



**CHINA MERCHANTS PORT GROUP CO., LTD.**

**ANNUAL REPORT 2020**

**Date of disclosure: 31 March 2021**

## 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 2020. 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 tier one capital operation and management platform for the CMG’s port assets, playing a key role in the consolidation and synergistic development of CMG’s port assets. The Company 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’ first choice of partner for cooperation, creating greater value for the Company, enhancing return for shareholders and contributing to the healthy development of the port industry and the continuous growth of the global trade.

### Review for the year

In 2020, under the multiple impacts of the COVID-19 pandemic, anti-globalization and geopolitical risks, the overall global economy experienced recession to some degree. Weak consumption, shrinking trade and fluctuations in exchange rates, along with other uncertainties, imposed challenges to the daily operation and management of businesses. Despite the complex and difficult 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”. Apart from coping with the pandemic proactively, it pursued various key construction projects in a steady manner, including the construction of homebased ports, overseas expansion and digital

innovation, and successfully accomplished its strategic goals and various operational objectives of the year.

**In terms of port operation**, the container port business delivered a container throughput totaled 121.71 million twenty-foot equivalent units (TEUs) in 2020, up 7.8% year-on-year. Looking into the regional performance, container throughput handled by the Company's ports in Mainland China totaled 85.76 million TEUs, up 1.0% year-on-year. Ports in Hong Kong and Taiwan handled a combined container throughput of 7.16 million TEUs, down 0.7% year-on-year, while overseas projects handled a total container throughput of 28.78 million TEUs, up 38.1% year-on-year. Bulk cargo volume handled by the Company's ports decreased by 7.1% year-on-year to 450 million tons, among which the Company's ports in Mainland China handled a total bulk cargo volume of 448 million tons, down 7.1% year-on-year, and the overseas port projects handled a total bulk cargo volume of 5.83 million tons, down 7.2% year-on-year. Among the major ports, container throughput handled in West Shenzhen Port Zone in China was 11.84 million TEUs, up 3.6% year-on-year. SIPG handled a container throughput of 43.50 million TEUs, representing a year-on-year increase of 0.5%. For overseas projects, CICT in Sri Lanka delivered a year-on-year growth of 1.9% by handling a container throughput of 2.93 million TEUs. LCT in Togo handled a container throughput of 1.36 million TEUs, representing a growth of 20.5% year-on-year. Kumport in Turkey handled a container throughput of 1.22 million TEUs, representing a decrease of 5.1% year-on-year. TCP in Brazil handled a container throughput of 0.98 million TEUs, representing a year-on-year increase of 7.4%. Benefiting from the inclusion of the eight newly acquired ports, Terminal Link SAS (TL) handled a container throughput of 21.13 million TEUs in the year, up 59.4% year-on-year.

**In terms of key priorities**, firstly, the Company pursued the development of homebase ports to fully promote the construction of world-class leading ports and achieve the strategic goal of building a strong transportation country. West Shenzhen Port Zone has closely followed the development strategy of Guangdong-Hong Kong-Macao Greater Bay Area and continued to enhance its comprehensive capability. For overseas homebase ports, CICT and HIPG took full advantages of the synergy of port zones and developed themselves into international shipping centers in South Asia. Secondly, overseas expansion has achieved substantial progress. The delivery procedures of 8 terminals arising from the equity acquisition of 10 terminals, with superior quality, from CMA CGM through TL were completed. At the same time, the Company introduced Fujian

Transportation Maritime Silk Road Investment and Management Co. Limited (福建省交通海丝投资管理有限公司) as the strategic investor of HIPG. Thirdly, digital innovation continued to bear fruits. With the delivery and acceptance of the first berth, the Mawan Intelligent Port construction project will be developed into a benchmark for the intelligence upgrade of traditional terminals at home and abroad. The innovative development of the complex port in the Guangdong-Hong Kong-Macao Greater Bay Area greatly increased the turnover efficiency of terminals and containers. The Company proactively worked with leading Internet technology companies to explore the construction of an open platform for intelligent ports. It also invested and established China Merchants Port (Shenzhen) Industrial Innovation Private Equity Investment Fund (招商港口(深圳)产业创新私募股权投资基金) in collaboration with China Merchants Venture, which enhanced the industry ecosystem through integration between the industry and the financial sector.

### **Outlook**

Looking into 2021, the successful research, development and rollout of the COVID-19 vaccines will support the resumption of global economic and social activities and the world's economy is likely to recover. The year 2021 follows China's conclusion of building a moderately prosperous society in 2020 and marks the first year of the "14th Five-Year" Plan and 2035 Vision. China will take the initiative to adapt to the new environment and new challenges. Adhering to the new development philosophy, it will promote high-quality economic and social development by intensifying the supply-side restructuring, paying attention to demand-side management and establishing the new dual circulation development pattern. As the first country to witness a rapid economic rebound from the pandemic, China will continue to lead global economic recovery in 2021. It will accelerate the establishment of the new development pattern, in which the domestic economic cycle is the mainstay and the domestic and international economic cycles boost each other. The macro policy will remain consistent, stable and sustainable, while supply-side reform and demand-side management will further strengthen organic growth drivers. The industry will see opportunities arising from innovation policy in key areas such as the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Hainan Free Trade Port. In addition, with the steady progress of the "New Infrastructure" project, port investment will maintain stable growth. The construction of leading ports will facilitate green and intelligent port development, and port transformation and upgrade will support sustainable industry growth. 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”. It will adhere to the dual-core-driven operating model of “marketization + digitization”, while taking the initiative to respond actively and make breakthroughs on key missions, exploring potential in the process of reform and innovation, and enhancing market competitiveness with dedication, so as to become a world-class comprehensive port service provider and generate greater returns for shareholders.

**In 2021, the Company will focus on the following tasks:**

**Firstly, the Company will spare no effort to promote the development of world-class leading ports to implement the strategy of building a strong transportation country.** It will refine and optimize the future development goals and action plans for West Shenzhen Port Zone and boost comprehensive capabilities in line with the development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area. Through better resource allocation, enhancement of the management basis, expansion of ancillary and value-added services, and improvement of service standards, it will develop a port ecosystem for win-win outcomes. At the same time, it will be fully committed to further incorporating intelligence elements into Mawan Intelligent Port and developing West Shenzhen Port Zone into a globally leading intelligent port in Guangdong-Hong Kong-Macao Greater Bay Area and the world, thereby achieving business innovation and increasing its influence in the region. In terms of overseas homebase ports, CICT and HIPG will focus on port business and strengthen cooperation with shipping companies, so as to enhance business synergy, capitalize on the collaborative advantages between port zones and evolve into world-class shipping centers in South Asia.

**Secondly, the Company will enhance the overall planning for business abroad in line with the overseas layout of “East-West routes, South-North routes, regions along the Belt and Road Initiative”.** Apart from completing the delivery procedures for the remaining two terminals of CMA CGM, it will improve the operating effectiveness and efficiency of overseas projects by optimizing their management and control system and tapping into the location advantages of ports abroad. In the face of the current complex international dynamic, it will keep abreast of changes in

the trade environment and continuously search for port investment opportunities in fast-growing regions.

**Thirdly, the Company will strengthen technology empowerment to create an innovative port ecosystem.** Taking technology innovation as an entry point, it will optimize and complement the comprehensive port service model to support long-term growth through technology empowerment. With a view to support new business, the Company will establish new business models in the Development and Research Center of CMPort to extend its business to the upstream and downstream of the industrial and value chain. It will also enhance the operating effectiveness and efficiency of current assets through technological and management innovation, and boost production and operation of ports and terminals by improving intelligent terminal operation via the “CM Chip” platform. With the “CM ePort” platform, the Company will innovate a business model to provide better customer service at ports. By establishing an intelligent management platform, it will also enhance comprehensive port management.

**Fourthly, the Company will promote comprehensive port development.** It will closely follow changes in the trade environment, seize opportunities brought by the adjustment of the global industrial chain, and utilize favorable policies to exploit the market. By adequately integrating the resources from the port industrial chain, value chain, logistics chain and innovation chain, it will explore the PPC comprehensive development model and seek for sustainable business development through “investment introduction to industrial parks and comprehensive land development”.

**Fifthly, the Company will further develop the operating management and control system for sustainable value creation.** It will continue to follow strategic guidance and optimize management and control on a regular basis. It will also establish an entire lifecycle management system for assets to enhance construction quality and management of major engineering projects. By the ongoing improvement of business management standards and the applicable range of regulation, it aims to develop a world-class operating and management system, with sustainable value, and a value-oriented management headquarters.

### **Appreciation**

In 2020, facing the complex environment, various risks and challenges, the Company adhered to its strategic directives, took the initiative to embrace changes, and thus recorded positive results for various tasks and its operating performances have been growing steadily. All of these could not be

accomplished without the dedication from all of our staff and the support from our shareholders, 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 managers of China Merchants Port Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Bai Jingtao, the Company’s legal representative, Lu Yongxin, the Company’s Acting 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*, *Shanghai Securities News*, *Ta Kung Pao* (HK) and [www.cninfo.com.cn](http://www.cninfo.com.cn) have been designated by the Company for information disclosure. And all information about the Company shall be subject to what’s disclosed on the aforesaid media. Investors are kindly reminded to pay attention to these media.

The Board has approved a final dividend plan as follows: based on 1,922,365,124 shares, a cash dividend of RMB3.80 (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 version shall prevail.

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## 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
CMPID	China Merchants Port 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.
CMSK	China Merchants Shekou Industrial Zone Holdings Co., Ltd.
Malai Storage	Shenzhen Malai Storage Co., Ltd.
CM Qianhai Industrial	Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.
CMI	China Merchants Investment Limited
Liaoning Port Group	Liaoning Port Group Co., Ltd.
SIPG	Shanghai International Port (Group) Co., Ltd.
CMICT	Ningbo Daxie China Merchants International Container Terminal Co., Ltd.
Ningbo Port	Ningbo Zhoushan Port Company Limited
Zhangzhou Port	Zhangzhou China Merchants Port Co., Ltd.
Shantou Port	Shantou CMPort Group Co., Ltd.
Tianjin Port Container Terminal	Tianjin Port Container Terminal Co., Ltd.
TICT	Tin-Can Island Container Terminal Ltd.
CMA	CMA CGM SA
TL	Terminal Link S.A.S.
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 Sirketi
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
Cyber Chic	Cyber Chic Company Limited

Haixing Harbor	Shenzhen Haixing Harbor Development Co., Ltd.
Dalian Port	Dalian Port (PDA) Company Limited
Shunde New Port	Guangdong Yide Port Limited
Northeast Asia Investment	China Merchants Northeast Asia Development Investment Co., Ltd. (tentative name, final name subject to the officially registered one)
Jinyu Rongtai	Shenzhen Jinyu Rongtai Investment Development Co., Ltd.
China Merchants Venture	China Merchants Venture Capital Management Co., Ltd.
China Merchants Venture Fund	Shenzhen China Merchants Venture Capital Fund Center (Limited Partnership)
CMHIT	China Merchants Holdings (International) Information Technology Co., Ltd.
Jifa Logistics	Dalian Port Jifa Logistics Co., Ltd.
DPCD	Dalian Port Container Development Co., Ltd.
Yingkou Port Group	Yingkou Port Group Co., Ltd.
DPN	Dalian Port Logistics Network Co., Ltd.
YPIT	Yingkou Port Information Technology Co., Ltd.
CMHD	China Merchants Holdings Djibouti
OHD	Orienture Holdings (Djibouti) FZE (tentative name, final name subject to the officially registered one)
DNC	Djibouti New Co (tentative name, final name subject to the officially registered one)
RSW	Red Sea World (tentative name, final name subject to the officially registered one)
The “Assets Purchase via Share Offering”	Chiwan Wharf’s purchase of 1,313,541,560 ordinary CMPort Holdings shares from CMID via share offering
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
CM ePort	The wharf e-commerce platform, i.e. the unified customer service platform
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	<a href="http://www.cmp1872.com">http://www.cmp1872.com</a>		
Email address	Cmpir@cmhk.com		

### II Contact Information

	Board Secretary	Securities Representative
Name	Li Yubin (Acting)	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, Shanghai Securities News, Ta Kung Pao</i>
Website designated by CSRC for publication of this Report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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, repairing, 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 CMPID 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 CMPID 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, 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:

Applicable  Not applicable

## VI Key Financial Information

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

Applicable  Not applicable

	2020	2019	2020-over-2019 change	2018
Operating revenue (RMB)	12,618,529,996.02	12,123,829,423.74	4.08%	9,703,394,622.58
Net profit attributable to the listed company's shareholders (RMB)	2,065,322,969.66	2,898,192,168.84	-28.74%	1,090,418,910.77
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	1,262,830,563.26	1,037,766,875.23	21.69%	516,155,803.81
Net cash generated from/used in	5,495,800,917.01	5,501,873,415.94	-0.11%	4,288,575,424.84

operating activities (RMB)				
Basic earnings per share (RMB/share)	1.07	1.59	-32.70%	0.61
Diluted earnings per share (RMB/share)	1.07	1.59	-32.70%	0.61
Weighted average return on equity (%)	5.66%	8.71%	-3.05%	3.88%
	31 December, 2020	31 December, 2019	Change of 31 December, 2020 over 31 December, 2019 (%)	31 December, 2018
Total assets (RMB)	168,543,611,777.21	156,696,917,845.87	7.56%	128,018,084,415.68
Equity attributable to the listed company's shareholders (RMB)	37,117,806,052.18	35,972,804,419.42	3.18%	30,760,475,412.93

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes  No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes  No

## 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

Applicable  Not applicable

No difference for the Reporting Period.

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

Applicable  Not applicable

No difference for the Reporting Period.

## 3. Reasons for Accounting Data Differences between Domestic and Foreign Accounting Principle: Not applicable

## VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,886,025,618.74	3,036,471,539.74	3,239,264,119.14	3,456,768,718.40
Net profit attributable to the listed company's shareholders	149,871,785.99	482,926,799.84	642,339,845.93	790,184,537.90
Net profit attributable to the listed company's shareholders before exceptional gains and losses	199,867,940.76	344,723,973.78	605,513,230.59	112,725,418.13
Net cash generated from/used in operating activities	847,165,371.60	1,224,260,773.32	1,665,387,875.49	1,758,986,896.60

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 semiyearly reports.

Yes  No

## IX Exceptional Gains and Losses

Unit: RMB

Item	2020	2019	2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	1,480,572,929.90	4,794,562,782.79	6,512,480.64	-
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	238,216,977.76	162,587,042.38	14,050,544.16	-

standards)				
Capital occupation charges on non-financial enterprises that are charged to current profit or loss	232,906,880.87	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	-
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)	-409,658,173.58	66,075,363.30	-	-
Reversed portions of impairment allowances for accounts receivable and contract assets which are tested individually for impairment	46,709,066.77	-	-	-
Custodian fees earned from entrusted operation	1,886,792.45	-	-	-
Non-operating income and expense other than the above	-42,615,710.20	482,165,418.73	-3,767,817.73	-
Other gains and losses that meet the definition of exceptional gain/loss	753,988,749.80	732,644,357.06	-121,311,211.59	Gain resulted from revaluation to the fair value of the original holding shares of CMICT due to the acquisition in 2020
Less: Income tax effects	241,651,237.66	1,504,203,995.96	3,010,149.89	-
Non-controlling interests effects (net of tax)	1,257,863,869.71	2,892,976,715.05	2,003,803,627.07	-
Total	802,492,406.40	1,860,425,293.61	574,263,106.96	--

Explanation of why the Company reclassifies recurrent gain/loss as an 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:

Applicable  Not applicable

No such cases for the Reporting Period.

## 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 18 bulk cargo berths in the ports in West Shenzhen and Dongguan Machong, 9 container berths, 2 bulk cargo berths, 10 general cargo berths, and 1 coal-handling specific berth 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 Ningbo Daxie, 4 container berths in CICT, Sri Lanka, 4 multi-purpose berths, 2 oil berths and 4 container berths in HIPG, Sri Lanka, 3 container berths in LCT, Togo, and 4 container berths in TCP, Brazil. Moreover, the Company invests in container hubs in Shanghai and Tianjin and expands its layout to ports in Asia, Africa, Europe, Oceania, South America and North America.

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 discharging 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.
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## **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 development, and is closely linked to global economy and trade. In 2020, as the COVID-19 pandemic spread across the world, the global economy took a heavy hit, resulting in a complex and unfavorable international political and economic landscape. In the first half of the year, the shrinking seaborne freight volume of global container throughput, due to the pandemic, posed challenges to port production. During the second half of the year, most of the countries reopened their economy, so the port and shipping market began to recover. With the full resumption of operation and production in China, import and export rebounded by degrees and domestic port production grew steadily. The pandemic has also accelerated the digitalization of the port and shipping industry, which will bring new development opportunities for cost reduction, efficiency enhancement and innovation in the business model.

The Company is the largest port developer, investor and operator in the PRC and the leading comprehensive port service provider in the world, with a well-developed port network at major hub locations along coastal China. It has also successfully established presences in Asia, Africa, Europe, Mediterranean, Oceania, South America and North America. By its proactive, sound and efficient operating style, the Company capitalizes 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, facilitates the transformation and upgrade of port industry,

develops comprehensive port services, increases its industry competitiveness, and creates 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	No significant change
Fixed assets	No significant change
Intangible assets	No significant change
Construction in progress	No significant change

### 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	14,005,085.57	Hong Kong	Port investment and operations	Appointing director, supervisor and senior management	506,441.23	87.92%	No
Other information	N/A							

## III. Core competitiveness analysis

### 1. Commitment to the development pattern of the global industrial chain and the national “Belt and Road” cooperation initiative to build and capability to allocate and operate its global port network.

As an important carrier for domestic and overseas port investment and operation of CMG, the Company gained in-depth insight into the current states, trends and driving factors of the global industrial chain. Based on the insight, it followed the development pattern of the global industrial chain and seized the significant policy opportunities arising from the key “Belt and Road” initiative

and the building of the Guangdong-Hong Kong-Macao Greater Bay Area to actively build a global port network and arrange for the investment and allocation of global resources.

In recent years, through mergers, acquisitions, restructuration, renovation of old ports, and building of new ports, the Company has been consistently improving its modern port chain with global coverage, enhancing the value of the port industry, and pushing forward balanced regional development. Leveraging the West Shenzhen homebase port, the Company provided a comprehensive and integrated logistic service platform for the development of the Guangdong-Hong Kong-Macao Greater Bay Area. After years of overseas development, CMPort has extended the port and park-related business across Southeast Asia, South Asia, Africa, Europe, Oceania, etc. Its port network comprises 50 ports which are located in 26 countries and regions on six continents. Adhering to the principle of “extensive consultation, joint development and shared benefits”, CMPort has developed local-based business operation and formed a community of shared future with stakeholders from countries and regions along the “Belt and Road” initiative to explore development opportunities with concerted efforts. At the same time, the diversified investment and operation of port assets at home and abroad have also effectively enhanced its capabilities of resisting risks of industry fluctuations, trade frictions and unexpected events.

## **2. Centering on end customers, developing comprehensive logistics service, securing the safety of the global supply chain for Chinese enterprises.**

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 capitalized on its relatively complete global port network to provide more comprehensive and effective integrated logistics service solutions for the global supply chain to satisfy customer needs, forming its unique competitive strength. Based on the West Shenzhen homebase port and the Shunde New Port, it built the first complex port in the Greater Bay Area to meet the unsatisfied customer needs, promoting the development of the Guangdong-Hong Kong-Macao Greater Bay Area. While safeguarding the global industrial chain for Chinese industrial enterprises, it also secured supply for people’s livelihood in the country through the import and domestic trade business, thereby accelerating the formation of China’s new development pattern, the domestic economic cycle as the mainstay and the domestic and international economic cycles boosting each other.

### **3. Long history and sound shareholder background**

Established in 1872, which is 149 years ago, CMG has become an exemplary model for Chinese enterprises and developed strong brand power. It is also a key state-owned enterprise under the direct administration of the PRC central government. Headquartered in Hong Kong, CMG is an integrated enterprise with diversified businesses and one of the four major Chinese enterprises in Hong Kong. Currently, it 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 16 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 ports, logistics, finance, and park business. The sound shareholder background and ample domestic and overseas resources of CMG have provided strong support to CMPort for constructing a global port cooperation platform with international vision and global expansion capabilities and ultimately becoming a world-class comprehensive port service provider.

### **4. Innovative development and identification of and adaptation to changes**

To maximize return for shareholders, the Company strived for “technology-led and innovation-driven” growth philosophy. Through in-depth industry researches and analysis of management, model and technology development trend, it gains insights into changing customer demands and meets future challenges with innovative development.

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 discharging and ancillary services at ports, it established the comprehensive development model that offered high value-added services to enterprises. By gathering talents, data, funds and commodities, the Company provided economic support for urban development, continued to innovate industry development model, and expanded regional coverage and influence, thereby driving urban upgrade and development. Currently, the Company has participated in promoting the port-oriented regional

comprehensive development and construction in various overseas regions and has achieved phased progresses. At the same time, the innovative business development model introduces the elements of China Merchants to urban development and helps foster new profit growth points for the Company. In response to current development needs, the Company has launched the intelligence-integrated comprehensive port services. The nine major intelligent elements of the Mawan Intelligent Port have been shaped into intelligence-integrated products available for duplication and promotion. Meanwhile, the Company has been developing an intelligence management platform to ensure its internal management up to date. During the pandemic, its innovation platform and technology application achieved notable breakthroughs.

#### **5. Extensive experience in professional port management with sound and efficient operating style**

Adhering to the proactive, sound and efficient operating style and benefiting from its global port assets and resources portfolio, the Company is committed to providing customers with timely and efficient port and maritime logistics services as well as professional and first-class solutions, and has become the preferred partner 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 synergy 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 its 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

##### (1) Macroeconomic environment

In 2020, the increasingly complex international environment was characterized by the significant increase in uncertainties and the far-reaching and unprecedented impact brought by COVID-19. According to the “World Economic Outlook” report published by the International Monetary Fund in January 2021, the global economy is expected to shrink by 3.5% year-on-year in 2020. Developed economies and emerging economies are expected to decline by 4.9% and 2.4% respectively, while the America and Eurozone economies are expected to record a decrease of 3.4% and 7.2% respectively due to the severe impact from COVID-19 pandemic. The COVID-19 pandemic started to spread across East and Southeast Asia in early 2020. Since the second quarter, America and Europe have become the pandemic epicenters and witnessed the second and third waves of the outbreak, posing serious challenges to global economic recovery. Facing the complicated and difficult international environment, China organized and promoted pandemic prevention and control along with economic and social development. Its efforts not only effectively facilitated the restoration of normal production and everyday life, but also yielded significant strategic achievements in disease prevention and control. In the meantime, China accelerated the establishment of the new development pattern in which the domestic economic cycle is the mainstay and the domestic and international economic cycles boost each other. As a result, the national economy recovered steadily and recorded an annual GDP growth of 2.3% in 2020, making China the only major economy with positive economic growth in the world. In the second half of 2020, the infrastructure constructions, along with other fixed asset investments, provided greater supports to economy recovery and China recorded better-than-expected growth in foreign trade driven by regional trade and cooperation. Consumption demand gradually picked up and the economy showed positive signs of recovery. Overall, China’s economy maintained its upward trend in the long-run. To achieve high-quality economic growth, China will intensify the supply-side

restructuring and pay attention to demand-side management in the meantime. According to the statistics published by the General Administration of Customs, China's total import and export value amounted to RMB32.16 trillion in 2020, representing an increase of 1.9% year-on-year. Among which, the export value was RMB17.93 trillion, representing an increase of 4.0% year-on-year, while the import value was RMB14.23 trillion, representing a decrease of 0.7% year-on-year. Trade surplus amounted to RMB3.7 trillion, representing an increase of 27.4% year-on-year.

## (2) Market environment of the port and shipping industry

In 2020, the global container shipping market suffered from volatile demand. During the first half of the year, the container shipping market was severely impacted by the pandemic, which resulted in the idling of shipping capacity to a certain extent. In the second half of the year, various countries implemented economic stimulus policies and commerce demand rebounded. These factors, coupled with high demand in traditional peak season and the shortage of containers, led to ongoing strong demand in the container shipping market and the utilization of idle capacity in a gradual pace. The significant improvement in business performances of shipping companies in general was driven by rising freight rates.

The COVID-19 pandemic led to the decline in global port container throughput in 2020. According to data from Alphaliner, the global container port throughput amounted to 827 million TEUs in 2020, down by 1.4% year-on-year. Benefiting from the success in domestic pandemic prevention and control, China's import and export for foreign trade stabilized rapidly and continued to grow, while the domestic port production maintained an upward trend in general. 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 264 million TEUs in 2020, representing a year-on-year increase of 1.2%.

## 2. Port Business Review

### (1) Overview of port business

In 2020, the Company's ports handled a total container throughput of 121.71 million TEUs, up by 7.8% year-on-year. Bulk cargo volume handled by the Company's ports decreased by 7.1% year-on-year to 450 million tons. During the Reporting Period, operating revenue of the Company amounted to RMB12.619 billion, representing a year-on-year increase of 4.08%.

**Table 4-1 Throughput of the Company and changes in 2020**

Item	2020	2019	Changes
Container throughput ('0,000 TEU)	12,171	11,293	7.8%
Among which: Mainland China	8,576	8,488	1.0%

Hong Kong and Taiwan	716	721	-0.7%
Overseas	2,878	2,084	38.1%
Bulk cargo throughput (hundred million tonnes)	4.5	4.9	-7.1%
Among which: Mainland China	4.48	4.83	-7.1%
Overseas	0.058	0.063	-7.2%

Note: 1. The statistics represented the total throughput of the holding subsidiaries, associates and joint ventures of the Company. 2. Discrepancies between totals and sums of sub-items listed are due to rounding.

For container business, the Company's ports in China handled container throughput of 85.76 million TEUs, representing a year-on-year increase of 1.0%. Ports in Hong Kong and Taiwan regions contributed total container throughput of 7.16 million TEUs, indicating a decrease of 0.7% year-on-year. The total container throughput handled by the Company's overseas ports grew by 38.1% year-on-year to 28.78 million TEUs, mainly benefiting from the inclusion of the eight newly acquired terminals by TL and the business growth of LCT in Togo and TCP in Brazil. In terms of bulk cargo business, the Company's ports in Mainland China handled a bulk cargo volume of 448 million tons, down 7.1% year-on-year. Overseas ports handled a bulk cargo volume of 5.83 million tons, down 7.2% year-on-year, mainly due to the decrease in throughput at PDSA in Djibouti and Kumport in Turkey.

## (2) Operation condition of port business by region

**Table 4-2 Container throughput of the Company and changes in 2020**

(in '0,000 TEU)

Region and port company			2020	2019	Changes
Pearl River Delta	Holding company	West Shenzhen Port Zone	1,184	1,142	3.6%
		Shunde New Port	43	30	44.1%
	Joint stock company	Chu Kong River Trade Terminal	106	109	-3.4%
Yangtze River Delta	Joint stock company	SIPG Group	4350	4,330	0.5%

	Holding company	Ningbo Daxie	332	329	0.9%
Bohai Rim	Joint stock company	Tianjin Port Container Terminal	787	447	75.8%
		QQCTU	810	792	2.2%
		Dalian Port	654	1,022	-36.0%
South-East region of Mainland China	Holding company	Zhangzhou Port	32	42	-25.4%
		Shantou Port	159	134	18.9%
South-West region of Mainland China	Holding company	Zhanjiang Port	122	111	10.1%
Hong Kong and Taiwan	Holding company/ Joint stock company	CMCS/ Modern Terminals	556	557	-0.2%
	Joint stock company	Taiwan Kao Ming Container	160	164	-2.2%
Overseas	Holding company	CICT	293	288	1.9%
		TCP	98	92	7.4%
		LCT	136	113	20.5%
	Joint stock company	TL	2113	1,325	59.4%
		Kumport	122	128	-5.1%
		PDSA	86	92	-6.3%
		TICT	30	47	-35.3%
<b>Total</b>			<b>12,171</b>	<b>11,293</b>	<b>7.8%</b>

Note: 1. Due to the restructuring of Tianjin Five Continents International Container Terminal Co., Ltd., a former joint stock company of the Company, the Company has adjusted the statistical caliber of Tianjin Port Container Terminal and included it in the statistics since September 2019; 2. Since April 2020, the Company has newly included the business volume of eight new terminals

acquired by TL, a joint stock company of the Company; 3. Discrepancies between totals and sums of sub-items listed are due to rounding.

**Table 4-3 Bulk cargo volume handled by the Company and changes in 2020**

(in '0,000 tonnes)

Region and port company			2020	2019	Changes
Pearl River Delta	Holding company	West Shenzhen Port Zone	1,807	1,300	39.0%
		Dongguan Machong	1,548	1,227	26.2%
		Shunde New Port	395	226	74.4%
	Joint stock company	Chu Kong River Trade Terminal	308	353	-12.8%
Yangtze River Delta	Joint stock company	SIPG Group	7,565	11,515	-34.3%
Bohai Rim	Joint stock company	QQTU	1,629	1,559	4.5%
		Qingdao Port Dongjiakou	6,315	5,990	5.4%
		Dalian Port	13,124	13,204	-0.6%
		Laizhou Harbour Affairs	2,056	2,272	-9.5%
South-East region of Mainland China	Holding company	Zhangzhou Port	633	814	-22.3%
		Xia Men Bay Terminals	65	27	137.7%
		Shantou Port	314	709	-55.7%
South-West region of Mainland China	Holding company	Zhanjiang Port	9,087	9,117	-0.3%
Overseas	Holding company	HIPG	124	50	145.6%
	Joint stock company	Kumport	7	10	-35.9%
		PDSA	453	568	-20.2%
<b>Total</b>			<b>45,430</b>	<b>48,908</b>	<b>-7.1%</b>

Note: 1. HIPG has included liquid bulk cargo in the statistics of its business volume since 2020;  
2. Discrepancies between totals and sums of sub-items listed are due to rounding.

### Pearl River Delta region

The Company's terminals in West Shenzhen Port Zone handled a total container throughput of 11.84 million TEUs, up by 3.6% year-on-year. Bulk cargo volume handled amounted to 18.07

million tons, up by 39.0% year-on-year. Chu Kong River Trade Terminal handled a total container throughput of 1.06 million TEUs and a bulk cargo volume of 3.08 million tons, down by 3.4% and 12.8% year-on-year respectively, mainly due to the suspension of certain foreign trade routes affected by the pandemic. Dongguan Machong Terminal handled bulk cargo volume of 15.48 million tons, up by 26.2% year-on-year, mainly due to the significant increase in imported grains in the region. Guangdong Yide Port Limited (Shunde New Port) handled a container throughput of 0.43 million TEUs, up by 44.1% year-on-year, mainly due to the steady increase in foreign trade volume with the commencement of foreign trade business since July 2019. It also handled a bulk cargo volume of 3.95 million tons, up by 74.4% year-on-year, mainly due to further market expansion.

### **Yangtze River Delta region**

SIPG handled a container throughput of 43.50 million TEUs, up by 0.5% year-on-year. Bulk cargo volume handled declined by 34.3% year-on-year to 75.65 million tons because of the impact of the pandemic and adjustment of business structure. Ningbo Daxie China Merchants International Terminals Co., Ltd. (Ningbo Daxie) handled a container throughput of 3.32 million TEUs, representing an increase of 0.9% year-on-year.

### **Bohai Rim region**

Qingdao Qianwan United Container Terminal Co., Ltd. (QQCTU) handled a container throughput of 8.10 million TEUs, representing an increase of 2.2% year-on-year. Qingdao Qianwan West Port United Terminal Co., Ltd. (QQTU) handled a bulk cargo volume of 16.29 million tons, representing an increase of 4.5% year-on-year. Because the rising domestic demand for iron ore led to the increase in the foreign trade volume of iron ore, Qingdao Port Dongjiakou Ore Terminal Co., Ltd. handled a bulk cargo volume of 63.15 million tons, indicating an increase of 5.4% year-on-year. Dalian Port (PDA) Company Limited handled a container throughput of 6.54 million TEUs, representing a decrease of 36.0% year-on-year, mainly due to the impact of the pandemic and adjustment of business structure. Bulk cargo volume handled decreased by 0.6% year-on-year to 131 million tons. Due to intensifying regional competition and environmental policy, Laizhou Harbour Affairs handled a bulk cargo volume of 20.56 million tons, representing a year-on-year decrease of 9.5%. Since the Company participated in the merger of container terminals in Tianjin

which was completed in August 2019, Tianjin Port Container Terminal Co., Ltd. contributed a container throughput of 7.87 million TEUs, representing a year-on-year increase of 75.8%.

### **South-East region of Mainland China**

Zhangzhou China Merchants Port Co., Ltd. (“Zhangzhou Port”) handled a container throughput of 0.32 million TEUs, decreased by 25.4% year-on-year, while its bulk cargo volume handled decreased by 22.3% year-on-year to 6.33 million tons, which is mainly affected by the pandemic and the environmental policies in the hinterland. Since May 2019, Xia Men Bay China Merchants Terminals Co., Ltd. (Xia Men Bay Terminals) has initiated its official operation and handled a bulk cargo volume of 0.65 million tons, up by 137.7% year-on-year. Shantou China Merchants Port Group Co., Ltd. handled a container throughput of 1.59 million TEUs, up by 18.9% year-on-year, mainly due to the growth in the volume of domestic trade containers and a bulk cargo volume of 3.14 million tons, down by 55.7% year-on-year, dragged down by the impact of local environmental policies and the vacation of old ports.

### **South-West region of Mainland China**

Zhanjiang Port (Group) Co., Ltd. handled a container throughput of 1.22 million TEUs, up by 10.1% year-on-year, mainly attributable to the expansion of new shipping routes and the new domestic transshipment business. It also handled a bulk cargo volume of 90.87 million tons, down by 0.3% year-on-year.

### **Hong Kong and Taiwan regions**

Modern Terminals Limited and China Merchants Container Services Limited in Hong Kong delivered an aggregate container throughput of 5.56 million TEUs, down by 0.2% year-on-year. Kao Ming Container Terminal Corp. in Kaohsiung, China Taiwan, handled a total container throughput of 1.60 million TEUs, representing a decrease of 2.2% year-on-year.

### **Overseas operation**

In Sri Lanka, CICT handled a container throughput of 2.93 million TEUs, up by 1.9% year-on-year; the bulk cargo volume handled by HIPG was 1.24 million tons, increased by 145.6% year-on-year, mainly due to the growth in cement business in the second half of the year. Its RO-RO volume was 0.375 million vehicles, down by 8.5% year-on-year, mainly due to the pandemic, the suspension of automobile production in Indian factories, and decline in the local vehicle imported. Container

throughput handled by LCT in Togo increased by 20.5% year-on-year to 1.36 million TEUs, which was mainly due to the transfer of some transshipment routes from regions seriously impacted by the pandemic to LCT in Togo by shipping companies. Container throughput handled by TICT in Nigeria was 0.30 million TEUs, representing a decrease of 35.3% year-on-year, mainly due to the decrease in import demand affected by the pandemic and the drop of oil prices. Given the declining import and export demand in the hinterland, PDSA in Djibouti handled a container throughput of 0.86 million TEUs, down by 6.3% year-on-year, and a bulk cargo volume of 4.53 million tons, down by 20.2% year-on-year. TL handled a container throughput of 21.13 million TEUs, up by 59.4% year-on-year, which was mainly benefitted from the container throughput handled by the new eight ports whose acquisition was completed in March 2020. Container throughput handled by Kumport in Turkey was 1.22 million TEUs, representing a decrease of 5.1% year-on-year; while bulk cargo volume handled was 70 thousand tons, down by 35.9% year-on-year, which was mainly due to the decline of marble exports affected by the pandemic. Benefitted from the increase in import and export container volume driven by the growth in the trade of agricultural and meat products, TCP in Brazil handled a container throughput of 0.98 million TEUs, up by 7.4% year-on-year.

### **3. Implementation of business plan during the reporting period**

During the Reporting Period, the Company continued to pursue its strategic focus. It adhered to the 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 seven key aspects, namely the building of homebase ports, business expansion, innovative development, comprehensive development, operation management, capital operation, and marketing and commerce, the Company actively implemented various key tasks and maintained steady growth in all business segments in 2020.

In terms of the development of homebase ports, the Company accelerated the building of world-class ports in line with the national “Outline for the Construction of a Strong Transportation Country” and the “Guiding Opinions on the Construction of World-Class Ports” promulgated by

nine Chinese ministries. Closely following the national development strategy of Guangdong-Hong Kong-Macao Greater Bay Area, West Shenzhen Port Zone promoted high-value-added business with routes and supply chain resources and pushed forward the launch of regular night service along the Tonggu Channel as soon as possible to enhance its navigation capacity and competitiveness. As for Mawan Intelligent Port, two berths, each with a capacity of 200,000 tons, would be in place after the construction is completed, and one of the berths was delivered and accepted on 26 August, 2020. The Company will continue to develop, at full stretch, West Shenzhen Port Zone into an international leading intelligent port in Guangdong-Hong Kong-Macao Greater Bay Area and the world. In terms of the development of overseas homebase ports, CICT and HIPG adopted a market-oriented approach to enhance service capability and expand value-added services. They strengthened the sound momentum of growth, deepened business synergy and collaboration, improved overall planning, and established cooperation with the port segment of major shipping companies, thereby facilitating industry development and boosting regional influence.

In respect of business expansion, the Company completed the acquisition of equity interests in 8 out of 10 target terminals through TL, which is the associate company of the Company, on 26 March 2020. After completion of the investments, the Company expanded its port business into Southeast Asia, Middle East, Europe, Middle East, and the Caribbean, which further optimized its global port network.

In pursuit of innovative development, the Company proactively supported the construction of intelligent ports and the port ecosystem. As to the intelligent port development, the first berth of the Mawan Intelligent Port construction project has been delivered and accepted, and has become the first automated container terminal upgraded and transformed from a traditional multi-purpose terminal in China. The project embodied smart technology, social and economic contributions by incorporating nine major intelligent elements, namely “CM Chip”, “CM ePort”, artificial intelligence, 5G network application, Beidou system, automation, intelligent ports, blockchain, and green and low-carbon development. It was recognized as a key research and development project by the Ministry of Science and Technology and would be developed into a model for intelligence upgrade of traditional terminals at home and abroad. In terms of service expansion, the Company creatively developed the complex port in the Guangdong-Hong Kong-Macao Greater Bay Area. By

combining blockchain, big data, artificial intelligence, and cloud computing, it established the customs and logistics platform for the Greater Bay Area via technology empowerment, so as to promote the healthy and sustainable growth of cross-border trade in the region. For the incubation of business innovation, the Company took initiative to cooperate with leading Internet technology companies to explore the establishment of the open intelligent port platform. Regarding the integration between industry and finance, it invested and established China Merchants Port (Shenzhen) Industrial Innovation Private Equity Investment Fund (招商港口（深圳）产业创新私募股权投资基金) in collaboration with China Merchants Venture, the fund of which will capitalize on the integration between the industrial and the financial sector to promote technological innovation and transformation, and then optimize the industry ecosystem.

In terms of comprehensive development, the Company took a key step forward in the implementation of the PPC model. Focusing on the Djibouti Zone and the HIPG Zone in Sri Lanka, it further improved the international network layout and the synergy among overseas businesses. Until the end of 2020, HIPG industrial park and Djibouti International Free Trade Zone have entered into contracts with 26 and 114 enterprise tenants, respectively. Despite the adverse impact of the pandemic, it made great progress in the introduction of business and investment.

In terms of operation management, the Company, guided by “empowerment, professionalism and value” and surrounded by five core elements, namely “management standard, professional team, closed-loop procedure, information system and benchmark enhancement”, established an operation management system with sustainable value creation, gradually formulated standards for all functional modules, and managed to build a world-class value-oriented headquarters. Taking into account the strategic positioning of its various business segments, the Company, adhering to the principles of differentiation and controllable risks and pushing forward full-cycle asset management, procurement management, and performance evaluation mechanism, continuously promoted the healthy development of its subsidiaries. Besides, focusing on execution quality, the Company intensified the tasks on quality and efficiency improvement and strived to implement related measures to achieve in-depth integration between quality and efficiency improvement and strategic objectives.

In terms of capital operation, the Company promoted regularized dual-platform capital operation and adhered to the working concept of revitalizing existing assets and optimizing asset structure. It introduced Fujian Transportation Maritime Silk Road Investment and Management Co. Limited (福建省交通海丝投资管理有限公司) as the strategic investor of HIPG, with a view to tapping into synergy by optimizing the asset profile and the corporate governance structure. Following its strategic goals, it utilized the dual platform and realized growth in asset size and profit volume through consolidating the financial statements of Ningbo Daxie and optimizing the tax structure and liability management.

In terms of marketing and commerce, the Company continued to organize and make plans of business promotion and marketing campaigns for domestic and international customers. During the pandemic, it maintained proactive communication with customers to ensure smooth business operation. Leveraging its terminal resources across Northern and Southern China, it optimized the route network and built the boutique shipping routes. It also participated in major events such as the China International Import Expo and the China Marine Economy Expo to build the brand image of CMPort.

