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	220,000,000.00	17 May 2018	16 May 2019	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	80,000,000.00	11 December 2018	10 December 2028	Fixed interest rate of 4.8020%
China Merchants Group Finance Company Limited	60,000,000.00	19 June 2018	20 June 2019	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	40,000,000.00	20 May 2018	21 May 2019	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	30,000,000.00	7 December 2018	6 December 2019	Fixed interest rate of 4.3500%
China Merchants Group Finance Company Limited	30,000,000.00	20 December 2018	19 December 2021	Fixed interest rate of 4.2750%
China Merchants Group Finance Company Limited	25,000,000.00	6 December 2018	5 October 2021	Fixed interest rate of 4.7500%
China Merchants Group Finance Company Limited	20,000,000.00	17 December 2018	16 December 2019	Fixed interest rate of 4.3500%
Total	775,000,000.00			
Lendings				
Port of Newcastle and its subsidiaries	784,057,712.75	14 June 2018	29 May 2020	Fixed interest rate of 8.0000%

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(5) Compensation for key management personnel

Unit: RMB

Item	Closing balance	Opening balance
Compensation for key management personnel	26,856,013.14	19,243,010.16

(6) Other related party transactions

At 24 December 2018, Shenzhen Urban Planning, Land and Resources Commission, Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration ("Qianhai Administration"), China Merchants Group, Shenzhen China Merchants Qianhai Chidi Industrial Co., Ltd. ("China Merchants Chidi"), the Company's subsidiaries ATJ and ASJ as well as China Merchants Shekou Industrial Zone Holdings Co., Ltd. and its 16 subsidiaries ("previous 19 land-holding companies") etc., totally 23 organizations, jointly signed the "China Merchants Group Qianhai Logistics Park Land Restructuring Agreement" (the "Land Restructuring Agreement").

According to the agreement, the previous 19 land-holding companies return the land use rights of the lands within the scope of restructuring to Qianhai Administration. Qianhai Administration replaces 55% land and corresponding shoreline (land area about 531,300 square meters) included in the total areas of T102-0166 and T102-0167 held by ATJ and ASJ to Dachanwan port area Phase II. In addition, other land use rights held by the previous 19 land-holding companies totaling to RMB43.21 billion (valuation benchmark date is 1 January 2015) is recovered by Qianhai Administration. After changing the nature of land use rights, Qianhai Administration return equivalent land use rights as the consideration to recover all the land use rights other than the Dachanwan port area Phase II that need to be replaced according to the original plan.

As at 31 December 2019, the procedures of changing the Dachanwan port area Phase II land use rights are not yet completed. The corresponding original carrying amount of land use rights of RMB916,884,222,49 is transferred to other non-current assets.

ATJ and China Merchants Shekou Industrial Zone Holdings Co., Ltd. with its subsidiary Shenzhen China Merchants Shekou Assets Management Co., Ltd. jointly setup China Merchants Qianhai Industry in 2016, which setup China Merchants Chidi in 2017. The previous 19 land-holding companies jointly holds the equity of China Merchants Qianhai Industry according to the share of previously held land use rights, and completed the capital increase of China Merchants Qianhai Industry in 2019. Among the 19 companies, ATJ and ASJ totally contributed RMB7,456,412,803.00 and hold 14% equity of China Merchants Qianhai Industry.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(6) Other related party transactions - continued

According to the joint venture and cooperation arrangement relating to land restructuring, the previous 19 land-holding companies designate the China Merchants Chidi as the holder of the lands other than Dachanwan port area Phase II obtained in the above land restructuring. Qianhai Administration designate its wholly-owned sub-subsidiary Shenzhen Qianhai Hongyu Industrial Investment Co., Ltd. (the "Qianhai Hongyu") as the land holder in respect of the land use rights (with reimbursements deducted) obtained in above land restructuring.

In 2016, Shenzhen Qianhai Shekou Free Trade Investment Development Co., Ltd. (hereinafter referred to as "Qianhai Free Trade") was jointly established by Shenzhen Merchants Qianhai Industrial Development Co., Ltd. and Shenzhen Qianhai Development Investment Holding Co., Ltd. (hereinafter referred to as "Qianhai Investment Holding") which is a wholly-owned subsidiary of Qianhai Administration Bureau, with each accounting for 50% of the equity and being controlled by Shenzhen Merchants Qianhai Industrial Development Co., Ltd. through the Articles of Association and relevant agreements.

In December 2019, Shenzhen Merchants Qianhai Industrial Development Co., Ltd., Qianhai Investment Holding and Qianhai Free Trade jointly signed a capital increase agreement. According the agreement, Qianhai Free Trade, as a leading role, purchased 100% shares of China Merchants Chidi and 100% shares of China Merchants Chidi legally held by Shenzhen Merchants Qianhai Industrial Development Co., Ltd. and Shenzhen Qianhai Development Investment Holding Co., Ltd. respectively in the form of capital increase and share expansion. Meanwhile, Shenzhen Merchants Qianhai Industrial Development Co., Ltd. increased capital into Qianhai Free Trade with cash of RMB 8.5 billion. The above transaction was completed on December 30, 2019. After the completion of the transaction, Shenzhen Merchants Qianhai Industrial Development Co., Ltd. and Shenzhen Qianhai Development Investment Holding Co., Ltd. still hold 50% equity of Qianhai Free Trade respectively, with Shenzhen Merchants Qianhai Industrial Development Co., Ltd. controlling Qianhai Free Trade through the Articles of Association and relevant agreements.