## II Core Business Analysis

### 1. Overview

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

Unit: RMB

Item	2020	2019	Change (%)	Reason for the change
Operating revenue	12,618,529,996.02	12,123,829,423.74	4.08%	The adding of entities to the consolidated financial statements for the current year
Cost of sales	7,873,749,854.85	7,648,920,919.71	2.94%	The adding of entities to the consolidated financial statements for the current year
Administrative expense	1,584,882,935.02	1,509,520,581.66	4.99%	The adding of entities to the consolidated financial statements for the current year
Finance costs	1,232,729,624.82	1,936,269,737.53	-36.33%	Decrease in financing costs and increase in exchange gains in the current year

Asset disposal income	1,489,206,502.32	4,794,562,782.79	-68.94%	Transfer of land to the government in last year
Net cash generated from/used in operating activities	5,495,800,917.01	5,501,873,415.94	-0.11%	-

## 2. Revenue and Cost Analysis

### (1) Breakdown of Operating Revenue

Unit: RMB

	2020		2019		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	12,618,529,996.02	100%	12,123,829,423.74	100%	4.08%
By operating division					
Port operations	12,047,724,502.59	95.48%	11,547,072,185.86	95.24%	4.34%
Bonded logistics service	417,391,441.86	3.31%	411,410,069.19	3.39%	1.45%
Property development and investment	153,414,051.57	1.22%	165,347,168.69	1.36%	-7.22%
By operating segment					
Mainland China, Hong Kong and Taiwan	9,117,570,900.78	72.26%	8,872,027,132.24	73.18%	2.77%
Other countries and regions	3,500,959,095.24	27.74%	3,251,802,291.50	26.82%	7.66%

### (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	12,047,724,502.59	7,407,129,837.37	38.52%	4.34%	3.08%	0.75%
By operating segment						

Mainland China, Hong Kong and Taiwan	9,117,570,900.78	6,080,095,490.47	33.31%	2.77%	1.87%	0.59%
Other countries and regions	3,500,959,095.24	1,793,654,364.38	48.77%	7.66%	6.73%	0.45%

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	2020		2019		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	7,407,129,837.37	94.07%	7,185,667,723.72	93.94%	3.08%
Bonded logistics service	Logistics service	245,350,697.54	3.12%	240,230,706.61	3.14%	2.13%
Property development and investment	Properties	221,269,319.94	2.81%	223,022,489.38	2.92%	-0.79%
Total		7,873,749,854.85	100.00%	7,648,920,919.71	100.00%	2.94%

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

Yes  No

Ningbo Daxie China Merchants International Container Terminal Co., Ltd. (CMICT) was added to the consolidated financial statements of the Company for the Reporting Period due to the business

combination of the Company and CMICT which were 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)	3,455,856,420.54
Total sales to top five customers as % of total sales of the Reporting Period (%)	27.39%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	2.71%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	1,589,271,780.94	12.59%
2	Customer B	617,460,483.80	4.89%
3	Customer C	561,057,263.91	4.45%
4	Customer D	346,126,608.76	2.74%
5	Customer E	341,940,283.12	2.71%
Total	--	3,455,856,420.54	27.39%

Other information about major customers:

The company has an associated relationship with China COSCO Shipping Group Co., Ltd. among the top five customers. Fu Gangfeng, the original chairman of the company (resigned as the chairman of the company on January 31, 2020, less than 12 months after his resignation) served as China Director and General Manager of Ocean Shipping Group Co., Ltd. Except for the above-mentioned related relationships, the company and its directors, supervisors, senior managers, core technical personnel, shareholders holding more than 5% of the shares and other related parties have no direct or indirect interest in China COSCO Shipping Group Co., Ltd.

Major suppliers:

Total purchases from top five suppliers (RMB)	914,089,834.55
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	17.02%
Total purchases from related parties among top five suppliers as % of total purchases of the	0.00%

Reporting Period (%)	
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Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	331,650,786.48	6.17%
2	Supplier B	180,249,953.38	3.36%
3	Supplier C	169,857,064.55	3.16%
4	Supplier D	119,928,727.26	2.23%
5	Supplier E	112,403,302.88	2.09%
Total	--	914,089,834.55	17.02%

Other information about major suppliers:

Applicable  Not applicable

### 3. Expense

Unit: RMB

	2020	2019	Change (%)	Reason for any significant change
Administrative expense	1,584,882,935.02	1,509,520,581.66	4.99%	-
Finance costs	1,232,729,624.82	1,936,269,737.53	-36.33%	Increase in exchange gains as a result of exchange rate changes, and increase in interest income due to the new US dollar loan to TL
R&D expense	156,024,113.54	123,853,344.29	25.97%	Higher expenses on various R&D projects

### 4. R&D Investments

In 2020, the Company made active efforts to promote intelligent ports and build a port ecosystem. As the first automated terminal in China which is upgraded from a traditional bulk cargo terminal, Mawan Intelligent Port has seen its Berth No. 3 successfully delivered. Being a combination of nine intelligent factors, namely intelligent technologies, social and economic benefits, the integrated “CMCore”, “CM ePort”, artificial intelligence, the application of 5G network, the Beidou System, automation, intelligent port, and blockchain, as well as green and low-carbon development, the port is considered a model for the automation of traditional ports at home and abroad. In terms of service extension, the innovative business model of complex port is launched for the Guangdong-Hong

Kong-Macao Greater Bay Area. Through the comprehensive application of technologies such as blockchain, big data, artificial intelligence and cloud computing, an innovative customs clearance logistics platform is put in place for the Greater Bay Area to facilitate the healthy and sustainable development of cross-board trade in the area. With respect to business innovation and development, the Company actively cooperates with Internet technology tycoons to explore the construction of an open intelligent port platform.

Details about R&D investments:

	2020	2019	Change (%)
Number of R&D personnel	874	611	43.04%
R&D personnel as % of total employees	6.06%	4.29%	1.77%
R&D investments (RMB)	209,496,430.84	155,131,267.35	35.04%
R&D investments as % of operating revenue	1.66%	1.28%	0.38%
Capitalized R&D investments (RMB)	53,472,317.30	31,277,923.06	70.96%
Capitalized R&D investments as % of total R&D investments	25.52%	20.16%	5.36%

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

Applicable  Not applicable

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

Applicable  Not applicable

## 5. Cash Flows

Unit: RMB

Item	2020	2019	Change (%)
Subtotal of cash generated from operating activities	13,560,142,641.73	13,483,810,093.83	0.57%
Subtotal of cash used in operating activities	8,064,341,724.72	7,981,936,677.89	1.03%
Net cash generated from/used in operating activities	5,495,800,917.01	5,501,873,415.94	-0.11%
Subtotal of cash generated from investing activities	12,531,582,996.10	11,616,175,588.24	7.88%
Subtotal of cash used in investing	19,424,700,092.60	13,553,166,249.84	43.32%

activities			
Net cash generated from/used in investing activities	-6,893,117,096.50	-1,936,990,661.60	-255.87%
Subtotal of cash generated from financing activities	37,578,675,786.12	18,233,144,655.78	106.10%
Subtotal of cash used in financing activities	32,184,203,323.64	19,466,847,993.77	65.33%
Net cash generated from/used in financing activities	5,394,472,462.48	-1,233,703,337.99	537.26%
Net increase in cash and cash equivalents	4,057,461,307.33	2,340,876,491.12	73.33%

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

Subtotal of cash used in investing activities rose 43.32% year-on-year, primarily driven by the payment for the mandatory convertible bonds of TL and an increase in investments in other companies.

Net cash generated from investing activities declined 255.87% year-on-year, primarily driven by a year-on-year increase in cash used in investing activities.

Subtotal of cash generated from financing activities rose 106.10% year-on-year, primarily driven by changes in the financings for investment projects.

Subtotal of cash used in financing activities rose 65.33% year-on-year, primarily driven by a year-on-year increase in cash repayments of borrowings.

Net cash generated from financing activities rose 537.26% year-on-year, primarily driven by a much faster growth in cash generated from financing activities than in cash used in financing activities.

The net increase of cash and cash equivalents rose 73.33% 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:

Applicable  Not applicable

### III. Analysis of Non-main Businesses

Unit: RMB

	Amount	As % of	Main source/reason	Exceptional or recurrent
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		total profit		
Investment income	4,905,975,438.22	72.13%	Share of the profit of joint ventures and associates, mainly Shanghai Port	Recurrent
Gain/loss on disposal of assets	1,489,206,502.32	21.90%	Compensation income of land readjustment	Exceptional

#### IV. Analysis of Assets and Liabilities

##### 1. Significant Changes in Asset Composition

Indicate whether the Company has adopted the new accounting standards governing revenue and leases since 2020 and restated the beginning amounts of relevant financial statement line items in the year.

Applicable  Not applicable

Unit: RMB

	31 December 2020		1 January 2020		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	11,791,424,734.63	7.00%	7,734,948,210.26	4.94%	2.06%	Funds pooled for project payment in 2021 and repayment of bank borrowings in the beginning of the year
Other receivables	3,557,195,461.26	2.11%	2,129,378,252.50	1.36%	0.75%	Land compensation
Other current assets	433,666,201.42	0.26%	2,298,792,661.70	1.47%	-1.21%	Maturity of structured deposit
Long-term receivables	3,887,949,993.10	2.31%	1,098,831,799.90	0.70%	1.61%	New loan financing for project
Long-term equity investments	66,231,923,423.45	39.30%	57,916,539,383.26	36.96%	2.34%	Acquisition of 8 terminals from CMA, investment in Northeast Asia Investment, and consolidation of CMICT
Other non-current financial assets	910,807,452.56	0.54%	2,385,363,537.39	1.52%	-0.98%	Consolidation of CMICT in the current year
Construction in progress	5,381,430,606.18	3.19%	6,334,141,441.88	4.04%	-0.85%	Transfer of the Guangdong-Macau Phase II project of Shantou Port to fixed assets
Goodwill	6,675,939,930.13	3.96%	8,023,659,694.81	5.12%	-1.16%	Goodwill impairment allowances
Current portion of non-current liabilities	3,564,465,137.37	2.11%	6,104,339,856.79	3.90%	-1.79%	Repayment of mature borrowings
Other current liabilities	2,383,668,985.94	1.41%	885,956,581.63	0.57%	0.84%	Issue of short-term commercial papers to raise financings
Long-term	1,228,461,573.69	0.73%	1,935,245,003.21	1.24%	-0.51%	Decrease in rebates of

payables						port construction fees
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## 2. Assets and Liabilities at Fair Value

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes 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								
Held-for-trading financial assets (excluding derivative financial assets)	2,385,363,537.39	269,099,721.85	-	-	2,625,398,611.55	-310,000,000.00	-3,208,888,969.64	1,760,972,901.15
Other equity instrument investment	163,561,272.00	-	216,691.00	-	-	-	17,689,094.74	181,467,057.74
Subtotal of financial assets	2,548,924,809.39	269,099,721.85	216,691.00	-	2,625,398,611.55	-310,000,000.00	-3,191,199,874.90	1,942,439,958.89
Receivables financing	260,760,537.45	-	-	-	-	-	-43,310,571.04	217,449,966.41
Total of the above	2,809,685,346.84	269,099,721.85	216,691.00	-	2,625,398,611.55	-310,000,000.00	-3,234,510,445.94	2,159,889,925.30
Financial liabilities	4,059,686,208.87	-680,381,987.28	-	-	-	-741,328,044.50	250,419,464.44	2,888,395,641.53

Details of other changes:

N/A

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 restricted monetary assets were RMB11,528,570.90 of security deposits.

The carrying value of fixed assets as collateral for bank loans was RMB341,931,071.09.

The carrying value of construction in progress as collateral for bank loans was RMB43,751,101.60; and the carrying value of intangible assets as collateral for bank loans was RMB218,825,477.36.

The carrying value of equities and interests collateral for bank loans was RMB2,485,702,767.56.

## V. Investments Made

### 1. Total Investment Amount

	Amount in 2020 (RMB)	Amount in 2019 (RMB)	Change (%)
Equity investment	5,706,331,715.60	7,898,674,384.09	-27.76%
Non-equity investment	2,728,598,026.38	3,515,540,735.97	-22.38%

### 2. Major Equity Investments Made in the Reporting Period

Unit: RMB'0,000

Name of 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)
Northeast Asia Investment	Investment and asset management; land development services; industrial park management services; supply of power, heating and water; engineering management services; property management; plant leases; meeting, exhibition and related services; business management consulting services. (where an administrative permit is required according to law, it must be obtained before operation.)	Incorporated	100,000	22.22%	Self-funded	Liaoning Port Group and CMSK	Term of operation: 50 years, renewable upon expiry	Equity	Completed	0.00	778.63	No	7 Apr. 2020	www.cninfo.com.cn (Announcement No. 2020-025)
CMPort (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Investing in equities of non-listed and listed port-related companies with respect to technology innovation, business model innovation, trade digitalization, etc.	Incorporated	30,000	49.99%	Self-funded	China Merchants Venture and China Merchants Venture Fund	Term of Fund: 7 years	Equity	Ongoing	0.00	0.00	No	1 Dec. 2020	www.cninfo.com.cn (Announcement No. 2020-085)
Total	--	--	130,000	--	--	--	--	--	--	0.00	778.63	--	--	--

### 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
Haixing Harbor 1#-4# berths renovation project—water engineering	Self-built	Yes	Support activities for water transportation	485,237,057.61	1,544,226,816.60	Self-funded and loan-funded	54.16%	0.00	0.00	N/A
HIPG container and oil terminals and tank zone renovation project	Self-built	Yes	Support activities for water transportation	143,384,534.55	1,550,440,336.85	Self-funded and loan-funded	56.00%	0.00	0.00	N/A
Machong Port 2# and 3# berths and bulk grain warehouse phase III project	Self-built	Yes	Support activities for water transportation	165,851,858.79	487,050,717.25	Self-funded and loan-funded	78.56%	0.00	0.00	N/A
Zhanjiang Port Xiashan Port General Wharf	Self-built	Yes	Support activities for water transportation	230,330,096.08	464,639,005.10	Self-funded and loan-funded	62.98%	0.00	0.00	N/A
General Cargo project of Zhanjiang Port Donghai Island	Self-built	Yes	Support activities for water transportation	112,037,664.03	366,583,393.31	Self-funded and loan-funded	40.49%	0.00	0.00	N/A
Total	--	--	--	1,136,841,211.06	4,412,940,269.11	--	--	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	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
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Domestic/overseas Stock	601018	Ningbo Port	592,183,095.14	Fair value method	1,548,914,671.20	183,843,813.95	-	1,465,398,611.55	-	52,532,104.65	-	Trading financial assets	Self-owned
Domestic/overseas Stock	06198	Qingdao Port	124,405,138.80	Fair value method	204,263,917.11	-27,141,455.82	-	-	-	8,036,071.58	166,225,139.77	Trading financial assets	Self-owned
Domestic/overseas Stock	601298	Qingdao Port	331,404,250.30	Fair value method	616,000,000.00	104,160,000.00	-	-	-	22,433,600.00	720,160,000.00	Trading financial assets	Self-owned
Domestic/overseas Stock	600377	Jiangsu Expressway	1,120,000.00	Fair value method	11,220,000.00	-	-324,900.00	-	-	460,000.00	10,786,800.00	Other equity instruments in investment	Self-owned
Domestic/overseas Stock	400032	Petrochemical A1	3,500,000.00	Fair value method	382,200.00	-	-	-	-	-	382,200.00	Other equity instruments in investment	Self-owned
Domestic/overseas Stock	400009	Guangjian 1	27,500.00	Fair value method	17,000.00	-	-	-	-	-	17,000.00	Other equity instruments in investment	Self-owned

Total	1,052,639,984.24	--	2,380,797,788.31	260,862,358.13	-324,900.00	1,465,398,611.55	0.00	83,461,776.23	897,571,139.77	--	--
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## (2) Investments in Derivative Financial Instruments

Applicable  Not applicable

## 5. Use of Funds Raised

### (1) Overall Usage of Funds Raised

Unit: RMB'0,000

Year	Way of raising	Total funds raised	Total funds used in the Current Period	Accumulative fund used	Total funds with usage changed	Accumulative funds with usage changed	Proportion of accumulative funds with usage changed	Total unused funds	The usage and destination of unused funds	Amount of funds raised idle for over two years
2019	Private placement	221,282.91	307,473.46	520,882.19	0	18,599.73	8.41%	88,478.69	Deposited in funds raising account	0
Total	--	221,282.91	307,473.46	520,882.19	0	18,599.73	8.41%	88,478.69	--	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 RMB2,185,997,340.15. As of 23 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 2020, a total of RMB5,208,821,925.44 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) RMB749,267,729.75 as raised fund invested after the fund was paid, including an investment of RMB749,267,729.75 in the Haixing Harbor renovation project (Phase II) (2019: RMB324,533,139.29; 2020: RMB424,734,590.46); (3) RMB26,831,781.21 for paying issue fees; (4) RMB3,850,000,000.00 for purchasing structured deposits (2019: RMB1,200,000,000.00; 2020: RMB2,650,000,000.00). As of 31 December 2020, the net amount of interest income generated from the fund account is RMB1,938,427.36 after deducting surcharges (2019: RMB795,775.14; 2020: RMB1,142,652.22); the amount of structured deposits redeemed is RMB3,050,000,000.00 (2019: RMB100,000,000.00; 2020: RMB2,950,000,000.00); the amount of income from structured deposits is RMB28,841,232.88 (2019: RMB302,465.75; 2020: RMB28,538,767.13); as of 31 December 2020, the balance amount deposited in the fund-raising account is RMB884,786,856.16.

### (2) Commitment Projects of Fund Raised

Unit: RMB'0,000

Committed investment project and super raise fund arrangement	Changed or not (including partial changes)	Committed investment amount	Investment amount after adjustment (1)	Investment amount in the Reporting Period	Accumulative investment amount as of the period-end (2)	Investment schedule as the period-end (3)=(2)/(1)	Date of reaching intended use of the project	Realized income in the Reporting Period	Whether reached anticipated income	Whether occurred significant changes in project feasibility
Committed investment project										
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	42,473.46	133,199.01	60.93%	30 June 2021	N/A (Note 2)	No	No
Subtotal of committed investment project	--	218,599.73	218,599.73	42,473.46	133,199.01	--	--	--	--	--
Super raise fund arrangement										
N/A										
Subtotal of super raise fund arrangement	--	-	-	-	-	--	--	0	--	--
Total	--	218,599.73	218,599.73	42,473.46	133,199.01	--	--	0	--	--
Condition and reason for not reaching the schedule and anticipated income (by specific items)	<p>Note 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. In order 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 2020, 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.</p> <p>Note 2: Due to adjustments to government planning, the delayed delivery of the Xiaoyetian site, the COVID-19 pandemic, changes to engineering design, etc. since the start of its construction, the date of reaching the intended use of the Transformation project of Haixing Harbor (Phase II) has been adjusted from Q4 2020 to Q2 2021. This project is currently under construction and thus has not generated income.</p>									
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	BDO China Shu Lun Pan Certified Public Accountants LLP verified the upfront investment with self-pooled funds in raised funds investment projects, and issued the XKSSBZ [2019] No. 10423 The Audit Report on the Upfront Investment with Self-Pooled Funds in raised Funds Investment Project of Shenzhen Haixing Harbor Development Co., Ltd. dated 12 November 2019. As of 31 October 2019, the upfront investment with self-pooled funds in raised funds investment projects amounted to RMB582.7224 million. In December 2019, pursuant to the Proposal on the Swap of Raised Funds and Upfront Investment of Self-Pooled Funds approved at the 11 <sup>th</sup> Extraordinary Meeting of the 9 <sup>th</sup> Board of Directors in 2019, the Company has completed the swap of the aforesaid funds.									
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 <sup>th</sup> Extraordinary Meeting of the 9 <sup>th</sup> Board of Directors in 2019 reviewed and approved the Proposal on the Implementation of Cash Management by the Usage of Idle Raised Funds, which agreed the Company to carry out cash management by using idle funds of no more than RMB1.2 billion. The quota was valid within 12 months of the date when the said proposal was approved by the Board. And the cash management amount would be returned to the account of raised funds upon the expiry.									

	<p>On 30 November 2020, the Second Extraordinary Meeting of the 10<sup>th</sup> Board of Directors in 2020 and the Second Extraordinary Meeting of the 10<sup>th</sup> Supervisory Committee in 2020 reviewed and approved the Proposal on the Implementation of Cash Management by the Usage of Idle Raised Funds, which agreed the Company to carry out cash management by using idle funds of no more than RMB800 million. The quota was valid within 12 months of the date when the said proposal was approved by the Board. And the cash management amount would be returned to the account of raised funds upon the expiry.</p> <p>As of 31 December 2020, the Company has purchased structured deposits of RMB3,850,000,000.00 (2019: RMB1,200,000,000.00; 2020: RMB2,650,000,000.00) at CMB Shenzhen New Times Sub-branch with its temporarily idle raised funds, among which RMB3,050,000,000.00 has been redeemed (income for 2019: RMB302,465.75; income for 2020: RMB28,538,767.13), and the residual RMB800,000,000.00 was still deposited in the structured deposits account.</p>
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**(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	42,473.46	133,199.01	60.93%	30 June 2021	0	No	No
Total	--	218,599.73	42,473.46	133,199.01	--	--	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 HIPG 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 <sup>th</sup> Extraordinary Meeting of the 9 <sup>th</sup> 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 2020, the amount with usage changed was RMB185.9973 million.								
Condition and reason for not reaching the schedule and anticipated income (by specific items)	Due to adjustments of government planning, the delayed delivery of the Xiaoyetian site, the COVID-19 pandemic, changes to engineering design, etc. since the start of its construction, the date of reaching the intended use of the Transformation project of Haixing Harbor (Phase II) has been adjusted from Q4 2020 to Q2 2021. This project is currently under construction and thus has not generated income.								
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	42,521,339,893.42 (HKD)	140,050,855,725.44	92,907,480,373.35	7,956,928,250.59	5,984,205,211.47	5,064,412,321.79
Shanghai International Port (Group) Co., Ltd.	Joint stock company	Business related to port, container and terminal	23,173,674,650.00	155,924,749,976.52	95,979,599,650.80	26,119,460,820.07	10,586,267,534.26	9,183,403,328.66

### 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
Ningbo Daxie China Merchants International Container Terminal Co., Ltd.	Business combination not under the same control	Control realization to CMICT and investment income recognized of long-term equity investment at fair value under the original equity method

### 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 for the Future Development of the Company

### 1. Layout and trends of the industry

Looking into 2021, the pandemic remains the most significant uncertainty. Nonetheless, with the gradual rollout of vaccines, the effect of the pandemic on global economic and social activities will diminish and the world's economy is expected to fully recover. As the economy and trade return to normal, the economic growth of developed economies will increase steadily in 2021. Subject to COVID-19 vaccine distribution progress, emerging markets and developing economies face uncertainties in economic development. The social and political turmoil in certain emerging economies will drag down economic growth, notably in regions such as the Middle East and North Africa. In January 2021, the IMF predicted the global economy to grow by 5.5% in 2021, representing an increase of 9.0% year-on-year. In particular, the developed economies will grow at 4.3%, up 9.2 percentage point as compared to that of 2020; and the emerging markets and developing economies will grow at 6.3%, up 8.7 percentage point as compared to that of 2020. Global trade volume (including goods and services) will grow by 8.1%, up 17.7 percentage points as compared to that of 2020.

The year 2021 follows China's completion of building a moderately prosperous society in 2020 and marks the first year of the "14th Five-Year" Plan and 2035 Vision. China will take the initiative to adapt to the new environment and new challenges. Adhering to the new development philosophy, it will promote high-quality economic and social development by intensifying the supply-side restructuring, paying attention to demand-side management, and establishing the new dual circulation development pattern. As the first country to witness a rapid economic rebound from the pandemic, China will continue to lead global economic recovery in 2021. According to IMF's latest report, China's economic growth rate will rebound to 8.1% in 2021, making it one of the fastest-growing major economies.

In 2021, the global container shipping market continues to face uncertainties to some extents. Supply and demand imbalance of global shipping capacity, container shortage, and port congestion will support the upward trend in the shipping market and result in a chain reaction to freight rates and schedule reliability. If the COVID-19 pandemic is brought under control over time, shipping routes, shipping capacity, and quantity supply of containers may be back to normal and the freight

rates of container transportation may decrease correspondingly. Global economic recovery, along with other positive factors, is expected to drive demand for seaborne freight.

In 2021, China will further open up its economy and implement policies and measures that favor foreign trade. Through broader, more extensive and in-depth opening up, China will establish the new dual circulation development pattern for the domestic and international economic cycles boosting each other. As the free trade zone pilot system plays an increasingly important role in innovation, trade and investment will be more convenient. Besides, the signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement and the organizing of China International Import Expo will strengthen the cooperation between China and its trading partners, increasing momentum for commodity import and export and benefiting the port industry. Moreover, the ongoing progress in the construction of intelligent ports and green ports will also inject new energy into the development of the port industry.

## **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, realize a scientific global layout with balanced development, provide first-class professional solutions, and seek more returns for shareholders, the efforts of which will in turn support the development of local economy and industries and make positive contributions to the port industry.

Firstly, in respect of domestic strategies, the Company will, by seizing the opportunities arising from the supply-side restructuring and based on “regional consolidation and enhancement of synergy”, consistently seek for opportunities of consolidation and cooperation across the five major port clusters along the coastal regions, in order to further expanding and improving its domestic port network layout. The Company is expected to lead a new direction in the consolidation of regional ports with a key focus on constantly improving the quality of port development with every effort.

Secondly, in respect of overseas strategies, the Company will continue to capitalize on the opportunities arising from the national “Belt and Road” initiative promoted and the international industrial transfers, and adapt 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 those regions with high market potential, fast-growing economy and promising development

prospect. The Company will grasp opportunities in port, logistics, and related infrastructure investment and enhance its global port network persistently.

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 management innovation, it will significantly enhance the efficiency and profitability of port operation and become a leading enterprise in the intelligence transformation of traditional ports. It will also enrich the comprehensive port services through business model innovation.

### **3. Business plans for 2021**

In 2021, the Company will continuously commit itself to the overall operation philosophy of “making progress amid stability”, firmly adhere to the strategic principle of “leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes”, promote quality and efficiency improvement with related measures, and implement risk prevention with a focus on system development. In pursuit of high-quality growth, it will accelerate technology-led and innovation-driven development, so as to strive towards its vision of becoming the “world-class comprehensive port service provider”.

In terms of the construction of homebase ports, the Company will press ahead at full steam with the development of world-class leading ports to implement the strategy of building a strong transportation country. It will refine and optimize the future development goals and action plans for West Shenzhen Port Zone and boost comprehensive capabilities in line with the development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area. Through better resource allocation, enhancement of the management basis, expansion of ancillary and value-added services, and improvement of service standards, it will develop a port ecosystem for win-win outcomes. At the same time, it will further incorporate intelligence elements into Mawan Intelligent Port to achieve business innovation and increase regional influence. In terms of overseas homebase ports, CICT and HIPG will continue to focus on port business and strengthen cooperation with shipping companies, so as to enhance business synergy, capitalize on the collaborative advantages between port zones, and evolve into international shipping centers in South Asia. HIPG will push forward the growth of all business segments and work on the introduction of business and investment into industrial parks.

In terms of the overseas business, the Company will stick to the overall development plan for

projects abroad, “East-West routes, South-North routes, regions along the Belt and Road Initiative”. Apart from completing the delivery procedures for the remaining two terminals of CMA CGM, it will optimize the construction of the overseas management and control system and improve the operating effectiveness and efficiency of overseas projects by optimizing their management system. In the face of the current complex international dynamic, it will keep abreast of changes in the trade environment and continuously monitor port consolidation opportunities within the region.

In terms of comprehensive development, the Company will closely follow changes in the trade environment, seize opportunities brought by the adjustment of the global industrial chain, and tap into favorable policies to exploit the market. By fully integrating the resources from the port industrial chain, value chain, logistics chain, and innovation chain, it will explore the PPC comprehensive development model and seek for sustainable business development through “investment introduction to industrial parks and comprehensive land development”.

In terms of innovative development, the Company will focus on innovation-driven and technology-empowered industrial transformation and upgrade. Leveraging the Development and Research Center of CMPort, it will develop the technology innovation ecosystem of CMPort and export port technology innovation programmes, with an aim to build the integrated industry, education, and research platform. Centering on the “CM Chip” platform, it will develop three leading products in the industries, including CTOS (Container Terminal Operation System), BTOS (Bulk Cargo Terminal Operation System), and LPOS (Logistic Park Operation System), to realize intelligent production and operation within the terminals. The “CM ePort” platform will innovate the service models through the improvement of the information service system of port zones and the “Port+Internet” approach, and explore and develop an open intelligent port platform.

In terms of operation management, the Company will continue to follow strategic guidance and optimize management and control. It will also further boost management and control efficiency. The Company will establish an entire lifecycle asset management system to enhance construction quality and management of major projects. By the ongoing improvement of business management standards, it will develop a world-class operating management system that creates sustainable value and a value-oriented management headquarters.

In terms of marketing and commerce, the Company will continue to cooperate with major shipping companies, optimize port environment, enhance interaction with end-customers, improve customer loyalty, and strengthen direct control and influence over cargo sources, so as to boost the market competitiveness of CMPort. In line with the national dual circulation pattern, it will establish the

interconnected system of “two ports and one shipping route” in Northern and Southern China to create synergy between these two regions, develop and upgrade new shipping routes, and encourage business collaboration of ports within all cargo regions, promoting domestic trade businesses.

Capital expenditure plans:

In 2021, the Company will formulate capital expenditure plans according to business development needs. Key investment projects include Haixing Harbor upgrade and reconstruction project, Machong Port Bulk Grain Phase III Project, Zhanjiang Port Xiashan Port General Terminal Project, and the construction of HIPG container terminal in Sri Lanka, etc.

#### **4. Possible risks and counter measures**

##### **(1) Risk of macroeconomic fluctuations**

Internationally, volatile epidemic situation, global economic fluctuation, and political turmoil cast uncertainties over the global economic and business environment. Given the continued and repeated impact of the pandemic on the global economy, the effectiveness of pandemic control measures and relief policies rolled out in various countries will affect global economic recovery. Following the pandemic, the new round of easy monetary policies will increase global debt level and emerging markets will become more vulnerable. Traditional and non-traditional risks, such as natural disasters and geopolitical uncertainties, may aggregate volatility in the international financial market. Such risks of uncertainties will shock China’s foreign trade market, container shipping market, and bulk commodity demand, and pose certain challenges to the Company’s overseas investment and layout planning.

Domestically, lack of a sound foundation for economic recovery, China’s economic growth still faces uncertainties as a result of the pandemic, the Sino-US friction, and the effectiveness of vaccine distribution. In addition, the pandemic has accelerated the implementation of technological innovation policies in the national level and amplified the demand and urgency of the digitalization in the shipping industry.

Facing the risk of macroeconomic fluctuations, especially the risks imposed on foreign trade and import and export business by the COVID-19 pandemic and the Sino-US trade friction, the Company will take the initiative to identify and respond to changes. Firstly, it will work in full swing to support the national 14th Five-year Plan and achieve high-quality growth by facilitating transformation and upgrade of enterprises in the post-pandemic era. Secondly, it will follow the national “Belt and Road” initiative and the strategies on building a strong transportation country, developing the Guangdong-Hong Kong-Macao Greater Bay Area, and realizing the integrated

development of Yangtze River Delta, so as to help construct the new national dual circulation development pattern. Thirdly, it will seize the opportunities arising from a new round of high-level opening up policies to drive the sustainable development of port-related business under the economic globalization trend. Fourthly, it will enhance capacity building of risk identification, warning, and elimination, and continue to follow up on the development of the global industrial chain and trade movements to adjust business operating strategies appropriately to effectively prevent, control, and reduce external risks.

## **(2) Policy risks**

The policy risks in the port industry can be either positive or negative to the industry. On the one hand, national strategies such as the key “Belt and Road” initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area will introduce favorable policies to the industrial development; on the other hand, policies and initiatives of the government for reducing costs and improving efficiency in logistics, anti-monopoly, and environmental protection may exert pressure on the profitability of the port industry.

Facing the policy risks, on one hand, the Company will proactively practice the key “Belt and Road” initiative and a series of national strategies to seize the opportunities arising from these policies; on the other hand, in response to the negative risks, the Company will improve its operation management capability by continuously enhancing quality and efficiency and strengthening resource allocation, and will constantly optimize strategic initiatives to actively seek new profit growth driver and improve the sustainable profitability.

## **(3) Operation management risks**

Amidst the current favorable environment of domestic and overseas regional ports integration, the Company has swiftly strengthened its main port business and successfully made investments, mergers, and acquisitions of a number of domestic and overseas ports. At the same time, the Company faces unfavorable conditions of ports in certain regions such as massive port asset investment in certain regions, relatively low operation efficiency and investment returns, and etc. The major risks include: (1) investment decision-making will be riskier and more difficult under the current complicated external environment; (2) the Company’s internationalized operation management system still needs to be improved and the Company shall strengthen the benefits of integration through management output and other ways to accommodate with its own rapid development and expansion; (3) the risk control system shall be consistently established and optimized to constantly improve management efficiency.

In terms of the Company’s internal operation management risks, the Company will: (1) increase customer loyalty and seize market opportunities based on three improvement elements, namely “market, resources, services”; (2) improve internal control system to take further precautions in risk

control and reinforce the stringent restrictions on internal control, ensuring effective risk identification and control and consolidating the foundation of risk control; and (3) optimize risk warning system to precisely keep abreast of the new developments with an aim to seize the prime opportunities for risk control.

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

### 1. During the Reporting Period

Date	Place	Way of communication	Type of communication party	Object of communication	Index to basic information of researches
16 April 2020	China Merchants Port Building	Teleconferencing	Institution	Industrial Securities, Changjiang Securities, UBS, Shanghai Life Insurance, Oriental Alpha Fund, China Securities, China COSCO, CICC, Ever Bloom, Xingyin Fund, Huaxi Securities, Huashang Fund, Hua'an Fund, Huatai Securities, Sichuan Development Fund, Guotai Junan, GTS Fund, TF Fund, CPIC, Pacific Securities, Pacific Assets, Ping'an Securities, China Merchants Securities, Zheshang Securities, Haitong Securities, Shenwan Hongyuan Securities, Green Court Capital, Juli Investment, Western Securities	Main discussions: the basic condition of operations, investments made and the financial condition of the Company; Materials provided: None Index: SZSE EasyIR ( <a href="http://irm.cninfo.com.cn/ircs/index">http://irm.cninfo.com.cn/ircs/index</a> )
29 May 2020	China Merchants Port Building	One-on-one meeting	Institution	Golden Eagle Fund Baoying Fund	
9 July 2020	China Merchants Port Building	One-on-one meeting	Institution	Haitong Securities and Golden Eagle Fund	
31 August 2020	China Merchants Port Building	Teleconferencing	Institution	Changjiang Securities, Huaxi Securities, Haitong Securities, Zheshang Securities, Huarong Securities, Golden Eagle Fund, Baoying Fund, Lion Fund, Zeyuan Capital, Xianhu Investment, Shanyuan Fund, and GHY Environment Water (GHY)	

10 September 2020	Shanghai	Investment conference of securities firm	Institution	Changjiang Securities	
22 September 2020	China Merchants Port Building	Communication on phone	Institution	Ping An Asset Management	
4 November 2020	Shenzhen	One-on-one meeting	Institution	Cinda-CBA Fund	
11 November 2020	Chengdu	Investment conference of securities firm	Institution	Huaxi Securities	
1 January, 2020 to 31 December, 2020	China Merchants Port Building	By phone, or written inquiry (the EasyIR platform of SZSE or email)	Individual	Individual investors	
Times of communications					145
Number of institutions communicated with					50
Number of individuals communicated with					137
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	Place	Way of communication	Type of communication party	Object of communication	Index to basic information of researches
1 January 2021 to 30 March 2021	China Merchants Port Building	By phone, or written inquiry (the EasyIR platform of SZSE or email)	Individual	Individual investors	Main discussions: the basic condition of operations, investments made and the financial condition of the Company; Materials provided: None Index: SZSE EasyIR ( <a href="http://irm.cninfo.com.cn/ircs/index">http://irm.cninfo.com.cn/ircs/index</a> )
Times of communications					17
Number of institutions communicated with					1

Number of individuals communicated with	16
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	Not applicable

**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 2018

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

(1) According to the Company Law and the Articles of Association of the Company, the Company set aside 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) was 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 would 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.

## **2. 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 2019 and the net profit of the Company as the parent stood at RMB2,898,192,168.84 and RMB1,031,693,987.55 respectively.

(1) According to the Company Law and the Articles of Association of the Company, the Company set aside 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 would be RMB99,405,111.58.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2019 on Securities Times and Ta Kung Pao (HK) dated 9 July 2020, and completed the dividend payout for the A-share and B-share holders on 15 July 2020 and 17 July 2020 respectively.

## **3. Dividend Payout Plan for 2020**

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the consolidated net profit attributable to the Company as the parent for 2020 and the net profit of the Company as the parent stood at RMB2,065,322,969.66 and RMB2,603,450,148.53 respectively.

(1) According to the Company Law and the Articles of Association of the Company, the Company intends to set aside RMB260,345,014.85 of profit as statutory reserve. The accumulative distributable profit of the Company as the parent at the end of 2020 was RMB2,442,510,245.26.

(2) Base on the total 1,922,365,124 shares as at the end of 2020, a cash dividend of RMB3.80 (tax included) is to be distributed for every 10 shares, totaling RMB730,498,747.12.

After the above-mentioned distribution, the retained earnings of the Company as the parent will be RMB1,712,011,498.14.

The above profit distribution plan still needs to be submitted to the 2020 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 (%)
2020	730,498,747.12	2,065,322,969.66	35.37%	0.00	0.00%	730,498,747.12	35.37%
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%

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)	3.8
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	1,922,365,124
Total cash dividends (RMB) (tax inclusive)	730,498,747.12
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including other forms) (RMB)	730,498,747.12
Distributable profits (RMB)	2,442,510,245.26
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 2020 stood at RMB2,065,322,969.66 and the net profit of the Company as the parent at RMB2,603,450,148.53. (1) According to the Company Law and the Articles of Association of the Company, the Company intends to set aside RMB260,345,014.85 of profit as statutory reserve. The accumulative distributable profit of the Company as the parent at the end of 2020 was RMB2,442,510,245.26. (2) Base on the total 1,922,365,124 shares as at the end of 2020, a cash dividend of RMB3.80 (tax included) is to be distributed for every 10 shares, totaling RMB730,498,747.12. After the above-mentioned distribution, the retained earnings of the Company as the parent will be RMB1,712,011,498.14. The above profit distribution plan still needs to be submitted to the 2020 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

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, related-party transaction and capital occupation	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 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'	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	Ongoing

			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.		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	CMPID	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 CMPID based on this transaction are registered under the name of CMPID 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 CMPID 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 CMPID will be automatically lengthened for at least 6 months; 3. CMPort shares which derive from consideration shares obtained by CMPID 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 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, CMPID won't transfer its shares with rights and interests at CMPort before case investigation conclusion is drawn;	26 December 2018	25 June 2022	Ongoing

			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, CMPID 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, CMPID 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.			
	CMPID	Commitments on horizontal competition, related-party transaction and capital occupation	<p>Commitment on avoiding horizontal competition: 1. CMPID and other enterprise controlled by CMPID 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. CMPID will try its best to promote CMPID and other enterprise controlled by CMPID 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, CMPID or CMPID 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 CMPID 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 CMPID 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 CMPID or/and other enterprise controlled by it in the above competitive business as per the mode permitted by national laws and regulations; 5. When CMPID and other enterprise controlled by it plans to transfer, sell, rent out, conduct licensed use of or 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, CMPID 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 CMPID 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, CMPID promises to compensate all actual losses, damages and expenses arising from violation of any clause in the commitment letter by CMPID or the enterprise controlled by it to CMPort or the enterprise controlled by it.</p>	26 July 2018	Effective until no longer to be the largest shareholder of the Company	Ongoing

	CMPID	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment on regulating related-party transaction: 1. CMPID 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. CMPID 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 CMPID 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, CMPID 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. CMPID will promote other enterprise controlled by it to observe the commitment of Subparagraph 1-4; 6. In case of CMPID and other enterprise controlled by it violating the above commitment, causing rights and interests of CMPort and its shareholders are damaged, CMPID will take corresponding compensation responsibility according to law.	26 July 2018	Effective until no-longer to be the largest shareholder of the Company	Ongoing
	CMPID	Commitments on horizontal competition, related-party transaction and capital occupation	Commitment about keeping independence of CMPort: 1. After the transaction is completed, CMPID 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. CMPID will ensure CMPort is independent from CMPID and related parties in the aspects of business, asset, finance, personnel and institution; 3. CMPID ensures independence of CMPort, CMPID 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 CMPID as well as is legally binding upon CMPID. CMPID 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-party transaction and capital	Commitment on avoiding horizontal competition: 1. China Merchants Group and the enterprise controlled by it (excluding CMPort Holdings and the enterprise controlled by 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	26 July 2018	Effective until no-longer to be the actual controller of the Company	Ongoing

		occupation	by CMPort and the enterprise controlled by it now; 2. China Merchants Group will try 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 above competitive business according to 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.			
CMG	Commitment s 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	26 July 2018	Effective until no-longer to be the actual controller of the Company	Ongoing	

			obligation of vote avoidance at the moment of voting for related-party transactions involved by China Merchants Group 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 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	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	26 July 2018	Effective until no longer to be the actual controller of the Company	Ongoing

			administration 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	14 September	Effective until no-	Ongoing	

			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.	2018	longer to be the actual controller of the Company	
CMG	Other commitment		Commitment letter about related matters of CMPort after the transaction is completed: After the transaction is completed, Chiwan 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.	30 September 2018	Three to five years and CMG is the actual controller of the Company	Ongoing
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	26 July 2018	Effective continuously	Ongoing

		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.			
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 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.	26 July 2018	Effective continuously	Ongoing
CMPID	Other commitment	1. CMPID ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission; 2. CMPID ensures the data provided to CMPort and all	26 July 2018	Effective continuously	Ongoing

		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. CMPID ensures description and confirmation provided for the transaction are true, accurate and complete without any false record, misleading statement or important omission; 4. CMPID 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 CMPID 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 CMPID 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 CMPID 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, CMPID committed to lock the shares voluntarily for the relevant investor compensation; 6. If CMPID 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, CMPID is willing to legally bear corresponding legal responsibility; 7. In case of CMPID violating the above commitment, incurring losses to CMPort, CMPID 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. CMPort Holdings 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	26 July 2018	Effective continuously	Ongoing

			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.			
	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 China Merchants Group 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, misleading statement or important omission, China Merchants Group is willing to legally	26 July 2018	Effective continuously	Ongoing

			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 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 them 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	CND Group 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; 18 June 2003; 29 September 2004	Effective continuously	Ongoing
	China Nanshan Development (Group) Inc.	Other commitment	In order to properly solve the issue regarding the ownership of the land of 270,692 square meters transferred to CMPort by CND Group as a contribution, CND Group hereby irrevocably undertakes as follows: 1. CND Group affirms the historical fact that it contributed to the restructuring and listing of Chiwan Wharf with the right to use 270,692 square meters of land in 1993. Besides, it affirms that the 270,692 square meters of land has been transferred to CMPort (formerly known as Chiwan Wharf) and the right to use the land is owned by CMPort. 2. CND Group will	2 July 2020	Effective continuously	Ongoing

			continue keeping the original undertaking and ensure that the signing of the relevant agreement will not damage CMPort's rights and interests of 148,119 square meters of land transferred in 1993 to CMPort (formerly, Chiwan Wharf) as a contribution. 3. CND Group will continue giving full play to its advantages to fully support land-related authorities in Shenzhen City to secure CMPort's right to use the 270,692 square meters of land. Moreover, CND Group will continue to actively assist CMPort in going through the corresponding procedures for the change of ownership of property rights and perfect legal procedures related to the right to use the land (e.g., defining the boundary line of land, land surveying, and claiming for the certificate of land). In addition, CND Group undertakes to cover all costs incurred accordingly (including the land premium). 4. All consequent losses to CMPort shall be borne by CND Group, should the latter break the above undertaking. Furthermore, CND Group will shoulder all liabilities for damage, if the asset integrity of the listed company, CMPort, is damaged.			
	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	Expired
	Shenzhen Infrastructure Investment Fund Partnership (LP)	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. 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. The company declares that it will faithfully fulfill its commitment and bear corresponding legal liabilities.	4 November 2019	3 November 2020	Expired
Whether fulfilled on time	Yes					
Specific reasons for	N/A					

failing to fulfill commitments on time and plans for next step (if any)	
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**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**

Applicable  Not applicable

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](http://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**

On 14 April 2020, the Company held the 7<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 7<sup>th</sup> Meeting of the 9<sup>th</sup> Supervisory Committee, where the Proposal on Changes in Accounting Estimation of the Depreciable Life of Some Fixed Assets was considered and approved. In accordance with the Accounting Standards for Business Enterprises No. 4 - Fixed Assets and the Company's related regulations, the Company reviewed the expected service life of its fixed assets based on their performance and use conditions, and decided to make adjustment to the depreciable life of some fixed assets to make it more reasonable, thus reflecting the Company's financial conditions and operating results in a more objective and fair manner. For the specific content, please

refer to the Announcement on Changes in Accounting Estimates of Depreciation Period of Partial Fixed Assets (Announcement No.: 2020-037) published on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 16 April 2020.

On 19 June 2020, the Ministry of Finance issued Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions in Cai Kuai [2020] File No.10 (hereinafter referred to as "File No.10"). It's specified in File No. 10 that, for rental concessions, provided that certain conditions are satisfied, an enterprise can conduct accounting treatment according to Accounting Standards for Business Enterprises No. 21—Leases, or adopt the simplified method specified in File No.10. Where the enterprise adopts the simplified method, it's unnecessary to assess whether there is lease changes or re-assess the lease classifications. The enterprise shall apply the option to all the similar lease contracts and shall not change it arbitrarily.

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

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

Applicable  Not applicable

No such cases in the Reporting Period.

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

On 19 November 2020, Cyber Chic, a subsidiary of the Company, and the other shareholders of CMICT (Ningbo Port and CITIC Port Investment Co., Ltd.) resolved by way of shareholders' resolutions to establish the Budget Committee, and entered into a Cooperation Agreement with Ningbo Port (the "Cooperation Agreement"). The Budget Committee comprised three directors. Each of the shareholders of CMICT nominated one director to be a member of the Budget Committee, and the director nominated by Cyber Chic was the chairman. The Budget Committee is primarily responsible for approving CMICT 's annual business plans, annual financial budgets and final accounts, and after-tax profit distribution plans. Any matters to be considered by the Budget Committee shall be approved by a two-thirds majority.

Pursuant to the Cooperation Agreement, Cyber Chic and Ningbo Port will consult and communicate

among themselves to reach consensus before exercising their shareholders' rights. If the parties to the Cooperation Agreement cannot reach consensus on any matter in relation to CMICT's operations and management, the matter shall be decided in accordance with the opinion of Cyber Chic. No consideration was payable by either party under the Cooperation Agreement. Upon the completion of the Cooperation Agreement, Cyber Chic and Ningbo Port together had an over-50% interest in CMICT. Accordingly, the Company has included CMICT into its consolidated financial statements since 19 November 2020, and CMICT has since become a subsidiary instead of a joint venture of the Company, with the Company's interest in CMICT remaining the same.

### 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)	639.53
How many consecutive years the domestic independent auditor has provided audit service for the Company	9
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	2
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)	362.26
How many consecutive years the overseas independent auditor has provided audit service for the Company (if any)	9
Names of the certified public accountants from the overseas independent auditor writing signatures on the auditor's report (if any)	Yu Jianmin
How many consecutive years the certified public accountants have provided audit service for the Company (if any)	1

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 7<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors in 2020 and 2019 Annual General Meeting of the Company, the Company was allowed to continuously engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the 2020 independent auditor for the audit of annual financial statements and internal control in the 2020. The audit price for 2020 annual financial statements was RMB9.6379 million and the price for internal control was RMB0.38 million. The total expense on aforesaid two audit work was RMB10.0179 million.

**X. Possibility of Delisting 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.

**Other legal matters**

Basic situation of lawsuit (arbitration)	Lawsuit amount (RMB '0,000)	Whether form into estimated liabilities	Process of lawsuit (arbitration)	Trial results and influences of lawsuit (arbitration)	Situation of execution of judgment of lawsuit (arbitration)	Disclosure date	Disclosure index
Summary of Brazil TCP Case (note)	21,310.97	Yes	In progress	Relatively low risk	-	-	-
Summary of other matters not meeting the disclosure standards for major lawsuits (arbitrations)	6,043.20	No	Part was completed, and part is in progress	Relatively low risk	-	-	-

Note: This represents the significant contingent liabilities arising from the litigations between TCP and its subsidiaries and local tax authority, employee or former employee of TCP and its subsidiaries in Brazil at as the year end. According to the latest estimates of the Company's management, the possible compensation is RMB213,109,668.45 but it is not likely to cause outflow of economic benefits from the Company. Therefore, the contingent liabilities arising from the above pending litigations are not recognized as provisions. The counter-bonification where the Company as the beneficiary will be executed by the former TCP shareholder that disposed the shares. According to the counter-bonification agreement, the former TCP shareholder need to make counter-bonification to the Company in respect of the above contingent liabilities, with the compensation amount not exceeding pre-determined amount and specified 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 is implementing the stock option incentive plan, and the review and approval procedures carried out in connection with the Stock Option Incentive Plan are as follows:

(1) At the 2<sup>nd</sup> Meeting of the Nomination, Remuneration and Appraisal Committee of the 9<sup>th</sup> Board of Directors in 2019 held on 10 October 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 9<sup>th</sup> Extraordinary Meeting of the 9<sup>th</sup> Board of Directors 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, Implementation Appraisal Measures of 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 2<sup>nd</sup> Extraordinary Meeting of the 9<sup>th</sup> 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 Implementation Appraisal Measures of Stock Option Incentive Plan, and the List of Incentive Objects under the Stock Option Incentive Plan (Phase I) was reviewed with opinions expressed. Refer to the relevant announcements (Announcement No. 2019-069, No. 2019-070) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(3) On 3 January 2020, the Company received Approval on the Implementation of Stock Option 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. Refer to the relevant announcement (Announcement No. 2020-001) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(4) At the 1<sup>st</sup> Extraordinary Meeting of the 9<sup>th</sup> 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 1<sup>st</sup> Extraordinary Meeting of the 9<sup>th</sup> 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. Refer to the relevant announcements (Announcement No. 2020-002, No. 2020-003, No. 2020-004) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(5) On 20 January 2020, the Company disclosed the Announcement on Notes of the Supervisory Committee on the Review and Publicity of the List of Incentive Objects under the Stock Option Incentive Plan (Phase I). The Supervisory Committee reviewed the list of incentive objects for the first grant. 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. Refer to the relevant announcement (Announcement No. 2020-009) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(6) At the 1<sup>st</sup> Extraordinary General 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, Implementation Appraisal Measures of 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. Refer to the relevant announcement (Announcement No. 2020-011) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(7) At the 2<sup>nd</sup> Extraordinary Meeting of the 9<sup>th</sup> Board of Directors in 2020 and the 2<sup>nd</sup> Extraordinary Meeting of the 9<sup>th</sup> Supervisory Committee in 2020 held on 3 February 2020, the Proposal 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. Refer to the relevant announcements (Announcement No. 2020-012, No. 2020-013, No. 2020-014) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(8) On 14 March 2020, the Company has completed registration for the grant of stock option (the first grant) under the Stock Option Incentive Plan (Phase I). Refer to the 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) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(9) At the 1<sup>st</sup> Extraordinary Meeting of the 10<sup>th</sup> Board of Directors in 2021 and the 1<sup>st</sup> Extraordinary Meeting of the 10<sup>th</sup> Supervisory Committee in 2021 held on 29 January 2021, the Proposal on Adjusting the Exercise Price of the First Grant under the Stock Option Incentive Plan (Phase I) and the Proposal on the Grant of Stock Option (the Reserved) to Incentive Objects of the Stock Option Incentive Plan (Phase I) of the Company were considered and approved respectively. The Supervisory Committee reviewed the list of incentive objects for the reserved stock options under the Stock Option Incentive Plan (Phase I) on the grant date, and independent directors expressed independent opinions. Refer to the relevant announcements (Announcement No. 2021-007, No. 2021-008) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) for details.

(10) On 9 February 2021, the Company disclosed the Announcement on Notes of the Supervisory Committee on the Review and Publicity of the List of Incentive Objects for the Reservation under the Stock Option Incentive Plan (Phase I) (Announcement No. 2021-009). The Company published

the names and positions of the incentive objects for reserved stock options in its internal OA system from 29 January 2021 to 8 February 2021. By the end of the publicity, the Company's Supervisory Committee had not received any objection against the incentive objects for reserved stock options. Refer to the relevant announcement (Announcement No. 2021-009) disclosed on www.cninfo.com.cn for details.

(11) 5 March 2021, the Company has completed registration for the grant of stock option (the reserved) under the Stock Option Incentive Plan (Phase I). Refer to the Announcement on Completion of the Grant of Stock Option (the Reserved) under the Stock Option Incentive Plan (Phase I) of the Company (Announcement No. 2021-013) disclosed on www.cninfo.com.cn for details.

## 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	Total value (RMB'0,000)	As % of the total value of all the same-type transactions	Approved transaction line (RMB'0,000)	Over the approved line or not	Way of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
CHINA COSCO SHIPPING GROUP and its subsidiaries	Affiliated legal person	Rend er service	Lease, labor service, testing fee, etc.	Market price	47,308.92	47,308.92	43.66%	37,799.33	Yes	Settle d monthly	47,308.92	16 April 2020	www.cninfo.com.cn (Announcement No.2020-031)
China Merchants Shekou Industrial Zone Holdings Co., Ltd. and its subsidiaries	Under the control of ultimate share holder	Rend er service to related party and lease land to related party	Labor cost, lease expense of land and houses	Market price	8,715.03	8,715.03	7.56%	16,127.05	No	Settle d monthly	8,715.03	16 April 2020	www.cninfo.com.cn (Announcement No.2020-031)
Antong Holdings Co., Ltd. and its subsidiaries	Affiliated legal person	Rend er service to related party and receive service	Labor cost, freight forwarding agent, Port service charge	Market price	12,779.54	12,779.54	12.90%	9,154.30	Yes	Settle d monthly	12,779.54	16 April 2020	www.cninfo.com.cn (Announcement No.2020-031)

Total	--	--	68,803.49	--	63,080.68	--	--	--	--	--
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 2019 Daily Related-party Transaction and the Forecast of 2020 Daily Related-party Transaction was reviewed and approved on the 7 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors on 14 April 2020, which allowed the Company and subsidiaries to conduct daily business transactions with related-parties, transactions including office leasing, software procurement and labor cost. The amount of daily related-party transactions in 2020 is estimated to be RMB975 million. The actual amount of the above related-parties daily transactions was RMB1.153 billion. Due to the actual market demand and business development requirement, there were differences existed because of 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 2020 and the Forecast of Daily Related-party Transactions in 2021 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> dated 31 March 2021.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)	N/A									

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

Applicable  Not applicable

## 3. Related Transactions Regarding Joint Investments in Third Parties

Co-investor	Related relationship	Name of investees	Main business of investees	Registered capital of investees (RMB'0,000)	Total assets of investees (RMB'0,000)	Net assets of investees (RMB'0,000)	Net profit of investees (RMB'0,000)
Liaoning Port Group Co., Ltd.	Under the ultimate control of same actual controller	China Merchants Northeast Asia Development Investment Co., Ltd.	Investment and assets management; land development services; park management service; electricity, heat power and water supply; engineering management service; property management; plant leasing; meetings, exhibitions and relevant services; management consulting services. (for project subject to approval of laws, business activities are allowed to carry out with the approval of relevant departments)	450,000	450,276.51	450,207.39	207.39
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Under the ultimate control of same actual controller	China Merchants Northeast Asia Development Investment Co., Ltd.	Investment and assets management; land development services; park management service; electricity, heat power and water supply; engineering management service; property management; plant leasing; meetings, exhibitions and relevant services; management consulting services. (for project subject to approval of laws, business activities are allowed to carry out with the approval of relevant departments)	450,000	450,276.51	450,207.39	207.39
China Merchants Venture Capital	Under the ultimate control	China Merchants Port (Shenzhen)	Mainly engage in investments in equity of listed and unlisted enterprises; the investment direction of fund mainly	60,012	-	-	-

Management Co., Ltd.	of same actual controller	) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	involves in wharf-related industries, technological innovation, business model innovation and trade digitalization projects					
Shenzhen China Merchants Venture Capital Fund Center (Limited Partnership)	Under the ultimate control of same actual controller	China Merchants Port (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Mainly engage in investments in equity of listed and unlisted enterprises; the investment direction of fund mainly involves in wharf-related industries, technological innovation, business model innovation and trade digitalization projects	60,012	-	-	-	

#### 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 control of the same controlling shareholder	Bank deposits	No	89,006.52	953,449.44	885,563.54	1.64%	1,707.16	156,892.42
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Bank deposits/ Structural deposits	No	298,084.80	2,619,690.22	2,642,778.01	2.03%	2,507.79	274,997.01
Effects of credits with related parties on the Company's operating results and financial conditions		The above credits receivables with related parties were mainly deposits in financial institutions that have 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	Recovered in the Reporting Period	Interest rate	Interest in the Reporting Period	Ending balance (RMB'0,000)
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				(RMB'0,000)	(RMB'0,000)		(RMB'0,000)	
China Merchants Group Finance Co., Ltd.	Other company under the control of the same controlling shareholder	Borrowing	121,756.34	318,718.02	121,976.02	4.00%	4,021.81	318,498.34
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Borrowing	9,009.30	1,894	0	3.41%	282.09	10,903.32
Effects of liabilities with related parties on the Company's operating results and financial conditions		The above liabilities payables with related parties were mainly financial institution loans that have no major influence on the Company's operating results and financial conditions.						

## 5. Other Major Related-Party Transactions

(1) The Company established Northeast Asia Investment through investments together with its related parties Liaoning Port Group and CMSK. The registered capital of Northeast Asia Investment is RMB4.5 billion, among which RMB1 billion is subscribed by the Company accounting for 22.22% of the registered capital.

(2) The Company and subsidiaries opened the accounts at China Merchants Bank. In 2020, the maximum outstanding of deposits at China Merchants Bank did not exceed RMB5 billion and the maximum loan balance did not exceed RMB10 billion.

(3) The Company intends to lend its self-raised funds to Jinyu Rongtai, China Merchants Port Development (Shenzhen) Co., Ltd., Zhangzhou Port, and Shunde New Port that are wholly-owned/majority-owned subsidiaries of CMPort Holdings, a majority-owned subsidiary of the Company, and provide financial assistance to CMPort (Zhoushan) RoRo Logistics Co., Ltd., another majority-owned subsidiary of the Company, to supplement working capital and replace loans. The Company disclosed the Announcement on Financial Assistance to Subsidiaries and Related-party Transactions on 30 April 2020. The above financial assistance was deliberated and passed at the 4<sup>th</sup> Extraordinary Meeting of the 9<sup>th</sup> Board of Directors in 2020 and 2019 Annual General Meeting of Shareholders. Thus far, the above financial assistance has not been implemented.

(4) The Company, its related party, China Merchants Venture, and China Merchants Venture Fund managed by China Merchants Venture plan to jointly invest and establish China Merchants Port

(Shenzhen) Industry Innovation Private Equity Investment Fund Partnership (Limited Partnership) (This is a tentative name. The ultimate name is subject to industrial and commercial registration.) The investment fund will invest in quality projects in wharf-related industries, the innovation of technologies and business models, and trade digitalization. China Merchants Venture will serve as the fund manager.

The AUM of the fund is RMB600.12 million, wherein China Merchants Venture, as the fund manager, general partner, and managing partner plans to contribute RMB120,000, while CMPort, as a limited partner, and China Merchants Venture Fund, as a limited partner, intend to contribute RMB300 million each. The fund plans to engage Shenzhen Chiwan Port Development Co., Ltd., a wholly-owned subsidiary of the Company, as its investment consultant.

(5) China Merchants Holdings (International) Information Technology Co., Ltd. (CMHIT), a majority-owned subsidiary of the Company, intends to attract investors, Jifa Logistics and Yingkou Port Group, through an increase in capital and share. Jifa Logistics, Dalian Port Container Development Co., Ltd. (DPCD), and Yingkou Port Group are majority-owned subsidiaries of the Company's related party, Liaoning Port Group. Particularly, Jifa Logistics, DPCD, and Yingkou Port Group will use 29.40%, 49.63% of their shares in DPN, and 100% of the equity in Yingkou Port Information Technology Co., Ltd. (YPIT) respectively to increase the capital of CMHIT. Upon completion of this capital increase, the registered capital of CMHIT will be changed to RMB87,848,200. The equity ratios of the Company, CMPort Holdings, Jifa Logistics, DPCD, and Yingkou Port Group in CMHIT will become 13.18%, 43.74%, 13.26%, 22.38%, and 7.44%, respectively. The sum of the equity ratios of the Company and CMPort Holdings will reach 56.92%, while that of the rest shareholders will reach 43.08%. CMHIT will remain a majority-owned subsidiary of the Company. DPN and YPIT will become CMHIT's majority-owned subsidiary and wholly-owned subsidiary, respectively.

(6) CMHD, an indirect wholly-owned subsidiary of CMPort Holdings that is a majority-owned subsidiary of the Company, proposes to jointly invest to incorporate RSW in Djibouti, together with OHD, an indirect wholly-owned subsidiary of Dafeng International Co., Ltd. that is a wholly-owned subsidiary of the company's related party, CMSK, and DNC, a wholly-owned subsidiary of Great Horn Investment Holding S.A.S., a non-related party of the Company. The registered capital of

RSW in the first phase will be the amount in DJF equivalent to USD14,000. DNC, CMHD, and OHD will hold 60%, 23.5%, and 16.5% of the equity, respectively. In this phase, DNC, CMHD, and OHD will contribute USD8,400, USD3,290, and USD2,310 with their own funds. Upon registration and incorporation of RSW, DNC, CMHD, and OHD will raise the registered capital of RSW. They will start the second phase of contribution of USD120 million in total to RSW. Specifically, DNC, CMHD, and OHD will contribute USD72 million, USD28.2 million, and USD19.8 million, with their equity ratios will remain unchanged.

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

Name of provisional reports	Disclosure date	Website
Announcement on Establishing a Joint Venture and Related-party Transaction jointly with Related Parties through Investments	7 April 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2020-025)
Announcement on Deposit and Loan of Related-party Transaction in 2020 at China Merchants Bank	16 April 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2020-032)
Announcement on Financial Assistance and Related-party Transaction to the Subsidiary	30 April 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2020-045)
Announcement on Establishing a Investment Fund and Related-party Transaction jointly with Related Parties through Investments	1 December 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2020-085)
Announcement on Capital Increase in the Subsidiary and Related-party Transaction by the Related Parties	19 December 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2020-089)
Announcement on Establishing a Joint Venture and Related-party Transaction by the Majority-owned Subsidiary jointly with Related Parties through investments	30 December 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (Announcement No. 2020-091)

## XVII. Major Contracts and Execution thereof

### 1. Entrustment, Contracting and Leases

#### (1) Entrustment

Details of entrustment

On 13 December 2018, the Company held the 10<sup>th</sup> Extraordinary Meeting of the 9<sup>th</sup> Board of Directors, 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
Terminal Link SAS	N/A	7,100.40	11 June 2013	7,100.40	General guarantee	About 20 years	Not	Not
KHOR AMBADO FZCO	30 March 2019	18,791.78	24 May 2019	11,312.58	Joint-liability	About 13 years	Not	Yes
Total approved line for such guarantees at the end of the Reporting Period (A3)		25,892.18		Total actual balance of such guarantees at the end of the Reporting Period (A4)		18,412.98		
Guarantee between the Company to its subsidiaries								
Obligor	Disclosure date of the guarantee	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related

	line announce ment							party or not
Chiwan Wharf Holdings (Hong Kong) Limited	16 April 2020	400,000.00	28 July 2020	150,000.00	Joint- liability	About 1 year	Not	Not
Zhanjiang Port (Group) Co., Ltd.	16 April 2020	200,000.00	-	-	-	-	-	-
Total approved line for such guarantees in the Reporting Period (B1)		600,000		Total actual amount of such guarantees in the Reporting Period (B2)		150,000		
Total approved line for such guarantees at the end of the Reporting Period (B3)		600,000		Total actual balance of such guarantees at the end of the Reporting Period (B4)		150,000		
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announce ment	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarante e for a related party or not
China Merchants International Terminal (Qingdao) Co., Ltd.	16 April 2020	59,010.00	-	-	-	-	-	-
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	N/A	80,000.00	12 January 2017	72,000.00	Joint- liability	About 10 years	Not	Not
China Merchants International (China) Investment Co., Ltd.	N/A	2,500.00	30 June 2016	2,500.00	Joint- liability	About 10 years	Not	Not
China Merchants Finance Company Limited	4 May 2012	326,246.24	4 May 2012	326,246.24	General guarantee	About 10 years	Not	Not
China Merchants Finance Company Limited	3 August 2015	326,246.24	3 August 2015	326,246.24	General guarantee	About 10 years	Not	Not

CMHI Finance (BVI) Co., Ltd	6 August 2018	587,243.23	6 August 2018	587,243.23	General guarantee	About 5 years	Not	Not
CMHI Finance (BVI) Co., Ltd	6 August 2018	391,495.49	6 August 2018	391,495.49	General guarantee	About 10 years	Not	Not
CMHI Finance (BVI) Co., Ltd	26 September 2020	555,000.00	9 October 2020	391,495.49	General guarantee	About 3 years	Not	Not
				130,498.50	General guarantee	About 5 years	Not	Not
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	228,307.12	16 September 2012	6,577.87	General guarantee	About 13 years	Not	Not
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	9,787.39	16 September 2012	9,787.39	General guarantee	Infinite	Not	Not
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	16,312.31	16 September 2012	16,312.31	General guarantee	Infinite	Not	Not
Lome Container Terminal Co., Ltd.	N/A	8,024.99	June 2015	1,376.29	General guarantee	About 9 years	Not	Not
Lome Container Terminal Co., Ltd.	N/A	8,024.99	June 2015	1,376.29	General guarantee	About 9 years	Not	Not
Lome Container Terminal Co., Ltd.	N/A	8,024.99	June 2015	1,376.29	General guarantee	About 9 years	Not	Not
China Merchants Port Development (Shenzhen) Co., Ltd.	N/A	320,000.00	31 July 2017	58,000.00	Joint-liability	About 5 years	Not	Not
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	37,653.00	19 April 2018	23,329.80	General guarantee	About 6 years	Not	Not
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	53,724.18	7 November 2016	53,724.18	General guarantee	About 6 years	Not	Not
Shenzhen Harbor Haixing	30 March 2019	327,000.00	26 June 2019	16,150.08	Joint-liability	About 18 years	Not	Not

Development Co., Ltd.								
Zhanjiang Port (Group) Co., Ltd.	16 April 2020	80,000.00	-		-	-	-	-
Hambantota International Port Group (Pvt) Ltd.	30 December 2020	231,559.00	-		-	-	-	-
CHINA MERCHANTS HOLDINGS (DJIBOUTI) FZE	30 December 2020	18,441.00	-		-	-	-	-
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	26 September 2020	35,000.00	-		-	-	-	-
Kong Rise Development Limited	16 April 2020	110,000.00	-		-	-	-	-
Total approved line for such guarantees in the Reporting Period (C1)		1,089,010.00		Total actual amount of such guarantees in the Reporting Period (C2)			521,993.98	
Total approved line for such guarantees at the end of the Reporting Period (C3)		3,819,600.17		Total actual balance of such guarantees at the end of the Reporting Period (C4)			2,415,735.67	
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)		1,689,010.00		Total actual guarantee amount in the Reporting Period (A2+B2+C2)			671,993.98	
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		4,445,492.35		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)			2,584,148.65	
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				69.62%				
Of which:								
Balance of guarantees provided for shareholders, actual controller and their related parties (D)				11,312.58				
Balance of debt guarantees provided directly or indirectly				2,452,091.74				

for obligors with an over 70% debt/asset ratio (E)	
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	728,258.34
Total of the three amounts above (D+E+F)	3,191,662.65
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	0

Particulars of entrusted loans with single significant amount or low security, bad liquidity, and no capital preservation

Applicable  Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted loans

Applicable  Not applicable

## 4. Continuing Major Contracts

Applicable  Not applicable

## 5. Other Major Contracts

Applicable  Not applicable

No such cases in the Reporting Period.

## **XVIII. Corporate Social Responsibilities**

### **1. Fulfillment of Social Responsibilities**

Always upholding the principle of sustainable development and performing its social responsibilities proactively, the Company promotes its sustainable development with efforts in continuously strengthening environment governance, safeguarding the rights and interests of its employees, attaching importance to occupational health, participating in charitable activities, and responding to targeted poverty alleviation.

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 Corporate Social Responsibility Report of China Merchants Port Group Co., Ltd. in 2020 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 2020, the Company exerted multiple efforts for poverty alleviation. First, it vigorously implemented the national strategy of "eradicating poverty in China". Second, it adhered to the general ideas and requirements of China Merchants Group (CMG) for poverty alleviation. Third, it actively participated in education- and industry-based poverty alleviation and infrastructure construction. Fourth, the Company earnestly tackled difficulties in poverty alleviation. Fifth, a long-acting mechanism for poverty alleviation was formulated. Lastly, the annual plan for poverty alleviation was implemented. Looking ahead, the Company will respond to the call of the central government, continue driving rural revitalization, and consolidate the results of poverty alleviation.

Such combination of poverty alleviation results and rural revitalization will be effectively boost rural revitalization.

## (2) Overview of Annual Targeted Poverty Alleviation

During the epidemic in 2020, the Company spent RMB3.76 million on purchasing agricultural products from poverty-stricken areas through the agriculture-promoting brand, "27° Nong", including taros from Qichun County, Hubei, mineral water from Yecheng County, Xinjiang, and Wuding and Yongde Counties, Yunnan. Meanwhile, the Company adopted several measures, such as poverty alleviation based on industry, employment, education, health, and consumption as well as helping and supporting projects, to push targeted poverty alleviation forward. It not only "gave fish to the poor", but also "taught them how to fish". It assisted designated poverty-stricken villages in getting rid of poverty.

## (3) Results of Targeted Poverty Alleviation

Since the initiation of targeted poverty alleviation, the Company has enthusiastically responded to the China Merchants Group by supporting four designated poverty-stricken counties, namely, Weining County, Guizhou, Qichun County, Hubei, and Yecheng and Shache Counties, Xinjiang. (In 2020, the latter three counties were included in the list of counties requiring strict supervision and united efforts in fighting poverty.) In the meantime, the Company actively guided its subordinate enterprises to perform targeted poverty alleviation. For instance, Zhanjiang Port has helped "Mingli Village" shake off poverty: All 121 people in 43 poverty-stricken households met the "Eight Criteria" of Poverty Elimination (source of income, house, basic medical security, compulsory education, roads, drinking water, electricity, and TV) for being lifted out of poverty. Annual per capita income surged from less than RMB3,500 to over RMB13,000. The poverty elimination rate was 100%.

The specific inputs and results of the Company regarding the poverty alleviation in 2020 are as follows:

Index	Unit of measurement	Amount/implementation
I. Overall situation	-	-
Of which: 1. Fund	RMB'0,000	506
2. Materials converted to cash	RMB'0,000	-
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	2
1.3 Number of persons out of poverty which were helped to set up file card	Person	121
2. Transfer employment poverty alleviation	-	-
2.1 Number of persons of vocational training	Person	-
3. Relocation poverty alleviation	-	-
4. Educational poverty alleviation	-	-
Of which: 4.1 Investment amount for poor students supported	RMB'0,000	46
4.2 Number of poor students supported	Person	23
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	-
7.2 Assistant number of three kinds of left-behind person	Person	-
8. Social poverty alleviation	-	-
8.1 Investment amount of targeted poverty alleviation	RMB'0,000	-
9. Other plans	-	-
Of which: 9.1 Investment amount	RMB'0,000	460
9.2 Notes		Purchasing agricultural products, poverty alleviation of the poorest, infrastructure construction, etc.
III. Awards received (content, level)	-	In 2020, the poverty alleviation task force stationed in Mingli Village made up of Zhanjiang Port and Zhanjiang Municipal Development and Reform Bureau received the commendation from Zhanjiang Leading Group for Poverty Alleviation and Development and was awarded the title of "2019 Zhanjiang Municipal Advanced Unit for Poverty Alleviation Work".

### 3. Issues Related to Environmental Protection

Whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities?

No.

The Company strictly conformed to laws and regulations related to environmental protection, revised and perfected management policies for environmental protection, organized training on environmental protection, and assessed environmental risks. What's more, it intensified on-site management and control, reinforced routine inspection over environmental protection, and

strengthened environmental protection assessment to further improve environmental protection management.

The philosophy of green development is deeply rooted in the Company. The emission of all pollutants is strictly controlled by law. Pollutant disposal is compliant. Energy-saving technologies, such as the "smart transformation of the bucket-wheel stacker reclaimer", the "smart bulk cargo continuous conveyor system", and "shore-based power supply to ships", have been developed and applied to constantly enhance energy efficiency. Green and low-carbon ports are created to boost global climate governance. Furthermore, biodiversity protection practices such as the monitoring, investigation, and compensation of the marine ecology were carried out. The Company created green ports of harmonious co-existence with nature. It also cooperated with multiple parties in the green field to improve sustainable development. For the Company's efforts of environmental protection during the Reporting Period, please see the *Corporate Social Responsibility Report of CMPort for 2020*.

## **XIX Other Significant Events**

### **Information Disclosure Index**

In the Reporting Period, the Company disclosed the following significant events on Securities Times, Shanghai Securities News, Ta Kung Pao (HK), and [www.cninfo.com.cn](http://www.cninfo.com.cn):

Announcement No.	Date	Title
2020-001	3 January 2020	Announcement on Approval of Stock Option Incentive Plan by State-owned Assets Supervision and Administration Commission of the State Council
2020-002	10 January 2020	Announcement on Resolutions of the 1 <sup>st</sup> Special Meeting of the 9 <sup>th</sup> Board of Directors in 2020
2020-003	10 January 2020	Announcement on Resolutions of the 1 <sup>st</sup> Special Meeting of the 9 <sup>th</sup> Supervisory Committee in 2020
2020-004	10 January 2020	Announcement on Notes and Revision of Stock Option Incentive Plan of China Merchants Port Group Co., Ltd. (Phase I) (Revised Draft) and its Abstract
2020-005	10 January 2020	Reminder of Convening the 1 <sup>st</sup> Extraordinary General Meeting of 2020
2020-006	10 January 2020	Report of the Public Call for Proxy Voting Rights of Independent Directors
2020-007	16 January 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of December 2019
2020-008	20 January 2020	Announcement on an Estimated Growth in 2019 Annual Results
2020-009	20 January 2020	Announcement on Notes of the Supervisory Committee on the Review and Publicity of the List of Incentive Objects under the Stock Option Incentive Plan (Phase I)
2020-010	22 January 2020	Announcement on the Change of the Company's Registered Information with the Industrial and Commercial Administration
2020-011	4 February 2020	Announcement on Resolutions of the 1 <sup>st</sup> Extraordinary General Meeting of 2020
2020-012	4 February 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Special Meeting of the 9 <sup>th</sup> Board of Directors in 2020
2020-013	4 February 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Special Meeting of the 9 <sup>th</sup> Supervisory Committee in 2020
2020-014	4 February 2020	Announcement on the Grant of Stock Option (the First Grant) to Incentive Objects of the Stock Option Incentive Plan of the Company
2020-015	4 February 2020	Self-inspection Report on the Trading of the Company's Shares by Insiders and Incentive Objects of the Stock Option Incentive Plan (Phase I)
2020-016	4 February 2020	Announcement on Resignation of Chairman of the Board and Election of New Chairman of the Board
2020-017	14 February 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of January 2020
2020-018	21 February 2020	Reminder of the Issuance of 2020 Phase I Super-short-term Financing Bonds
2020-019	27 February 2020	Announcement on Issued Result of 2020 Phase I Super-short-term Financing Bonds
2020-020	14 March 2020	Announcement on Completion of the Grant of Stock Option (the First

		Grant) under the Stock Option Incentive Plan (Phase I) of the Company
2020-021	14 March 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of February 2020
2020-022	30 March 2020	2019 Annual Results Preview
2020-023	30 March 2020	Announcement on the Disclosure of the 2019 Annual Results by the Majority-Owned Subsidiary (Unaudited)
2020-024	7 April 2020	Announcement on Resolutions of the 3 <sup>rd</sup> Special Meeting of the 9 <sup>th</sup> Board of Directors in 2020
2020-025	7 April 2020	Announcement on Establishment Joint Ventures by Joint Investment with Related Party and Related-party Transactions
2020-026	8 April 2020	Announcement on Retirement and Application of Resignation of Employee Supervisor
2020-027	11 April 2020	2020 First Quarter Performance Forecast
2020-028	16 April 2020	Announcement on Resolutions of the 7 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
2020-029	16 April 2020	Announcement on Resolutions of the 7 <sup>th</sup> Special Meeting of the 9 <sup>th</sup> Supervisory Committee
2020-030	16 April 2020	Abstract of 2019 Annual Report (Chinese Version) Abstract of 2019 Annual Report (English Version)
2020-031	16 April 2020	Announcement on the Confirmation of the Continuing Related-Party Transactions in 2019 and the Estimation of Such Transactions in 2020
2020-032	16 April 2020	Announcement on the Related-Party Transaction Regarding Making Deposits in and Obtaining Loans from China Merchants Bank in 2020
2020-033	16 April 2020	Announcement on the External Guarantee Progress of a Majority-Owned Subsidiary of the Company in 2019 and the Expected New External Guarantee Line in the Next 12 Months
2020-034	16 April 2020	Announcement on 2019 Profit Distribution Plan
2020-035	16 April 2020	Special Report on Deposit and Usage of Raised Fund in 2019
2020-036	16 April 2020	Announcement on Reappointment of Accounting Firm in 2020
2020-037	16 April 2020	Announcement on Changes in Accounting Estimates of Depreciation Period of Partial Fixed Assets
2020-038	16 April 2020	Announcement on Providing Financial Aid by Majority-owned Subsidiaries
2020-039	16 April 2020	Announcement on the Disclosure of the 2019 Annual Results by a Majority-Owned Subsidiary
2020-040	16 April 2020	Announcement on the Online Investor Communication on the 2019 Annual Results to Be Held
2020-041	16 April 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of March 2020
2020-042	24 April 2020	Reminder of the Issuance of 2020 Phase II Super-short-term Financing Bonds
2020-043	30 April 2020	Announcement on the Resolutions of the 4 <sup>th</sup> Extraordinary Meeting of

		the 9 <sup>th</sup> Board of Directors of 2020
2020-044	30 April 2020	The Text of the First Quarter Report 2020 (Chinese Version) The Text of the First Quarter Report 2020 (English Version)
2020-045	30 April 2020	Announcement on Providing Financial Aid for Subsidiaries and Related-party Transactions
2020-046	30 April 2020	Reminder of Convening the 2019 Annual General Meeting
2020-047	30 April 2020	Announcement on Resignation of Chief Financial Officer
2020-048	6 May 2020	Announcement on Issue Results of 2020 Phase II Super-short-term Financing Bonds
2020-049	16 May 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of April 2020
2020-050	23 May 2020	Announcement on Resolutions of the 2019 Annual General Meeting
2020-051	23 May 2020	Announcement on Resolutions of the 1 <sup>st</sup> Meeting of the 10 <sup>th</sup> Board of Directors
2020-052	23 May 2020	Announcement on Resolutions of the 1 <sup>st</sup> Meeting of the 10 <sup>th</sup> Supervisory Committee
2020-053	23 May 2020	Announcement on Completion of General Election of the Board of Directors and Supervisory Committee and Appointment of Senior Executives and Securities Affairs Representatives
2020-054	2 June 2020	Reminder of the Issuance of 2020 Phase III Super-short-term Financing Bonds
2020-055	8 June 2020	Announcement on Issue Results of 2020 Phase III Super-short-term Financing Bonds
2020-056	12 June 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of May 2020
2020-057	9 July 2020	Announcement on 2019 Dividends Distribution Implementation
2020-058	11 July 2020	Announcement on an Estimated Growth in the H1 2020 Results
2020-059	11 July 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of June 2020
2020-060	28 July 2020	Reminder of the Issuance of Support Letter to Antong Holdings Co., Ltd.
2020-061	15 August 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of July 2020
2020-062	15 August 2020	Announcement on New Media for Information Disclosure
2020-063	29 August 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup> Board of Directors
2020-064	29 August 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup> Supervisory Committee
2020-065	29 August 2020	Abstract of Interim Report 2020 Abstract of Interim Report 2019 (English Version)
2020-066	29 August 2020	Special Report on Deposit and Usage of Raised Fund in H1 2020
2020-067	29 August 2020	Announcement on the Disclosure of the 2020 Interim Results by a Majority-Owned Subsidiary

2020-068	29 August 2020	Announcement on the Online Investor Communication on the 2020 Interim Results
2020-069	15 September 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of August 2020
2020-070	26 September 2020	Announcement on Adjusting the Guarantee Line among Subsidiaries
2020-071	10 October 2020	Announcement on the Issuance of Overseas Dollar Bonds by the Wholly-owned Subsidiary of the Majority-owned Subsidiary
2020-072	15 October 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of September 2020
2020-073	22 October 2020	Announcement on the Additional Issuance of Overseas Dollar Bonds by the Wholly-owned Subsidiary of the Majority-owned Subsidiary
2020-074	31 October 2020	Announcement on Resolutions of the 1 <sup>st</sup> Special Meeting of the 10 <sup>th</sup> Board of Directors in 2020
2020-075	31 October 2020	The Text of the Third Quarter Report 2020 The Text of the Third Quarter Report 2020 (English Version)
2020-076	2 November 2020	Reminder of Asset Acquisition and Supporting Fund Raising by Share Issuance and the Related-party Transaction Regarding the Issuance of Restricted Shares for Raising Supporting Funds
2020-077	5 November 2020	Announcement on Voluntary Information Disclosure of the Joint Stock Company Formally Being the Reorganization Investor of Antong Holdings Co., Ltd.
2020-078	12 November 2020	Reminder of Issuance 2020 Phase IV Super & Short-term Commercial Paper
2020-079	14 November 2020	Announcement on Issue Results of 2020 Phase IV Super & Short-term Commercial Paper
2020-080	14 November 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of October 2020
2020-081	19 November 2020	Announcement on the Due Payment of 2020 Phase I Super & Short-term Commercial Paper (Epidemic Prevention and Control Bond)
2020-082	1 December 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Special Meeting of the 10 <sup>th</sup> Board of Directors in 2020
2020-083	1 December 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Special Meeting of the 10 <sup>th</sup> Supervisory Committee in 2020
2020-084	1 December 2020	Announcement on Cash Management with Idle Raised Funds
2020-085	1 December 2020	Announcement on Establishing an Investment Fund and Related-party Transaction Jointly with Related Parties through Investments
2020-086	4 December 2020	Announcement on Participation of 2020 Online Collective Reception Activity for investors of Shenzhen Honest and Trustworthy and Respectable Listed Companies
2020-087	16 December 2020	Announcement on Voluntary Information Disclosure of Business Volume Data of November 2020
2020-088	19 December 2020	Announcement on Resolutions of the 3 <sup>rd</sup> Special Meeting of the 10 <sup>th</sup> Board of Directors in 2020

2020-089	19 December 2020	Announcement on Capital Increase in the Subsidiary and Related-party Transaction by Related Parties
2020-090	30 December 2020	Announcement on Resolutions of the 4 <sup>th</sup> Special Meeting of the 10 <sup>th</sup> Board of Directors in 2020
2020-091	30 December 2020	Announcement on Establishing a Joint Venture and Related-party Transaction by Majority-owned Subsidiary Jointly with Related Parties through Investments
2020-092	30 December 2020	Announcement on Adjusting the Guarantee Line among Subsidiaries

## 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 mandatorily. 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	1,277,770,996	66.47%	0	0	0	-129,112,852	-129,112,852	1,148,658,144	59.75%
1. Shares held by state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal person	128,952,746	6.71%	0	0	0	-128,952,746	-128,952,746	0	0.00%
3. Shares held by other domestic investors	169,602	0.01%	0	0	0	-160,106	-160,106	9,496	0.00%
Including: Shares held by domestic legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural person	169,602	0.01%	0	0	0	-160,106	-160,106	9,496	0.00%
4. Shares held by foreign investors	1,148,648,648	59.75%	0	0	0	0	0	1,148,648,648	59.75%
Including: Shares held by foreign legal person	1,148,648,648	59.75%	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	644,594,128	33.53%	0	0	0	129,112,852	129,112,852	773,706,980	40.25%
1. RMB ordinary shares	464,858,324	24.18%	0	0	0	128,961,746	128,961,746	593,820,070	30.89%
2. Domestically listed foreign shares	179,735,804	9.35%	0	0	0	151,106	151,106	179,886,910	9.36%
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	1,922,365,124	100.00%	0	0	0	0	0	1,922,365,124	100.00%

Reasons for share changes:

(1) Change of directors, supervisors and senior management; (2) Restrictions on shares held by the Company's shareholders Shenzhen Infrastructure Investment Fund Partnership (Limited Partnership) and China-Africa Development Fund are released.

Approval of share changes:

Applicable  Not applicable

Transfer of share ownership:

Applicable  Not applicable

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:

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Changes in Restricted Shares

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 Port 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
SHENZHEN INFRASTRUCTURE INVESTMENT FUND-SHENZHEN INFRASTRUCTURE INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP)	64,850,182	0	64,850,182	0	According to relevant laws and regulations and the shareholder commitment	November 2020
CHINA-	64,102,564	0	64,102,564	0	According to relevant	November

AFRICA DEVELOPMENT FUND					laws and regulations and the shareholder commitment	2020
Yuan Yuhui	10,530	3,510	14,040	0	According to the Articles of Association and the relevant laws and regulations	December 2020
Ni Keqin	21,909	7,302	29,211	0	According to the Articles of Association and the relevant laws and regulations	December 2020
Zheng Shaoping	9,496	0	0	9,496	According to the Articles of Association and the relevant laws and regulations	-
Zhang Jianguo	55,712	0	55,712	0	According to the Articles of Association and the relevant laws and regulations	December 2020
Zhao Chaoxiong	48,716	0	48,716	0	According to the Articles of Association and the relevant laws and regulations	December 2020
Wang Yongli	3,739	0	3,739	0	According to the Articles of Association and the relevant laws and regulations	December 2020
Yao Shenglan	19,500	0	19,500	0	According to the Articles of Association and the relevant laws and regulations	December 2020
<b>Total</b>	<b>1,277,770,996</b>	<b>10,812</b>	<b>129,123,664</b>	<b>1,148,658,144</b>	<b>--</b>	<b>--</b>

Note: China Merchants Investment Development Company Limited (CMID) (Chinese name: 招商局投资发展有限公司) was renamed China Merchants Port Investment Development Company Limited (CMPID) (Chinese name: 招商局港口投资发展有限公司) on 8 July 2020.