Except for the land use rights for replacement of Dachanwan port area Phase II, ATJ and ASJ returned land and its accompany buildings with a compensation of RMB4,193,314,004.68.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Cash and bank balances	China Merchant Bank Co., Ltd.	1,451,996,464.50	1,274,536,476.91
	China Merchants Group Finance Company Limited	890,065,186.36	494,131,151.34
	Total	2,342,061,650.86	1,768,667,628.25
Accounts receivable	China COSCO Shipping Group and its subsidiaries	60,545,437.55	
	Antong Holdings and its subsidiaries	60,112,564.13	
	COSCO Logistics (Zhanjiang) Co., Ltd.	7,728,194.66	
	China Ocean Shipping Agency (Zhanjiang) Co., Ltd	5,609,630.60	4,678,761.75
	Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	4,643,545.31	7,222,351.10
	Qingdao Qianwan United Container Terminal Co., Ltd.	4,424,422.68	5,112,134.91
	Guizhou East Land Port Operation Co., Ltd.	4,043,600.57	
	Guangdong Sinotrans Shipping Agency Co., Ltd.	3,583,505.77	-
	Khor Ambado FZCo	3,113,788.09	458,050.86
	Qingdao Qianwan West Port United Wharf Co., Ltd.	2,986,271.27	74,485.74
	Great Horn Development Company FZCo	2,771,510.50	1,486,615.75
	Guizhou Qiangongnan Continental Land Port Operation Co., Ltd.	2,010,137.38	
	China Overseas Harbour Affaris (Laizhou) Co., Ltd.	1,853,183.12	1,490,941.09
	South China Sinotrans Supply Chain Management Co., Ltd.	1,808,219.75	-
	Sinotrans Container Lines Co., Ltd.	1,746,120.89	1,156,769.47
	Port de Djibouti S.A.	1,689,447.85	6,387,923.40
	China Merchants Harbor City	1,536,503.45	
	China Marine Shipping Agency Shenzhen Co., Ltd.	1,058,089.50	1,115,972.50
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	914,392.86	1,029,573.58
	Other related party	4,216,087.14	4,106,365.60
Total	176,394,653.07	34,319,945.75	

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(1) Amounts due from related parties - continued

Unit: RMB

Item	Related party	Closing balance	Opening balance (restated)
Other receivables	Nanshan Group and its subsidiaries	313,724,861.31	175,976,941.31
	Tin-Can Island Container Terminal Ltd	82,625,546.31	128,428.02
	Chu Kong River Trade Terminal Co. Ltd.	61,317,510.00	59,975,890.00
	Qingdao Qianwan United Container Terminal Co., Ltd.	50,000,000.00	25,000,000.00
	Tianjin Haitian Bonded Logistics Co., Ltd.	33,282,119.52	34,300,000.00
	Zhanjiang Infrastructure	31,513,558.59	
	Port de Djibouti S.A.	24,832,398.83	24,411,770.72
	COSCO Logistics (Zhanjiang) Co., Ltd.	13,751,368.26	
	Guangdong Sinotrans Co., Ltd.	3,803,477.07	-
	Csc Roro Logistics Co., Ltd.	2,899,163.95	2,899,163.95
	EuroAsia Dockyard Enterprise and development Ltd.	1,514,281.82	1,481,149.51
	Shenzhen Merchants Commercial Property Investment Co., Ltd.	1,068,658.39	1,051,801.58
	Shanghai International Port (Group) Co., Ltd.	-	50,118,027.14
	Zhanjiang port		9,253,682.23
	Other related party	4,199,662.93	3,282,269.08
Total	624,532,606.98	387,879,123.54	
Prepayments	Other related party	1,414,261.04	-
Other current assets	China Merchant Bank Co., Ltd.	1,528,851,492.46	-
	Khor Ambado FZCo	-	1,029,478,047.00
	Total	1,528,851,492.46	1,029,478,047.00
Non-current assets due within one year	Port of Newcastle and its subsidiaries	809,702,715.78	15,858,848.40
	Khor Ambado FZCo	-	7,332,144.82
	China Merchants Group Finance Company Limited	-	2,565,333.33
	Other related party	-	229,704.43
	Total	809,702,715.78	25,986,030.98
Long-term receivables	China Merchants Harbor City	1,025,631,435.87	
	China Merchants Antong Logistics Management Company	50,000,000.00	
	China Merchants Finance Lease (Tianjin) Co., Ltd.	14,500,000.00	-
	Terminal Link SAS	9,800,295.76	9,782,367.44
	Port of Newcastle and its subsidiaries	-	784,057,712.75
	Total	1,099,931,731.63	793,840,080.19
Other non-current assets	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	-	43,472,687.00