## II. Issuance and Listing of Securities

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

Applicable  Not applicable

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

Applicable  Not applicable

### 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	32,872	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	32,743	Number of preferred shareholders with resumed voting rights at the period-end (if any)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any)	0
5% or greater shareholders or top 10 shareholders							
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 PORT 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	0	0	64,850,182	0
CHINA-AFRICA DEVELOPMENT FUND	State-owned legal person	3.33%	64,102,564	0	0	64,102,564	0
BROADFORD GLOBAL LIMITED	State-owned legal person	2.88%	55,314,208	0	0	55,314,208	0
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign legal person	0.54%	10,410,926	-19,565,670	0	10,410,926	Unknown
NORGES BANK	Foreign legal person	0.15%	2,802,863	0	0	2,802,863	Unknown
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign legal person	0.14%	2,707,901	1,522,020	0	2,707,901	Unknown
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned legal person	0.14%	2,606,355	93,000	0	2,606,355	Unknown

MAI SHUQING	Domestic natural person	0.11%	2,129,247	-247,500	0	2,129,247	Unknown
Strategic investors or general legal person becoming top-ten shareholders due to placing of new shares (if any)	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 Port Investment Development Company Limited. The Company does not know whether the other unrestricted shareholders are related parties or not.						
Above shareholders involved in entrusting/being entrusted and giving up voting rights	None						
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				
SHENZHEN INFRASTRUCTURE INVESTMENT FUND-SHENZHEN INFRASTRUCTURE INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP)	64,850,182	RMB ordinary share	64,850,182				
CHINA-AFRICA DEVELOPMENT FUND	64,102,564	RMB ordinary share	64,102,564				
BROADFORD GLOBAL LIMITED	55,314,208	Domestically listed foreign share	55,314,208				
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	10,410,926	Domestically listed foreign share	10,410,926				
NORGES BANK	2,802,863	Domestically listed foreign share	2,802,863				
HONG KONG SECURITIES CLEARING COMPANY LTD.	2,707,901	RMB ordinary share	2,707,901				
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,606,355	Domestically listed foreign share	2,606,355				
MAI SHUQING	2,129,247	RMB ordinary share	2,129,247				
SHEN ZHEN QIAN HAI HUA SHAN CAPITAL CO.,Ltd-HUA	2,005,091	RMB ordinary	2,005,091				

SHAN YONG XU PRIVATE EQUITY MANAGEMENT		share	
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)	N/A		

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

Yes  No

No such cases in the Reporting Period.

## 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	Li Jianhui, Sun Ligan	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	Miao Jianmin	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 market body shall independently choose business items and carry out business activities according to law. For items requiring approval according to law, the market body must obtain approval from related authorities before carrying out the business activities. The market body shall not engage in business activities that are banned and restricted in the national and municipal industrial policies.)
Shareholders of the actual controller in other listed companies at home or abroad in this Reporting Period	<p>China Merchants Group holds:</p> <p>78.29% shares of Yingkou Port Services Co., Ltd.;</p> <p>75.00% shares of Dalian Port (PDA) Company Limited;</p> <p>74.35% China Merchants Land Limited;</p> <p>68.72% shares of China Merchants Expressway Network &amp; Technology Holdings Co., Ltd.;</p> <p>64.94% shares of China Merchants Port Holdings Company Limited;</p> <p>63.98% shares of China Merchants Shekou Industrial Zone Holdings Co., Ltd.;</p> <p>57.64% shares of Sinotrans Limited;</p> <p>54.39% shares of China Merchants Energy Shipping Co., Ltd.;</p> <p>51.16% shares of China Merchants Property Operation &amp; Service Co., Ltd.;</p> <p>44.17% shares of China Merchants Securities Co. Ltd.;</p> <p>33.50% shares of China Merchants Commercial Real Estate Investment Trust;</p> <p>29.97% shares of China Merchants Bank Co., Ltd.;</p> <p>29.94% shares of Anhui Expressway Company Limited;</p> <p>27.59% shares of China Merchants China Direct Investments Limited;</p> <p>27.47% shares of Nanjing Tanker Corporation;</p> <p>26.55% shares of Shanghai International Port (Group) Co., Ltd.;</p> <p>24.88% shares of Sichuan Expressway Company Limited;</p> <p>24.60% shares of China International Marine Containers (Group) Ltd.;</p> <p>19.08% shares of Jinzhou Port Co., Ltd.;</p> <p>17.75% shares of Fujian Expressway Development Co., Ltd.;</p> <p>16.52% shares of Heilongjiang Transport Development Co., Ltd.;</p> <p>16.32% shares of Hubei Chutian Smart Communication Co., Ltd.;</p> <p>16.29% shares of Shandong Hi-speed Co., Ltd.;</p> <p>15.43% shares of Henan Zhongyuan 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>12.36% shares of China Great Wall Securities Co., Ltd.;</p> <p>11.69% shares of Jiangsu Expressway Company Limited;</p> <p>8.04% shares of Xiandai Investment Co., Ltd.;</p>			

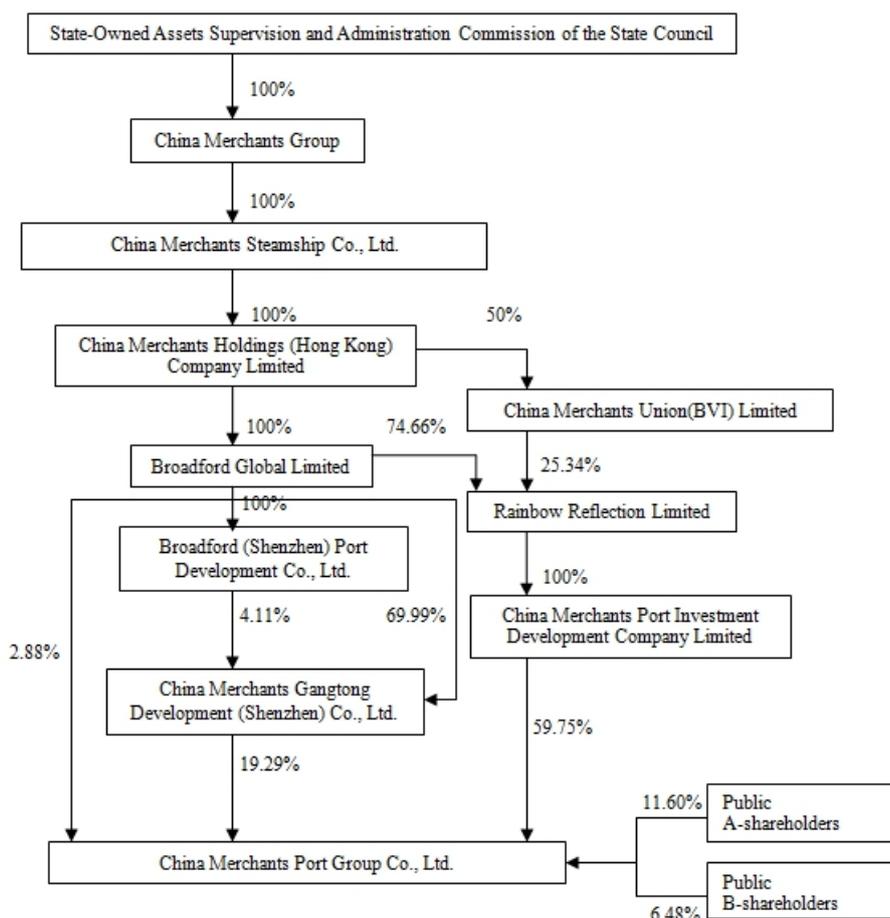
6.68% shares of Shenzhen Expressway Co., Ltd; 6.03% shares of S.F. Holding Co., Ltd.; 5.00% shares of Ningbo Zhoushan Port Company Limited; 2.36% shares of Qingdao Port International Co., Ltd; 1.20% shares of Oriental Times Media Co., Ltd; 1.02% shares of Sinotrans & CSC Phoenix Co., Ltd.; 0.53% shares of China Shipbuilding Industry Company Limited; 0.38% shares of Sino-Ocean Group Holding Limited; 0.16% shares of CMMB Vision Holdings Limited; 0.14% shares of Sinopec Engineering (Group) Co., Ltd.; 0.07% shares of Haitong Securities Co., Ltd.; 0.05% shares of China Energy Engineering Corporation Limited; 0.02% shares of Bank of Tianjin Co., Ltd.; 0.01% shares of Shenwan Hongyuan Group Co., Ltd.
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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 Port Investment Development Company Limited	Li Jianhui, Sun Ligan	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 shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Deng Renjie	Chairman of the Board	Incumbent	Male	51	December 2018	May 2023	0	0	0	0	0
Bai Jingtao	Vice Chairman of the Board and CEO	Incumbent	Male	55	September 2017	May 2023	0	0	0	0	0
Yan Shuai	Director	Incumbent	Male	48	December 2018	May 2023	0	0	0	0	0
Song Dexing	Director	Incumbent	Male	58	December 2018	May 2023	0	0	0	0	0
Zhang Yi	Director, COO and GM	Incumbent	Male	50	December 2018	May 2023	0	0	0	0	0
Gao Ping	Independent director	Incumbent	Male	65	May 2020	May 2023	0	0	0	0	0
Wang Zhenmin	Independent director	Incumbent	Male	54	May 2020	May 2023	0	0	0	0	0
Li Qi	Independent director	Incumbent	Female	50	May 2020	May 2023	0	0	0	0	0
Liu Yingjie	Chairman of the Supervisory Committee	Incumbent	Male	49	December 2018	May 2023	0	0	0	0	0
Hu Qin	Supervisor	Incumbent	Female	54	December 2018	May 2023	0	0	0	0	0
Yang Yuntao	Supervisor	Incumbent	Male	54	December 2018	May 2023	0	0	0	0	0
Gong Man	Supervisor	Incumbent	Female	32	May 2020	May 2023	0	0	0	0	0
Xu Jia	Supervisor	Incumbent	Male	39	May 2020	May 2023	0	0	0	0	0

Zheng Shaoping	Vice GM	Incumbent	Male	58	December 2018	May 2023	12,661	0	2,840	0	9,821
Lu Yongxin	Vice GM and Acting CFO	Incumbent	Male	51	December 2018	May 2023	0	0	0	0	0
Li Yubin	Vice GM and Acting Secretary of the Board	Incumbent	Male	49	December 2018	May 2023	0	0	0	0	0
Xu Song	Vice GM	Incumbent	Male	49	October 2020	May 2023	0	0	0	0	0
Liu Libing	General Counsel	Incumbent	Male	47	August 2020	May 2023	0	0	0	0	0
Fu Gangfeng	Former Chairman of the Board	Former	Male	54	December 2018	January 2020	0	0	0	0	0
Su Jian	Former Director	Former	Male	49	December 2018	March 2021	0	0	0	0	0
Yuan Yuhui	Former Independent director	Former	Male	70	June 2017	May 2020	14,040	0	0	0	14,040
Su Qiyun	Former Independent director	Former	Male	57	June 2017	May 2020	0	0	0	0	0
Li Changqing	Former Independent director	Former	Male	52	June 2017	May 2020	0	0	0	0	0
Ni Keqin	Former Supervisor	Former	Female	56	June 2017	May 2020	29,211	0	0	0	29,211
Zheng Linwei	Former Supervisor	Former	Male	50	June 2017	May 2020	0	0	0	0	0
Huang Chuanjing	Former Vice GM and Former Secretary of the Board	Former	Male	38	December 2018	January 2021	0	0	0	0	0
Wen Ling	Former CFO	Former	Female	55	December 2018	April 2020	0	0	0	0	0
Total	--	--	--	--	--	--	55,912	0	2,840	0	53,072

## II Change of Directors, Supervisors and Senior Management

Name	Office title	Type of change	Date of change	Reason for change
Deng Renjie	Chairman of the Board	Elected	3 February 2020	-
Bai Jingtao	Vice Chairman of the Board	Elected	14 April 2020	-
Zhang Yi	Director	Elected	22 May 2020	-
Gao Ping	Independent director	Elected	22 May 2020	-

Wang Zhenmin	Independent director	Elected	22 May 2020	-
Li Qi	Independent director	Elected	22 May 2020	-
Gong Man	Supervisor	Elected	22 May 2020	-
Xu Jia	Supervisor	Elected	22 May 2020	-
Liu Libing	General Counsel	Elected	27 August 2020	-
Xu Song	Vice GM	Elected	29 October 2020	-
Fu Gangfeng	Chairman of the Board	Left	31 January 2020	Job change
Wen Ling	CFO	Left	29 April 2020	Retirement
Yuan Yuhui	Independent director	Left for expiration of appointment	22 May 2020	Change of the Board
Su Qiyun	Independent director	Left for expiration of appointment	22 May 2020	Change of the Board
Li Changqing	Independent director	Left for expiration of appointment	22 May 2020	Change of the Board
Ni Keqin	Supervisor	Left for expiration of appointment	22 May 2020	Change of the Supervisory Committee
Zheng Linwei	Supervisor	Left for expiration of appointment	22 May 2020	Change of the Supervisory Committee
Huang Chuanjing	Vice GM and Secretary of the Board	Left	15 January 2021	Job change
Su Jian	Director	Left	5 March 2021	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 Vice GM of China Merchants Group Company Limited, President of Liaoning Port Group Co., Ltd., the Company's Chairman of the Board, Vice President of the 8<sup>th</sup> Council of China Highway and Transportation Society & Vice President of the 7<sup>th</sup> 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 Director, 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 GM of China Merchants Zhangzhou Development Zone Co., Ltd, Deputy Director of Xiamen Port Authority, Vice GM of China Merchants International Company Limited, Executive Deputy Director of Management Committee of China Merchants Zhangzhou Economic and Technological Development Zone, GM of China Merchants Zhangzhou Economic and Technological Development Zone Company Limited and GM of Liaoning Port Group Co., Ltd. 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.

**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, GM, 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.

**Zhang Yi, Director, Chief Operational Officer and General Manager**, 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 Director, 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, Chairman of the Board, Secretary of Party Committee of Zhanjiang Port Group Company Limited. Zhang Yi has been being the GM&COO of the Company since December 2018. Zhang Yi has been being the Director, COO and GM of the Company since May 2020.

**Gao Ping, Independent Director**, obtained Executive Master of Business Administration from the University of International Business and Economics (UIBE). He is also a senior engineer and senior political worker. His former titles included first mate, Management Section Chief, and HR Manager at Shanghai Ocean Shipping Co., Ltd., HR General Manager at COSCO Container Lines Co., Ltd., General Manager at the Crew Department of COSCO (H.K.) Shipping Co., Ltd., Deputy General Manager at COSCO (H.K.) Shipping Co., Ltd., Deputy General Manager at Shenzhen Ocean Shipping Co., Ltd. under COSCO (H.K.) Shipping Co., Ltd., General Manager at the Organization Department/HR Department of China COSCO SHIPPING Corporation Limited (COSCO SHIPPING Group), part-time supervisor of the Board of Supervisors of Large Key State-owned Enterprises dispatched by the State Council to COSCO SHIPPING Group, Secretary of the Party Committee and Deputy General Manager at COSCO Shipping Lines Co., Ltd., member of 11th and 12th Shanghai Committees of the Chinese People's Political Consultative Conference (CPPCC), and Deputy Director of the Committee for Economic Affairs of the Shanghai Committee of the CPPCC. He has been an independent director of the Company since May 2020.

**Wang Zhenmin, Independent Director**, graduated from the Renmin University of China and specialized in Constitution. He is also an expert receiving a special allowance from the State Council. Moreover, he is a professor of the School of Law, Dean of the Institute of State Governance Studies, Tsinghua University, and Director of the Center for Hong Kong and Macao Research, Tsinghua University. He used to work as a lecturer, associate professor, and Deputy Director of the Department of Law, Deputy Dean and Dean of the School of Law, Tsinghua University, and Director of the Department of Law of the Liaison Office of the Central People's Government in the Hong Kong S.A.R. He has been an independent director of the Company since May 2020.

**Li Qi, Independent Director**, graduated from Guanghua School of Management, Peking University, and majored in Business Management. Currently, she is an associate professor at the Department of Accounting of the Guanghua School of Management, Peking University. She worked as a teaching assistant and lecturer at the Department of Accounting and Assistant to the Dean and Deputy Secretary of the Party Committee of the Guanghua School of Management, Peking University. She has been an independent director of the Company since May 2020.

**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 and Director of Audit Center 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 and Senior Director 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 General Manager and General Counsel of China Merchants Energy Shipping Co., Ltd., 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, Deputy Director of Transportation & Logistics Business Department/Beijing Headquarters of China Merchants Group Company Limited. Yang Yuntao has been being the Supervisor of the Company since December 2018.

**Gong Man, Supervisor**, obtained her master's degree in accounting from the Dongbei University of Finance & Economics. She serves as the Manager at the Financial Management Department of China Merchants Port Group Co., Ltd. and accountant at the Financial Department of Shekou Container Terminal Co., Ltd. She has been a supervisor of the Company since May 2020.

**Xu Jia, Supervisor**, graduated from the Wuhan University of Technology and obtained a master's degree in Control Theory and Control Engineering. He is the Manager at the Operations Management Department of China Merchants Port Group Co., Ltd. He worked as a Senior System Planning Engineer and Project Planning Director at the Engineering Technology Department of Shekou Container Terminal Co., Ltd. He has been a supervisor of the Company since May 2020.

**Zheng Shaoping, Vice General Manager**, 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.

**Lu Yongxin, Vice GM and Acting CFO**, 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 Deputy GM of the Company since December 2018 and the Acting CFO of the Company since May 2020.

**Li Yubin, Vice GM and Acting Secretary of the Board**, 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 GM and Chief Digital Officer 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, R&D Department and Overseas Branches Department of China Merchants Holdings (International) Company Limited, General Manager, Deputy General Economist of Strategy and Operation Management Department of China Merchants Port Holdings Company Limited (CM Port Holdings) & General Manager and Chairman of the Board 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 GM of the Company since December 2018 and the Acting Secretary of the Board of the Company since January 2021.

**Xu Song, Vice GM**, holds a bachelor's degree in Material Management of the Huazhong University

of Science and Technology, Master of Business Administration (MBA) of the Dongbei University of Finance & Economics, Master of International Business (MIB) of the Coventry University, and Ph.D. in Transportation Planning and Management of the Dalian Maritime University. He is also a Senior Economist. He used to work as Deputy General Manager at Dalian Port Container Co., Ltd.; Deputy General Manager and General Manager at Dalian Port Jifa Logistics Co., Ltd.; Secretary of the Party Committee and General Manager at Dalian Port Container Co., Ltd.; General Manager at Dalian Port Northern Huanghai Sea Port Cooperative Management Company; General Manager at Dalian Port (PDA) Company Limited; Deputy General Manager, director, and General Manager and Deputy Secretary of the Party Committee of Dalian Port; and Deputy General Manager and member of the Party Committee of Liaoning Port Group Co., Ltd. He has been Deputy General Manager of the Company since October 2020.

**Liu Libing, General Counsel**, graduated from the Department of Philosophy, School of Philosophy, Wuhan University with a Bachelor in Philosophy. Later, he pursued further study at Sun Yat-sen University School of Law and obtained a Master of Laws. He served as a secretary at China Construction Third Engineering Bureau Group Co., Ltd., Director-general at China Construction Shenzhen Decoration Co., Ltd., Production Supervisor at Shenzhen Foxconn (Group) Company, apprentice lawyer and lawyer at City Development Law Firm, Shenzhen Branch, Manager at the Legal Affairs Department and Senior Manager of China Merchants Property Development Co., Ltd., Manager at the Legal Affairs Department of China Merchants Group Co., Limited, Senior Manager at the Risk Management Department of China Merchants Group Co., Limited, and Senior Manager of the General Office and head of the Secretariat of the Board of Directors at China Merchants Group Co., Limited. He has been the General Counsel of the Company since August 2020.

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 GM	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	March 2020	No
Deng Renjie	China Merchants Steamship Co., Ltd.	Director	March 2020		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	April 2020		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
Bai Jingtao	China Merchants Taiping Bay Development Investment Co., Ltd.	Director	April 2020		No
Bai Jingtao	China Merchants Northeast Asia Development Investment Co., Ltd.	Director	April 2020		No
Yan Shuai	China Merchants Group (Shanghai) Co., Limited	Director	July 2016		No
Song Dexing	China Merchants Group Co., Limited	Director of Transportation & Logistics Business	May 2019		No
Song Dexing	China Merchants Group Co., Limited	Minister of Transportation & Logistics Division/ Minister of the Headquarters of the Group in Beijing	August 2018		No
Song Dexing	SINOTRANS&CSC	GM	June 2016		Yes
Song Dexing	SINOTRANS&CSC	Executive director	September 2016		Yes
Song Dexing	Nanjing Port (Group) Co., Ltd.	Chairman of the Board	October 2017	April 2020	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	June 2018		No
Song Dexing	Sinotrans Limited	Executive director	December 2016		No
Zhang Yi	Liaoning Port Group	Director	July 2020		No

Zhang Yi	Liaoning Port Group	GM	April 2020		No
Zhang Yi	China Merchants Taiping Bay Development Investment Co., Ltd.	Vice Chairman of the Board	April 2020		No
Zhang Yi	China Merchants Northeast Asia Development Investment Co., Ltd.	Director	April 2020		No
Zhang Yi	China Merchants Hainan Development & Investment Co., Ltd.	Director	December 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 Yangtze Shipping Group Co., Ltd.	Chairman of the Supervisory Committee	November 2017		No
Hu Qin	China Merchants Port Investment Development Company Limited	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	China Yangtze Shipping Group Co., Ltd.	Director	December 2018		No
Yang Yuntao	China Merchants Energy Shipping Co., Ltd.	Vice GM & General Counsel	December 2020		Yes
Zheng Shaoping	Ningbo Daxie China Merchants International Container Terminal Co., Ltd.	Director	April 2014		No
Zheng Shaoping	Ningbo Zhoushan Port Company Limited	Director	April 2015		No
Zheng Shaoping	Tianjin Port Container Terminal Co., Ltd.	Director	September 2019		No
Zheng Shaoping	China Merchants International Container Terminal (Qingdao) Co., Ltd.	Director	October 2019		No
Zheng Shaoping	Qingdao Port China Merchants International Container Terminal Co., Ltd.	Director	October 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	September 2019		No
Zheng Shaoping	China Merchants Antong Logistics Management Co., Ltd.	Chairman of the Board	September 2019		No
Lu Yongxin	Kumport Liman Hizmetleri ve Lojistik San. ve Tic. A.Ş.	Chairman of the Board	December 2019		No
Lu Yongxin	LOME CONTAINER TERMINAL S.A.	Chairman of the Board	November 2019		No
Lu Yongxin	Terminal Link	Director	March 2020		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	Silk Road Yishang Information Technology Co., Ltd.	Chairman of the Board	January 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 the 9<sup>th</sup> Independent Directors is RMB150,000/year (tax included), which has been approved at the 3<sup>rd</sup> Extraordinary General Meeting of 2018. Allowance for the 10<sup>th</sup> Independent Directors is RMB150,000/year (tax included), which has been approved at the 2019 Annual General Meeting.

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

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company (RMB'0,000)	Any remuneration from related party
Deng Renjie	Chairman of the Board	Male	51	Incumbent	0	Yes
Bai Jingtao	Vice Chairman of the Board and CEO	Male	55	Incumbent	305	No
Yan Shuai	Director	Male	48	Incumbent	0	Yes
Song Dexing	Director	Male	58	Incumbent	0	Yes
Zhang Yi	Director, COO and GM	Male	50	Incumbent	271	No
Gao Ping	Independent director	Male	65	Incumbent	9	No
Wang Zhenmin	Independent director	Male	54	Incumbent	9	No
Li Qi	Independent director	Female	50	Incumbent	9	No
Liu Yingjie	Chairman of the Supervisory Committee	Male	49	Incumbent	0	Yes
Hu Qin	Supervisor	Female	54	Incumbent	0	Yes
Yang Yuntao	Supervisor	Male	54	Incumbent	0	Yes
Gong Man	Supervisor	Female	32	Incumbent	33	No
Xu Jia	Supervisor	Male	39	Incumbent	33	No
Zheng Shaoping	Vice GM	Male	58	Incumbent	260	No
Lu Yongxin	Vice GM and Acting CFO	Male	51	Incumbent	210	No
Li Yubin	Vice GM and Acting Secretary of the Board	Male	49	Incumbent	333	No
Xu Song	Vice GM	Male	49	Incumbent	29	No
Liu Libing	General Counsel	Male	48	Incumbent	45	No
Fu Gangfeng	Former Chairman of the Board	Male	54	Former	0	Yes
Su Jian	Former Director	Male	49	Former	0	Yes
Yuan Yuhui	Former Independent director	Male	70	Former	6	No
Su Qiyun	Former Independent director	Male	57	Former	6	No
Li Changqing	Former Independent director	Male	52	Former	6	No
Ni Keqin	Former Supervisor	Female	56	Former	83	No
Zheng Linwei	Former Supervisor	Male	50	Former	85	No

Huang Chuanjing	Former Vice GM and Former Secretary of the Board	Male	38	Former	233	No
Wen Ling	Former CFO	Female	55	Former	89	No
Total	--		--	--	2,054	--

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

On 3 February 2020, the Company held the 1<sup>st</sup> Extraordinary General Meeting of 2020, at which the following matters were reviewed and approved: Stock Options Incentive Plan (Draft) and its Abstract, Stock Options Incentive Plan (Phase I) (Revised Draft) and its Abstract, Management Method for Stock Options Incentive Plan, Examination Method for Implementation of Stock Options Incentive Plan and Proposal on Authorization to the Board to Handle Matters in Relation to Stock Options Incentive. The details about the stock options granted to directors and senior management of the Company in the incentive plan are as follows:

No.	Name	Office title	Shares granted (ten thousand shares)	As % of total granted	As % of total share capital
1	Bai Jingtao	Vice Chairman of the Board and CEO	42.0	2.37%	0.022%
2	Yan Shuai	Director	42.0	2.37%	0.022%
3	Zhang Yi	Director, COO and GM	35.0	1.97%	0.018%
4	Zheng Shaoping	Vice GM	35.0	1.97%	0.018%
5	Lu Yongxin	Vice GM and Acting CFO	24.0	1.35%	0.012%
6	Li Yubin	Vice GM and Acting Secretary of the Board	24.0	1.35%	0.012%
7	Huang Chuanjing	Former Vice GM and Former Secretary of the Board	24.0	1.35%	0.012%
8	Wen Ling	Former CFO	24.0	1.35%	0.012%
142 core managers			1,205.8	68.02%	0.627%
88 core management backbones and technical backbones of core businesses			264.0	14.89%	0.137%
Shares reserved			53.0	3%	0.028%
Total			1,772.8	100%	0.922%

At the 1<sup>st</sup> Extraordinary Meeting of the 10<sup>th</sup> Board of Directors in 2021 and the 1<sup>st</sup> Extraordinary Meeting of the 10<sup>th</sup> Supervisory Committee in 2021 held on 29 January 2021, Proposal on the Grant of Stock Option (the Reserved) to Incentive Objects of the Stock Option Incentive Plan (Phase I) of the Company was considered and approved respectively. The stock options granted to directors and senior management of the Company for the incentive plan are as follows:

No.	Name	Office title	Number of stock options granted (ten thousand shares)	As % of total granted	As % of total share capital
1	Xu Song	Vice GM	24	1.35%	0.012%
2	Liu Libing	General Counsel	5	0.29%	0.003%
1 core manager			24	1.35%	0.012%
Total 3 people			53	2.99%	0.028%

## V Employees

### 1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	330
Number of in-service employees of major subsidiaries	15,289
Total number of in-service employees	15,619
Total number of paid employees in the Reporting Period	15,619
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	9,513
<b>Functions</b>	
Function	Employees
Production	8,358
Sales	592
Technical	3,472
Financial	556
Administrative	2,641
Total	15,619
<b>Educational backgrounds</b>	
Educational background	Employees
Master's degree and above	541
Bachelor's degree	4,034
Junior college	3,801
Technical secondary school and below	7,243
Total	15,619

### 2. Employee Remuneration Policy

The Company perfected the remuneration incentive mechanism that was market-oriented, commensurate with economic benefits, and connected with labor productivity, in line with the principle of giving priority to efficiency and taking count of equity simultaneously, in order to reinforce vitality and power. By optimizing the remuneration system, the Company effectively

raised its market competitiveness and attracted and retained excellent management personnel and business backbone. Besides, new incentive mechanisms were proposed. Mid- and long-term incentives were combined with short-term ones to achieve long-term development. The human resources management system was fully optimized and streamlined during the development of a smart HR management platform. Standardized procedures for objective setting, communication, inspection, and feedback were formulated, based on a smart performance system. Business assessment results were considered as an important basis of bonuses to fully mobilize the enthusiasm of employees. In 2020, the Company successfully introduced the employee incentive scheme. The employee incentive scheme in the first phase was granted. A mechanism for sharing of profits and risks among the Company and its shareholders and employees was created. The plan was favorable to improve shareholder value and safeguard owners' rights and interests. Additionally, it supported strategy implementation and long-term sustainable development of the Company. Middle and senior management personnel and core elites received targeted incentives.

Amid the adverse impact of the COVID-19 epidemic in 2020, the Company endeavored to consolidate its internal strength. Quality, effectiveness, and per capita efficiency were strengthened by deeply exploring relevant indicators like the profit rate of labor costs and adopting effective measures. Externally, the Company fully utilized preferential policies, such as reduction and exemption of social insurance and fiscal subsidies, to relieve operating pressure and orderly resume work and production. During the special period of epidemic prevention and control, the Company strove to perform its corporate social responsibilities and gave top priority to the health and safety of its employees. It cared about both the physical and mental health of its employees and provided its employees and their family members with psychological guidance. In addition, special funds were input to prevent and control the virus and minimize the impact. More incentives were granted to front-line staff engaging in pandemic prevention and control. Advanced models were commended. The Company spared no effort for employee care.

### **3. Employee Training Plans**

Focusing on its strategic goals, 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 2020, CMPort (i.e., the Company) rapidly adjusted its training methods in consideration of the pandemic. Online training replaced offline intensive training. Over 700 courses were uploaded to the online platform, most of which were anti-pandemic information and knowledge. The online learning demand of employees during the pandemic was effectively satisfied through posts and exams. Average monthly active users accounted for 96.2% of the total employees. Meanwhile, the online platform was fully applied to training. All members utilized the online platform to produce livestreaming and online courses and develop internal quality courses. As a result, the coverage of training during the pandemic was expanded. Companies deepened collaboration in training. Pandemic prevention and control across the Group were strongly promoted. The pandemic was alleviated in the second half of 2020. The Company integrated internal and external training resources to offer a series of training programs centering on key topics. For example, senior executives were organized to learn new infrastructure construction. The Financial Talent Cultivation Program of the Company was launched. The Company joined hands with professional institutions to improve the professional and common skills of employees through internal, public, livestreaming, and online courses.

Several sessions of the "China Merchants C-Blue Training Program" (hereinafter referred to as the "C-Blue Program") have been held by CMG, winning good reputation and results. The COVID-19 epidemic in 2020 posed challenges to the C-Blue Program. As the epidemic could not be contained within a short time, CMPort overcame difficulties and cooperated with the University of Djibouti to jointly create innovative online courses. On 17 November 2020, the China Merchants C-Blue Training Program-Sailing (Djibouti Session) kicked off in the China Merchants Port Plaza and the University of Djibouti by videoconference, which was recognized by the Ministry of Transport of the People's Republic of China and the Ministry of Higher Education and Research of Djibouti. The C-Blue Program-Sailing not only demonstrated CMG's mission and sincerity of "promote the progress of the times with commercial success" to the world, but also cultivated talent reserve for the global port and shipping industry and contributed to the quality economic development of countries along the "Belt and Road" Initiative.

#### **4. Labor Outsourcing**

Total man-hours (hour)	N/A
Total remuneration paid (RMB)	RMB1,192,878,137.75

## 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 two systems. The Company revised the *Rules of Procedures for Office Meetings* based on the actual operation situation, in which formal participants and formal persons present have been supplemented. Meanwhile, in accordance with the requirement of legal system building from SASAC and newly issued *Guidelines of Shenzhen Stock Exchange for Standard Operations of Listed Companies*, the Company revised the *Working Articles of Audit Committee of the Board of Directors*, in which the Company increased the description of responsibilities related to promoting the legal system building and strengthened the function of the Board in the legal system building. The detailed information is as follows:

Name of system	Review	Disclosure
System revised		
Rules of Procedures for Office Meetings	Has been reviewed and approved on the 2 <sup>nd</sup> Meeting of the 10 <sup>th</sup> Board of Directors held on 27 August 2020.	Has been disclosed on Cninfo in time
Working Articles of Audit Committee of the Board of Directors		

2. The special action of "performing entity responsibilities, improving governance, and achieving quality development" was implemented

The Company implemented the special action of "performing entity responsibilities, improving governance, and achieving quality development", in conformity with the *Notice of Shenzhen CSRC on Promoting Listed Companies Within Jurisdiction to Perform Entity Responsibilities, Improve Governance, and Achieve Quality Development* (S.Z.J.G.S.Z. [2020] No. 128, hereinafter referred to as the "Notice"), in order to implement the *Opinions of State Council on Further Improving Quality of Listed Companies* (G.F. [2020] No. 14, hereinafter referred to as the "Opinions"). The

main work content is as follows:

Upon receipt of the *Notice*, the Company timely forward it to the controlling shareholder and persons acting in concert. Meanwhile, directors, supervisors, and senior executives of the Company and its important subsidiaries were organized to learn the *Opinions* and the *Notice*. The Company performed deep self-inspection, after conscientiously streamlining 10 requirements, including "improving corporate governance, prohibiting financial frauds, completely eradicating illegal guarantee and fund embezzlement, constantly strengthening prevention and control of insider dealing, actively mobilizing substantial shareholders to prevent and mitigate the risk of the pledge of stock rights, reasonably and steadily conducting M&As and restructuring, conscientiously disclosing information on changes in interest in shares of listed companies, performing all commitments in a legal and compliant manner, prudently engaging auditors, and highlighting investor relation management". Besides, it compiled the *Self-inspection Report on Promoting Listed Companies to Perform Entity Responsibilities, Improve Governance, and Achieve Quality Development* (hereinafter referred to as the "*Report*").

The self-inspection did not identify any violations by the Company. Hence, the Company will improve the following aspects: First, it will further enhance its corporate governance and standardized operation. It will continuously improve relevant internal control policies and establish and perfect the corporate governance structure and the internal control system in accordance with the latest laws, regulations, and regulatory requirements as well as its actual situation. Second, training and publicity of relevant regulations will be reinforced. The *Proposal on Promoting Listed Companies to Perform Entity Responsibilities, Improve Governance, and Achieve Quality Development* (Announcement No.: 2020-088, see the Cninfo website for details) was considered and approved at the 3<sup>rd</sup> Extraordinary Meeting of the 10<sup>th</sup> Board of Directors in 2020. In addition, the *Report* was submitted to the Shenzhen CSRC.

The Company will seize opportunities brought by this special action and keep in mind "Four Awes" and the Four Bottom Lines of "no disclosure of false information, no insider dealing, no manipulation of market prices, and no damage to interests of listed companies". It will continue to intensify standardized operation and disclose quality information. Additionally, it will attach more importance to listed company governance, shareholder returns, improvement of financial

information quality, and investor relationship management, further improving the quality of listed companies. The Company will endeavor to boost the steady and wholesome progress of the capital market and achieve more win-win success amid the benign interaction in the capital market.

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 occupy 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 1<sup>st</sup> 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, Shanghai Securities News, 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 has 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 <sup>st</sup> Extraordinary General Meeting of 2020	Extraordinary General Meeting	88.69%	3 February 2020	4 February 2020	For the resolution announcement (No. 2020-011), see <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The 2019 Annual General Meeting	Annual General Meeting	90.18%	22 May 2020	23 May 2020	For the resolution announcement (No. 2020-050), see <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

##### 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

###### (1) General Election of Independent Directors

For the expiration of appointments of the independent directors of the 9<sup>th</sup> Board of Directors Mr. Yuan Yuhui, Mr. Su Qiyun and Mr. Li Changqing, the Company held the 2019 Annual General Meeting for the general election of the Board on 22 May 2020, on which, Mr. Gao Ping, Mr. Wang Zhenmin and Mrs. Li Qi were elected as the independent directors of the 10<sup>th</sup> Board of Directors.

###### (2) Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of the 9 <sup>th</sup> 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 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	5	1	4	0	0	No	2
Su Qiyun	5	1	4	0	0	No	
Li Changqing	5	1	4	0	0	No	

Attendance of the 10 <sup>th</sup> 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 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
Gao Ping	6	2	4	0	0	No	1
Wang Zhenmin	6	2	4	0	0	No	
Li Qi	6	2	4	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

Specification of whether suggestions from independent directors are adopted or not adopted by the Company

During the Reporting Period, all independent directors of the Company show their probity and self-discipline, fulfill their duties in line with their expertise and experience; earnestly and diligently perform their duties. The independent directors actively asked for information 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 meetings 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 played an 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 2020 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 the 9<sup>th</sup> Audit Committee include Independent Director Li Changqing (convener), Director Su Jian, and Independent Director Su Qiyun. The member of the 10<sup>th</sup> Audit Committee include Independent Director Li Qi (convener), Director Su Jian, and Independent Director Wang Zhenmin. During the Reporting Period, the Audit Committee of the Board worked in line with the requirements of CSRC and Articles of Association, Working Rules for the Audit Committee of the Board (hereinafter referred to as the “Working Rules”) and the Working Practices for the Audit Committee of the Board on Annual Report (hereinafter referred to as the “Working Practices”), performed their duties, and gave full play of their expertise and experience to earnestly examine the Company's annual audit, review of financial statement, internal control, and other significant financial information, and provide 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 six meetings, with details as follows:

##### **(1) The 1<sup>st</sup> Meeting of the Audit Committee of the 9<sup>th</sup> Board of Directors for 2020**

On 14 April 2020, it was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3<sup>rd</sup> Road, Shenzhen in the form of on-site combining with network, at which the following proposals were reviewed and approved unanimously:

Proposal on Work Report of Accounting Firm for 2019;

Proposal on Financial Report of 2019;

Proposal on Renewal of Appointment of Accounting Firm for 2020;

Proposal on Anti-fraud Risk Assessment Report for 2019;

Proposal on Internal Auditing Report for 2019;

Proposal on Internal Auditing Plan for 2020;

Special Explanation on the Deposit and Usage of Raised Fund for 2019;

Proposal on Working Report of the Audit Committee of the Board in 2019.

(2) The 2<sup>nd</sup> Meeting of the Audit Committee of the 9<sup>th</sup> Board of Directors for 2020

On 28 April 2020, it was held by telecommunication meeting at which the following proposals were reviewed and approved unanimously:

Proposal on Internal Auditing Report for the First Quarter of 2020;

Proposal on the Deposit and Usage of Raised Fund for the First Quarter of 2020.

(3) The 1<sup>st</sup> Meeting of the Audit Committee of the 10<sup>th</sup> Board of Directors for 2020

On 22 May 2020, it was held by telecommunication meeting at which the Proposal on Electing the Convener of the Audit Committee of the 10<sup>th</sup> Board of Directors and Determining the Contact Person of the Working Group was reviewed and approved unanimously.

(4) The 2<sup>nd</sup> Meeting of the Audit Committee of the 10<sup>th</sup> Board of Directors for 2020

On 27 August 2020, it was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3<sup>rd</sup> Road, Shenzhen on site, at which the following proposals were reviewed and approved unanimously:

Proposal on Interim Financial Report for 2020;

Proposal on Internal Auditing Report for the Second Quarter of 2020;

Proposal on Inspection Report for the Deposit and Usage of Raised Fund for the First Half of 2020.

(5) The 3<sup>rd</sup> Meeting of the Audit Committee of the 10<sup>th</sup> Board of Directors for 2020

On 29 October 2020, it was held by telecommunication meeting at which the following proposals were reviewed and approved unanimously:

Proposal on Internal Auditing Report for the Third Quarter of 2020;

Proposal on Inspection Report for the Deposit and Usage of Raised Fund for the Third Quarter of 2020.

(6) The 4<sup>th</sup> Meeting of the Audit Committee of the 10<sup>th</sup> Board of Directors for 2020

On 30 December 2020, it held at Conference Room 25B, China Merchants Port Plaza, Shekou Industry 3<sup>rd</sup> Road, Shenzhen in the form of on-site combining with network, at which the Audit Report on the Company's Finance and Internal Control by Deloitte Touche Tohmatsu Certified

Public Accountants LLP for 2020 was 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 2019 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 2019.

During the Reporting Period, the Audit Committee expressed its audit opinions two times on the financial statements of the Company for 2019 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 to 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, giving a true and fair view of the Company's assets, liabilities, equity interests and operation results as at 31 December 2019. Information included in the Financial Statements was objective and complete. Financial Statements for 2019 which was preliminarily audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP

may be submitted for review at the 7<sup>th</sup> Meeting of the 9<sup>th</sup> 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 2019 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 the process of auditing, 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 15 April 2020. The Audit Committee considered that the Certified Public Accountants conducted the audit work of 2019 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 2019 and its operation results and cash flows for the year 2019 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 establishment and implementation of internal control system, and 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 the 9<sup>th</sup> Nomination, Remuneration and Evaluation Committee include Independent Director Yuan Yuhui (Convener), Director Yan Shuai and Independent Director Su Qiyun. The member of the 10<sup>th</sup> Nomination, Remuneration and Evaluation Committee include Independent Director Gao Ping (Convener), Director Yan Shuai and Independent Director Wang Zhenmin. During the Reporting Period, members of 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 four meetings, details of which are as follows:

1. On 14 April 2020, the 1<sup>st</sup> Meeting of the Nomination, Remuneration and Evaluation Committee of the 9<sup>th</sup> Board of Directors for 2020 was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3<sup>rd</sup> Road, Shenzhen in the form of on-site combining with network, 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 2019;

Proposal on Report on the Remuneration of the Directors, Supervisors and Senior Management Staff for 2019;

Proposal on Inspecting the Candidates for Directors.