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Short-term borrowings	China Merchants Group Finance Company Limited	841,079,404.24	640,000,000.00
	China Merchant Bank Co., Ltd.	70,093,041.67	-
	Total	911,172,445.91	640,000,000.00
Accounts payable	Nanshan Group and its subsidiaries	10,747,794.44	11,631,575.13
	Qingdao Qianwan West Port United Wharf Co., Ltd.	7,641,839.79	5,196,134.76
	EuroAsia Dockyard Enterprise and development Ltd.	2,974,168.52	3,698,897.16
	Yiu Lian Dockyards Limited	1,676,082.11	2,204,328.63
	China Merchants Bureau Logistics Group Qingdao Co., Ltd.	1,006,844.56	928,527.51
	Other related party	3,614,167.59	2,323,725.85
	Total	27,660,897.01	25,983,189.04
Receipts in advance	Other related party	600,535.85	66,799.01
Contract liabilities	Guangdong Sinotrans Shipping Agency Co., Ltd.	3,577,148.00	-
	Zhanjiang port		1,287,452.83
	Other related party	2,454,025.09	803,584.16
	Total	6,031,173.09	2,091,036.99
Other payables	Terminal Link SAS	88,978,919.98	46,506,416.54
	Modern Terminals Limited	59,038,373.05	1,286,962.56
	Yihai Kerry Arawana Cereals, Oils and Foodstuffs Co. Ltd.	37,402,426.09	37,402,426.09
	China Merchants Real Estate (Shenzhen) Co., Ltd.	20,762,053.30	951,301.52
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	11,305,700.00	10,000.00
	China Merchants Finance Lease (Tianjin) Co., Ltd.	11,250,000.00	-
	Shenzhen China Merchants Property Management Co., Ltd.	9,264,823.90	18,294,814.64
	Shenzhen Merchants Commercial Property Investment Co., Ltd.	8,947,256.82	9,355,392.43
	Zhanjiang Xiangang United Development Co., Ltd.	1,433,990.57	
	China Merchants Food (China) Co., Ltd.	1,264,171.10	1,254,271.10
	COSCO Logistics (Zhanjiang) Co., Ltd.	1,258,811.65	
	China Merchants Securities Co., Ltd.	424,557.30	22,641,509.43
	Shenzhen Merchants Construction Co., Ltd.	156,590.00	28,379,667.10
	China Merchants Zhangzhou Development Zone Co., Ltd.	-	93,258,350.90
	Sinotrans South China Co., Ltd.	-	25,949,781.00
	Port de Djibouti S.A.	-	2,951,170.40
	Qingdao Port (Group) Co., Ltd.	-	2,700,000.00
	China Merchants Group Finance Company Limited	-	1,043,521.17
	Other related party	6,257,011.91	5,375,438.53
	Total	257,744,685.67	297,361,023.41

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties - continued

Unit: RMB

Item	Related party	Closing balance	Opening balance
Non-current liabilities due within one year	China Merchants Finance Lease (Tianjin) Co., Ltd.	145,861,850.10	
	China Merchants Tongshang Finance Lease Co., Ltd.	56,146,040.22	
	Nanshan Group and its subsidiaries	52,656,827.70	
	EuroAsia Dockyard Enterprise and development Ltd.	14,269,498.38	
	Shenzhen Merchants Commercial Property Investment Co., Ltd.	5,579,040.25	
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	5,454,253.54	
	Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	3,263,992.11	
	China Merchants Landmark (Shenzhen) Co., Ltd.	1,242,022.25	
	Other related party	1,770,041.27	
	Total	286,243,565.82	
Other current liabilities	Port de Djibouti S.A.	-	241,927,341.05
Other non-current liabilities	Nanshan Group and its subsidiaries	1,564,380.59	-
Long-term borrowings	China Merchants Group Finance Company Limited	376,483,984.71	135,000,000.00
	China Merchant Bank Co., Ltd.	20,000,000.00	-
	Total	396,483,984.71	135,000,000.00
Long-term payables	China Merchants Finance Lease (Tianjin) Co., Ltd.	144,000,000.00	-
Lease liabilities	China Merchants Finance Lease (Tianjin) Co., Ltd.	491,666,949.79	
	China Merchants Tongshang Finance Lease Co., Ltd.	161,829,816.02	
	Nanshan Group and its subsidiaries	167,685,128.23	
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	5,691,513.57	
	Other related party	1,880,637.25	
	Total	828,754,044.86	

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Unit: RMB

Item	31/12/2019	31/12/2018
Commitments that have been entered into but have not been recognized in the financial statements		
- Commitment to acquire long-term assets	3,767,236,258.74	3,971,730,917.34
- Commitment to invest port construction	6,758,563,544.21	5,490,560.00
Others	354,959,845.19	26,115,744.09
Total	10,880,759,648.14	4,003,337,221.43