2. On 22 May 2020, the 1<sup>st</sup> Meeting of the Nomination, Remuneration and Evaluation Committee of the 10<sup>th</sup> Board of Directors for 2020 was held by telecommunication meeting at which the following proposals were reviewed and approved unanimously:

Proposal on Electing the Convener of the Nomination, Remuneration and Evaluation Committee of the 10<sup>th</sup> Board of Directors and Determining the Group Leader;

Proposal on Appointment of Senior Management.

3. On 27 August 2020, the 2<sup>nd</sup> Meeting of the Nomination, Remuneration and Evaluation Committee of the 10<sup>th</sup> Board of Directors for 2020 was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3<sup>rd</sup> Road, Shenzhen in the form of on-site combining with network, at which the Proposal on Appointment of General Counsel was reviewed and approved unanimously.

4. On 29 October 2020, the 3<sup>rd</sup> Meeting of the Nomination, Remuneration and Evaluation Committee of the 10<sup>th</sup> Board of Directors for 2020 was held by telecommunication meeting at which the Proposal on Appointment of Vice GM was reviewed and approved unanimously:

### **(III) Performance of the Strategy Committee**

The members of Strategy Committee of the 9<sup>th</sup> Board of Directors include Chairman of the Board Deng Renjie (Convener), Vice Chairman of the Board Bai Jingtao, director Song Dexing, independent director Yuan Yuhui, and independent director Li Changqing. The members of Strategy Committee of the 10<sup>th</sup> Board of Directors include Chairman of the Board Deng Renjie (Convener), Vice Chairman of the Board Bai Jingtao, Director Yan Shuai, Director Song Dexing, Director Zhang Yi, Independent Director Gao Ping, and Independent Director Li Qi. 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 two meetings, details of which are as follows:

1. On 14 April 2020, the 1<sup>st</sup> Meeting of the Strategy Committee of the 9<sup>th</sup> Board of Directors for 2020 was held at Conference Room 25A, China Merchants Port Plaza, Shekou Industry 3<sup>rd</sup> Road, Shenzhen in the form of on-site combining with network, at which the following proposals were reviewed and approved unanimously:

Proposal on Working Report of the Strategy Committee of the Board in 2019;

Proposal on Five-Year Strategic Plan of the Company from 2020 to 2024.

2. On 22 May 2020, the 1<sup>st</sup> Meeting of the Strategy Committee of the 10<sup>th</sup> Board of Directors for 2020 was held by telecommunication meeting at which the Proposal on Electing the Convener of the Strategy Committee of the 10<sup>th</sup> Board of Directors and Determining the Leader of the Investment Evaluation Group was reviewed and approved unanimously.

### **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 strives to be "superior to the market average and peers" regarding as the assessment and distribution of performance bonuses for senior executives. Senior executives are expected to compare with themselves chronologically and with their peers horizontally. Short-term KPI assessment and long-term strategy assessment complement each other. The comprehensive assessment results of corporate performance are linked with the performance bonuses of senior executives so as to give full play to the incentive and guiding effects of remuneration. Accordingly, senior executives pay attention to the short-term performance in the current period or year and the mid- and long-term development of the Company. In 2020, the Company introduced the employee incentive scheme and developed a mechanism for the sharing of profits and risks to fully mobilize the enthusiasm of senior executives.

## 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	31 March 2021
Index to the disclosed internal control self-evaluation report	For details, see <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Evaluated entities' combined assets as % of consolidated total assets	97.60%
Evaluated entities' combined operating revenue as % of consolidated operating revenue	98.70%

Identification standards for internal control weaknesses				
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting		
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.	Great defect	Significant defect	Common defect
		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	The enterprise's internal confidential information	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	leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a large extent	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% judging standard $>1\%$ misstatement amount was significant defect; misstatement amount $<1\%$ below of judging standard was general standard.	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year.		
		Great defect	Significant defect	Common defect
		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 operation profits or cause decrease of annual operation profits when at 5% (including 5%) above of judging standard	Had larger adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% (including 1%) to 5% judging standard	Had adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% below of judging standard
		Had significant adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 10% (including 10%) above of judging standard	Had larger adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% (including 5%) to 10% above of judging standard	Had adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% below of judging standard
		Great investment mistake incurred 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% (including 5%) above of judging standard	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 judging standard	Irreconcilable commercial disputes, civil lawsuits happened sometimes, cause a certain influences in local, may pay compensation at 1% below of judging standard
	A serious violation of laws and regulations, investigated by government department and legal department, cause prosecution and class action, may pay compensation at 2% (including 2%) above of judging standard	A serious violation of laws and regulations, investigated by government department and legal department, may pay compensation at 0.5% (including 0.5%) to 2% of judging standard	Violation of laws and regulations, investigated by government department and legal department, may pay compensation at 0.5% below of judging standard
Number of 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

Note: The percentages of evaluated entities' combined assets and operating revenue to consolidated total assets and operating revenue have been deducted the corresponding financial data of the merged company.

## 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 2020 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	31 March 2021
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?

Yes

### I. Basic Information of the Corporate Bonds

Name	Abbr.	Code	Release date	Maturity date	Bonds balance (RMB'0 ,000)	Interest rate	Way of redemption
2020 Public Offering of Corporate Bonds of China Merchants Port Group Co., Ltd. (for qualified investors) (Phase I)	20 CMPort 01	149170	7 July 2020	8 July 2023	200,000	3.36 %	Simple interest is adopted and calculated by year. No compound interest is calculated. Interests are paid once every year and principals paid in lump sum at maturity. In the last installment, the interests are paid together with principal repayment.
Listed or transferred trading place of the Company bonds	List on the SZSE.						
Appropriate arrangement of the investors	The Company's bonds are publicly issued to eligible investors who comply with the Measures for Issuance and Trading of Corporate Bonds and have opened an eligible A-share securities account with Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (CSDC).						
Interest payment during the Reporting Period	During the Reporting Period, "20 CMPort 01" did not enter the payment period.						
Execution of the relevant regulations during the Reporting Period such as the affiliated option clause of the issuers or investors, special clauses such as the exchangeable regulations of the Company bonds (if applicable)	Not applicable						

## II. List of the Bond Trustee and the Rating Organization

Bond trustee:							
Name	CITIC Securities Co., Ltd.	Office address	18F CITIC Securities Tower, No.8 Zhongxin 3rd Road, Futian District, Shenzhen	Contact person	Chen Tianya and Feng Yuan	Contact number	0755-23835062
Rating organization executed the tracking rating of the corporate bonds of the Reporting Period:							
Name	China Chengxin International Credit Rating Co., Ltd.		Office address	60101, Building 1, No.2 Nanzhugan hutong, Dongcheng District, Beijing			
Alternation reasons, execution process and influences on the investors' interests etc. if there was alternation of the bond trustees and the credit rating agencies engaged by the Company during the Reporting Period (if applicable)			Not applicable				

## III. List of the Usage of the Raised Funds of the Corporate Bonds

List of the usage of the raised funds and the execution process of the Company bonds	The Company has used the raised funds strictly in accordance with the terms in the prospectus for current bonds, related provisions and requirements in the Measures for Issuance and Trading of Corporate Bonds and the Bonds Listing Rules of the Shenzhen Stock Exchange. It has not engaged in any violations in respect of the use and management of the raised funds.
Ending balance (RMB'0,000)	0
Operating situation of the raised funds special account	The Company deposits raised funds in a dedicated account and strictly performs internal approval procedures for the use of raised funds to ensure designated use of designated money.
Whether the usage of the raised funds met with the usage, using plan and other agreements committed on the prospectus	Yes

## IV. Rating Situation of the Corporate Bonds Information

On 24 June 2020, China Chengxin International Credit Rating Co., Ltd. (CCXI) issued a credit rating notice (XPWHZ [2019] No. G564). CCXI granted the corporate credit rating of AAA to the Company with a rating outlook of Stable, and the credit rating of AAA to the “2020 Public Offering of Corporate Bonds of China Merchants Port Group Co., Ltd. (for qualified investors) (Phase I)”.

During the Reporting Period, there was no rating difference in the corporate credit ratings of other

bonds and debt financing instruments issued by the Company in China.

## **V. Credit-adding Mechanism, Repayment Plan and Other Repayment Guarantee Measures of the Corporate Bonds**

(I) Changes in the credit enhancement mechanism, debt repayment plans and other debt repayment guarantee measures

During the Reporting Period, there was no significant change in the credit mechanism, debt repayment plans and other debt repayment guarantee measures for the Company's bonds.

(II) Regarding the credit enhancement mechanism

During the Reporting Period, the Company's bonds had no surety bond, mortgage or pledge and no other method of credit enhancement.

(III) Debt repayment plans or other debt repayment guarantee measures taken

To fully and effectively safeguard the rights and interests of bond holders, the Company has developed a series of work plans for the timely and full repayment of its bonds, including designating dedicated departments and personnel, arranging funds for debt repayment, developing and strictly executing fund management plans, properly organizing and coordinating, fully exerting the role of the bond trustee, and strictly performing the information disclosure obligation. These plans have formed a set of guarantee measures for the safe payment of interests and repayment for the bonds.

(IV) Dedicated debt repayment account

The Company has set up a dedicated corporate bond account for its bonds. It has signed a tripartite fund regulation agreement with the trustee and the fund custodian bank to guarantee the full and timely payment of interests and repayment of principals for its bonds.

## **VI. Convene Situation of the Bonds Holders Meeting during the Reporting Period**

During the Reporting Period, no bonds holders meeting was convened.

## **VII. List of the Duty Execution of the Bonds Trustee during the Reporting Period**

The bond trustee of "20 CMPort 01" is CITIC Securities. As at the issue date of this Report since

the issue of “20 CMPort 01”, the trustee CITIC Securities had performed continuous tracking and supervision on the Company’s credit status, the use of the funds raised under the Company’s bonds, and the implementation of the debt repayment guarantee measures strictly in accordance with relevant laws, regulations and the provisions of the *Bond Trusteeship Agreement*. It had reminded the Company to fulfill its obligations specified in the prospectus, proactively performed its duties as the bond trustee, and safeguarded the legitimate rights and interests of the bond holders.

As at the issue date of this Report, there had been no conflict of interests in the trustee’s performance of duties. The trustee had yet issued the report on the trusteeship affairs.

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

Unit: RMB’0,000

Item	2020	2019	Increase/decrease
EBITDA	1,176,301.96	1,576,181.91	-25.37%
Current ratio	82.99%	68.44%	14.55%
Debt/asset ratio	37.30%	39.38%	-2.08%
Quick ratio	82.27%	68.00%	14.27%
Debt/EBITDA ratio	18.71%	25.54%	-6.83%
Interest cover (times)	3.38	5.09	-33.60%
Cash-to-interest cover (times)	4.14	3.95	4.81%
EBITDA-to-interest cover (times)	5.84	7.42	-21.29%
Debt repayment ratio (%)	100.00%	100.00%	-
Interest payment ratio (%)	100.00%	100.00%	-

Main reason of the above accounting data and the financial indicators with the YoY change exceeded 30%

Applicable  Not applicable

The interest cover (times) declined 33.60% compared with last year mainly due to a decrease in total profit.

### IX. Overdue Debts of the Company

Applicable  Not applicable

No such cases in the Reporting Period.

### X. List of the Interest Payment of Other Bonds and Debt Financing Instruments during the Reporting Period

During the Reporting Period, the Company paid interests in due course for other bonds and debt financing instruments without any delay or failure in the payment of interests and repayment of

principals.

#### **XI. List of the Acquired Bank Credit Lines, Usage and the Repayment of the Bank Loans**

The Company had maintained good credit records with different banks and other financial institutions. As at the end of December 2020, the Company had been granted a credit of RMB56.2 billion by banks, of which RMB15.9 billion had been used. During the Reporting Period, the Company had used the funds strictly according to the banks' loan requirements and fully repaid bank loans in due course.

#### **XII. List of the Execution of the Agreements or the Commitments Related to the Company Bonds Raising Specification during the Reporting Period**

The Company had strictly carried out the content specified in the prospectus of its bonds, with no incident of harming the rights and interests of the bond investors.

#### **XIII. Significant Events Occurring during the Reporting Period**

Refer to Part V Significant Events of this Report.

#### **XIV. Whether there was Guarantor of the Corporate Bonds**

Yes  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	30 March 2021
Name of the independent auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Reference number of Audit Report	De Shi Bao (Shen) Zi (21) No.P02174
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 31 March 2021

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020

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## AUDITOR'S REPORT

De Shi Bao (Shen) Zi (21) No. P02174  
(Page 1 of 6)

To all the shareholders of China Merchants Port Group Co., Ltd.,

### **I. Audit Opinion**

We have audited the accompanying financial statements of China Merchants Port Group Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2020, and the consolidated and company's income statements, the consolidated and company's cash flow statements and the consolidated and company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and company's financial position as of 31 December 2020, the consolidated and company's results of operations and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

### **II. Basis for the Opinion**

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

### **III. Key Audit Matters**

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

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

As disclosed in Notes (V) 13 to the consolidated financial statements, on December 31, 2020, the book value of China Merchants Port Group's long-term equity investment in associates amounted to RMB 57,371,179,717.36, accounting for 54% of the total shareholder's equity. In 2020, the investment income from associates recognized by the equity method amounts to RMB 3,630,921,407.38, accounting for 66% of the consolidated net profit. Since the amount of investment income recognized by China Merchants Port Group for associates this year is significant, and its correctness depends on the financial status and operating results of the investee, we determine the above-mentioned subsequent measurement of the long-term equity investment in associates as a merger key audit matters of financial statements.

**III. Key Audit Matters - continued**

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

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

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

**2. Goodwill impairment**

As disclosed in Notes (V) 22 to the consolidated financial statements, as at 31 December 2020, the goodwill in the consolidated financial statements of the Company was RMB 6,675,939,930.13. The management of the Company used the net amount of fair value less costs of disposal or the present value of the estimated future cash flows to determine the recoverable amount of the relevant asset group when testing the goodwill for impairment, of which the fair value assessment is based on the market approach, and the forecast of future cash flows and the calculation of the present value included key assumptions, such as income growth rate, gross profit margin, discount rate, etc. We identified the goodwill impairment as a key audit matter of the consolidated financial statements due to the significant amount of goodwill and that the management needs to make significant judgments and estimates when conducting goodwill impairment testing.

**III. Key Audit Matters - continued**

**2. Goodwill impairment - continued**

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

- (1) Assessed reasonability of division of asset group and combination of asset group management made by management;
- (2) Referred to industry practice to assess whether the management's approach in cash flows forecast is appropriate and whether the assumptions used are reasonable;
- (3) Compared the data used in cash flow forecast with historical data and budget data approved by the management, and assessed the reasonableness of the data used;
- (4) Compared the growth rate of the business volume in the forecast period with the growth rate of the historical business volume and evaluated its appropriateness.
- (5) Understood the basis for management to determine the growth rate of the business in the subsequent forecast period and assessed its appropriateness;
- (6) Assessed the appropriateness of the discount rate adopted by the management in combination with market risk-free interest rates, risk factors, etc.;
- (7) Use the work of internal evaluation experts to evaluate the appropriateness of management's assessment method of the recoverable amount of the asset group, and evaluate the reasonableness of the discount rate used by the management in predicting the present value of the cash flow and the growth rate of the subsequent forecast period.
- (8) Reviewed whether the calculation of the present value of future cash flows was correct.
- (9) Reviewed whether the method used to assess the fair value less costs of disposal was appropriate.
- (10) Assess the adequacy and appropriateness of the disclosure of the goodwill impairment test.

**IV. Other Information**

The Company is responsible for the other information. The other information comprises the information included in the 2020 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.

**IV. Other Information - continued**

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (21) No. P02174  
(Page 6 of 6)

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

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

Deloitte Touche Tohmatsu CPA LLP  
Shanghai, China

Chinese Certified Public Accountant  
(Engagement Partner)

Li Weihua

Chinese Certified Public Accountant

Zhang Min

30 March 2021

*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.*

AT 31 DECEMBER 2020

## Consolidated Balance Sheet

RMB

Item	Notes	Closing balance	Opening balance
<b>Current Assets:</b>			
Cash and bank balances	(V) 1	11,791,424,734.63	7,734,948,210.26
Held-for-trading financial assets	(V) 2	850,165,448.59	-
Notes receivable	(V) 3	3,891,994.84	38,192,250.02
Accounts receivable	(V) 4	1,372,650,236.16	1,356,460,129.90
Receivables financing	(V) 5	217,449,966.41	260,760,537.45
Prepayments	(V) 6	49,220,850.11	55,034,019.81
Other receivables	(V) 7	3,557,195,461.26	2,129,378,252.50
Inventories	(V) 8	211,366,458.88	163,980,192.08
Assets held for sale	(V) 9	337,442,757.28	188,404,228.34
Non-current assets due within one year	(V) 10	67,692,473.44	808,893,013.06
Other current assets	(V) 11	433,666,201.42	2,298,792,661.70
<b>Total current assets</b>		<b>18,892,166,583.02</b>	<b>15,034,843,495.12</b>
<b>Non-current Assets:</b>			
Long-term receivables	(V) 12	3,887,949,993.10	1,098,831,799.90
Long-term equity investments	(V) 13	66,231,923,423.45	57,916,539,383.26
Investments in other equity instruments	(V) 14	181,467,057.74	163,561,272.00
Other non-current financial assets	(V) 15	910,807,452.56	2,385,363,537.39
Investment properties	(V) 16	5,558,755,275.21	5,760,262,674.40
Fixed assets	(V) 17	29,471,583,624.56	27,519,962,529.29
Construction in progress	(V) 18	5,381,430,606.18	6,334,141,441.88
Right-of-use assets	(V) 19	9,087,215,717.60	9,633,325,390.46
Intangible assets	(V) 20	18,766,092,163.81	19,693,715,554.10
Development expenditure	(V) 21	64,237,735.23	37,399,092.28
Goodwill	(V) 22	6,675,939,930.13	8,023,659,694.81
Long-term prepaid expenses	(V) 23	874,842,472.68	711,911,011.67
Deferred tax assets	(V) 24	420,731,058.30	300,435,502.27
Other non-current assets	(V) 25	2,138,468,683.64	2,082,965,467.04
<b>Total non-current assets</b>		<b>149,651,445,194.19</b>	<b>141,662,074,350.75</b>
<b>TOTAL ASSETS</b>		<b>168,543,611,777.21</b>	<b>156,696,917,845.87</b>

AT 31 DECEMBER 2020

## Consolidated Balance Sheet - continued

RMB

Item	Notes	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings	(V) 26	10,483,775,548.93	9,439,099,793.47
Notes payable	(V) 27	7,081,772.32	76,455,949.01
Accounts payable	(V) 28	599,112,028.98	591,112,466.39
Receipts in advance	(V) 29	39,510,127.90	28,826,687.37
Contract liabilities	(V) 30	148,044,541.70	85,831,002.52
Employee benefits payable	(V) 31	712,085,622.15	634,718,784.64
Taxes payable	(V) 32	2,368,662,556.37	1,898,076,342.74
Other payables	(V) 33	2,456,700,897.60	2,223,754,677.96
Non-current liabilities due within one year	(V) 34	3,564,465,137.37	6,104,339,856.79
Other current liabilities	(V) 35	2,383,668,985.94	885,956,581.63
<b>Total current liabilities</b>		22,763,107,219.26	21,968,172,142.52
<b>Non-current Liabilities:</b>			
Long-term borrowings	(V) 36	7,406,322,693.80	6,313,735,540.33
Bonds payable	(V) 37	21,090,545,845.56	20,930,681,967.19
Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities	(V) 38	1,327,423,748.05	1,647,129,968.61
Long-term payables	(V) 39	1,228,461,573.69	1,935,245,003.21
Long-term employee benefits payable	(V) 40	507,714,699.46	471,482,138.63
Provisions	(V) 41	100,406,745.66	76,242,559.95
Deferred income	(V) 42	1,112,887,683.90	1,147,752,857.17
Deferred tax liabilities	(V) 24	4,347,553,142.73	3,961,752,749.17
Other non-current liabilities	(V) 43	2,982,220,894.03	3,254,515,306.85
<b>Total non-current liabilities</b>		40,103,537,026.88	39,738,538,091.11
<b>TOTAL LIABILITIES</b>		62,866,644,246.14	61,706,710,233.63
<b>Shareholders' equity:</b>			
Share capital	(V) 44	1,922,365,124.00	1,922,365,124.00
Capital reserve	(V) 45	22,805,069,335.49	22,296,485,467.35
Other comprehensive income	(V) 46	-826,697,303.06	-355,944,565.91
Special reserve	(V) 47	10,201,178.30	12,386,734.70
Surplus reserve	(V) 48	890,690,322.28	630,345,307.43
Unappropriated profit	(V) 49	12,316,177,395.17	11,467,166,351.85
Total shareholders' equity attributable to shareholders of the parent		37,117,806,052.18	35,972,804,419.42
Minority interests		68,559,161,478.89	59,017,403,192.82
<b>TOTAL SHAREHOLDERS' EQUITY</b>		105,676,967,531.07	94,990,207,612.24
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		168,543,611,777.21	156,696,917,845.87

The accompanying notes form part of the financial statements.

The financial statements on pages 7 to 176 were signed by the following:

Bai Jingtao

Lu Yongxin

Sun Ligan

Legal Representative

Chief Financial Officer

Head of Accounting Department

AT 31 DECEMBER 2020

## Balance Sheet of the Company

RMB

Item	Notes	Closing balance	Opening balance
<b>Current Assets:</b>			
Cash and bank balances		753,590,556.77	690,685,211.42
Held-for-trading financial assets		800,000,000.00	-
Prepayments		32,236.27	-
Other receivables	(XV) 1	1,102,712,752.04	805,534,763.27
Other current assets		2,574,148.83	1,107,292,458.33
<b>Total current assets</b>		<b>2,658,909,693.91</b>	<b>2,603,512,433.02</b>
<b>Non-current Assets:</b>			
Long-term receivables		8,667,950.38	61,004,284.75
Long-term equity investments	(XV) 2	37,236,798,123.55	30,266,376,582.23
Investments in other equity instruments		155,610,830.00	155,688,635.00
Other non-current financial assets		-	-
Fixed assets		748,147.75	672,842.27
Construction in progress		3,502,416.12	5,803,169.37
Intangible assets		56,760,723.98	54,692,581.18
Long-term prepaid expenses		1,572,660.89	-
Deferred tax assets		1,846,793.34	928,465.21
<b>Total non-current assets</b>		<b>37,465,507,646.01</b>	<b>30,545,166,560.01</b>
<b>TOTAL ASSETS</b>		<b>40,124,417,339.92</b>	<b>33,148,678,993.03</b>

AT 31 DECEMBER 2020

## Balance Sheet of the Company - continued

RMB

Item	Notes	Closing balance	Opening balance
<b>Current Liabilities:</b>			
Short-term borrowings		2,174,486,432.93	300,378,812.50
Employee benefits payable		27,085,844.52	6,000,000.00
Taxes payable		208,459,425.46	209,282,889.78
Other payables		460,457,238.16	628,013,119.77
Non-current liabilities due within one year		33,040,000.00	35,832,000.00
Other current liabilities		2,224,519,555.57	715,766,708.20
<b>Total current liabilities</b>		<b>5,128,048,496.64</b>	<b>1,895,273,530.25</b>
<b>Non-current Liabilities:</b>			
Bonds payable		2,000,000,000.00	-
Deferred tax liabilities		43,419,526.51	35,164,858.75
<b>Total non-current liabilities</b>		<b>2,043,419,526.51</b>	<b>35,164,858.75</b>
<b>TOTAL LIABILITIES</b>		<b>7,171,468,023.15</b>	<b>1,930,438,389.00</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,922,365,124.00	1,922,365,124.00
Capital reserve		27,591,847,402.73	27,576,242,527.73
Other comprehensive income		105,536,222.50	105,594,576.25
Surplus reserve		890,690,322.28	630,345,307.43
Unappropriated profit		2,442,510,245.26	983,693,068.62
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>32,952,949,316.77</b>	<b>31,218,240,604.03</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>40,124,417,339.92</b>	<b>33,148,678,993.03</b>

The accompanying notes form part of the financial statements.

## Consolidated Income Statement

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Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Operating income	(V) 50	12,618,529,996.02	12,123,829,423.74
Less: Operating costs	(V) 50	7,873,749,854.85	7,648,920,919.71
Taxes and surcharges	(V) 51	151,196,943.57	172,556,579.92
Administrative expenses	(V) 52	1,584,882,935.02	1,509,520,581.66
Research and development expenses		156,024,113.54	123,853,344.29
Financial expenses	(V) 53	1,232,729,624.82	1,936,269,737.53
Including: Interest expense		1,949,882,376.69	2,089,837,594.54
Interest income		325,387,744.56	252,060,018.58
Add: Other income	(V) 54	204,965,113.28	162,101,113.10
Investment income	(V) 55	4,905,975,438.22	4,619,173,755.42
Including: Income from investments in associates and joint ventures	(V) 55	3,988,916,963.08	3,727,850,763.22
Gains from changes in fair value (Loss is marked with "-")	(V) 56	-411,508,773.58	66,483,266.48
Gains from impairment of credit (Loss is marked with "-")	(V) 57	-458,595,661.31	-50,249,409.77
Gains from impairment of assets (Loss is marked with "-")	(V) 58	-551,370,042.53	25,051.16
Gains on disposal of assets (Loss is marked with "-")	(V) 59	1,489,206,502.32	4,794,562,782.79
II. Operating profit		6,798,619,100.62	10,324,804,819.81
Add: Non-operating income	(V) 60	81,639,060.54	553,103,360.41
Less: Non-operating expenses	(V) 61	79,003,740.77	70,452,012.40
III. Gross profit		6,801,254,420.39	10,807,456,167.82
Less: Income tax expenses	(V) 62	1,275,686,369.83	2,640,538,894.62
IV. Net profit		5,525,568,050.56	8,166,917,273.20
(I) Categorization by continuity of operation			
1. Net profit from continuing operation		5,525,568,050.56	8,166,917,273.20
2. Net profit from discontinued operation		-	-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the parent		2,065,322,969.66	2,898,192,168.84
2. Profit or loss attributable to minority shareholders		3,460,245,080.90	5,268,725,104.36
V. Other comprehensive income, net of tax	(V) 64	-1,849,656,940.86	-1,096,285,894.51
Other comprehensive income attributable to owners of the parent, net of tax		-470,752,737.15	-443,076,984.15
(I) Other comprehensive income that will not be reclassified to profit or loss		-1,552,867.01	9,090,184.52
1. Changes from remeasurement of the defined benefit plan		10,248,546.35	1,069,722.83
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-11,817,008.06	4,830,921.62
3. Fair value changes of investments in other equity instruments		15,594.70	3,189,540.07
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-469,199,870.14	-452,167,168.67
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		90,675,445.06	-59,050,164.54
2. Translation differences of financial statements denominated in foreign currencies		-559,875,315.20	-393,117,004.13
Other comprehensive income attributable to minority interests, net of tax		-1,378,904,203.71	-653,208,910.36
VI. Total comprehensive income attributable to:		3,675,911,109.70	7,070,631,378.69
Shareholders of the parent		1,594,570,232.51	2,455,115,184.69
Minority shareholders		2,081,340,877.19	4,615,516,194.00
VII. Earnings per share			
(I) Basic earnings per share		1.07	1.59
(II) Diluted earnings per share		1.07	1.59

The accompanying notes form part of the financial statements.

## Income Statement of the Company

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
I. Operating income	(XV) 3	6,653,002.66	92,042,598.05
Less: Operating costs	(XV) 3	2,265,959.64	76,084,023.73
Taxes and surcharges		2,520,271.63	1,839,217.71
Administrative expenses		133,748,040.20	60,487,851.03
Financial expenses		59,313,221.11	41,936,976.49
Including: Interest expense		87,576,683.75	42,810,942.02
Interest income		38,511,845.95	15,909,363.66
Add: Other income		355,292.70	955,987.32
Investment income	(XV) 4	2,975,643,847.56	1,306,222,961.66
Including: Income from investments in associates and joint ventures	(XV) 4	57,647,049.81	70,092,131.84
Gains (losses) from changes in fair value		33,096,476.05	-
II. Operating profit		2,817,901,126.39	1,218,873,478.07
Add: Non-operating income		5,001.83	57,049.23
Less: Non-operating expenses		-	81,092.18
III. Gross profit		2,817,906,128.22	1,218,849,435.12
Less: Income tax expenses		214,455,979.69	187,155,447.57
IV. Net profit		2,603,450,148.53	1,031,693,987.55
V. Other comprehensive income, net of tax		-58,353.75	2,956,451.25
(I) Other comprehensive income that cannot be reclassified to profit or loss		-58,353.75	2,956,451.25
1. Changes from remeasurement of the defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
3. Fair value changes of investments in other equity instruments		-58,353.75	2,956,451.25
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		-	-
2. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		2,603,391,794.78	1,034,650,438.80

The accompanying notes form part of the financial statements.

## Consolidated Cash Flow Statement

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sales of goods and rendering of services		12,701,740,372.72	12,294,529,982.73
Receipts of tax refunds		42,485,481.75	23,569,265.92
Other cash receipts relating to operating activities	(V) 65(1)	815,916,787.26	1,165,710,845.18
Sub-total of cash inflows		13,560,142,641.73	13,483,810,093.83
Cash payments for goods purchased and services received		3,470,983,798.59	3,593,786,248.69
Cash payments to and on behalf of employees		2,778,912,137.24	2,621,068,087.09
Payments of various types of taxes		1,062,476,005.92	957,382,790.97
Other cash payments relating to operating activities	(V) 65(2)	751,969,782.97	809,699,551.14
Sub-total of cash outflows		8,064,341,724.72	7,981,936,677.89
Net Cash Flows from Operating Activities	(V) 66(1)	5,495,800,917.01	5,501,873,415.94
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		9,137,020,345.82	-
Cash receipts from investments income		1,551,111,503.37	1,804,725,809.65
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		389,937,931.20	6,274,482,747.66
Net cash receipts from disposal of subsidiaries and other operating units		-	1,000,000.00
Other cash receipts relating to investing activities	(V) 65(3)	1,453,513,215.71	3,535,967,030.93
Sub-total of cash inflows		12,531,582,996.10	11,616,175,588.24
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,728,598,026.38	3,515,540,735.97
Cash payments to acquire investments		13,686,331,715.60	7,898,674,384.09
Net cash payments for acquisitions of subsidiaries and other business units	(V) 65(4)	-	-
Other cash payments relating to investing activities	(V) 65(5)	3,009,770,350.62	2,138,951,129.78
Sub-total of cash outflows		19,424,700,092.60	13,553,166,249.84
Net Cash Flows from Investing Activities		-6,893,117,096.50	-1,936,990,661.60
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		5,347,041,408.13	2,213,530,171.90
Including: Cash receipts from capital contributions from Minority shareholder of subsidiary		5,347,041,408.13	27,255,000.00
Cash receipts from borrowings		24,095,846,198.30	14,306,287,000.87
Cash receipts from issue of bonds		6,197,833,243.33	-
Other cash receipts relating to financing activities	(V) 65(6)	1,937,954,936.36	1,713,327,483.01
Sub-total of cash inflows		37,578,675,786.12	18,233,144,655.78
Cash repayments of borrowings		26,923,924,070.90	15,402,220,794.12
Cash payments for distribution of dividends or profits or settlement of interest expenses		4,417,717,782.78	4,022,043,402.10
Including: Payments for distribution of dividends or profits to Minority shareholder of subsidiary		1,586,039,122.85	1,745,724,195.29
Other cash payments relating to financing activities	(V) 65(7)	842,561,469.96	42,583,797.55
Sub-total of cash outflows		32,184,203,323.64	19,466,847,993.77
Net Cash Flows from Financing Activities		5,394,472,462.48	-1,233,703,337.99
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		60,305,024.35	9,697,074.77
<b>V. Net Increase in Cash and Cash Equivalents</b>		4,057,461,307.34	2,340,876,491.12
Add: Opening balance of Cash and Cash Equivalents	(V) 66(2)	7,714,157,995.87	5,373,281,504.75
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(V) 66(2)	11,771,619,303.21	7,714,157,995.87

The accompanying notes form part of the financial statements.

## Cash Flow Statement of the Company

RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sales of goods and rendering of services		-	104,722,961.87
Other cash receipts relating to operating activities		88,581,495.56	246,055,628.30
Sub-total of cash inflows		88,581,495.56	350,778,590.17
Cash payments for goods purchased and services received		-	36,211,750.68
Cash payments to and on behalf of employees		56,294,477.30	85,120,511.18
Payments of various types of taxes		211,434,912.21	20,158,391.66
Other cash payments relating to operating activities		61,598,017.83	53,795,218.14
Sub-total of cash outflows		329,327,407.34	195,285,871.66
Net Cash Flows from Operating Activities		-240,745,911.78	155,492,718.51
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		2,950,000,000.00	-
Cash receipts from investment income		1,530,980,750.04	57,727,526.33
Other cash receipts relating to investing activities		297,303,477.07	612,722,414.48
Sub-total of cash inflows		4,778,284,227.11	670,449,940.81
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,526,872.01	8,035,563.48
Cash payments to acquire investments		5,567,604,695.27	8,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units		3,006,793,109.07	386,159,390.00
Other cash payments relating to investing activities		436,450,231.63	2,060,171,330.96
Sub-total of cash outflows		9,012,374,907.98	2,462,366,284.44
Net Cash Flows from Investing Activities		-4,234,090,680.87	-1,791,916,343.63
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		-	2,186,275,171.90
Cash receipts from borrowings		2,372,563,339.18	2,160,000,000.00
Cash receipts from issue of bonds		6,197,833,243.33	-
Other cash receipts relating to financing activities		544,400,000.00	-
Sub-total of cash inflows		9,114,796,582.51	4,346,275,171.90
Cash repayments of borrowings		3,233,786,000.00	2,167,116,843.58
Cash payments for distribution of dividends or profits or settlement of interest expenses		905,286,543.64	239,800,502.62
Other cash payments relating to financing activities		437,554,375.82	1,593,549.44
Sub-total of cash outflows		4,576,626,919.46	2,408,510,895.64
Net Cash Flows from Financing Activities		4,538,169,663.05	1,937,764,276.26
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		-427,725.05	-497,294.65
<b>V. Net Increase in Cash and Cash Equivalents</b>		62,905,345.35	300,843,356.49
Add: Opening Balance of Cash and Cash Equivalents		690,685,211.42	389,841,854.93
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		753,590,556.77	690,685,211.42

The accompanying notes form part of the financial statements.

## Consolidated Statement of Changes in Shareholders' Equity

RMB

Item	2020							
	Equity attributable to shareholders of the parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit		
I. Closing balance of the preceding year	1,922,365,124.00	22,296,485,467.35	-355,944,565.91	12,386,734.70	630,345,307.43	11,467,166,351.85	59,017,403,192.82	94,990,207,612.24
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening 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
III. Changes for the year	-	508,583,868.14	-470,752,737.15	-2,185,556.40	260,345,014.85	849,011,043.32	9,541,758,286.07	10,686,759,918.83
(I) Total comprehensive income	-	-	-470,752,737.15	-	-	2,065,322,969.66	2,081,340,877.19	3,675,911,109.70
(II) Owners' contributions and reduction in capital	-	508,583,868.14	-	-	-	-	9,813,153,124.68	10,321,736,992.82
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	5,347,041,408.13	5,347,041,408.13
3. Share-based payment recognized in shareholders' equity	-	10,096,607.62	-	-	-	-	9,116,783.96	19,213,391.58
4. Others	-	498,487,260.52	-	-	-	-	4,456,994,932.59	4,955,482,193.11
(III) Profit distribution	-	-	-	-	260,345,014.85	-1,217,861,842.98	-2,342,313,102.40	-3,299,829,930.53
1. Transfer to surplus reserve	-	-	-	-	260,345,014.85	-260,345,014.85	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-884,287,957.04	-2,241,431,859.76	-3,125,719,816.80
4. Others	-	-	-	-	-	-73,228,871.09	-100,881,242.64	-174,110,113.73
(IV) Transfers within shareholders' equity	-	-	-	-1,549,916.64	-	1,549,916.64	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Others	-	-	-	-1,549,916.64	-	1,549,916.64	-	-
(V) Special reserve	-	-	-	-635,639.76	-	-	-10,422,613.40	-11,058,253.16
1. Transfer to special reserve in the period	-	-	-	57,538,524.86	-	-	49,446,114.15	106,984,639.01
2. Amount utilized in the period	-	-	-	-58,174,164.62	-	-	-59,868,727.55	-118,042,892.17
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	22,805,069,335.49	-826,697,303.06	10,201,178.30	890,690,322.28	12,316,177,395.17	68,559,161,478.89	105,676,967,531.07

## Consolidated Statement of Changes in Shareholders' Equity - continued

RMB

Item	2019							Minority interests	Total shareholders' equity
	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. Ordinary shares contributed by shareholders	128,952,746.00	2,058,595,347.69	-	-	-	-	27,255,000.00	2,214,803,093.69	
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	
3. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-	
4. 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 risk 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 offset 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. Transfer to special reserve in the period	-	-	-	108,062,435.41	-	-	115,436,394.98	223,498,830.39	
2. Amount 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	

The accompanying notes form part of the financial statements.

## CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2020

## Statement of Changes in Shareholders' Equity of the Company

RMB

Item	2020						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	
I. Closing balance of the preceding year	1,922,365,124.00	27,576,242,527.73	105,594,576.25	-	630,345,307.43	983,693,068.62	31,218,240,604.03
Add: Changes in accounting policies	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	1,922,365,124.00	27,576,242,527.73	105,594,576.25	-	630,345,307.43	983,693,068.62	31,218,240,604.03
III. Changes for the year	-	15,604,875.00	-58,353.75	-	260,345,014.85	1,458,817,176.64	1,734,708,712.74
(I) Total comprehensive income	-	-	-58,353.75	-	-	2,603,450,148.53	2,603,391,794.78
(II) Owners' contributions and reduction in capital	-	15,604,875.00	-	-	-	-	15,604,875.00
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders' equity	-	15,604,875.00	-	-	-	-	15,604,875.00
3. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	260,345,014.85	-1,144,632,971.89	-884,287,957.04
1. Transfer to surplus reserve	-	-	-	-	260,345,014.85	-260,345,014.85	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-884,287,957.04	-884,287,957.04
4. Others	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
1. Transfer to special reserve in the period	-	-	-	-	-	-	-
2. Amount utilized in the period	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the year	1,922,365,124.00	27,591,847,402.73	105,536,222.50	-	890,690,322.28	2,442,510,245.26	32,952,949,316.77

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

RMB

Item	2019						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
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. Ordinary shares contributed by 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 risk 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 offset by surplus reserve	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-470,465.59	-	-	-470,465.59
1. Transfer to special reserve in the period	-	-	-	919,167.67	-	-	919,167.67
2. Amount 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

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 businesses such as property development and investment.

The Company's and consolidated financial statements have been approved by the Board of Directors on 29 March 2021.

See Notes (VII) "Equity in Other Entities" for details of the scope of consolidated financial statements in the current year. See Note (VI) "Changes in Scope of Consolidation" for details of changes in the scope of consolidated financial statements in the current period.

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

### Basis of preparation of financial statements

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

### Going concern

As at 31 December 2020, the Group had total current liabilities in excess of total current assets of RMB 3,870,940,636.24. On 31 December 2020, the Group had available and unused line of credit amounting to RMB 45,605,365,637.62, 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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

All the following significant accounting policies and accounting estimates are based on the 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 2020, 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) 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 businesses such as property development and investment with one year being an operating cycle.

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

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

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

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

(III) **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 method of consolidated financial statements**

*6.1 Preparation method 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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation method of consolidated financial statements - continued

*6.1 Preparation method 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) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

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

*6.1 Preparation method 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. Classification of joint arrangements and the accounting treatments of joint operations**

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, "Long-term equity investments accounted for using the equity method".

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**7. Classification of joint arrangements and the accounting treatments of joint operations** - 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. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies**

*9.1 Transactions denominated in foreign currencies*

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

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

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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**9. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies - continued**

*9.1 Transactions denominated in foreign currencies - continued*

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions; 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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**9. Transactions denominated in foreign currencies and translation of financial statements denominated in foreign currencies - continued**

*9.2 Translation of financial statements denominated in foreign currencies - continued*

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

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

*10.1 Classification, recognition and measurement of financial assets*

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

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, 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) 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) 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) 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) **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) **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) 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) 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 and equity instruments*

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

*10.4.1 Classification, recognition and measurement of financial liabilities*

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

*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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

*10.4 Classification of financial liabilities and equity instruments* - continued

*10.4.1 Classification, recognition and measurement of financial liabilities*- continued

*10.4.1.1 Financial liabilities at FVTPL*- continued

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

- It has been 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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

*10.4 Classification of financial liabilities and equity instruments* - continued

*10.4.1 Classification, recognition and measurement of financial liabilities*- continued

*10.4.1.2 Other financial liabilities*

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

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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

*10.4 Classification of financial liabilities and equity instruments* - continued

*10.4.2 Derecognition of financial liabilities* - continued

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

*10.4.3 Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Changes 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) 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.

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

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

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

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

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

**11. Accounts receivable**

The Group makes internal credit ratings on customers and determines expected losses rate of notes receivable, accounts receivable 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 default on payment of due amounts is extremely low in the foreseeable future.	0.00-0.10
B	The customer may have overdue payment based on historical experience but they can make repayments.	0.10-0.30
C	The evidences indicate that the overdue credit risks of the customer are significantly increased and there is probability of default on payment.	0.30-50.00
D	The evidences indicate that the accounts receivable are impaired or the customer has significant financial difficulty. The amounts cannot be recovered in the foreseeable future.	50.00-100.00

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**12. Receivables financing**

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**13. Inventories - continued**

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

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

**14. Contract assets**

*14.1 Recognition and criteria of contract assets*

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

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

Refer to Note III,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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**15. Assets held for sale** - continued

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

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

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

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

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

**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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

*16.2 Determination of initial investment cost*

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

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) 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 Long-term equity investments accounted for using the cost method*

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

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

*16.3.2 Long-term equity investments accounted for using the equity method*

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

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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

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

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

*16.3.2 Long-term equity investments accounted for using the equity method* - continued

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

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

*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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

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

*16.4 Disposal of long-term equity investments - continued*

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.

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

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

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

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**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 method*

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

Category	Estimated useful lives	Estimated residual value (%)	Annual depreciation rate (%)
Port and terminal facilities	5-50 years	5.00	1.90-19.00
Buildings and structures	10-50 years	5.00	1.90-9.50
Machinery and equipment, furniture and fixture and other equipment	3-20 years	5.00	4.75-31.67
Motor vehicles and cargo ships	5-25 years	5.00	3.80-19.00

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

*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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**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.

**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. Except for port operation rights, when an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life. The terminal operating rights 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:

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

## 21. Intangible assets - continued

## 21.1 Valuation method and useful life of intangible assets - continued

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

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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**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.

**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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**25. Employee benefits**

*25.1 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 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.

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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**25. Employee benefits** - continued

25.2 Accounting treatment of post-employment benefits - continued

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 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.

**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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Revenue - continued

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

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.

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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**27. Revenue** - continued

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.

**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.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**28. Contract costs** - continued

*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 treatments of government grants**

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

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

*29.1 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.

*29.2 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

29. Types and accounting treatments of government grants - continued

29.2 Accounting treatment of government grants related to income - continued

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, which is not a business combination that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

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

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

(III) 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*

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 Income tax offsetting*

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

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

**31. Leases**

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

*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.

*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:

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

*31.1 The Group as Lessee* - continued

*31.1.3 Lease liabilities* - continued

- fixed payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease;
- amounts expected to be payable by the Group under residual value guarantees.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date. Variable lease payments not included in the measurement of the lease liabilities, are recognised in profit or loss, or in the cost of relevant assets, in the period of those payments.

Interest on the lease liabilities in each period during the lease term is calculated by a constant periodic rate of interest on the remaining balance of the lease liabilities and recognized in the current profit and loss or the cost of the relevant assets.

After the commencement date, if one of the following occurs, the lease liability is remeasured by the Group with the adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the remaining remeasurement should be recognized in profit or loss.

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, the Group remeasures the lease liabilities, on the basis of the revised lease term and the revised discount rate;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities, on the basis of the revised lease payments and the unchanged discount rate, unless the change in the lease payments results from a change in floating interest rates, in which case a revised discount is applied to the present value.

(III) 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.

*31.2.1 Separating components of a lease*

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.

(III) 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.2 Classification of leases - continued

31.2.2.2 The Group as lessor under finance leases - continued

Variable payments receivable not included in the net investment in the lease are recognized in profit or loss when they arise.

Interest income for each period over the lease term is recognized by the Group at the fixed periodic rate.

31.2.3 Subleases

As a lessor of the sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

31.2.4 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any lease advances or receivables relating to the original lease as the lease receipts for the new lease.

The Group should account for a modification to a finance lease as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope with any appropriate adjustment to that stand-alone price

For a modification to a finance lease that is not accounted for as a separate lease, the Group should account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group should account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as 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*.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**31. Leases** - continued

31.2 The Group as Lessor - continued

31.2.5 Sale and leaseback transactions

31.2.5.1 The Group as the seller-lessee

The Group applies the requirements of the revenue standard to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset does not constitute a sale, the Group should continue to recognize the transferred assets and should recognize a financial liability equal to the transfer proceeds applying *ASBE No. 22 Financial Instruments: Recognition and Measurement*. If the transfer of an asset is a sale, the Group should measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use, and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

**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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**33. Discontinued Operation - continued**

Profits or losses from discontinued operations are presented separately in the income statement from continuing operations. Profits and losses from operations or disposals (e.g. impairment losses and reversals of discontinued operations) are presented under discontinued operations. For discontinued operations presented in the current period, the information previously under continuing operations is presented under discontinued operations by the Group in the financial statements for the comparable accounting period.

**34. Safety Production Cost**

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

**35. 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

**35. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued**

*Recognition of deferred income tax*

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

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

(1) Changes in accounting estimates and reasons

The Proposal on the Change in Accounting Estimates of Depreciation Periods of Certain Fixed Assets is deliberated and adopted at the 7th session of the 9th Board of Directors and the 7th session of the 9th Board of Supervisor held on 14 April 2020. The Company has reviewed the estimated useful lives of fixed assets based on their current performance and usage conditions. In order to more objectively and fairly reflect the Group's financial position and results of operations, the Company has decided to change the accounting estimates for the depreciation periods of certain fixed assets, with the main adjustments as follows:

- 1) The depreciation period of port and channel facilities in port and terminal facilities is changed from 40 years to 40-50 years, and the depreciation period of railway lines is changed from 50 years to 40 years.
- 2) The depreciation period of civil support facilities in houses and buildings is changed from 10 years to 25 years.
- 3) The depreciation period of electromechanical equipment in machinery equipment, furniture & fixtures and other equipment is changed from 5 years to 5 years, 8 years or 10 years.
- 4) The depreciation period of special operation ships in motor vehicles and cargo ships is changed from 20 years to 18 years, and that of special operation auxiliary ships is changed from 20 years to 20 years.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**35. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates** - continued

*Recognition of deferred income tax* - continued

(2) **Impact of changes in accounting estimates**

The above adjustments to depreciation periods of fixed assets are implemented from 1 April 2020.

According to "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Corrections of Errors", the adjustment to the depreciation periods of fixed assets is a change in accounting estimate, which should be dealt with using the prospective application method without retrospective adjustment and will not have any impact on the financial position and results of operations of the Group in previous years.

As a result of the above change in accounting estimates, the Group's depreciation expense of fixed assets increased by RMB20.29 million, net profit attributable to the parent company decreased by RMB5.19 million and shareholders' equity attributable to the parent company decreased by RMB5.19 million for the year 2020. The above changes in accounting estimates have no impact on the Company.

**36. Changes in significant accounting estimates**

(1) **Changes in accounting estimates and reasons**

The Proposal on the Change in Accounting Estimates of Depreciation Periods of Certain Fixed Assets is deliberated and adopted at the 7th session of the 9th Board of Directors and the 7th session of the 9th Board of Supervisor held on 14 April 2020. The Company has reviewed the estimated useful lives of fixed assets based on their current performance and usage conditions. In order to more objectively and fairly reflect the Group's financial position and results of operations, the Company has decided to change the accounting estimates for the depreciation periods of certain fixed assets, with the main adjustments as follows:

- 1) The depreciation period of port and channel facilities in port and terminal facilities is changed from 40 years to 40-50 years, and the depreciation period of railway lines is changed from 50 years to 40 years.
- 2) The depreciation period of civil support facilities in houses and buildings is changed from 10 years to 25 years.
- 3) The depreciation period of electromechanical equipment in machinery equipment, furniture & fixtures and other equipment is changed from 5 years to 5 years, 8 years or 10 years.
- 4) The depreciation period of special operation ships in motor vehicles and cargo ships is changed from 20 years to 18 years, and that of special operation auxiliary ships is changed from 20 years to 20 years.

The above changes in the depreciation periods of fixed assets are within the scope of the Group's accounting policy on depreciation of fixed assets.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**36. Changes in significant accounting estimates - continued**

**(2) Financial impact of changes in accounting estimates**

The above adjustments to depreciation periods of fixed assets are implemented from 1 April 2020.

According to "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Corrections of Errors", the adjustment to the depreciation periods of fixed assets is a change in accounting estimate, which should be dealt with using the prospective application method without retrospective adjustment and will not have any impact on the financial position and results of operations of the Group in previous years.

As a result of the above change in accounting estimates, the Group's depreciation expense of fixed assets increased by RMB20.29 million, net profit attributable to the parent company decreased by RMB5.19 million and shareholders' equity attributable to the parent company decreased by RMB5.19 million for the year 2020. The above changes in accounting estimates have no impact on the Company.

**37. Changes in significant accounting policies**

**(1) Interpretation of the Accounting Standards for Business Enterprises No. 13**

On 10 December 2019, the Ministry of Finance issued Interpretation of the Accounting Standards for Business Enterprises No. 13 in Cai Kuai [2019] File No. 21 (hereinafter referred to as " Interpretation No. 13"). Question 1 of Interpretation No. 13 further supplemented the Accounting Standards for Business Enterprises No. 36- Related Party Disclosure and clarified that the following constitute related parties: (1) An enterprise and the joint venture or associated enterprise of any other member unit of the enterprise group to which the enterprise is affiliated (including the parent company and subsidiaries); (2) An enterprise's joint venture and the enterprise's any other joint venture or associated enterprise. Question 2 of Interpretation No. 13 modified the Accounting Standards for Business Enterprises No. 20 - Business Combinations, which provided the definition of business and added guidance on whether the processing process is material, and introduced an optional concentration test to simplify the assessment purpose. The aforesaid provisions have no significant impact on the financial statements of the Group and the Company for 2020.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****37. Changes in significant accounting policies - continued****(2) Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions**

On 19 June 2020, the Ministry of Finance issued Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions in Cai Kuai [2020] File No.10 (hereinafter referred to as "File No.10"). It's specified in File No. 10 that, for rental concessions, provided that certain conditions are satisfied, an enterprise can conduct accounting treatment according to Accounting Standards for Business Enterprises No. 21—Leases, or adopt the simplified method specified in File No.10. Where the enterprise adopts the simplified method, it's unnecessary to assess whether there is lease changes or re-assess the lease classifications. The enterprise shall apply the option to all the similar lease contracts and shall not change it arbitrarily.

The Group determined to adopt the simplified method for all the rental concessions that fall into the applicable scope. The relevant rental concessions handled with the simplified method have no impact on the Company's profits and losses in the current period of 2020, and it's impact on the Group's profits or losses of 2020 is shown as below:

Item	2020	RMB
Operating income	-22,310,378.46	
Operating cost	-293,348.62	
Administrative expenses	-85,515.23	
Non-operating income	-4,940,601.35	
Income tax expenses	-6,320,851.75	
Net profit	-20,551,264.21	
Total comprehensive income	-20,551,264.21	

**(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	9%-13%
	Income from transportation, loading and unloading business and part of modern service industries	6%
	Income from sale of real estate, property management, real estate lease, etc.	5%
Social contribution tax (Note 4)	Income	0.65%-7.6%
Deed tax	Land use right and property transfer amount	3%-5%
Property tax	70% of cost of property or rental income	1.2% or 12%
City maintenance and construction tax	VAT paid	1%-7%
Education surtax	VAT paid	3%

**(IV) TAXES - continued**

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

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.

Note 4: 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.

The Company and some of its subsidiaries were exempted from paying house property tax and urban land use tax, etc. for the first quarter of 2020 in accordance with the Notice on the Issuance of Several Measures to Respond to the COVID-19 Pandemic and Support Enterprises in Weathering Hard Times issued by local people's governments.

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS****1. Cash and bank balances**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Cash	570,307.93	331,305.65
RMB	31,555.69	122,990.39
USD	146,078.94	55,429.82
HKD	24,653.41	28,354.40
BRL	5,997.01	8,872.81
Others	362,022.88	115,658.23
Bank deposit (Note 1)	11,420,083,598.40	7,423,112,193.18
RMB	7,458,567,108.92	4,868,888,181.56
USD	817,495,062.65	1,597,545,919.28
EUR	770,193,517.95	528,103,576.51
BRL	273,701,827.77	310,275,686.79
HKD	2,076,664,153.73	76,041,665.91
AUD	557,797.36	-
Others	22,904,130.02	42,257,163.13
Other cash and bank balances (Note 2)	370,770,828.30	311,504,711.43
RMB	370,726,535.43	311,504,711.43
HKD	44,292.87	-
<b>Total</b>	<b>11,791,424,734.63</b>	<b>7,734,948,210.26</b>
Including: The total amount of funds deposited overseas	5,313,591,920.43	3,511,266,717.03

Note 1: The bank deposits of the Group deposited overseas and restricted for remittance to China at the end of the year totalled nil (at the end of the previous year: nil).

Note 2: The structured deposits in other cash and bank balances that can be readily withdrawn on demand at the end of the year totalled RMB 357,120,261.94, the restricted deposit totalled RMB 11,528,570.90, and the balance of the securities margin account was RMB 2,121,995.46.

**2. Held-for-trading financial assets**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Financial assets at FVTPL	850,165,448.59	-
Including: Debt investment instruments	-	-
Equity investment instruments	165,448.59	-
Structural deposits	850,000,000.00	-
<b>Total</b>	<b>850,165,448.59</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020  
(Unless otherwise specified, the monetary unit shall be RMB.)

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

## 3. Notes receivable

## (1) Category of notes receivable

Category	Closing balance	Opening balance
Bank acceptance	745,000.16	13,290,478.02
Commercial acceptance	3,146,994.68	24,901,772.00
Total	3,891,994.84	38,192,250.02
Less: Provision for credit losses (Note)	-	-
Carrying amount	3,891,994.84	38,192,250.02

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 2020, there are no notes receivable pledged.

(3) As at 31 December 2020, there are no notes receivable endorsed or discounted which are not yet due at the balance sheet date.

(4) As at 31 December 2020, 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 2020.

## 4. Accounts receivable

## (1) Accounts receivable disclosed by aging

Aging	Closing balance		
	Accounts receivable	Provision for credit loss	Proportion (%)
Within 1 year	1,329,489,121.52	18,744,736.21	1.41
More than 1 year but not exceeding 2 years	75,815,966.83	16,737,219.64	22.08
More than 2 years but not exceeding 3 years	2,782,945.61	474,387.92	17.05
More than 3 years	39,639,520.65	39,120,974.68	98.69
Total	1,447,727,554.61	75,077,318.45	

## (2) Disclosure of accounts receivable by categories

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	659,544,396.52	301,903.39	659,242,493.13	552,947,162.60	236,251.00	552,710,911.60
B	0.10-0.30	520,087,318.71	639,654.91	519,447,663.80	730,397,420.98	2,106,455.92	728,290,965.06
C	0.30-50.00	207,630,761.65	23,911,382.65	183,719,379.00	70,292,155.38	1,703,501.79	68,588,653.59
D	50.00-100.00	60,465,077.73	50,224,377.50	10,240,700.23	101,658,746.76	94,789,147.11	6,869,599.65
Total		1,447,727,554.61	75,077,318.45	1,372,650,236.16	1,455,295,485.72	98,835,355.82	1,356,460,129.90

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020  
(Unless otherwise specified, the monetary unit shall be RMB.)

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

## 4. Accounts receivable - continued

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

Item	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
At 1 January 2020	4,046,208.71	94,789,147.11	98,835,355.82
Carrying amount of accounts receivable at 1 January 2020			
-- Transferred to credit-impaired accounts receivables	-	-	-
-- Reversed to not credit-impaired accounts receivable	-	-	-
Provision for the year	22,198,343.29	12,592,586.51	34,790,929.80
Reversal for the year	-870,975.22	-53,139,001.51	-54,009,976.73
Transfer-out from derecognition of financial assets(including direct write-down)	-	-3,287,015.26	-3,287,015.26
Other changes	-520,635.83	-731,339.35	-1,251,975.18
At 31 December 2020	24,852,940.95	50,224,377.50	75,077,318.45

## (4) Accounts receivable written off in the year

Item	Written-off amount
Yantai Jinqian International Shipping Agency LLC Shenzhen Branch	289,193.50
Shandong Province Yantai International Marine Shipping Company Shenzhen Branch	2,997,821.76
Total	3,287,015.26

## (5) The top five balances of accounts receivable at the end of the year classified by debtor

Name of entity	Closing balance	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision for credit loss
Client A	213,605,473.08	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	14.75	213,605.47
Client B	78,767,592.24	Within 2 years	5.44	13,358,983.64
Client C	63,238,786.43	Within 1 year	4.37	63,238.79
Client D	56,326,325.71	Within 1 year	3.89	56,326.33
Client E	34,581,743.22	Within 2 years	2.39	5,865,063.65
Total	446,519,920.68		30.84	19,557,217.88

## 5. Receivables financing

## (1) Receivables financing classification

Items	Closing balance	Opening balance
Bank acceptance measured by fair value	217,449,966.41	260,760,537.45

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

## 5. Receivables financing - continued

- (2) On 31 December 2020, the Group has no pledged receivables financing.
- (3) On 31 December 2020, The Group has endorsed or discounted and has not yet matured the financing of receivables on the balance sheet date.

Item	Closing balance		Opening balance	
	Derecognized	Recognized	Derecognized	Recognized
Bank acceptance measured by fair value	129,866,604.18	-	129,391,886.08	-

## 6. Prepayments

- (1) Aging analysis of prepayment

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	48,508,252.83	98.55	50,341,341.46	91.47
More than 1 year but not exceeding 2 years	581,084.82	1.18	4,533,596.99	8.24
More than 2 years but not exceeding 3 years	-	-	-	-
More than 3 years	131,512.46	0.27	159,081.36	0.29
Total	49,220,850.11	100.00	55,034,019.81	100.00

- (2) As at 31 December 2020, the Group has no significant prepayments aged more than one year.
- (3) The top five balances of prepayments at the end of the year classified by entities

Name of entity	Relationship with the Company	31 December 2020	Proportion of the closing balance to the total prepayments (%)
Saham Assurance Togo S.A.	Non-related party	11,437,000.52	23.23
Chubb Seguros Brasil S.A.	Non-related party	2,671,202.65	5.43
Uptime Group	Non-related party	1,997,591.63	4.06
Fairfax Brasil Seguros Corporativos S.A.	Non-related party	1,964,254.53	3.99
CCCC First Harbour Consultants Co., Ltd.	Non-related party	1,614,912.75	3.28
Total		19,684,962.08	39.99

## 7. Other receivables

## 7.1 Summary of other receivables

Item	Closing balance	Opening balance
Interest receivable	-	159,794.48
Dividend receivable	258,137,208.69	459,352,522.24
Other receivables	3,299,058,252.57	1,669,865,935.78
Total	3,557,195,461.26	2,129,378,252.50

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

7. Other receivables - continued

7.2 Interest receivable

(1) Classification of interest receivable

Item	Closing balance	Opening balance
Interest receivable from related parties	-	159,954.43
Total	-	159,954.43
Less: Provision for credit loss	-	159.95
Book value	-	159,794.48

(2) As at 31 December 2020, the Group has no significant overdue interest.

7.3 Dividend receivable

(1) Presentation of dividend receivable

Name of investee	Closing balance	Opening balance
China Nanshan Development (Group) Incorporation ("Nanshan Group")	210,831,000.00	313,435,420.00
Tin-Can Island Container Terminal Ltd	33,289,037.77	82,625,546.31
Qingdao Qianwan United Container Terminal Co., Ltd.	-	50,000,000.00
Others	14,275,566.52	13,751,368.26
Total	258,395,604.29	459,812,334.57
Less: Provision for credit loss	258,395.60	459,812.33
Book value	258,137,208.69	459,352,522.24

(2) Significant dividend receivable aged more than 1 year

Name of investee	Closing balance	Aging	Why unrecovered	Closing balance of provision for credit losses
Nanshan Group	140,554,000.00	More than 1 year but not exceeding 2 years	Undergoing relevant formalities and expected to be recovered at the end of 2021	140,554.00

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

## 7. Other receivables - continued

## 7.3 Dividend receivable - continued

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

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2020	459,812.33	-	-	459,812.33
Carrying amount of dividends receivable at 1 January 2020				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	-	-	-	-
Reversal for the year	-201,416.73	-	-	-201,416.73
Transfer-out on derecognition of financial assets( including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2020	258,395.60	-	-	258,395.60

## 7.4 Other receivables

## (1) Other receivables disclosed by aging

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion (%)
Within 1 year	2,490,939,969.22	833.00	-
More than 1 year but not exceeding 2 years	966,120,027.06	306,461,787.82	31.72
More than 2 years but not exceeding 3 years	13,122,683.91	81,664.02	0.62
More than 3 years	350,606,928.00	215,187,070.78	61.38
Total	3,820,789,608.19	521,731,355.62	

## (2) Disclosure of other receivables by nature

Item	Closing balance	Opening balance
Land compensation (Note 1)	2,742,032,000.00	521,246,000.00
Operation compensation (Note 2)	687,057,815.03	669,121,539.36
Temporary payments	159,559,495.82	334,617,193.32
Compensation for profit or loss on transition	38,312,376.24	35,317,035.66
Deposits	20,162,834.12	21,309,320.77
Others	173,665,086.98	124,618,962.15
Total	3,820,789,608.19	1,706,230,051.26
Less: Provision for credit loss	521,731,355.62	36,364,115.48
Book value	3,299,058,252.57	1,669,865,935.78

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

7. Other receivables - continued

7.4 Other receivables - continued

(2) Disclosure of other receivables by nature - continued

Note 1: 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 should be returned to Shantou Land Reserve Center by Shantou Port, which is amounting to RMB1,558,032,000.00. Among them, 183.63 mu of land have been transferred in 2020 and attached buildings were transferred in 2019, and the remaining 187.33 mu of land and attached buildings has been transferred in 2020, with the carrying amount of RMB188,404,228.34 and the consideration of compensation of approximately RMB786,786,000.00. After deduction of transaction costs, the gains on compensation were recognized in RMB561,650,519.31. As at 31 December 2020, the land compensation totalling RMB1,208,032,000.00 has not yet been recovered.

On 21 August 2020, Shantou Port entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Land Reserve Center of Shantou Haojiang District. Pursuant to the contract, the land and attached buildings of approximately 152.34 mu located in Yutianwen, Queshi, Haojiang District, Shantou, should be returned to Land Reserve Center of Shantou Haojiang District by Shantou Port, which is amounting to RMB250,000,000.00. The transfer of above-mentioned land and attached buildings was completed before 31 December 2020, with the net book value of RMB163,735,397.39. After deduction of transaction costs, the gains on compensation were recognized in RMB57,521,085.00. As at 31 December 2020, the land compensation totalling RMB200,000,000.00 has not yet been recovered.

On 22 December 2020, Shantou Port entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Shantou Land Reserve Center. Pursuant to the contract, the land and attached buildings of approximately 648.78 mu located in Zhuchi Deepwater Port of Shantou should be returned to Shantou Land Reserve Center by Shantou Port, which is amounting to RMB2,724,876,000.00. Among them, 320 mu of land and attached buildings were transferred by 31 December 2020, with the carrying amount of RMB356,612,428.85 and the consideration of compensation is RMB1,344,000,000.00. After deduction of transaction costs, the gains on compensation were recognized in RMB912,690,740.68. As at 31 December 2020, the land compensation totalling RMB1,334,000,000.00 has not yet been recovered, and the remaining 328.78 mu of land and attached buildings have not been transferred, which are presented as assets held for sale by the Group.

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

7. Other receivables - continued

7.4 Other receivables - continued

(2) Disclosure of other receivables by nature - continued

Note 2: It is the operation compensation amounting to RMB687,057,815.03 that the subsidiaries of the Company should collect from the holding companies of minority shareholders. The aforesaid amount has been overdue. Therefore, the Group made a corresponding credit impairment loss of RMB477,037,952.97.

(3) Provision for credit loss on other receivables

As part of the Group's credit risk management, the Group conducts internal credit ratings for its customers and determines the expected loss rate for other receivables for each rating. Such expected average loss rates are based on actual historical impairments and taking into account the current and future economic conditions.

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

## 7. Other receivables - continued

## 7.4 Other receivables - continued

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

As at 31 December 2020, the credit risk and expected credit loss of other receivables of each category of customers are presented as below:

Credit rating	Expected credit loss rate (%)	Closing balance				Opening balance			
		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	3,098,532,380.95	-	-	3,098,532,380.95	1,669,968,696.05	-	-	1,669,968,696.05
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	722,257,227.24	722,257,227.24	-	-	36,261,355.21	36,261,355.21
Account balance		3,098,532,380.95	-	722,257,227.24	3,820,789,608.19	1,669,968,696.05	-	36,261,355.21	1,706,230,051.26
Provision for credit loss		95,128.38	-	521,636,227.24	521,731,355.62	102,760.27	-	36,261,355.21	36,364,115.48
Book value		3,098,437,252.57	-	200,621,000.00	3,299,058,252.57	1,669,865,935.78	-	-	1,669,865,935.78

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

## 7. Other receivables - continued

## 7.4 Other receivables - continued

## (4) Changes in provision for credit loss of other receivables

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2020	102,760.27	-	36,261,355.21	36,364,115.48
Carrying amount of other receivables at 1 January 2020				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-17,528.45	-	17,528.45	-
--Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	66,893.25	-	477,037,952.97	477,104,846.22
Reversal for the year	-56,996.69	-	-1,081,532.21	-1,138,528.90
Transfer-out on derecognition of financial assets( including direct write-down)	-	-	-	-
Other changes	-	-	9,400,922.82	9,400,922.82
At 31 December 2020	95,128.38	-	521,636,227.24	521,731,355.62

(5) In the period from 1 January 2020 to 31 December 2020, the Group has no other receivables written off.

(6) The top five balances of other receivables at the end of the year classified by debtor

Name of entity	Nature	Closing balance	Aging	Proportion of the amount to the other receivable (%)	Provision for credit loss at the end of the year
Entity 1	Land compensation	2,542,032,000.00	Within 1 year, more than 1 year but not exceeding 2 years	66.53	39,052.09
Entity 2	Operation compensation	687,057,815.03	more than 1 year but not exceeding 2 years, more than 3 years	17.98	486,432,815.03
Entity 3	Land compensation	200,000,000.00	Within 1 year	5.23	3072.51
Entity 4	Temporary payments	57,607,520.00	More than 3 years	1.51	5,760.75
Entity 5	Temporary payments	43,551,875.85	More than 5 years	1.14	4,355.19
Total		3,530,249,210.88		92.39	486,485,055.57

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

## 8. Inventories

## (1) Categories of inventories

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	168,127,613.81	884,061.15	167,243,552.66	147,548,980.01	1,918,890.33	145,630,089.68
Finished goods	31,606,387.22	-	31,606,387.22	4,944,593.66	-	4,944,593.66
Revolving materials	-	-	-	-	-	-
Others	12,516,519.00	-	12,516,519.00	13,405,508.74	-	13,405,508.74
Total	212,250,520.03	884,061.15	211,366,458.88	165,899,082.41	1,918,890.33	163,980,192.08

## (2) Provision for decline in value of inventories

Item	1 January 2020	Provision	Decrease		31 December 2020
			Reversal	Write-off	
Raw materials	1,918,890.33	-	947,694.12	87,135.06	884,061.15

(3) As at 31 December 2020, the Group has no capitalized borrowing cost in the balance of inventories.

## 9. Assets held for sale

Item	Carrying amount at closing balance	Fair value at closing balance	Estimated disposal expenses	Schedule
Long-term assets held for sale	337,442,757.28	1,380,876,000.00	5,608,306.69	Before 30 June 2021
Less: Provision for impairment of assets held for sale	-			
Carrying amount	337,442,757.28			

Note: Refer to Note (V) 7.4(2) for details.

## 10. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	67,760,233.67	809,702,715.78
Less: Provision for credit loss	67,760.23	809,702.72
Carrying amount	67,692,473.44	808,893,013.06

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

## 11. Other current assets

## (1) Categories of other current assets

Item	Closing balance	Opening balance
Structural deposits	102,749,431.10	2,000,298,176.18
Including: Principal	100,000,000.00	1,991,000,000.00
Interest receivable	2,749,431.10	9,298,176.18
Prepaid taxes	47,556,756.97	31,612,381.68
Others(Note)	283,360,013.35	266,882,103.84
Total	433,666,201.42	2,298,792,661.70
Less: Provision for credit loss	-	-
Book value	433,666,201.42	2,298,792,661.70

Note: It's mainly the VAT credits of domestic subsidiaries.

## 12. Long-term receivables

## (1) Details of long-term receivables

Item	Closing balance			Opening balance		
	Account balance	Provision for credit loss	Book value	Account balance	Provision for credit loss	Book value
Principal and interest of receivables for cooperation	286,330,144.62	286,330.14	286,043,814.48	1,025,631,435.87	1,025,631.44	1,024,605,804.43
Advances to shareholders (Note)	3,663,271,923.98	3,663,271.92	3,659,608,652.06	869,503,011.54	869,503.01	868,633,508.53
Financing lease deposits	10,000,000.00	10,000.00	9,990,000.00	14,500,000.00	14,500.00	14,485,500.00
Total	3,959,602,068.60	3,959,602.06	3,955,642,466.54	1,909,634,447.41	1,909,634.45	1,907,724,812.96
Less: Long-term receivables due within 1 year	67,760,233.67	67,760.23	67,692,473.44	809,702,715.78	809,702.72	808,893,013.06
Long-term receivables due over 1 year	3,891,841,834.93	3,891,841.83	3,887,949,993.10	1,099,931,731.63	1,099,931.73	1,098,831,799.90

Note: The addition this year is mainly the payment made by Direct Achieve Investments Limited, a subsidiary of the Company, for the acquisition of the terminal, on the behalf of its associate, Terminal Link SAS. As at 31 December 2020, the total principal and interest are equivalent to RMB2,797,354,060.41, please refer to Note (V) 13 for details.

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

## 12. Long-term receivables - continued

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

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
At 1 January 2020	1,909,634.45	-	-	1,909,634.45
Carrying amount of other current assets at 1 January 2020				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the year	2,791,910.10	-	-	2,791,910.10
Reversal for the year	-741,942.49	-	-	-741,942.49
Transfer-out on derecognition of financial assets( including direct write-down)	-	-	-	-
Other changes	-	-	-	-
At 31 December 2020	3,959,602.06	-	-	3,959,602.06

(3) As at 31 December 2020, there are no long-term receivables derecognized due to the transfer of financial assets.

(4) There are no assets and liabilities arising from the transfer or continuing involvement of long-term receivables at 31 December 2020.

CHINA MERCHANTS PORT GROUP CO., LTD.

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

13. Long-term equity investments

Investees	Accounting method	1 January 2020	Changes for the year									31 December 2020	Closing balance of provision for impairment
			Increase	Decrease	Investment profit 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	2,635,767,875.28	-	-	71,938,690.26	-	-	-	-	-	-174,410,003.58	2,533,296,561.96	-
Port of Newcastle	Equity method	2,199,996,246.66	-	-	-7,767,864.73	5,561,700.43	-	-	-106,920,517.08	-	58,179,379.39	2,149,048,944.67	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,504,764,906.58	-	-	102,594,175.95	-	-	-	-100,000,000.00	-	-	1,507,359,082.53	-
Ningbo Daxie Merchants International Terminals Co., Ltd. (hereinafter referred to as "Ningbo Daxie") (Note 1)	Equity method	853,995,291.23	-	-	112,101,331.18	-	3,703,504.36	-	-	-969,800,126.77	-	-	-
Yantai Port Group Laizhou Port Co., Ltd. (formerly known as "China Overseas Harbour Affairs (Laizhou) Co., Ltd.")	Equity method	792,062,228.58	-	-	24,750,032.44	-	-	-	-33,980,174.52	-	-	782,832,086.50	-
Fujian Zhaohang Logistics Management Partnership (limited partnership) ("Zhaohang Logistics") (Note 2)	Equity method	-	450,000,000.00	-	2,283,105.00	-	-	-	-	-	-	452,283,105.00	-
Others	Equity method	1,405,640,017.89	-	-	52,096,085.60	19,869,062.92	-1,978.10	-	-20,835,178.59	-	-20,844,084.29	1,435,923,925.43	-
Subtotal		9,392,226,566.22	450,000,000.00	-	357,995,555.70	25,430,763.35	3,701,526.26	-	-261,735,870.19	-969,800,126.77	-137,074,708.48	8,860,743,706.09	-
II. Associates													
Shanghai International Port (Group) Co., Ltd.	Equity method	23,918,042,867.55	-	-	2,234,593,249.98	142,216,652.43	-37,597,358.33	-	-899,371,516.97	-	3,899,286.75	25,361,783,181.41	-
Nanshan Group	Equity method	5,090,137,515.66	-	-	424,745,838.41	-18,284,905.75	-31,623,552.67	-	-74,028,000.00	-	-	5,390,946,895.65	-
Terminal Link SAS(Note 3)	Equity method	4,212,404,575.41	2,746,841,398.03	-	312,427,210.29	-33,697,616.56	-	-	-	-	-434,422,522.26	6,803,553,044.91	-
Liaoning Port Co., Ltd. (formerly known as "Dalian Port (PDA) Company Limited" and renamed on 28 January 2021)	Equity method	3,293,260,555.78	-	-	169,692,898.03	2,865,701.41	7,108,981.80	-	-57,009,456.00	-	40,045,832.60	3,455,964,513.62	621,818,684.80
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	Equity method	6,841,066,224.12	-	-	335,639,784.43	-	-	-	-	-	-	7,176,706,008.55	-
Ningbo Zhoushan Port Company Limited (Note 4)	Equity method	-	-	-	-	-	-	-	-	3,098,292,286.95	-	3,098,292,286.95	-
China Merchants Northeast Asia Development & Investment Co., Ltd. (Note 5)	Equity method	-	1,000,000,000.00	-	7,786,285.71	-	-	-	-	-	-	1,007,786,285.71	-
Others	Equity method	5,169,401,078.52	70,665,700.00	-92,584,800.00	146,036,140.53	70,804,284.42	72,409,190.38	-	-75,291,321.55	-	-285,292,771.74	5,076,147,500.56	-
Subtotal		48,524,312,817.04	3,817,507,098.03	-92,584,800.00	3,630,921,407.38	163,904,115.95	10,297,261.18	-	-1,105,700,294.52	3,098,292,286.95	-675,770,174.65	57,371,179,717.36	621,818,684.80
Total		57,916,539,383.26	4,267,507,098.03	-92,584,800.00	3,988,916,963.08	189,334,879.30	13,998,787.44	-	-1,367,436,164.71	2,128,492,160.18	-812,844,883.13	66,231,923,423.45	621,818,684.80

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

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

Note 1: Refer to Note (VI) 1 for details.

Note 2: In September 2020, the Company entered into limited partnership agreements with AVIC Trust Co., Ltd., Quanzhou Transportation Development Property Investment Co., Ltd etc. Under these agreements, the Company invested RMB 450 million to participate in the establishment of Zhaohang Logistics. As a limited partner, the Company can appoint one of the five members of the management committee. According to the provisions of the limited partnership agreement, Zhaohang Logistics will be controlled by all the partners jointly.

Note 3: On 25 November 2019, the subsidiary of the Company, China Merchants Port Holdings Company ("CMPort") has signed the shareholders' agreement with the associate Terminal Link SAS and its shareholder CMA CGM S.A. According to this agreement, CMPort intends to subscribe for mandatory convertible bonds of USD468 million and grant a loan facility of USD500 million to Terminal Link SAS in order to support Terminal Link SAS' acquisition plan of 10 target terminals. On 26 March 2020, the Company subscribed mandatory convertible bonds, equivalent to RMB2,746,841,398.03. Meanwhile, Direct Achieve Investments Limited, a subsidiary of the Company, provided a long-term loan to Terminal Link SAS for the terminal acquisition project and charged interest to Terminal Link SAS at an interest rate of 6%. As of 31 December 2020, the Company's long-term receivable of aggregate principal and interest from Terminal Link SAS, equivalent to RMB2,797,354,060.41.

Note 4: The Company acquired 383 million shares of Ningbo Zhoushan Port Company Limited with its own funds through centralized bidding on the Shanghai Stock Exchange during the year. As of 31 December 2020, the Company and China Merchants International Terminals (Ningbo) Co., Ltd., a subsidiary of the Company, held a total of 5% equity interest in Ningbo Zhoushan Port Company Limited and could appoint one director among the 12 members of the board of directors. Therefore, the Company has significant influence on Ningbo Zhoushan Port Company Limited And the company would change its equity investment in Ningbo Zhoushan from other equity instrument investment to long-term equity investment in associates

Note 5: On 3 April 2020, the Company entered into a joint investment agreement with Liaoning Port Group Co., Ltd. and China Merchants Shekou Holdings Co., Ltd., pursuant to which the Company invested RMB1 billion to participate in the establishment of China Merchants Northeast Asia Development & Investment Co., Ltd., with a 22.22% shareholding, and may appoint one director among the five members of the board of directors.

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

## 14. Investments in other equity instruments

## (1) Details of investments in other equity instruments

Investees	Closing balance	Opening balance
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	144,424,830.00	144,069,435.00
Others	37,042,227.74	19,491,837.00
Total	181,467,057.74	163,561,272.00

## (2) Details of non-trading equity instruments

Item	Dividends income recognized for the year	Accumulated gains/losses	Amounts transferred to retained earnings from other comprehensive income	Why designated as FVTOIC	Why transferred to retained earnings from other comprehensive income
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	7,891,500.00	130,914,830.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Others	676,750.21	9,199,796.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Total	8,568,250.21	140,114,626.00	-		

## 15. Other non-current financial assets

Item	Closing balance	Opening balance
Financial assets at FVTPL	910,807,452.56	2,385,363,537.39
Including: Investments in equity instruments	910,807,452.56	2,385,363,537.39
Including: Ningbo Zhoushan Port Co., Ltd. (Note)	-	1,548,914,671.20
Qingdao Port International Co., Ltd.	886,385,139.77	820,263,917.11
Others	24,422,312.79	16,184,949.08

Note: Refer to Note (V) 13 for details.

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

## 16. Investment properties

## (1) Investment properties measured under cost method

Item	Land use rights	Buildings and structures	Total
I. Total original carrying amount			
1. Balance at 1 January 2020	105,727,492.82	6,291,738,452.02	6,397,465,944.84
2. Increase for the year	-	206,574.38	206,574.38
(1) Purchase	-	206,574.38	206,574.38
3. Decrease for the year	-	13,724,755.35	13,724,755.35
(1) Disposal	-	1,071,645.35	1,071,645.35
(2) Transfer to held-for-sale	-	12,653,110.00	12,653,110.00
4. Balance at 31 December 2020	105,727,492.82	6,278,220,271.05	6,383,947,763.87
II. Accumulated depreciation and amortisation			
1. Balance at 1 January 2020	31,252,512.29	605,950,758.15	637,203,270.44
2. Increase for the year	2,282,103.95	187,672,206.29	189,954,310.24
(1) Provision for the year	2,282,103.95	187,672,206.29	189,954,310.24
3. Decrease for the year	-	1,965,092.02	1,965,092.02
(1) Disposal	-	489,845.42	489,845.42
(2) Transfer to held-for-sale	-	1,475,246.60	1,475,246.60
4. Balance at 1 January 2020	33,534,616.24	791,657,872.42	825,192,488.66
III. Impairment provision			
1. Balance at 1 January 2020	-	-	-
2. Increase for the year	-	-	-
3. Decrease for the year	-	-	-
4. Balance at 31 December 2020	-	-	-
IV. Book value			
1. At 31 December 2020	72,192,876.58	5,486,562,398.63	5,558,755,275.21
2. At 1 January 2020	74,474,980.53	5,685,787,693.87	5,760,262,674.40

## (2) Investment properties without ownership certificates

Item	Closing balance	Opening balance
Buildings, structures, and land use rights	19,256,400.05	40,255,588.09

## 17. Fixed assets

## 17.1 Summary of fixed assets

Item	Closing balance	Opening balance
Fixed assets	29,469,832,876.56	27,519,109,906.41
Disposal of fixed assets	1,750,748.00	852,622.88
Total	29,471,583,624.56	27,519,962,529.29

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

## 17. Fixed assets - continued

## 17.2 Fixed assets

## (1) Details of fixed assets

Item	Port and terminal facilities	Buildings and structures	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Total
I. Total original carrying amount					
1. Balance at 1 January 2020	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
2. Increase for the year	4,524,798,470.75	369,350,604.72	2,213,225,703.62	164,937,079.91	7,272,311,859.00
(1) Purchase	71,684,688.10	700,802.12	114,357,577.13	13,029,518.26	199,772,585.61
(2) Transfer from development expenditure	1,408,916.16	-	-	-	1,408,916.16
(3) Transfer from construction in progress	1,754,888,222.69	142,301,793.67	476,726,701.65	106,199,438.61	2,480,116,156.62
(4) Transfer from right-of-use assets	-	-	307,458,506.08	38,350,000.00	345,808,506.08
(5) Effect of changes in the scope of consolidation	2,696,816,643.80	226,348,008.93	1,314,682,918.76	7,358,123.04	4,245,205,694.53
3. Decrease for the year	718,395,304.50	47,101,576.44	380,761,375.46	28,965,159.53	1,175,223,415.93
(1) Disposal or retirement	445,859,279.24	15,456,387.45	295,286,035.68	28,965,159.53	785,566,861.90
(2) Transfer to construction in progress	50,622,456.67	31,645,188.99	83,619,288.11	-	165,886,933.77
(3) Transfer to held for sale assets (Note)	221,913,568.59	-	1,856,051.67	-	223,769,620.26
4. Reclassification	33,350,877.05	-84,290,946.10	50,940,069.05	-	-
5. Effect of changes in foreign exchange	-817,227,476.73	-11,017,342.84	-340,786,841.33	-44,002,772.02	-1,213,034,432.92
6. Balance at 31 December 2020	29,857,754,145.38	1,846,633,680.88	15,230,695,476.39	2,131,186,009.40	49,066,269,312.05
II. Accumulated depreciation					
1. Balance at 1 January 2020	7,595,730,173.47	398,455,580.82	7,776,172,621.82	835,082,151.24	16,605,440,527.35
2. Increase for the year	1,717,137,050.23	112,325,736.21	1,917,530,741.07	141,926,361.56	3,888,919,889.07
(1) Provision	834,686,032.22	66,028,685.87	803,408,657.69	107,037,420.27	1,811,160,796.05
(2) Transfer from right-of-use assets	-	-	170,414,913.99	29,164,345.13	199,579,259.12
(3) Effect of changes in the scope of consolidation	882,451,018.01	46,297,050.34	943,707,169.39	5,724,596.16	1,878,179,833.90
3. Decrease for the year	344,308,285.21	23,249,291.57	259,760,512.01	27,358,236.10	654,676,324.89
(1) Disposal or retirement	211,350,460.07	4,417,031.71	258,199,762.47	27,358,236.10	501,325,490.35
(2) Transfer to construction in progress	24,461,742.42	18,832,259.86	-	-	43,294,002.28
(3) Transfer to held for sale assets (Note)	108,496,082.72	-	1,560,749.54	-	110,056,832.26
4. Reclassification	-5,413,861.57	-17,320,060.74	22,733,922.31	-	-
5. Effect of changes in foreign exchange	-130,349,585.98	-2,208,633.67	-158,886,817.90	-9,330,036.71	-300,775,074.26
6. Balance at 31 December 2020	883,2795,490.94	468,003,331.05	9,297,789,955.29	940,320,239.99	19,538,909,017.27
III. Impairment provision					
1. Balance at 1 January 2020	57,419,468.96	-	245,399.18	-	57,664,868.14
2. Increase for the year	-	-	-	-	-
3. Disposal or retirement for the year	-	-	-137,449.92	-	-137,449.92
4. Reclassified amount for the year	-	63,906.47	-63,906.47	-	-
5. Balance at 31 December 2020	57,419,468.96	63,906.47	44,042.79	-	57,527,418.22
IV. Book value					
1. Book value at 31 December 2020	20,967,539,185.48	1,378,566,443.36	5,932,861,478.31	1,190,865,769.41	29,469,832,876.56
2. Book value at 1 January 2020	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

Note: Refer to Note (V) 7.4 for details.