(XI) COMMITMENTS AND CONTINGENCIES - continued**2. Contingencies**

Unit: RMB

Item	31/12/2019	31/12/2018
Contingent liabilities arising from litigations (Note 1)	274,299,826.26	323,559,335.68
Guarantees for borrowings of associates (Note 2)	198,703,594.15	118,629,805.57
Total	473,003,420.41	442,189,141.25

Note 1: This represents the significant contingent liabilities arising from the litigations between TCP and local tax authority, employee or former employee in Brazil at as the year end. According to the professional advice of external lawyers and the latest estimates of the Group's management, the possible compensation is RMB274,299,826.26 but it is not likely to cause outflow of economic benefits from the Group. Therefore, the contingent liabilities arising from the above pending litigations are not recognized as provisions. The counter-bonification where the Group as the beneficiary will be executed by the former TCP shareholder that disposed the shares of TCP. According to the counter-bonification agreement, the former TCP shareholder need to make counter-bonification to the Group in respect of the above contingent liabilities, with the compensation amount not exceeding pre-determined amount and specified period.

Note 2: As at 31 December 2019, the Group made commitments to another shareholder of Terminal Link SAS (an associate of the Group) to provide guarantee for the borrowings and other liabilities of Terminal Link SAS to the extent of the Group's 49% equity in the company. The actual guaranteed amount is RMB80,305,197.15. If any guarantee liability occurs, the Group will make compensations.

Except for the above guarantee, as at 31 December 2019, the Group also provides guarantee for the bank loans and other liabilities of the related party Khor Ambado FZCo. The guaranteed amount is 200,914,560.00. The loan amount used by Khor Ambado FZCo is RMB118,398,397.00. Details are set out in Note(X) 5 (3).

At 31 December 2019, the Group's directors assessed the risk of default of above loans and other liabilities and considered that the risk is immaterial and the possibility to make compensation for the guarantees is rare.

Except for the above contingent events, at 31 December 2019, the Group has no other significant guarantee or other contingencies that need to be explained.

(XII) EVENTS AFTER THE BALANCE SHEET

1. Profit distribution

Items	Amount
Profits and dividends to be distributed (Note)	884,287,957.04
Profits and dividends to be declared by shareholder meeting	To be approved by shareholder meeting

Note: Refer to Note V, 48 for details.

2. New coronavirus epidemic

Since the outbreak of new coronavirus epidemic in China at the beginning of 2020, the therapy prophylactic has been carried out throughout the country. The Group actively responded and executed the regulations and requirements of the new coronavirus epidemic issued by the government.

New coronavirus epidemic has temporarily affected the Groups' production and management, however, the impact of the novel coronavirus outbreak on the economy depends on the progress and effectiveness as well as duration of our epidemic prevention and control work

The Group has keep following the development of new coronavirus epidemic as well as evaluating the impact on financial status and operating results, etc. The Group will strengthen the prevention and control of the epidemic along with resuming production in an orderly way.

3. Share option incentive plan

The Company held the extraordinary general meeting on 3 February 2020, where the Company's share option incentive plan was reviewed and discussed item-to-item, and approved. The total share options granted to the incentive objects under the incentive plan involves underlying shares of 17,728,000 shares, accounting for about 0.922% of the Company's total share capital which is 1,922,365,124 shares upon the announcement of the incentive plan. The first batch (total amount 17,198,000 shares) of incentive objects totals to 238 persons, accounting for 2.5% of total employee in service at the end of 2018. The registration procedures for the first batch granted were completed on 13 March 2020.

Except for the above events, the Group has no other significant events after the balance sheet date.

4. Purchase of minority interests of TCP

As Note V(41), the minority shareholder (hereinafter referred to as “the seller”) acquired 10% stake from Kong Rise Development Limited, shareholder of the TCP, with a higher price among the market price and BRL320 million. On 23 February 2020, the seller asked Kong Rise Development Limited to exercise the option. Until approval date of financial statement, Kong Rise Development Limited has prepaid USD64 million to the seller on 24 February 2020. The above transaction has not been completed until the consolidated financial statements have authorized.

(XII) EVENTS AFTER THE BALANCE SHEET - continued

5. Purchase of mandatory convertible securities and loans from company Terminal Link SAS, an associate company

On November 25th, 2020, the subsidiary of the Group, China merchants port holdings company has signed the shareholder's agreements with CMA CGM S.A. , shareholder of the Terminal Link SAS. According to this agreement, China merchants port holdings company might pay USD 468 million for mandatory convertible securities and has authorized loans with USD500 million limits to Terminal Link SAS in order to support Terminal Link SAS acquire ten target ports. Terminal Link SAS has completed acquisition of 8 ports before March 26th, 2020. China merchants port holdings company has paid for mandatory convertible securities and issued loans , which total amounts are USD815 million. The remaining mandatory convertible securities have not been paid and loans have not been issued.

(XIII) OTHER SIGNIFICANT EVENTS

1. Segment reporting

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

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

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

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

Ports operation

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

(XIII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

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

(a) Mainland China, Hong Kong and Taiwan

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

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

Bonded logistics operation

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

Other operations

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

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

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

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

As at 31 December 2019, around 70% of The Group's non-current assets other than financial instruments and deferred tax assets are located in Mainland China.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(XIII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information

Segment financial information for 2019 is as follows:

Unit: RMB

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**(XIII) OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued****(2) Segment financial information - continued**

Segment financial information for 2019 is as follows: - continued

Unit: RMB

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**(XIII) OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued****(2) Segment financial information - continued**

Segment financial information for 2018 is as follows:

Unit: RMB

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	5,303,465,225.60	-	69,907,311.12	747,571,785.87	3,063,582,986.50	9,184,527,309.09	386,269,027.02	132,598,286.47	-	9,703,394,622.58
Operating cost	3,093,917,475.00	-	55,661,268.67	631,405,970.58	1,522,302,179.06	5,303,286,893.31	214,495,776.55	221,458,726.01	-	5,739,241,395.87
Segment operating profit (loss)	2,209,547,750.60	-	14,246,042.45	116,165,815.29	1,541,280,807.44	3,881,240,415.78	171,773,250.47	(88,860,439.54)	-	3,964,153,226.71
Adjustments::										
Taxes and levies	71,372,197.96	284,627.70	1,160,781.85	10,778,344.95	112,983,856.21	196,579,808.67	32,621,484.27	6,211,213.84	541,296.73	235,953,803.51
Administrative expense	390,753,695.03	3,749,372.10	9,930,005.82	97,317,524.40	193,183,913.13	694,934,510.48	36,924,775.16	28,852.77	519,977,537.04	1,251,865,675.45
R&D expenses	118,865,768.66	-	-	-	-	118,865,768.66	-	-	3,123,329.16	121,989,097.82
Financial expenses	33,812,457.43	82,614,789.19	(406,546.82)	19,344.58	419,088,994.19	535,129,038.57	38,623,819.16	51,653,121.27	1,018,012,123.95	1,643,418,102.95
Impairment gains of assets	-	-	-	-	-	-	-	-	-	-
Impairment gains (losses) of credit	(10,760,473.33)	-	-	(10,616.21)	3,410,788.03	(7,360,301.51)	(168,279.09)	-	-	(7,528,580.60)
Other income	32,901,021.72	408,333.33	113,998.17	12,684,291.81	-	46,107,645.03	1,411,014.72	-	8,661,467.89	56,180,127.64
Investment income	143,206,331.48	2,706,435,143.32	322,968,785.89	(21,733,692.03)	592,367,561.64	3,743,244,130.30	17,758,667.43	207,255,360.07	(430,008.32)	3,967,828,149.48
Gains from changes in fair value	45,351.40	(873,891,271.63)	(74,594,618.22)	-	(125,966,299.23)	(1,074,406,837.68)	-	-	-	(1,074,406,837.68)
Gains from disposal of assets	9,216,008.49	-	-	(418,481.28)	10,450,227.43	19,247,754.64	26,746.03	-	(16,005.34)	19,258,495.33
Operating profit	1,769,351,871.28	1,746,303,416.03	252,049,967.44	(1,427,896.35)	1,296,286,321.78	5,062,563,680.18	82,631,320.97	60,501,732.65	(1,533,438,832.65)	3,672,257,901.15

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(XIII) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for 2018 is as follows: - continued