(2) The Group has no fixed assets that are temporarily idle as at 31 December 2020.

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

## 17. Fixed assets - continued

## 17.2 Fixed assets - continued

## (3) Fixed assets leased out under operating leases

Item	Book value at 31 December 2020	Book value at 31 December 2019
Buildings and structures	291,567,507.17	312,602,129.37
Port and terminal facilities	79,578,478.13	12,233,139.52
Machinery and equipment, furniture and fixture and other equipment	8,646,797.33	63,964.98
Commercial housing	4,757,652.18	-
Motor vehicles and cargo ships	-	17,754.72
Total	384,550,434.81	324,916,988.59

## (4) Fixed assets without ownership certificates

Item	Book value at 31 December 2020	Book value at 31 December 2019
Buildings, structures, port and terminal facilities	1,751,680,587.08	1,652,483,135.07

## (5) Other issues

Item	Amount	Remark
Cost of fixed assets fully depreciated but still in use at the end of the year	3,939,760,874.98	
Cost of fixed assets temporarily idle at the end of the year	-	
Fixed assets disposed and retired in the year		
Cost of fixed assets disposed and retired in the year	785,566,861.90	
Net value of fixed assets disposed and retired in the year	284,103,921.63	
Loss on disposal or retirement of fixed assets in the year	-45,180,168.60	

## 17.3 Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery and equipment, furniture and fixture and other equipment	1,216,187.48	848,410.93
Motor vehicles and cargo ships	17,000.05	4,211.95
Port and terminal facilities	517,560.47	-
Total	1,750,748.00	852,622.88

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

## 18. Construction in progress

## 18.1 Summary of construction in progress

Item	Closing balance	Opening balance
Construction in progress	5,366,181,331.72	6,318,389,715.70
Materials for construction of fixed assets	15,249,274.46	15,751,726.18
Total	5,381,430,606.18	6,334,141,441.88

## 18.2 Construction in progress

## (1) Details of construction in progress

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Port and terminal facilities	4,662,213,617.98	-	4,662,213,617.98	5,713,564,853.28	787,181.96	5,712,777,671.32
Berths and yards	336,353,712.35	-	336,353,712.35	296,933,093.52	-	296,933,093.52
Infrastructure	197,699,601.64	-	197,699,601.64	175,423,610.37	-	175,423,610.37
Ship under construction	58,674,526.32	-	58,674,526.32	80,042,167.50	-	80,042,167.50
Others	111,239,873.43	-	111,239,873.43	53,213,172.99	-	53,213,172.99
Total	5,366,181,331.72	-	5,366,181,331.72	6,319,176,897.66	787,181.96	6,318,389,715.70

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

## 18. Construction in progress - continued

## 18.2 Construction in progress - continued

## (2) The top ten balances of construction in progress

Item	Budget amount	1 January 2020	Increase for the year	Transfer to fixed assets	Other decreases for the year	Effect of changes in foreign exchange	31 December 2020	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	2,851,020,136.97	1,058,989,758.99	485,237,057.61	-	-	-	1,544,226,816.60	54.16	54.16	40,818,524.04	35,011,773.08	4.13	Self-funding and loan
Hydraulic structure engineering for the reconstruction project of Berth 1# - 4#, Haixing Terminal	2,639,607,386.75	1,407,055,802.30	143,384,534.55	85,936,753.07	405,379,918.39	-72,157,673.43	986,965,991.96	56.00	56.00	537,530.59	537,530.59	2.55	Self-funding and loan
Phase III project for the bulk grain warehouses at Berth 2# and 3#, Mayong Port Area	620,000,000.00	321,198,858.46	165,851,858.79	-	-	-	487,050,717.25	78.56	78.56	2,552,884.46	2,535,928.90	4.38	Self-funding and loan
General cargo terminal project at Donghai Island Port Area of Zhanjiang Port	737,792,300.00	234,308,909.02	230,330,096.08	-	-	-	464,639,005.10	62.98	62.98	14,018,717.36	11,153,244.13	4.79	Self-funding and loan
Universal terminal project at Xiashan Port Area of Zhanjiang Port	905,348,400.00	254,545,729.28	112,037,664.03	-	-	-	366,583,393.31	40.49	40.49	31,484,883.79	10,995,102.59	4.79	Self-funding and loan
Phase I reconstruction project for the old tank area of the Petrochemical Department of Zhanjiang Port	218,378,500.00	178,983,632.92	3,485,964.32	-	-	-	182,469,597.24	83.56	83.56	5,024,262.73	-	-	Self-funding and loan
Phase I expansion project for the container terminal at Baoman Port Area, Zhanjiang Port	2,412,810,000.00	155,695,498.79	316,981.13	-	-	-	156,012,479.92	6.47	6.47	964,740.46	-	-	Self-funding and loan
Phase I project for the stuffing and destuffing service area of Baoman Port Area, Zhanjiang Port	606,521,505.83	134,029,761.00	3,045,453.56	-	-	-	137,075,214.56	22.60	22.60	16,689,500.56	-	-	Self-funding and loan
Reconstruction project for Yard 16# of the bulk cargo terminal, Zhanjiang Port	120,120,000.00	1,492,394.31	97,845,222.36	-	-	-	99,337,616.67	82.70	82.70	-	-	-	Self-funding
Berth #1 project for Shantou Guang'ao Port Area	190,000,000.00	-	68,846,809.70	-	-	-	68,846,809.70	36.24	36.24	298,799.22	298,799.22	4.79	Self-funding and loan
Total	11,301,598,229.55	3,746,300,345.07	1,310,381,642.13	85,936,753.07	405,379,918.39	-72,157,673.43	4,493,207,642.31			112,389,843.21	60,532,378.51		

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

## 18. Construction in progress - continued

## 18.3 Materials for construction of fixed assets

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	15,249,274.46	-	15,249,274.46	15,751,726.18	-	15,751,726.18

## 19. Right-of-use assets

## (1) Details of right-of-use assets

Item	Port and terminal facilities	Buildings and structures	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Others	Total
I. Cost						
1. Balance at 1 January 2020	6,689,402,526.61	186,206,419.38	767,725,299.95	45,970,740.24	2,846,079,467.04	10,535,384,453.22
2. Increase for the year	484,770,470.31	11,433,840.25	7,672,321.67	-	2,673,929.81	506,550,562.04
(1) Purchase	484,770,470.31	11,433,840.25	7,672,321.67	-	2,673,929.81	506,550,562.04
3. Decrease for the year	23,874,770.86	28,210,371.94	309,391,492.48	38,350,000.00	4,302,156.07	404,128,791.35
(1) Termination of lease	23,874,770.86	28,210,371.94	309,391,492.48	38,350,000.00	4,302,156.07	404,128,791.35
4. Effect of changes in foreign exchange	-377,928,574.94	-8,767,271.15	2,616.89	-	-182,308,916.92	-569,002,146.12
5. Balance at 31 December 2020	6,772,369,651.12	160,662,616.54	466,008,746.03	7,620,740.24	2,662,142,323.86	10,068,804,077.79
II. Accumulated depreciation						
1. Balance at 1 January 2020	378,840,364.31	36,980,701.16	231,571,742.64	30,948,956.19	223,717,298.46	902,059,062.76
2. Increase for the year	238,125,255.25	19,582,502.81	50,762,871.87	1,958,694.54	45,315,531.18	355,744,855.65
(1) Provision	238,125,255.25	19,582,502.81	50,762,871.87	1,958,694.54	45,315,531.18	355,744,855.65
3. Decrease for the year	7,197,030.47	25,070,374.43	172,347,900.39	29,164,345.13	4,159,351.13	237,939,001.55
(1) Termination of lease	7,197,030.47	25,070,374.43	172,347,900.39	29,164,345.13	4,159,351.13	237,939,001.55
4. Effect of changes in foreign exchange	-21,008,481.15	-1,077,275.10	-682,790.90	-	-15,508,009.52	-38,276,556.67
5. Balance at 31 December 2020	588,760,107.94	30,415,554.44	109,303,923.22	3,743,305.60	249,365,468.99	981,588,360.19
III. Impairment provision						
1. Balance at 1 January 2020	-	-	-	-	-	-
2. Increase for the year	-	-	-	-	-	-
3. Decrease for the year	-	-	-	-	-	-
4. Balance at 31 December 2020	-	-	-	-	-	-
IV. Book value						
1. Book value at 31 December 2020	6,183,609,543.18	130,247,062.10	356,704,822.81	3,877,434.64	2,412,776,854.87	9,087,215,717.60
2. Book value at 1 January 2020	6,310,562,162.30	149,225,718.22	536,153,557.31	15,021,784.05	2,622,362,168.58	9,633,325,390.46

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

19. Right-of-use assets - continued

(2) Amount recognized in profit or loss

Category	Amount incurred in the year
Depreciation expenses of right-of-use assets (Note 1)	355,744,855.65
Interest expenses on lease liabilities (Note 2)	99,173,836.07
Expenses for short-term leases	63,007,327.53
Expenses for leases of low value assets	139,397.25
Variable lease payments not included in the measurement of lease liabilities (Note 3)	-
Revenue from sublease of right-of-use assets	19,006,077.17

Note 1: In 2020, no depreciation expenses of right-of-use assets is capitalized.

Note 2: In 2020, no interest expenses of lease liabilities are capitalized.

Note 3: In 2020, no variable lease payments were included in the measurement of lease liabilities.

(3) The total cash outflows in relation to leases for the current year amount to RMB 512,864,681.32.

(4) The lease terms of the lease assets of the Group are as follows:

Category	Lease term
Port and terminal facilities	1-99 years
Buildings and structures	1-5 years
Machinery and equipment, furniture and fixture and other equipment	1-6 years
Motor vehicles and cargo ships	5 years
Others	1-35 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.

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

## 20. Intangible assets

## (1) Details of intangible assets

Items	Land use rights (Note 2)	Terminal management rights	Others	Total
I. Total original carrying amount				
1. Balance at 1 January 2020	13,324,673,654.68	10,223,755,868.87	1,148,257,126.44	24,696,686,649.99
2. Increase for the year	1,242,316,513.14	103,112,803.75	121,314,553.21	1,466,743,870.10
(1) Purchase	588,985.17	103,112,803.75	61,993,003.31	165,694,792.23
(2) Effect of changes in the scope of consolidation	1,241,727,527.97	-	46,191,467.18	1,287,918,995.15
(3) Other increase	-	-	13,130,082.72	13,130,082.72
3. Decrease for the year	621,368,889.28	7,368,180.44	2,304,520.38	631,041,590.10
(1) Disposal	376,891,493.94	-	2,165,163.07	379,056,657.01
(2) Transfer to held-for-sale assets (Note 1)	243,458,641.73	-	-	243,458,641.73
(3) Other decrease	1,018,753.61	7,368,180.44	139,357.31	8,526,291.36
4. Effect of changes in foreign exchange	-20,217,599.85	-1,323,287,930.95	-166,921,137.02	-1,510,426,667.82
5. Balance at 31 December 2020	13,925,403,678.69	8,996,212,561.23	1,100,346,022.25	24,021,962,262.17
II. Accumulated amortization				
1. Balance at 1 January 2020	3,161,151,683.32	1,481,484,521.65	360,334,890.92	5,002,971,095.89
2. Increase for the year	326,872,826.32	230,075,828.24	94,373,946.52	651,322,601.08
(1) Provision	310,861,507.98	230,075,828.24	68,603,128.84	609,540,465.06
(2) Effect of changes in the scope of consolidation	16,011,318.34	-	25,770,817.68	41,782,136.02
(3) Other increase	-	-	-	-
3. Decrease for the year	79,084,466.90	-	2,220,063.91	81,304,530.81
(1) Disposal	47,911,526.84	-	2,165,163.07	50,076,689.91
(2) Transfer to held-for-sale assets (Note 1)	30,906,535.82	-	-	30,906,535.82
(3) Other decrease	266,404.24	-	54,900.84	321,305.08
4. Effect of changes in foreign exchange	-9,473,349.26	-267,559,789.29	-40,085,929.25	-317,119,067.80
5. Balance at 31 December 2020	3,399,466,693.48	1,444,000,560.60	412,402,844.28	5,255,870,098.36
III. Impairment provision				
1. Balance at 1 January 2020	-	-	-	-
2. Increase for the year	-	-	-	-
3. Decrease for the year	-	-	-	-
4. Balance at 31 December 2020	-	-	-	-
IV. Book value				
1. Book value at 31 December 2020	10,525,936,985.21	7,552,212,000.63	687,943,177.97	18,766,092,163.81
2. Book value at 1 January 2020	10,163,521,971.36	8,742,271,347.22	787,922,235.52	19,693,715,554.10

Note 1: Refer to Note (V) 7.4 for details.

Note 2: The Group obtained the land use rights of berths and yards covering an area of 1,049,946.00 m<sup>2</sup> in Chiwan Port Area from Nanshan Group (the plot is within Chiwan watershed, including a land of 2.2 km<sup>2</sup> invested by the shareholder of Nanshan Group--Shenzhen Investment Holdings Co., Ltd. in Nanshan Group as its contribution, and the plot formed from marine reclamation by Nanshan Group), whose original cost is RMB 1,400,288,984.00 and useful life is 20-50 years. Among them, the land use rights for an area of 270,692.00 m<sup>2</sup> (whose original cost is RMB 122,623,476.00) were invested Nanshan Group in the Company as its contribution and the rest land use rights were acquired by the Group from Nanshan Group through long-term lease.

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

20. Intangible assets - continued

(1) Details of intangible assets - continued

Note 2: - continued

At present, since Nanshan Group haven't obtained the land use rights of the land within the Chiwan watershed, including the land provided by Nanshan Group through investment contribution and lease, the Group cannot obtain the ownership certificates for the relevant land and the buildings and structures on the aforesaid land.

On 20 March 2001, 18 June 2003, 29 September 2004, and 2 July 2020, Nanshan Group made the following commitments for all the land use rights that it had obtained on the dates: Nanshan Group will irrevocably and unconditionally agree that, such land use rights belong to the Group. If the Group suffer any loss, or shall bear expenses and liabilities, or is subject to any claim for compensation, or is involved in any lawsuit due to any actual or potential illegality and unenforceability of any land use agreement that is signed or will be signed by the Group, Nanshan Group undertakes that, the transferees of such land use rights and their successors shall be sufficiently held harmless. Therefore, the management of the Company holds that the relevant assets have no significant impairment risk although the relevant ownership certificates are not obtained and the Group will not have any major contingent liabilities because of that.

The management of the Company has been aware of that Nanshan Group is actively negotiating with the relevant government authorities about the outstanding issues of the related land. Currently, the date when the Group can obtain the ownership certificates for the relevant land and buildings and structures on the land cannot be reliably estimated.

As at 31 December 2020, the lease agreement for the land use rights of 194,293.90 m<sup>2</sup> land among the aforesaid land (the original cost of which is RMB137,749,984.16) has expired.

(2) Land use rights without ownership certificates on 31 December 2020:

Item	Book value at this year end	Book value at last year end
Land use rights	1,051,555,795.12	1,163,098,978.96

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

## 21. Development expenses

Item	1/1/2020	Increase in the current year	Decrease in the current year			31.12/2020
			Transfer to intangible assets	Transfer to fixed assets	Transfer to profit or loss for the year	
CTOS upgrading	-	71,725,843.56	-	-	71,725,843.56	-
Development and application of automatic control systems for heavy oil, diesel, gasoline, and methanol processes	4,834,850.03	14,855,085.10	-	-	-	19,689,935.13
"China Merchants Chip" ICT integrated R&D for the automatic and semi-automatic container terminal (subsystem of the Haixing Project)	-	14,440,326.99	-	-	14,440,326.99	-
Customs Clearance Platform for Combined Ports of Shenzhen	-	16,886,500.00	-	-	16,886,500.00	-
The R&D and implementation project for the "China Merchants Chip" Cloud Smart Platform V1.0 (for bulk cargos)	-	5,021,649.98	-	-	5,021,649.98	-
Key technical research for the device used to load crude oil to a train	15,830,956.74	4,825,168.41	-	-	-	20,656,125.15
Dust suppression device for bulk grains (RD201904)	-	3,152,932.65	-	-	3,152,932.65	-
Others	16,733,285.51	53,364,165.96	-	1,408,916.16	44,796,860.36	23,891,674.95
Total	37,399,092.28	184,271,672.65	-	1,408,916.16	156,024,113.54	64,237,735.23

## 22. Goodwill

## (1) Carrying amount of goodwill

Investee	1/1/2020	Increase	Decrease	Amount of changes in foreign exchange	31/12/2020
TCP Participações S.A. ("TCP")	3,546,466,476.18	-	-	-983,899,222.44	2,562,567,253.74
Mega Shekou Container Terminals Limited	1,815,509,322.42	-	-	-	1,815,509,322.42
China Merchants Port Holdings	993,992,000.00	-	-	-	993,992,000.00
Shantou Port	552,317,736.65	-	-	-	552,317,736.65
Zhanjiang Port (Group) Co., Ltd. ("Zhanjiang Port")	418,345,307.68	-	-	-	418,345,307.68
Shenzhen Mawan Project	408,773,001.00	-	-	-	408,773,001.00
Ningbo Daxie (Note)	-	188,497,194.41	-	-	188,497,194.41
Others	288,255,850.88	-	-	-	288,255,850.88
Total	8,023,659,694.81	188,497,194.41	-	-983,899,222.44	7,228,257,666.78

Note: The addition in this year represents the goodwill arising from the Group's acquisition of Ningbo Daxie not under common control in November 2020, as detailed in Note (VI) 1.

## (2) Provisions for goodwill impairments

Investee	1/1/2020	Increase	Decrease	Effect of changes in foreign exchange	31/12/2020
Shantou Port	-	552,317,736.65	-	-	552,317,736.65

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

22. Goodwill - continued

(3) Information of assets group or portfolio of assets group to which the goodwill belongs

The Group takes the ability to independently generate cash inflows, manage the way of production and operation activities (mainly by geographic areas) and unified decision on the use and disposal of the assets as the criteria to determine assets group or portfolio of assets group, and performs impairment test of goodwill for the assets group or portfolio of assets group as determined. As at 31 December 2020, 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 Magang Godown & Wharf Co., Ltd. (hereinafter referred to as "Magang Godown & Wharf"); Ningbo Daxie.

(4) Impairment test of goodwill and key parameters

When testing the goodwill for impairment, the Group compares the carrying amount of related assets group and portfolio of assets group (including goodwill) with the recoverable amount. If the recoverable amount is less than the carrying amount, the difference is included in profit or loss for the period. The Group determines the recoverable amount of the assets group and portfolio of assets group that generate goodwill at fair value less cost of disposal or at present value of expected future cash flows. The fair value is determined using market approach. The present value of cash flows is estimated based on the forecast of cash flows for 5 years to 28 years detailed forecast period and subsequent forecast period. The estimated future cash flows for the detailed forecast period are based on the business plan established by the management; the expected future cash flows for the subsequent forecast period are determined in conjunction with the level of the final year of the detailed forecast period, combined with the Group's business plans, industry trends and inflation rates. The growth rate adopted will not exceed the long-term average growth rate of the country where the assets group and portfolio of assets group are located. The key assumptions used by the Group in estimating the present value of future cash flows include growth rate and discount rate etc. The pre-tax discount rate and the growth rate for subsequent forecasted period adopted in 2020 are around 11.19% - 16.78% and 2.7%-3.0% respectively. The parameters of key assumptions determined by the Group's management are in line with the Group's historical experience or external source of information.

(5) Effect of impairment test of goodwill

During the year, the Group assessed the recoverable amount of the asset group or set of asset groups which including the goodwill and determined that the goodwill of Shantou Port was impaired by an amount of RMB552,317,736.65.

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

## 23. Long-term prepaid expenses

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase for the year	Amortization in the year	Other changes	31/12/2020
Tonggu channel widening project (Note 1)	525,516,089.84	-	-	23,656,287.85	-10,012,815.00	491,846,986.99
Relocation project of Nanhai Rescue Bureau	39,049,767.97	-	1,780,994.09	1,061,913.76	-	39,768,848.30
Expenditures for the improvement of leased fixed assets	17,778,884.18	-	1,255,355.00	1,555,016.15	-	17,479,223.03
West public channel widening project, West port area (Note 2)	80,470,088.60	-	161,697,157.65	2,965,546.15	10,012,815.00	249,214,515.10
Others	49,096,181.08	9,924,686.56	34,146,022.07	16,243,578.85	-390,411.60	76,532,899.26
Total	711,911,011.67	9,924,686.56	198,879,528.81	45,482,342.76	-390,411.60	874,842,472.68

Note 1: This represent the Group's actual expenses on the Shenzhen Western Port Area Tonggu Channel 210-270 Meters Widening Project. According to relevant resolutions of Shenzhen Municipal Government, the expenses incurred for the 210-240M widening project are born by the enterprise and government on 60% to 40% principle, and the expenses incurred for the 240-270M widening project are born by the enterprise and government on 50% to 50% principle. The Company's subsidiary has included the expenses on deepening the channel in the item of "long-term prepaid expenses", and amortized such expenses over the expected useful lives of two widening projects of 35 and 40 years using straight-line method since the completion of each project in 2008 and 2019, respectively.

Note 2: This represent the Group's actual expenses on the Shenzhen Western Port Area Public Channel Widening Project, of which the widening of 240-270 meters in the first section was completed on 1 June 2019 and the widening of 240-270 meters in the second and third sections was completed on 5 November 2020. According to relevant resolutions of Shenzhen Municipal Government, the expenses incurred for the project are born by the enterprise and government on 50% to 50% principle. The Company's subsidiary has included the expenses on deepening the channel in the item of "long-term prepaid expenses", and amortized such expenses over the expected useful life of 40 years using straight-line method since the completion of each section of the channel widening project.

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

## 24. Deferred tax assets and deferred tax liabilities

## (1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit	782,637,004.71	190,978,844.60	805,528,482.59	196,545,362.77
Depreciation of fixed assets	121,474,197.24	30,363,658.82	108,244,052.41	27,227,981.18
Deductible losses	375,133,696.59	121,834,055.80	79,034,267.56	19,758,566.89
Provision for credit loss	43,779,732.38	11,029,547.41	71,636,378.50	17,881,386.96
Provisions	83,415,919.34	22,408,962.33	60,976,862.88	16,601,394.38
Deferred income	40,760,480.40	9,289,713.04	40,272,757.15	9,737,699.40
Amortization of computer software	11,007,022.11	2,751,755.53	13,630,227.66	3,407,556.91
Organization costs	8,436,714.76	2,109,178.68	10,905,997.08	2,726,499.27
Provision for impairment losses of assets	884,061.15	221,015.29	1,918,890.31	479,722.58
Others	121,790,935.17	29,744,326.80	29,120,031.36	6,069,331.93
Total	1,589,319,763.85	420,731,058.30	1,221,267,947.50	300,435,502.27

## (2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding dividend income tax	28,188,540,389.01	1,925,457,143.90	24,219,415,080.67	1,735,339,232.65
Fair value adjustment of assets acquired by business combination	8,566,522,113.13	1,925,197,755.69	7,989,044,772.81	1,812,240,254.17
Changes in fair value of other non-current financial assets	1,625,996,080.95	225,877,441.96	1,434,338,833.65	186,123,245.82
Depreciation of fixed assets	826,231,081.71	217,461,491.73	731,584,120.16	166,830,773.03
Changes in fair value of investments in other equity instruments	140,581,630.00	35,145,407.50	140,659,435.00	35,164,858.75
Others	87,206,887.29	18,413,901.95	110,838,382.96	26,054,384.75
Total	39,435,078,182.09	4,347,553,142.73	34,625,880,625.25	3,961,752,749.17

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

Item	Offset amount of deferred tax assets and liabilities at the end of the year	Balance of deferred tax assets or liabilities after offsetting at the end of this year	Offset amount of deferred tax assets and liabilities at the end of last year	Balance of deferred tax assets or liabilities after offsetting at the end of last year
Deferred tax assets	-	420,731,058.30	-	300,435,502.27
Deferred tax liabilities	-	4,347,553,142.73	-	3,961,752,749.17

## (4) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	428,572,235.55	503,037,805.60
Deductible losses	2,512,461,574.84	2,289,500,649.57
Total	2,941,033,810.39	2,792,538,455.17

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****24. Deferred tax assets and deferred tax liabilities - continued**

## (4) Details of unrecognized deferred tax assets - continued

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:

Year	Closing balance	Opening balance
2020	-	182,809,604.33
2021	244,394,853.17	244,394,853.17
2022	628,805,890.89	615,440,669.35
2023	793,817,471.45	745,889,729.49
2024	507,534,486.68	500,926,253.51
2025	337,871,725.27	-
No expiration date	37,147.38	39,539.72
Total	2,512,461,574.84	2,289,500,649.57

**25. Other non-current assets**

Item	Closing balance	Opening balance
Dachanwan port area Phase II land replacement payment (Note 1)	916,884,222.49	916,884,222.49
Advances for the channel project (Note 2)	940,472,488.75	896,848,920.76
Prepayments for land use rights	132,334,704.86	132,334,704.86
Prepayments for fixed assets	32,623,333.85	90,186,071.12
Prepayments for terminal franchise	31,113,113.10	30,356,842.78
Others	85,040,820.59	16,354,705.03
Total	2,138,468,683.64	2,082,965,467.04

Note 1: It is the lands located in Shenzhen Qianhaiwan Logistics Park which has been returned to government in 2019 by the Company's subsidiaries Antongjie Terminal Services (Shenzhen) Co., Ltd. ("ATJ") and Ansuji Terminal Services (Shenzhen) Co., Ltd. ("ASJ"). Qianhai Administration replaces 55% land and corresponding shoreline (with a land area of approximately 531,300 square meters) included in the total areas of T102-0166 and T102-0167 held by ATJ and ASJ to Dachanwan Port Area Phase II. As at 31 December 2020, the change of land use rights of Dachanwan Port Area Phase II has not been completed.

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 Group included the advances of channel project that should be repaid by Zhanjiang SASAC in other non-current assets.

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

## 26. Short-term borrowings

## (1) Classification of short-term borrowings

Item	Closing balance	Opening balance
Credit loan	8,976,788,882.26	9,439,099,793.47
Guaranteed loan (Note 1)	1,506,986,666.67	-
Total	10,483,775,548.93	9,439,099,793.47

Note 1: The Company provided guarantee for the loan.

(2) At 31 December 2020, the Group has no short-term borrowings that were overdue.

## 27. Notes payable

Category	Closing balance	Opening balance
Bank acceptance	1,600,100.00	2,529,389.61
Commercial acceptance	5,481,672.32	73,926,559.40
Total	7,081,772.32	76,455,949.01

## 28. Accounts payable

(1) Details of accounts payable are as follows:

Item	Closing balance	Opening balance
Service fee	146,212,519.71	133,134,547.67
Construction fee	114,557,864.74	173,811,112.97
Material purchase	144,277,086.08	146,969,853.48
Rental fee	7,494,989.48	13,897,329.66
Equipment payments	16,905,379.88	15,947,499.80
Others	169,664,189.09	107,352,122.81
Total	599,112,028.98	591,112,466.39

(2) Significant accounts payable aged more than one year

Name	Carrying amount at the end of the year	Reason for outstanding or carry-forward
Shenzhen Land and Resources Bureau	21,642,795.50	The government planning project has not been completed, and the ownership certificate is not handled

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

29. Receipts in advance

(1) Summary of receipts in advance

Item	Closing balance	Opening balance
Equity transfer fee received in advance	20,492,849.00	-
Management fee received in advance	10,350,161.96	-
Ship transfer fee received in advance	3,450,560.00	-
Rental fee received in advance	2,715,835.65	13,409,679.80
Service fee received in advance	-	10,500,836.06
Others	2,500,721.29	4,916,171.51
Total	39,510,127.90	28,826,687.37

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

30. Contract liabilities

(1) Summary of contract liabilities

Item	Closing balance	Opening balance
Port charges received in advance	78,789,466.29	63,954,147.44
Warehousing fee received in advance	18,460,680.90	-
Service fee received in advance	48,813,245.81	17,396,130.82
Others	1,981,148.70	4,480,724.26
Total	148,044,541.70	85,831,002.52

(2) There was no significant change in the book value of contract liabilities during the year.

(3) There is no significant contract liabilities aged more than one year at the end of the year.

(4) Qualitative and quantitative analysis of contract liabilities

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

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

## 30. Contract liabilities - continued

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

An amount of RMB 70,660,631.25 included in the book value of contract liabilities at the beginning of 2020 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 5,296,400.84, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of port charges in advance amounting to RMB 61,515,581.17, and contract liabilities arising from settled but unfinished construction resulting from other contracts amounting to RMB 3,848,649.24.

## 31. Employee benefits payable

- (1) Employee benefits payable

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2020
1. Short-term benefits	630,356,614.44	42,603,096.98	2,683,167,538.71	2,649,640,006.43	706,487,243.70
2. Post-employment benefits - defined contribution plan	5,015,323.78	1,908,108.13	165,280,891.31	165,986,638.38	6,217,684.84
3. Termination benefits	-	-	24,658,398.01	24,658,398.01	-
4. Other benefits due within a year	-	-	4,387,916.25	4,387,916.25	-
5. Others	-653,153.58	-3,982.30	4,751,405.94	4,713,576.45	-619,306.39
Total	634,718,784.64	44,507,222.81	2,882,246,150.22	2,849,386,535.52	712,085,622.15

- (2) Short-term benefits

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2020
I. Wages and salaries, bonuses, allowances and subsidies	604,864,369.83	39,288,352.03	2,221,370,860.93	2,191,143,734.26	674,379,848.53
II. Staff welfare	-	-	126,699,782.20	126,699,782.20	-
III. Social insurance charges	9,636,773.03	2,788,350.45	129,801,742.05	126,132,738.79	16,094,126.74
Including: Medical insurance	8,317,044.95	2,750,575.62	105,632,132.49	101,834,602.65	14,865,150.41
Work injury insurance	-	6,287.60	9,007,542.06	9,007,571.52	6,258.14
Maternity insurance	-	31,487.23	6,094,575.77	6,095,261.41	30,801.59
Others	1,319,728.08	-	9,067,491.73	9,195,303.21	1,191,916.60
IV. Housing funds	-	-454,068.00	156,097,308.32	156,133,562.21	-490,321.89
V. Labor union and employee education funds	15,855,471.56	980,462.50	40,068,412.17	40,400,755.91	16,503,590.32
VI. Other short-term benefits	0.02	-	9,129,433.04	9,129,433.06	-
Total	630,356,614.44	42,603,096.98	2,683,167,538.71	2,649,640,006.43	706,487,243.70

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

## 31. Employee benefits payable - continued

## (3) Defined contribution plan - continued

Item	1/1/2020	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	31/12/2020
I. Basic pension	4,900,268.87	1,912,600.29	82,978,065.44	83,677,975.96	6,112,958.64
II. Unemployment insurance	0.01	64,354.90	1,260,949.37	1,261,276.04	64,028.24
III. Enterprise annuity	115,054.90	-68,847.06	81,041,876.50	81,047,386.38	40,697.96
Total	5,015,323.78	1,908,108.13	165,280,891.31	165,986,638.38	6,217,684.84

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.

## 32. Taxes payable

Item	Closing balance	Opening balance
Enterprise income tax	2,319,560,340.66	1,843,381,355.01
VAT	12,385,746.69	11,377,223.08
Other taxes	36,716,469.02	43,317,764.65
Total	2,368,662,556.37	1,898,076,342.74

## 33. Other payables

## (1) Summary of other payables

Item	Closing balance	Opening balance
Interest payable	-	-
Dividends payable	54,255,854.79	150,286,550.81
Other payables	2,402,445,042.81	2,073,468,127.15
Total	2,456,700,897.60	2,223,754,677.96

## (2) Dividends payable

Item	Closing balance	Opening balance
Ordinary share dividends	54,255,854.79	150,286,550.81
Including: Sri Lanka Ports Authority	34,255,854.79	31,392,997.47
China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	-
Yihai Kerry Golden Arowana Cereals, Oils and Foodstuffs Co., Ltd.	-	37,402,426.09
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
Modern Terminals Limited	-	58,156,000.00

As at 31 December 2020, the Group has no dividend payable with aging over one year.

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

## 33. Other payables - continued

## (3) Other payables

## (a) Disclosure of other payables by nature

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	1,044,197,364.04	1,053,340,753.66
Deposits	359,957,933.44	162,460,889.01
Customer discount	119,368,121.44	117,736,418.62
Prepaid expenses	229,817,005.45	110,741,377.48
Port construction and security fee	55,085,280.96	58,732,330.62
Balance of land use rights transfer	11,295,700.00	14,538,738.00
Others	582,723,637.48	555,917,619.76
Total	2,402,445,042.81	2,073,468,127.15

## (b) Significant other payables with aging over 1 year

Company name	Closing balance	Reason for outstanding or carry-forward
Transport Commission of Shenzhen Municipality	60,152,353.49	To be paid upon confirmation by both parties
China First Metallurgical Group Co., Ltd.	47,280,549.63	The contracted settlement condition has not been reached
Wuxi Huadong Heavy Machinery Co., Ltd.	44,295,045.47	To be paid upon confirmation by both parties
Shanghai Zhenhua Heavy Industries Co., Ltd.	35,382,190.55	To be paid upon confirmation by both parties
CCCC Fourth Harbor Engineering Co., Ltd.	34,845,078.73	The contracted settlement condition has not been reached
Shantou Transportation Bureau	31,358,355.47	To be paid upon confirmation by both parties
CCCC-FHDI Engineering Co., Ltd.	21,878,790.74	The contracted settlement condition has not been reached
Qingdao Maritime Bureau	20,713,982.12	To be paid upon confirmation by both parties
Zhanjiang Transportation Bureau	17,524,972.24	To be paid upon confirmation by both parties
Suhua Construction Group Co., Ltd.	14,483,683.52	The contracted settlement condition has not been reached
China Merchants Real Estate (Shenzhen) Co., Ltd.	14,305,122.78	Quality warranty, the contracted settlement condition has not been reached
CCCC Third Harbor Engineering Co., Ltd.	12,663,285.33	The contracted settlement condition has not been reached
Shenzhen Municipal Special Fund for Development of Bulk Cement	12,238,226.14	To be paid upon confirmation by both parties
Shantou Finance Bureau	10,000,000.00	To be paid upon confirmation by both parties
Jiangmen Southern Transport Machinery Engineering Co., Ltd.	7,890,163.70	The contracted settlement condition has not been reached
Harman Technology (Shenzhen) Co., Ltd.	5,917,392.48	The contracted settlement condition has not been reached
Total	390,929,192.39	

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

## 34. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	2,074,906,728.26	2,954,701,198.90
Including: Credit loan	749,046,479.86	1,294,054,756.85
Guaranteed loan	739,805,701.02	1,119,153,332.94
Mortgage loan	586,054,547.38	541,493,109.11
Bonds payable due within one year	1,042,773,072.37	1,889,505,167.46
Long-term payable due within one year	3,562,994.44	61,107,722.82
Long-term employee benefits payable due within one year	36,811,951.00	31,950,000.00
Lease liabilities due within one year	322,827,694.67	341,240,327.95
Other non-current liabilities due within one year	83,582,696.63	825,835,439.66
Total	3,564,465,137.37	6,104,339,856.79

## 35. Other current liabilities

Item	Closing balance	Opening balance
Short-term bonds payable	2,215,478,001.40	712,345,315.07
Accrued professional agency fee	138,158,158.51	143,346,356.53
Others	30,032,826.03	30,264,910.03
Total	2,383,668,985.94	885,956,581.63

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

35. Other current liabilities - continued

Changes of short-term bonds payable:

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	1/1/2020	Amount issued in the current year	Interest accrued based on par value	Amortization of premiums or discounts	Repayment in the current year	31/12/2020
1.50% RMB 1.3 billion Super & Short-term Commercial Paper	1,300,000,000.00	29/4/2020	180 days	1,300,000,000.00	-	1,300,000,000.00	9,616,438.36	-	1,309,616,438.36	-
1.99% RMB1 billion Super & Short-term Commercial Paper	1,000,000,000.00	5/6/2020	270 days	1,000,000,000.00	-	1,000,000,000.00	11,418,032.80	-	-	1,011,418,032.80
2.50% RMB700 million Super & Short-term Commercial Paper	700,000,000.00	26/2/2020	266 days	700,000,000.00	-	700,000,000.00	12,718,579.23	-	712,718,579.23	-
3.08% RMB700 million Super & Short-term Commercial Paper	700,000,000.00	4/6/2019	270 days	700,000,000.00	712,345,315.07	-	3,559,602.96	-	715,904,918.03	-
2.50% RMB1.2 billion Super & Short-term Commercial Paper	1,200,000,000.00	13/11/2020	180 days	1,200,000,000.00	-	1,200,000,000.00	4,059,968.60	-	-	1,204,059,968.60
Total	4,900,000,000.00			4,900,000,000.00	712,345,315.07	4,200,000,000.00	41,372,621.95	-	2,738,239,935.62	2,215,478,001.40

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

## 36. Long-term borrowings

## (1) Classification of long-term borrowings

Item	Closing balance	Opening balance
Credit borrowings	5,258,127,800.86	3,368,772,302.71
Guaranteed borrowings (Note 1)	1,629,960,889.64	2,857,916,427.60
Mortgage borrowings (Note 2)	2,593,140,731.56	3,041,748,008.91
Total	9,481,229,422.06	9,268,436,739.22
Less: Long-term borrowings due within one year	2,074,906,728.26	2,954,701,198.89
Including: Credit borrowings	749,046,479.86	1,294,054,756.85
Guaranteed borrowings	739,805,701.02	1,119,153,332.93
Mortgage borrowings	586,054,547.38	541,493,109.11
Long-term borrowings due after one year	7,406,322,693.80	6,313,735,540.33

During the year, the annual interest rate of the borrowing ranges from 1.20% to 5.78%.

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

Note 2: As at 31 December 2020, the Group obtained the long-term loan of RMB 2,593,140,731.56 (31 December 2019: RMB 3,041,748,008.91) with its entire equity in Colombo International Container Terminals Limited (hereinafter referred to as "CICT"), and the entire equity in Thesar Maritime Limited, (hereinafter referred to as "TML"), and the land use rights, 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. (hereinafter referred to as "Shenzhen Haixing"), as well as the sea area use rights of Dongguan Chiwan Port Service Co., Ltd. (hereinafter referred to as "Chiwan Port"), mortgaged as collaterals.

Details of mortgage borrowings are as follows:

Company name	Closing balance	Opening balance	Collateral
China Development Bank Corporation	1,027,981,472.96	1,358,129,654.07	The Group's entire equity in Colombo International Container Terminals Limited
International Finance Corporation	364,480,624.59	449,103,214.20	The Group's entire equity in Thesar Maritime Limited
African Development Bank	167,372,490.13	206,294,203.06	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	137,905,387.30	169,887,745.22	
The Opec Fund For International Development	118,146,703.89	145,656,886.91	
Societe de Promotion et de Participation pour la Cooperation Economique S.A.	118,218,277.06	145,613,216.49	
Deutsche Investitions-und Entwicklungsgesellschaft MBH	98,452,963.64	121,392,394.29	
Bank of China Qianhai Shekou Branch	241,370,822.05	241,388,867.03	Land use rights of Shenzhen Haixing Harbor Development Co., Ltd (see note (V) 63)
China Construction Bank Shunde Branch	210,178,757.55	184,264,872.07	Land use rights, fixed assets and construction in progress of Yide Port (see note (V) 63)
China Merchants Bank Dongguan Branch	109,033,232.39	20,016,955.57	Sea area use rights of Dongguan Chiwan Warf Co., Ltd. (see note (V) 63)
Total	2,593,140,731.56	3,041,748,008.91	

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

## 37. Bonds payable

## (1) Bonds payable

Item	Closing balance	Opening balance
4.375%, USD 900 million corporate bond	5,948,107,858.02	6,349,018,876.27
5.000%, USD 600 million corporate bond	3,950,488,734.13	4,218,874,981.43
4.750%, USD 500 million corporate bond	3,314,305,348.22	3,541,255,065.51
5.000%, USD 500 million corporate bond	3,280,606,167.04	3,500,281,169.59
4.890% RMB 2.5 billion corporate bond	2,585,407,534.25	2,585,072,602.74
3.360% RMB 2 billion corporate bond	2,033,040,000.00	-
IPCA + 7.8164% BRL428 million corporate bond	620,162,618.74	810,150,534.24
4.980% RMB 400 million corporate bond	401,200,657.53	401,200,657.53
3.500% USD 200 million corporate bond	-	1,414,333,247.34
Total	22,133,318,917.93	22,820,187,134.65
Less: Bonds payable due within one year	1,042,773,072.37	1,889,505,167.46
Bonds payable due after one year	21,090,545,845.56	20,930,681,967.19

CHINA MERCHANTS PORT GROUP CO., LTD.