Unit: RMB

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	34,351,337.85	-	424,231.58	1,931,244.58	24,074,268.10	60,781,082.11	1,216,591.28	943,208.69	4,187,807.90	67,128,689.98
Non-operating expenses	40,405,962.28	4,010.31	400,000.00	1,057,097.28	65,315,693.08	107,182,762.95	6,240,627.54	200,000.00	11,407,908.08	125,031,298.57
Gross profit	1,763,297,246.85	1,746,299,405.72	252,074,199.02	(553,749.05)	1,255,044,896.80	5,016,161,999.34	77,607,284.71	61,244,941.34	(1,540,658,932.83)	3,614,355,292.56
Income tax expenses	294,544,209.66	43,364,189.75	12,909,324.23	16,064,881.66	94,332,207.91	461,214,813.21	14,785,763.43	49,933,513.49	202,506,448.47	728,440,538.60
Net profit	1,468,753,037.19	1,702,935,215.97	239,164,874.79	(16,618,630.71)	1,160,712,688.89	4,554,947,186.13	62,821,521.28	11,311,427.85	(1,743,165,381.30)	2,885,914,753.96
Segment assets	24,361,542,350.83	24,738,700,129.24	6,498,939,975.26	11,975,384,175.20	43,137,915,507.68	110,712,482,138.21	2,768,799,649.68	10,986,223,834.86	3,550,578,792.93	128,018,084,415.68
Total assets in the financial statements										
Segment liabilities	3,716,328,520.15	620,013,763.67	108,999,946.50	2,399,865,586.89	11,874,203,103.78	18,719,410,920.99	809,775,291.61	1,161,920,752.31	26,910,051,577.96	47,601,158,542.87
Total liabilities in the financial statements										
Supplementary information:										
Depreciation and Amortization	777,378,984.84	-	2,030,173.13	287,332,851.66	698,620,897.88	1,765,362,907.51	80,463,924.42	165,229,175.14	16,903,705.26	2,027,959,712.33
Interest income	21,954,329.37	508,539.88	438,043.11	40,225,269.81	84,159,789.64	147,285,971.81	1,052,104.99	828,268.56	123,286,948.50	272,453,293.86
Interest expense	44,507,286.38	1,009,944.96	-	39,664,933.55	398,730,346.09	483,912,510.98	32,382,213.72	39,755,069.06	1,078,051,538.04	1,634,101,331.80
Investment income from long-term equity investment under equity method	134,907,307.68	2,674,327,364.23	309,435,330.98	(21,882,199.10)	592,062,707.31	3,688,850,511.10	17,758,667.43	207,255,360.07	-	3,913,864,538.60
Long-term equity investment under equity method	2,629,326,400.75	23,003,406,812.98	5,696,221,052.02	2,540,719,065.34	10,818,356,531.61	44,688,029,862.70	340,969,759.95	5,147,577,640.75	-	50,176,577,263.40
Non-current assets other than long-term equity investment	18,136,739,566.92	296,477,731.85	29,099,361.17	7,816,817,366.31	29,571,968,313.58	55,851,102,339.83	2,206,436,654.13	5,573,444,649.09	480,592,127.03	64,111,575,770.08

(XIII) OTHER SIGNIFICANT EVENTS - continued**1. Segment reporting - continued****(2) Segment financial information - continued**

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

Unit: RMB

Revenue from external transactions	Amount incurred in the current period	Amount incurred in the prior period
Mainland China, Hong Kong and Taiwan	8,872,027,132.24	6,635,924,788.34
Pearl River Delta	5,629,472,123.72	5,705,075,363.71
Yangtze River Delta	-	-
Bohai Rim	194,445,939.20	183,277,638.76
Others	3,048,109,069.32	747,571,785.87
Other locations	3,251,802,291.50	3,067,469,834.24
Total	12,123,829,423.74	9,703,394,622.58

Unit: RMB

Total non-current assets	Amount incurred in the current period	Amount incurred in the prior period
Mainland China, Hong Kong and Taiwan	96,489,027,270.44	73,602,488,004.01
Pearl River Delta	43,196,515,110.55	33,618,069,629.60
Yangtze River Delta	25,066,500,422.16	23,299,884,544.83
Bohai Rim	6,686,470,964.43	6,316,574,360.92
Others	21,539,540,773.30	10,367,959,468.66
Other locations	41,224,854,968.75	40,685,665,029.47
Total	137,713,882,239.19	114,288,153,033.48

(3) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 3,234,035,638.42, accounting for 26.68% of the Group's total operating income.

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS**1. Other receivables****(1) Summary of other receivables**

Unit: RMB

Item	Closing balance	Opening balance (restated)
Interest receivable	-	-
Dividends receivable	207,259,421.40	329,153,465.74
Other receivables	598,275,341.87	321,861,868.32
Total	805,534,763.27	651,015,334.06

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued**1. Other receivables - continued**

(2) Dividends receivable

(a) Disclosure of dividends receivable

Unit: RMB

Company name	Closing balance	Opening balance
Dongguan Chiwan Warf Co., Ltd.	103,355,370.74	103,355,370.74
Shenzhen Chiwan Harbor Container Co. Ltd.	-	96,378,106.61
Dongguan Chiwan Terminal Co., Ltd.	88,196,930.66	88,196,930.66
Shenzhen Chiwan Tugboat Co., Ltd.	-	21,929,842.24
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	15,707,120.00
Shenzhen Chiwan Port Development Co., Ltd.	-	3,299,252.31
Shenzhen Chiwan International Freight Agency Co., Ltd.	-	286,843.18
CMPort	-	-
Total	207,259,421.40	329,153,465.74
Less: Provision for credit loss	-	-
Carrying amount	207,259,421.40	329,153,465.74

(b) Significant dividends receivable with aging over 1 year

Unit: RMB

Item	Closing balance	Reason for outstanding	Impaired or not
Dongguan Chiwan Warf Co., Ltd.	103,355,370.74	In processing and expected to be received in 2020	No
Dongguan Chiwan Terminal Co., Ltd.	88,196,930.66	In processing and expected to be received in 2020	No
Total	191,552,301.40		

(3) Other receivables

(a) Disclosure of other receivables by aging

Unit: RMB

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion of provision (%)
Within 1 year	598,275,341.87	-	-
1 to 2 years	-	-	-
2 to 3 years	-	-	-
Over 3 years	383,456.60	383,456.60	100.00
Total	598,658,798.47	383,456.60	

(b) Provision for credit loss of other receivables

As part of the Company's credit risk management, the Company performs internal credit rating on customers, and determines the expected loss ratio of other receivables under each credit rating. Such expected average loss ratio is based on historical actual impairment and taking into consideration of current and expected future economic conditions.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -**
continued**1. Other receivables - continued**

(3) Other receivables - continued

(b) Provision for credit loss of other receivables - continued

At 31 December 2019, the credit risk and expected credit loss of other receivables by categories of customers are as follows:

Unit: RMB

Credit rating	Expected credit loss ratio (%)	Closing balance				Opening balance			
		12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
A	0.00-0.10	598,275,341.87	-	-	598,275,341.87	321,861,868.32	-	-	321,861,868.32
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Carrying amount		598,275,341.87	-	383,456.60	598,658,798.47	321,861,868.32	-	383,456.60	322,245,324.92
Provision for credit loss		-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Book value		598,275,341.87	-	-	598,275,341.87	321,861,868.32	-	-	321,861,868.32

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

Unit: RMB

Item	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2019	-	-	383,456.60	383,456.60
Carrying amount of other receivables at 1 January 2019				
-- transfer to stage II	-	-	-	-
-- transfer to stage III	-	-	-	-
-- transfer back to stage II	-	-	-	-
-- transfer back to stage I	-	-	-	-
Provision for the year	-	-	-	-
Reversal	-	-	-	-
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Balance at 31 December 2019	-	-	383,456.60	383,456.60

(d) Other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Amounts due from related parties	571,663,096.21	316,567,355.24
Advances	26,283,930.19	4,785,167.82
Deposits	-	372,042.31
Others	711,772.07	520,759.55
Total	598,658,798.47	322,245,324.92
Less: Provision for credit loss	383,456.60	383,456.60
Book value	598,275,341.87	321,861,868.32

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. Other receivables - continued

(3) Other receivables - continued

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

(f) The top five balances of other receivables classified by debtor

Unit: RMB

Company name	Nature	Closing balance	Aging	Proportion of the amount to the total other receivable (%)	Closing balance of provision for credit loss
Shenzhen Haixing Harbor Development Co., Ltd	Loan to related parties	328,163,096.21	Within 1 year	54.81	-
Dongguan Chiwan Terminal Co., Ltd.	Loan to related parties	134,500,000.00	Within 1 year	22.47	-
Dongguan Chiwan Warf Co., Ltd.	Loan to related parties	109,000,000.00	Within 1 year	18.21	-
Shenzhen Chiwan Port Development Co., Ltd.	Advance payments for account current	21,072,976.83	Within 1 year	3.52	-
Guangdong Sinotrans Co., Ltd.	Compensation for profit and loss over the transition period	3,803,477.07	Within 1 year	0.64	-
Total		596,539,550.11		99.65	-

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

2. Long-term equity investments

Unit: RMB

Investee	1/1/2019	Changes for the year								31/12/2019	Closing balance of impairment provision
		Increase	Decrease	Investment income under equity method	Reconciling items from other comprehensive income	Other equity movements	Announced distribution of cash dividends or profit	Impairment provision	Others		
I. Subsidiary											
Shenzhen Chiwan International Freight Agency Co., Ltd.	5,500,000.00	-	-	-	-	-	-	-	-	5,500,000.00	-
Shenzhen Chiwan Harbor Container Co. Ltd.	250,920,000.00	-	-	-	-	-	-	-	-	250,920,000.00	-
Shenzhen Chiwan Port Development Co., Ltd. (Note 1)	7,000,000.00	199,283,811.09	-	-	-	-	-	-	-	206,283,811.09	-
CWHK	1,070,000.00	-	-	-	-	-	-	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Co., Ltd.	24,000,000.00	-	-	-	-	-	-	-	-	24,000,000.00	-
Chiwan Container Terminal Co., Ltd.	421,023,199.85	-	-	-	-	-	-	-	-	421,023,199.85	-
Dongguan Chiwan Warf Co., Ltd.	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00	-
Dongguan Chiwan Terminal Co., Ltd.	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00	-
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	-	-	-	-	-	-	1,051,789.43	-
CMPort (Note 2)	26,170,129,771.99	1,116,813,838.43	-	-	-	-	-	-	-	27,286,943,610.42	-
RoRo Logistics	149,709,800.00	-	-	-	-	-	-	-	-	149,709,800.00	-
Zhanjiang port (Note 3)	-	371,530,912.93	-	-	-	-	-	-	-	371,530,912.93	-
Sub-total	27,391,929,561.27	1,687,628,562.45	-	-	-	-	-	-	-	29,079,558,123.72	-
II. Associate											
China Merchants International Information Technology Co., Ltd.	18,274,568.38	-	-	2,369,042.80	-	-	-	-	-	20,643,611.18	-
China Merchants Bonded Logistics Co., Ltd.	340,500,382.73	-	-	25,355,342.22	-	-	-	-	-	365,855,724.95	-
Sub-total	358,774,951.11	-	-	27,724,385.02	-	-	-	-	-	386,499,336.13	-
III. Joint venture											
China Overseas Harbour Affaris (Laizhou) Co., Ltd.	793,557,064.58	-	-	42,110,853.02	-	-	(43,605,689.02)	-	-	792,062,228.58	-
China Merchants Antong Logistics Management Company	-	8,000,000.00	-	256,893.80	-	-	-	-	-	8,256,893.80	-
Sub-total	793,557,064.58	8,000,000.00	-	42,367,746.82	-	-	(43,605,689.02)	-	-	800,319,122.38	-
Total	28,544,261,576.96	1,695,628,562.45	-	70,092,131.84	-	-	(43,605,689.02)	-	-	30,266,376,582.23	-