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

37. Bonds payable - continued

(2) Changes of bonds payable

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	1/1/2020	Amount issued in the current year	Interest accrued based on par value	Amortization of premiums or discounts	Repayment in the current year	Effect of changes in foreign exchange	31/12/2020
4.375%, USD 900 million corporate bond	USD 900,000,000.00	2018-8-6	5 years	USD 900,000,000.00	6,349,018,876.27	-	271,646,628.75	10,416,483.30	271,646,628.75	-411,327,501.55	5,948,107,858.02
5.000%, USD 600 million corporate bond	USD 600,000,000.00	2018-8-6	10 years	USD 600,000,000.00	4,218,874,981.43	-	206,968,860.00	4,815,463.94	206,968,860.00	-273,201,711.24	3,950,488,734.13
4.750%, USD 500 million corporate bond	USD 500,000,000.00	2015-8-3	10 years	USD 500,000,000.00	3,541,255,065.51	-	163,850,347.57	2,259,134.10	163,850,347.50	-229,208,851.46	3,314,305,348.22
5.000%, USD 500 million corporate bond	USD 500,000,000.00	2012-5-4	10 years	USD 500,000,000.00	3,500,281,169.59	-	172,474,050.00	6,760,030.70	172,474,050.00	-226,435,033.25	3,280,606,167.04
4.890% RMB 2.5 billion corporate bond	RMB 2,500,000,000.00	2017-4-21	5 years	RMB 2,500,000,000.00	2,585,072,602.74	-	122,584,931.51	-	122,250,000.00	-	2,585,407,534.25
3.360% RMB2 billion corporate bond	RMB 2,000,000,000.00	2020-7-8	3 years	RMB 2,000,000,000.00	-	2,000,000,000.00	33,040,000.00	-	-	-	2,033,040,000.00
IPCA + 7.8164% BRL428 million corporate bond	BRL 428,047,000.00	2016-11-7	5 years/6 years	BRL 428,047,000.00	810,150,534.24	-	88,607,823.56	9,446,052.30	56,605,942.56	-231,435,848.80	620,162,618.74
4.980% RMB 400 million corporate bond	RMB 400,000,000.00	2018-12-10	3 years	RMB 400,000,000.00	401,200,657.53	-	19,920,000.00	-	19,920,000.00	-	401,200,657.53
3.500% USD 200 million corporate bond	USD 200,000,000.00	2015-8-3	5 years	USD 200,000,000.00	1,414,333,247.34	-	28,573,196.35	1,230,286.37	1,428,085,134.00	-16,051,596.06	-
Total					22,820,187,134.65	2,000,000,000.00	1,107,665,837.74	34,927,450.71	2,441,800,962.81	-1,387,660,542.36	22,133,318,917.93
Less: Bonds payable due within one year					1,889,505,167.46						1,042,773,072.37
Bonds payable due after one year					20,930,681,967.19						21,090,545,845.56

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

## 38. Lease liabilities

Category	Closing balance	Opening balance
Lease payment	2,452,042,889.87	2,934,104,267.67
Unrecognized financing cost	-801,791,447.15	-945,733,971.11
Total	1,650,251,442.72	1,988,370,296.56
Less: Lease liabilities due within one year	322,827,694.67	341,240,327.95
Lease liabilities due after one year	1,327,423,748.05	1,647,129,968.61

## 39. Long-term payables

## (1) Summary of long-term payables

Item	Closing balance	Opening balance
Long-term payables	1,192,028,415.01	1,447,802,228.74
Special payables	39,996,153.12	548,550,497.29
Total	1,232,024,568.13	1,996,352,726.03
Less: Long-term payables due within one year	3,562,994.44	61,107,722.82
Long-term payables due after one year	1,228,461,573.69	1,935,245,003.21

## (2) Long-term payables

Item	Closing balance	Opening balance
Terminal management rights (Note 1)	749,658,074.16	881,239,309.85
Payable to Minority shareholder of subsidiary (Note 2)	437,238,325.33	407,092,971.69
Borrowings from related parties (Note 3)	-	150,000,000.00
Others	5,132,015.52	9,469,947.20
Total	1,192,028,415.01	1,447,802,228.74
Less: Long-term payables due within one year	3,562,994.44	61,107,722.82
Long-term payables due after one year	1,188,465,420.57	1,386,694,505.92

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 2020, the amount is RMB 749,658,074.16.

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

## 39. Long-term payables - continued

## (2) Long-term payables - continued

Note 3: At 9 December 2019, Xiamen Bay Port Affairs (hereinafter referred to as "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. ZCMG is the seller 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. ZCMG have repaid the aforesaid borrowings in July 2020.

## (3) Special payables

Item	1/1/2020	Increase in the current year	Effect of changes in the scope of consolidation	Decrease in the current year	31/12/2020	Reason
Refunds of port construction fee	545,346,468.32	-	-	511,074,910.02	34,271,558.30	Note 1
Employee housing fund	3,204,028.97	648,796.63	-	-	3,852,825.60	Note 2
Innovation workshop for model workers	-	773,274.28	1,098,494.94	-	1,871,769.22	
Total	548,550,497.29	1,422,070.91	1,098,494.94	511,074,910.02	39,996,153.12	

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. The decrease in the year is mainly caused by the transfer of port construction fee refund for the Company's subsidiary Zhanjiang Port, amounting to RMB510,107,118.35, to capital reserve.

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.

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

## 40. Long-term employee benefits payable

## (1) Long-term employee benefits payable

Item	Closing balance	Opening balance
Post-employment benefits - net liabilities of defined benefits plan	429,830,989.42	454,383,940.25
Termination benefits	40,939,305.56	49,048,198.38
Others (Note)	73,756,355.48	-
Total	544,526,650.46	503,432,138.63
Less: Long-term employee benefits payable due within one year	36,811,951.00	31,950,000.00
Long-term employee benefits payable due after one year	507,714,699.46	471,482,138.63

Note: It's the employee setting cost of the Company's subsidiary Shantou Port in connection with land acquisition and reservation.

## (2) Changes of defined benefits plan

Present value of defined benefits plan obligation:

Item	2020	2019
I. Opening balance	454,383,940.25	385,323,310.21
II. Defined benefits cost included in profit or loss for the period	35,512,520.40	25,714,051.83
1. Current service cost	19,803,282.73	10,244,780.50
2. Past service cost	-	-180,000.00
3. Interest adjustment	15,709,237.67	15,649,271.33
III. Defined benefits cost included in other comprehensive income	-35,245,220.38	-1,513,131.31
1. Actuarial gains (losses)	-35,016,155.14	-1,552,580.61
2. Effect of exchange rate changes	-229,065.24	39,449.30
IV. Other changes	-24,820,250.85	44,859,709.52
1. Benefits paid	-24,820,250.85	-31,910,290.48
2. Changes in the scope of consolidation	-	76,770,000.00
V. Closing balance	429,830,989.42	454,383,940.25

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

## 41. Provisions

Item	Closing balance	Opening balance	Reason
Estimated expenses on land acquisition and reservation for Shangtou Port	66,138,336.08	45,897,100.00	
Pending litigation (Note)	17,277,583.26	15,079,762.88	Note
Sales discount	16,990,826.32	15,265,697.07	
Total	100,406,745.66	76,242,559.95	

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

## 42. Deferred income

Item	1/1/2020	Increase in the current year	Decrease in the current year	31/12/2020
Government grants	1,146,325,779.95	5,015,833.38	39,362,069.29	1,111,979,544.04
Unrealized sale-and-leaseback income	1,427,077.22	-	518,937.36	908,139.86
Total	1,147,752,857.17	5,015,833.38	39,881,006.65	1,112,887,683.90

Items involving government grants are as follows:

Liabilities	1/1/2020	New subsidies	Recognized in other income	31/12/2020	Related to assets /related to income
Refund from marine reclamation land	375,169,820.39	-	19,349,167.92	355,820,652.47	Related to assets
Channel widening project	493,050,681.48	-	9,577,456.38	483,473,225.10	Related to assets
Special subsidies for facilities and equipment	245,274,225.80	1,440,000.00	6,486,652.82	240,227,572.98	Related to assets
Government subsidies for intelligent system	13,171,314.54	3,575,833.38	2,236,545.82	14,510,602.10	Related to assets
Refund of land transfer charges	6,680,000.00	-	111,333.35	6,568,666.65	Related to assets
Green low carbon port project	982,730.02	-	421,170.00	561,560.02	Related to assets
Others	11,997,007.72	-	1,179,743.00	10,817,264.72	Related to assets
Total	1,146,325,779.95	5,015,833.38	39,362,069.29	1,111,979,544.04	

## 43. Other non-current liabilities

Item	Closing balance	Opening balance
TCP operating rights liability (Note 1)	2,888,395,641.53	3,326,952,857.86
Actuarial cost for the calculation of pension benefits difference for the public security bureau staff (Note 2)	162,810,000.00	-
Berth priority call right (Note 3)	14,597,949.13	20,664,537.64
Obligation to minority shareholders due to acquisition	-	732,733,351.01
Total	3,065,803,590.66	4,080,350,746.51
Less: Other non-current liabilities due within one year	83,582,696.63	825,835,439.66
Including: TCP operating rights liability	67,272,696.63	93,102,088.65
Actuarial cost for the calculation of pension benefits difference for the public security bureau staff (Note 2)	16,310,000.00	-
Obligation to minority shareholders due to acquisition	-	732,733,351.01
Other non-current liabilities due after one year	2,982,220,894.03	3,254,515,306.85

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

## 43. Other non-current liabilities - continued

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 2020, the payment to acquire the port operation rights is calculated based on local comprehensive price index.

Note 2: Refer to Note (V) 49 for details.

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 2020, the amount included in operating income is RMB 6,066,588.51.

## 44. Share capital

Item	Opening balance	Changes for the year					Closing balance
		New issue of share (note)	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
<b>2020</b>							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	128,952,746.00	-	-	-	-128,952,746.00	128,952,746.00	-
3. Other domestic shares	169,602.00	-	-	-	-160,106.00	-160,106.00	9,496.00
4. Foreign shares	1,148,648,648.00	-	-	-	-	-	1,148,648,648.00
Total restricted tradable shares	1,277,770,996.00	-	-	-	-129,112,852.00	129,112,852.00	1,148,658,144.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,858,324.00	-	-	-	128,961,746.00	128,961,746.00	593,820,070.00
2. Foreign capital shares listed domestically	179,735,804.00	-	-	-	151,106.00	151,106.00	179,886,910.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,594,128.00	-	-	-	129,112,852.00	129,112,852.00	773,706,980.00
III. Total shares	1,922,365,124.00	-	-	-	-	-	1,922,365,124.00

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

## 44. Share capital - continued

Item	Opening balance	Changes for the year					Closing balance
		New issue of share (note)	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
<b>2019</b>							
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	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

## 45. Capital Reserve

Item	Opening balance	Increase	Decrease	Closing balance
<b>2020</b>				
Capital premium	22,183,597,895.33	731,489,964.17	218,667,827.13	22,696,420,032.37
Including: Capital contributed by investors	7,012,992,483.94	-	-	7,012,992,483.94
Differences arising from business combination involving enterprises under common control	13,311,099,845.41	-	-	13,311,099,845.41
Differences arising from acquisition of minority interests (Note 1)	419,130,116.03	514,196,692.81	218,667,827.13	714,658,981.71
Others (Note 2)	1,440,375,449.95	217,293,271.36	-	1,657,668,721.31
Other capital Reserve	112,887,572.02	10,096,607.62	14,334,876.52	108,649,303.12
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Unexercised share-based payment	-	10,096,607.62	-	10,096,607.62
Other changes of owners' equity of the investee under equity method other than changes in net profit or loss, profit distribution and other comprehensive income	115,668,705.02	-	14,334,876.52	101,333,828.50
Total	22,296,485,467.35	741,586,571.79	233,002,703.65	22,805,069,335.49
<b>2019</b>				
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	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
Others	1,164,197,108.39	712,266,379.53	16,957,921.94	1,859,505,565.98
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
Total	19,426,912,957.05	2,899,921,699.12	30,349,188.82	22,296,485,467.35

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

**45. Capital Reserve** - continued

Note 1: Changes for the year include:

- (1) The Company chose to acquire the dividends attributable to CMPort in lieu of shares, which increased the capital reserve by RMB376,103,644.71. Refer to Note (VII) 2 for details.
- (2) The Company's subsidiary CMPort acquired 10% of the equity of TCP through its controlling subsidiary Kong Rise Development Limited. The difference of the payment made for the equity acquisition after deducting the share of the subsidiary's net assets calculated by the acquired proportion of equity and the fair value of the relevant put options and their changes was RMB534,509,477.23. The Company reduced its capital reserve according to its shareholding in CMPort by RMB218,667,827.13. Refer to Note (VII) 2 for details.
- (3) The Company's subsidiary CMPort transferred 23.5294% of the equity of its subsidiary Gainpro Resources Limited (hereinafter referred to as "Gainpro") to Fujian Transportation Maritime Silk Road Investment and Management Co. Limited (hereinafter referred to as "Fujian Transportation Maritime Silk Road"). The difference of the received cash consideration after deducting the share of the subsidiary's net assets calculated by the proportion of transferred equity was RMB 332,114,112.80. The Company increased its capital reserve according to its shareholding in CMPort by RMB138,093,048.10. Refer to Note (VII) 2 for details.

Note 2: The increase for the year is mainly the transfer of the refunded port construction fund of the Company's subsidiary Zhanjiang Port from the special payables to the capital reserve. The Company increased its capital reserve according to its shareholding in the subsidiary by RMB216,138,382.34.

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

## 46. Other comprehensive income

Item	Opening balance	2020					Less: Other comprehensive income carried forward to retained earnings	Closing balance
		Pre-tax amount for the year	Less: Amount included in other comprehensive income in the prior periods transferred to profit or loss in this period	Less: Income tax expense	Post-tax income attributable to the parent company owner	Post-tax income attributable to minority shareholders		
<b>2020</b>								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	82,969,758.27	6,911,190.88	-	-33,528.75	-1,552,867.01	8,497,586.64	-	81,416,891.26
Including: Changes arising from remeasurement of defined benefits plan	1,069,722.83	35,016,155.14	-	-	10,248,546.35	24,767,608.79	-	11,318,269.18
Other comprehensive income that can't be transferred to profit or loss under equity method	4,830,921.62	-28,307,578.26	-	-	-11,817,008.06	-16,490,570.20	-	-6,986,086.44
Changes in fair value of other equity instruments	77,069,113.82	202,614.00	-	-33,528.75	15,594.70	220,548.05	-	77,084,708.52
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-438,914,324.18	-1,856,601,660.49	-	-	-469,199,870.14	-1,387,401,790.35	-	-908,114,194.32
Including: Other comprehensive income that may be transferred to profit or loss under equity method	-58,950,164.54	217,642,457.56	-	-	90,675,445.06	126,967,012.50	-	31,725,280.52
Translation differences of financial statements denominated in foreign currencies	-379,964,159.64	-2,074,244,118.05	-	-	-559,875,315.20	-1,514,368,802.85	-	-939,839,474.84
Total other comprehensive income	-355,944,565.91	-1,849,690,469.61	-	-33,528.75	-470,752,737.15	-1,378,904,203.71	-	-826,697,303.06

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

## 46. Other comprehensive income - continued

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 in this period	Less: Income tax expense	Post-tax income attributable to the parent company owner	Post-tax income attributable to minority shareholders		
<b>2019</b>								
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

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

## 47. Special reserve

Item	Opening balance	Increase	Decrease	Closing balance
<b>2020</b>				
Production safety reserve	12,386,734.70	57,538,524.86	59,724,081.26	10,201,178.30
<b>2019</b>				
Production safety reserve	8,231,080.43	108,062,435.41	103,906,781.14	12,386,734.70

## 48. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
<b>2020</b>				
Statutory surplus reserve	630,345,307.43	260,345,014.85	-	890,690,322.28
<b>2019</b>				
Statutory surplus reserve	527,175,908.67	103,169,398.76	-	630,345,307.43

## 49. Unappropriated profit

Item	Amount	Proportion of appropriation or allocation
<b>2020</b>		
Unappropriated profit at the end of last year	11,467,166,351.85	
Add: Net profit of the year attributable to shareholders of the parent	2,065,322,969.66	
Pension Benefits	-73,228,871.09	Note 1
Others	1,549,916.64	
Less: Appropriation to statutory surplus reserve	260,345,014.85	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	884,287,957.04	Note 2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	12,316,177,395.17	

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

## 49. Unappropriated profit - continued

Item	Amount	Proportion of appropriation or allocation
<b>2019</b>		
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	
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	
Others	1,793,560.33	
Less: Appropriation to statutory surplus reserve	103,169,398.76	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	204,449,011.09	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	11,467,166,351.85	

Note 1: In accordance with the Notice on Issuing the Plan for Deeping Administration System Reform of Port & Channel Public Security Authorities (No.327 [2017], State Commission Office of Public Sectors Reform) and the Notice on Issuing the Implementation Plan for Deeping Administration System Reform of Port & Channel Public Security Authorities (No.221 [2018], Guangdong Commission Office of Public Sectors Reform), in 2020, Zhanjiang Port, a subsidiary of the Company, transferred the Zhanjiang Port Public Security Bureau to Zhanjiang Municipal Government, which are fully taken over by the Zhanjiang Municipal Public Security Bureau. The relevant assets of the former Zhanjiang Port Public Security Bureau, totalling RMB11,372,339.22, were transferred to Zhanjiang Municipal Government, the police in-service were transitioned to civil servants in accordance with national regulations, the retired police were included in the jurisdiction of the pension insurance of state organs and public institutions, and the difference between the original standard of pension benefits and the retirement benefits of the Zhanjiang municipal police (hereinafter referred to as the "pension benefits difference") shall be borne by Zhanjiang Port. Zhanjiang Port engaged Towers Watson Consulting (Shenzhen) Co., Ltd. to perform actuarial calculations on the difference in pension benefits of retired police, and accrued relevant liabilities of RMB162,810,000.00 on the actuarial results. In accordance with Notice by the Ministry of Finance on Financial Management Issues Relating to the Separation of Social Functions of Enterprises (No. 62 [2005], Cai Qi), the above-mentioned matters resulted in a total elimination of RMB174,110,113.73 from the unappropriated profit of Zhanjiang Port for the year, and a corresponding elimination of RMB73,228,871.09 from the unappropriated profit of the Company in proportion to the Company's equity interest in Zhanjiang Port.

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****49. Unappropriated profit - continued**

Note 2: According to the resolution of shareholders meeting on 22 May 2020, the Company distributes cash dividends of RMB 4.60 (inclusive of tax) for every 10 shares, totalling to RMB884,287,957.04 on the basis of the total shares of 1,922,365,124 shares at the end of 2019.

Note 3: Profit distribution after the balance sheet date

According to the profit distribution plan for 2020, approved by the [10<sup>th</sup>] board of directors at the [3<sup>th</sup>] meeting on 29/03/2021, the Company, based on the total shares of 1,922,365,124 on the 31 December 2020, would distribute cash dividends at an amount of RMB730,498,747.12. The above profit distribution plan has yet been approved by shareholders meeting.

**50. Operating income and operating costs****(1) Operating income and operating costs**

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Principal operation	12,465,115,944.45	7,652,480,534.91	11,958,482,255.05	7,425,898,430.33
Other operations	153,414,051.57	221,269,319.94	165,347,168.69	223,022,489.38
Total	12,618,529,996.02	7,873,749,854.85	12,123,829,423.74	7,648,920,919.71

**(2) Revenue from contracts**

Categories of contracts	Ports operation	Bonded logistics operation	Other operations	Total
Mainland China, Hong Kong and Taiwan area	8,572,810,408.71	391,346,440.50	153,414,051.57	9,117,570,900.78
- Pearl River Delta	5,103,018,820.66	266,096,953.36	153,414,051.57	5,522,529,825.59
- Yangtze River Delta	73,413,401.10	-	-	73,413,401.10
- Bohai Rim	62,661,236.23	125,249,487.14	-	187,910,723.37
- Other areas	3,333,716,950.72	-	-	3,333,716,950.72
Other countries	3,474,914,093.88	26,045,001.36	-	3,500,959,095.24
Total	12,047,724,502.59	417,391,441.86	153,414,051.57	12,618,529,996.02

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****50. Operating income and operating costs - continued****(3) Description of performance obligations**

The Group provides wharf service, bonded logistics service and other services. These services are obligations performed over a period of time. For wharf services, as the handling time for containers and bulk cargos is short, the management believes that it is not necessary to recognize revenue according to the progress towards the completion of contract and it is an appropriate method to recognize the fulfilment of performance obligation and revenue upon the completion of the service. For bonded logistics service and other services, the customers evenly obtains and consumes the economic benefits from the Group's performance of contract, meanwhile the charging rules as agreed in the contract terms usually adopt daily/month/yearly basis. During the process of rendering services, the Group recognizes revenue using straight-line method. Part of the Group's handling contracts are established with discount terms, i.e. the customers whose business volume reaches agreed level, are granted with preferential charge rate or discount. At the end of the year, as the business quantity finally realized within the contract period is uncertain, the contract consideration is subject to variable factors. The management included this part of discount in provisions. Details are set out in Note (V) 41. The Group's revenue contract does not have significant financing components.

(4) At the end of the year, the variable consideration of RMB16,990,826.32 (31 December 2019: RMB15,265,697.07) arising from sales discount is not included in the transaction price due to the restriction requirements relating to variable considerations.

**51. Taxes and surcharges**

Item	Amount incurred in the current period	Amount incurred in the prior period
Property tax	57,039,293.40	45,998,786.01
Land use tax	33,997,061.02	32,116,936.18
Stamp duty	7,540,714.68	4,948,743.36
City construction and maintenance tax	6,960,172.96	6,188,074.98
Education surcharges and local education surcharges	5,198,771.63	4,866,915.60
Others (Note)	40,460,929.88	78,437,123.79
Total	151,196,943.57	172,556,579.92

Note: Others mainly represent (1) Program of Social Integration and Contribution for the Financing of Social Security (tax on enterprise income) and Tax on Services (tax based on services rendered) borne by TCP, a subsidiary of the Company, totalled BRL23,076,661.64 (equivalent to RMB34,531,567.04) for the year. (2) The environmental protection tax borne by Zhanjiang Port, a subsidiary of the Company, amounted to RMB5,357,096.48 for the year.

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

## 52. Administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee's salary	1,089,142,762.24	980,074,507.53
Depreciation expenses	83,029,752.43	74,954,306.82
Fees paid to agencies	72,867,327.15	55,258,915.07
Amortization of intangible assets	63,903,389.47	58,414,351.33
Others	275,939,703.73	340,818,500.91
Total	1,584,882,935.02	1,509,520,581.66

## 53. Financial expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expense	1,915,963,616.06	2,018,175,947.65
Less: Capitalized interest expenses	65,255,075.44	35,175,196.89
Less: Interest income	325,387,744.56	252,060,018.58
Exchange differences	99,173,836.07	106,836,843.78
Handling fee	19,293,388.81	56,876,221.78
Others	-415,864,228.16	37,236,030.34
Interest expenses of lease liabilities	4,805,832.04	4,379,909.45
Total	1,232,729,624.82	1,936,269,737.53

## 54. Other income

Item	Amount incurred in the current period	Amount incurred in the prior period
Central special financial fund for the development of the rental housing market	73,356,900.00	-
Transferred from allocation of deferred income	39,362,069.29	37,903,296.88
Additional deduction of VAT	17,977,697.02	13,268,318.27
Government subsidies for business development	16,666,657.00	71,492,270.22
Refund of unemployment insurance premium	13,701,836.63	-
Special fund for innovation	11,662,568.44	9,802,600.00
Subsidies for preventing epidemics	6,670,018.69	-
Facility construction fund	5,799,000.00	5,448,613.20
Special fund for operation	4,530,545.00	8,402,815.28
Steady post subsidies	4,286,036.86	1,985,363.23
Refund of withholding taxes	2,655,040.88	6,903,526.71
Air environment quality improvement subsidy	1,544,768.00	-
Value-added tax levied and immediately returned for software products	1,438,961.78	-
Special fund for promoting high-quality development of economy	-	1,000,000.00
Others	5,313,013.69	5,894,309.31
Total	204,965,113.28	162,101,113.10

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

## 55. Investment income (loss is marked with "-")

## (1) Details of investment income:

Item	Amount incurred in the current period	Amount incurred in the prior period
Long-term equity investments income under equity method	3,988,916,963.08	3,727,850,763.22
Including: Long-term equity investments income of associates under equity model	3,630,921,407.38	3,259,151,741.65
Including: Long-term equity investments income of joint venture under equity model	357,995,555.70	468,699,021.57
Gains from remeasurement of previously held equity at fair value upon obtaining the control(Note)	753,988,749.80	845,432,476.22
Investment income on held-for-trading financial assets	10,181,238.09	-
Investment income on other non-current financial assets	83,138,043.43	127,790,790.54
Investment income on disposal of other non-current financial assets (loss is marked with "-")	1,850,600.00	-407,903.18
Dividend income on other equity instruments	8,568,250.21	10,942,760.11
Interest income on debt investments	59,331,593.61	20,352,987.67
Others	-	-112,788,119.16
Total	4,905,975,438.22	4,619,173,755.42

Note: Refer to Note (VI) 1 for details.

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

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes
Shanghai International Port (Group) Co., Ltd.	2,234,593,249.98	2,425,921,985.71	Changes in net profit of investee
Nanshan Group	424,745,838.41	242,285,185.34	Changes in net profit of investee
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	335,639,784.43	-5,514,066.49	Changes in net profit of investee
Terminal Link SAS	312,427,210.29	280,560,341.83	Changes in net profit of investee
Liaoning Port Co., Ltd.	169,692,898.03	148,347,321.32	Changes in net profit of investee
Ningbo Daxie	112,101,331.18	120,498,548.83	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	102,594,175.95	142,602,575.17	Changes in net profit of investee
Modern Terminals Limited	79,503,339.53	65,866,911.57	Changes in net profit of investee
Euro-Asia Oceangate, S.a` r.l.	71,938,690.26	71,820,758.28	Changes in net profit of investee
Zhanjiang Merchants Port City Investment Co., Ltd.	47,450,708.28	-8,749,223.97	Changes in net profit of investee
Others	98,229,736.74	244,210,425.63	Changes in net profit of investee
Total	3,988,916,963.08	3,727,850,763.22	

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

## 56. Gains on changes in fair value (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period
Held-for-trading financial assets	-226,508.15	-
Other non-current financial assets	269,099,721.85	431,344,898.81
Including: Financial assets at fair value through profit or loss	269,099,721.85	431,344,898.81
Other non-current liabilities	-680,381,987.28	-364,861,632.33
Including: Financial liabilities at fair value through profit or loss	-680,381,987.28	-364,861,632.33
Total	-411,508,773.58	66,483,266.48

## 57. Gains on impairment of credit (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period
I. Gains on impairment of credit of accounts receivable (loss is marked with "-")	19,219,046.93	-51,878,244.38
II. Gains on impairment of credit of other receivables (loss is marked with "-")	-475,764,740.63	1,682,076.71
III. Gains on impairment of credit of long-term receivables (loss is marked with "-")	-2,049,967.61	-1,082,720.15
IV. Others	-	1,029,478.05
Total	-458,595,661.31	-50,249,409.77

## 58. Gains from impairment of assets (loss is marked with "-")

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from decline in value of inventories	947,694.12	25,051.16
Losses on goodwill impairments	-552,317,736.65	-
Total	-551,370,042.53	25,051.16

## 59. Gains on disposal of assets (loss is marked with "-")

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 (Note)	1,489,206,502.32	4,794,562,782.79	1,489,206,502.32
Including: Gains on disposal of fixed assets (loss is marked with "-")	-50,184,379.22	6,759,787.47	-50,184,379.22
Gains on disposal of intangible assets	1,480,715,445.14	1,108,671,001.98	1,480,715,445.14
Gains on disposal of construction in progress	59,164,336.00	47,902,373.19	59,164,336.00
Others	-488,899.60	3,631,229,620.15	-488,899.60

Note: It mainly represents the compensation gains of RMB1,531,862,344.99 from land acquisition and reservation of Shantou Port, a subsidiary of the Company. Please refer to Note (V) 7 for details.

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

## 60. Non-operating income

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current year
Government subsidy	53,884,602.38	485,929.28	53,884,602.38
Insurance compensation received	3,548,709.63	-	3,548,709.63
Gains from the retirement of damaged non-current assets	3,272,216.69	3,431,545.27	3,272,216.69
Compensation received for contracts violation	3,074,739.23	14,444,165.81	3,074,739.23
Exempted account currents	2,603,213.36	2,026,044.81	2,603,213.36
Operation compensation	-	488,492,798.26	-
Others	15,255,579.25	44,222,876.98	15,255,579.25
Total	81,639,060.54	553,103,360.41	81,639,060.54

## 61. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Donations	29,768,154.87	31,344,046.81	29,768,154.87
Stability maintenance housing subsidy	13,500,000.00	-	13,500,000.00
Losses on retirement of non-current assets	11,905,789.11	24,459,845.75	11,905,789.11
Compensation, liquidated damages and penalties	9,131,029.28	5,574,036.67	9,131,029.28
Litigation loss	7,992,269.39	438,712.24	7,992,269.39
Others	6,706,498.12	8,635,370.93	6,706,498.12
Total	79,003,740.77	70,452,012.40	79,003,740.77

## 62. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Current income tax expenses	1,303,748,401.73	2,308,373,316.21
Deferred income tax expenses	-28,062,031.90	332,165,578.41
Total	1,275,686,369.83	2,640,538,894.62

**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****62. Income tax expenses - continued**

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

Item	Amount incurred in the current period
Gross profit	6,801,254,420.39
Income tax expenses calculated at 25%	1,700,313,605.10
Effect of non-deductible cost, expenses and losses	452,645,594.53
Accrued income tax expenses	757,856,918.42
Effect of deductible temporary differences and deductible losses for which the deferred tax assets are not recognized in current period	79,218,381.58
Effect of tax-free income (Note)	-1,048,022,499.09
Effect of tax incentives and changes of tax rate	-309,332,989.66
Effect of different tax rates of subsidiaries operating in other jurisdictions	-262,775,668.86
Effect of utilizing deductible losses for which the deferred tax assets were not recognized in prior period	-33,602,540.09
Effect of adjustments to prior-year income tax	-22,647,137.52
Changes in the opening balance of deferred tax assets/ liabilities due to tax adjustments	-12,996,277.16
Others	-24,971,017.42
Income tax expenses	1,275,686,369.83

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

**63. Assets with restricted ownership or use right**

Item	Closing balance	Opening balance
Cash and bank balances (Note 1)	11,528,570.90	15,648,978.15
Equity investment in Colombo International Container Terminals Limited (Note 2)	1,626,554,439.58	1,591,452,920.23
Equity investment in Thesar Maritime Limited (Note 2)	859,148,327.98	799,684,707.77
Fixed assets (Note 3)	341,931,071.09	349,612,960.23
Intangible assets (Note 3)	218,825,477.36	345,131,760.52
Construction in progress (Note 3)	43,751,101.60	23,840,920.42
Total	3,101,738,988.51	3,125,372,247.32

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) 36.

Note 3: Yide Port mortgaged its land use rights, fixed assets and construction in progress to obtain bank borrowings; Shenzhen Haixing Harbor Development Co., Ltd. mortgaged its land use rights to obtain bank borrowings; Dongguan Chiwan Warf Co., Ltd. mortgaged its sea area use right to obtain bank borrowings. Details of mortgage borrowings are set out in Note (V) 36.

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

64. Other comprehensive income

Details are set out in Note (V) 46.

65. Items in cash flow statement

(1) Other cash receipts relating to operating activities:

Item	Amount incurred in the current period	Amount incurred in the prior period
Government grants	203,870,741.85	614,567,707.23
Interest income	196,435,428.56	212,679,224.25
Guarantees and deposits	64,688,970.41	30,791,091.36
Insurance indemnities	11,043,593.46	4,565,218.67
Rentals	10,735,793.35	16,310,934.86
Refund of port construction fee and service charges	1,660,916.38	2,803,216.00
Compensation from contracts	-	13,860,280.30
Others	327,481,343.25	270,133,172.51
Total	815,916,787.26	1,165,710,845.18

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Operating expenses such as operating costs and administration expense etc.	183,167,316.54	201,645,233.00
Advance payment	139,587,590.26	177,076,380.78
Guarantees and deposits	34,084,841.10	20,638,334.19
Rentals	23,217,510.11	31,228,253.07
Port construction fee	11,661,727.63	26,478,534.06
Port charges	7,481,400.21	8,187,025.59
Harbor dues on cargo	-	3,138,152.55
Others	352,769,397.12	341,307,637.90
Total	751,969,782.97	809,699,551.14

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

## 65. Items in cash flow statement - continued

## (3) Other cash receipts relating to investing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Recovered principal for the advances of the project	825,670,000.00	-
Net cash receipts by acquiring subsidiaries and other business entities (Note)	317,470,188.12	845,457,228.45
Received compensation for the transition period of Zhanjiang Port	87,104,514.28	-
Recovered lendings	33,282,119.52	1,018,695,828.48
Zhanjiang Port Transition Compensation	3,803,477.07	-
Recovered restricted deposits in the acquisition of the Hambantota Port	-	1,001,472,400.00
Recovered principal of structural deposits that cannot be withdrawn at any time	-	314,000,000.00
Receipt from credit assignment	-	356,137,574.00
Others	186,182,916.72	204,000.00
Total	1,453,513,215.71	3,535,967,030.93

Note: Refer to Note (V) 65(4) for details.

## (4) Net cash receipts for acquiring subsidiaries and other operating units

Item	Amount incurred in the current period
Cash and cash equivalents paid for business combination in the current year	-
Including: Ningbo Daxie	-
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	317,470,188.12
Including: Ningbo Daxie	317,470,188.12
Net cash payments for acquisition of subsidiaries	-317,470,188.12
Including: Ningbo Daxie	-317,470,188.12

## (5) Other cash payments relating to investing activities

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
Debt transfer payment	-	356,137,574.00
Related party borrowings	3,009,744,121.38	104,390,000.00
Supplementary payment of tax on significant assets restructuring	-	68,423,555.78
Others	26,229.24	-
Total	3,009,770,350.62	2,138,951,129.78

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

65. Items in cash flow statement - continued

(6) Other cash receipts relating to financing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Proceeds of CMPort from disposal of part of equity of subsidiaries	1,851,325,647.36	1,713,327,483.01
Equity capital recovered from minority shareholders for Shantou Port	82,129,289.00	-
Recovered financing lease deposits	4,500,000.00	-
Total	1,937,954,936.36	1,713,327,483.01

(7) Other cash payments relating to financing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Amount paid by CMPort for the acquisition of minority shareholders' equities	755,398,999.97	-
Payments for the liquidation of Shantou Port's subsidiaries	82,129,289.00	-
Bonds issuance cost	-	6,600,000.00
Repayment of advances of shareholders	-	1,592,783.29
Others	5,033,180.99	34,391,014.26
Total	842,561,469.96	42,583,797.55

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

## 66. Supplementary information to the cash flow statement

## (1) Supplementary information to the cash flow statement

Supplementary information	Amount incurred in the current period	Amount incurred in the prior period
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	5,525,568,050.56	8,166,917,273.20
Add: Provision for impairment losses of assets	551,370,042.53	-25,051.16
Provision for impairment losses of credit	458,595,661.31	50,249,409.77
Depreciation of fixed assets	1,811,160,796.05	1,681,007,226.50
Depreciation of investment property	189,954,310.24	190,418,170.86
Depreciation of right-of-use assets	355,744,855.65	328,886,210.72
Amortization of intangible assets	609,540,465.06	632,626,770.16
Amortization of long-term prepaid expenses	45,482,342.76	31,586,968.21
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is marked with "-")	-1,489,206,502.32	-4,794,562,782.79
Losses on retirement of fixed assets, intangible assets and other long-term assets	8,633,572.42	24,459,845.75
Losses on changes in fair value (gain is marked with "-")	411,508,773.58	-66,483,266.48
Financial expenses	1,305,513,925.66	2,127,073,624.88
Investment loss (gain is marked with "-")	-4,905,975,438.22	-4,619,173,755.42
Decrease in deferred tax assets (increase is marked with "-")	-120,295,556.03	-191,905,933.39
Increase in deferred tax liabilities	92,233,524.13	524,071,511.80
Decrease in inventories (increase is marked with "-")	-38,670,837.40	-11,704,381.63
Decrease in operating receivables (increase is marked with "-")	-449,965,094.91	-2,391,266,937.99
Increase in operating payables	1,134,608,025.94	3,819,698,512.95
Net cash flows from operating activities	5,495,800,917.01	5,501,873,415.94
<b>2. Significant investing and financing activities that do not involve cash receipts and payments:</b>		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets acquired under finance leases	-	-
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	11,771,619,303.21	7,714,157,995.87
Less: Opening balance of cash	7,714,157,995.87	5,373,281,504.75
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	4,057,461,307.34	2,340,876,491.12

## (2) Cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	11,771,619,303.21	7,714,157,995.87
Including: Cash on hand	570,307.93	331,305.65
Bank deposits available for payment at any time	11,418,758,567.44	7,422,490,058.00
Other monetary funds available for payment at any time	352,290,427.84	291,336,632.22
II. Cash equivalents	-	-
III. Balance of cash and cash equivalents at the end of the year	11,771,619,303.21	7,714,157,995.87

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

## 67. Foreign currency monetary items

Item	Closing balance of foreign currency	Exchange rate	Closing amount in RMB
Cash and bank balances			1,905,475,474.78
Including: HKD	56,199,956.09	0.8416	47,297,883.05
USD	56,276,436.51	6.5249	367,198,120.58
EUR	45,659,283.84	8.0250	366,415,752.82
RMB	1,124,563,718.33	1.0000	1,124,563,718.33
Accounts receivable			203,448,369.46
Including: HKD	3,821,664.96	0.8416	3,216,313.23
USD	4,757,977.91	6.5249	31,045,330.06
EUR	21,082,458.09	8.0250	169,186,726.17
Other receivables			1,065,027,108.18
Including: HKD	30,806,619.51	0.8416	25,926,850.98
USD	9,905,236.96	6.5249	64,630,680.64
EUR	94,429,498.59	8.0250	757,796,726.18
RMB	216,672,850.38	1.0000	216,672,850.38
Non-current assets due within one year			51,286,674.10
Including: USD	7,860,147.14	6.5249	51,286,674.10
Long-term receivables			2,746,067,386.31
Including: USD	420,859,689.24	6.5249	2,746,067,386.31
Short-term borrowings			1,320,810,000.00
Including: HKD	200,000,000.00	0.8416	168,320,000.00
USD	100,000,000.00	6.5249	652,490,000.00
RMB	500,000,000.00	1.0000	500,000,000.00
Accounts payable			30,525,030.58
Including: HKD	4,562,063.34	0.8416	3,839,432.51
USD	31,136.44	6.5249	203,162.16
EUR	3,299,260.30	8.0250	26,476,563.91
RMB	5,872.00	1.0000	5,872.00
Other payables			766,503,180.60
Including: HKD	40,249,878.84	0.8416	33,874,298.03
USD	78,182,967.43	6.5249	510,136,044.18
EUR	16,901,281.16	8.0250	135,632,781.31
RMB	86,860,057.08	1.0000	86,860,057.08
Non-current liabilities due within one year			426,641,874.26
Including: USD	6,821,555.12	6.5249	44,509,965.01
EUR	36,975,000.00	8.0250	296,724,375.00
RMB	85,407,534.25	1.0000	85,407,534.25
Long-term borrowings			3,170,840,790.00
Including: USD	229,600,000.00	6.5249	1,498,117,040.00
EUR	124,950,000.00	8.0250	1,002,723,750.00
RMB	670,000,000.00	1.0000	670,000,000.00
Bonds payable			18,720,930,378.52
Including: USD	2,486,004,441.22	6.5249	16,220,930,378.52
RMB	2,500,000,000.00	1.0000	2,500,000,000.00
Long-term payables			1,188,465,420.57
Including: EUR	54,484,576.49	8.0250	437,238,325.33
USD	115,132,353.79	6.5249	751,227,095.24

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

## 68. Government grants

Type	Amount	Item	Presentation account	Amount included in profit or loss for the period
Related to income	73,356,900.00	Special central budget for the development of the rental housing market	Other income	73,356,900.00
Related to income	52,970,000.00	Subsidiaries of introducing investment	Non-operating income	52,970,000.00
Related to income	16,666,657.00	Government subsidies for business development	Other income	16,666,657.00
Related to income	13,701,836.63	Refund of unemployment insurance premium	Other income	13,701,836.63
Related to income	11,662,568.44	Special fund for innovation	Other income	11,662,568.44
Related to income	6,670,018.69	Subsidies for preventing epidemics	Other income	6,670,018.69
Related to income	5,799,000.00	Subsidies for the construction of shore-to-ship power supply system	Other income	5,799,000.00
Related to income	5,015,833.38	Subsidies of intelligent system and facilities and equipment	Deferred income	-
Related to income	4,530,545.00	Special fund for operation	Other income	4,530,545.00
Related to income	4,286,036.86	Steady post subsidies	Other income	4,286,036.86
Related to income	1,544,768.00	Air environment quality improvement subsidy	Other income	1,544,768.00
Related to income	1,438,961.78	value-added tax levied and immediately returned for software products	Other income	1,438,961.78
Related to income	5,313,013.69	Others	Other income	5,313,013.69
Related to income	914,602.38	Others	Non-operating income	914,602.38
Total	203,870,741.85			198,854,908.47

## 69. Lease

Undiscounted lease receipts subsequent to the balance sheet date are as follows:

Maturity analysis of undiscounted lease receipts	31/12/2020
1 <sup>st</sup> year subsequent to the balance sheet date	286,233,247.28
2 <sup>nd</sup> year subsequent to the balance sheet date	136,732,886.83
3 <sup>rd</sup> year subsequent to the balance sheet date	95,628,740.71
4 <sup>th</sup> year subsequent to the balance sheet date	79,209,529.00
5 <sup>th</sup> year subsequent to the balance sheet date	72,940,772.30
Subsequent years	317,212,150.30
Total	987,957,326.42

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 constitutes material risk of the Group.

Note 2: For 2020, the revenue relating to operating lease amounts to RMB 366,100,557.24; 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 for the year

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
Ningbo Daxie	19 November 2020	1,723,788,876.57	45.00	Concerted action agreement	19 November 2020	Transfer of de facto control	73,403,212.42	27,286,541.83

Note: On 19 November 2020, Cyber Chic Company Limited, the subsidiary of the Company and the other shareholders of Ningbo Daxie China Merchants International Terminals Co. Ltd. (Ningbo Zhoushan and CITIC Port Investmetn Co.,Ltd) establish the Budget Committee through resolutions of shareholder meeting, and entered into a Cooperation Agreement with Ningbo Zhoushan Port Company Limited ("Ningbo Port"),

The Budget Committee consists of three directors, one nominated by each shareholder to be a member of the Budget Committee and the director nominated by Cyber Chic Company Limited to be the Chairman. The Budget Committee is mainly responsible for the examination and approval of Ningbo Daxie's annual business plan, annual financial budget and final accounts, and after-tax profit distribution plan. Any matter considered by the Budget Committee shall be approved by a two-thirds majority.

Pursuant to the cooperation agreement, Cyber Chic Company Limited and Ningbo Zhoushan will consult and communicate to reach a common action prior to the exercise of shareholder rights. If both parties fail to reach a consensus on the operation and management of Ningbo Daxie, it will be decided according to the opinion of Cyber Chic Company Limited. No consideration will be paid by either party under the Cooperation Agreement.

After the signing of the cooperation agreement, Cyber Chic Company Limited (and Ningbo Zhoushan jointly own more than 50% of the shares of Ningbo Daxie. Therefore, as of November 19, 2020, the Group will include Ningbo Daxie into the consolidated scope of consolidated financial statements, Ningbo Daxie will also be transformed from a joint venture company of the Group into a subsidiary of the Group, with the same shareholding ratio.

## 2. Combination cost and goodwill

Combination cost	Ningbo Daxie
Cash	-
Fair value of previously held equity at acquisition date	1,723,788,876.57
Others	-
Total combination cost	1,723,788,876.57
Less: Share of fair value of net identifiable assets	1,535,291,682.16
Goodwill	188,497,194.41

## (VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

## 3. Business combination not involving enterprises under common control

## (1) Identifiable assets, liabilities of the acquiree at acquisition date

	Ningbo