Note 1: The Company receives 25% equity of Shenzhen Chiwan Port Development Co., Ltd. from CWHK at the consideration of RMB10,825,000.00 on 19 April 2019. Since then, Shenzhen Chiwan Port Development Co., Ltd. became the Company's wholly-owned subsidiary. In July 2019, the Company transferred the major operating assets, debts and employees of Chiwan port area 1-7# berth to Shenzhen Chiwan Port Development Co., Ltd. The net book value of the transferred assets and liabilities at the benchmark date of the transfer amounting to RMB188,458,811.09 is considered as investment cost and included in the Company's long-term equity investments in Shenzhen Chiwan Port Development Co., Ltd.

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

Note 3: Details are set out in Note (VI) 1.

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued**3. Operating income and operating costs**

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Principal operating	75,207,466.30	75,438,994.71	211,782,804.61	158,561,191.30
Other operating	16,835,131.75	645,029.02	32,116,448.46	1,504,260.12
Total	92,042,598.05	76,084,023.73	243,899,253.07	160,065,451.42

4. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under cost method	1,221,470,436.60	121,894,044.34
Long-term equity investments income under equity method	70,092,131.84	63,015,142.10
Income from other equity instruments investments	10,822,585.00	8,228,975.00
Income from debt investments	3,837,808.22	-
Total	1,306,222,961.66	193,138,161.44

(2) Income from long-term equity investments under cost method

Unit: RMB

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes comparing with prior year
CMPort	1,116,334,395.76	-	Changes in profit distribution of investee
Chiwan Container Terminal Co., Ltd.	105,136,040.84	-	Changes in profit distribution of investee
Shenzhen Chiwan Harbor Container Co. Ltd.	-	96,378,106.61	Changes in profit distribution of investee
Shenzhen Chiwan Tugboat Co., Ltd.	-	21,929,842.24	Changes in profit distribution of investee
Shenzhen Chiwan Port Development Co., Ltd.	-	3,299,252.31	Changes in profit distribution of investee
Shenzhen Chiwan International Freight Agency Co., Ltd.	-	286,843.18	Changes in profit distribution of investee
Total	1,221,470,436.60	121,894,044.34	

CHINA MERCHANTS PORT GROUP CO., LTD.

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item	Amount	Remarks
Losses on disposal of non-current assets	4,794,562,782.79	
Tax refunds or reductions with ultra vires approval or without official approval documents	-	
Government grants recognized in profit or loss (except for grants that are closely related to the Company's business and are in amounts and quantities fixed in accordance with the national standard)	162,587,042.38	
Money lending income earned from non-financial institutions in profit or loss	19,571,040.36	
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	-	
Gains or losses on exchange of non-monetary assets	-	
Gains or losses on entrusted investments or assets management	-	
Provision of impairment losses for each asset due to force majeure, e.g. natural disasters	-	
Gains or losses on debt restructuring	-	
Business restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	
Gains or losses relating to the unfair portion in transactions with unfair transaction price	-	
Net profit or loss of subsidiaries recognized as a result of business combination of enterprises under common control from the beginning of the period up to the business combination date	-	
Gains or losses arising from contingencies other than those related to normal operating business	-	
Gains from changes of fair value of held-for-trading financial assets, derivative financial assets, other non-current financial assets, held-for-trading financial liabilities, derivative financial liabilities other than effective hedging operation relating to the Company's normal operations, and the investment income from disposal of the above held-for-trading financial assets/financial liabilities and other debt investments	66,075,363.30	
Reversal of provision for accounts receivable that are tested for credit loss individually	-	
Gains or losses on entrusted loans	-	
Gains or losses on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	482,165,418.73	
Other profit or loss that meets the definition of non-recurring profit or loss (note)	732,644,357.06	
Tax effects	(1,504,203,995.96)	
Effects of minority interest (after tax)	(2,892,976,715.05)	
Total	1,860,425,293.61	

Note: This mainly represents the gains from remeasurement of previously held equity at fair value upon the Company's acquisition of Zhanjiang Port (Group) Co., Ltd.

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

Item	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	8.7125	1.5943	1.5943
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	3.1197	0.5709	0.5709
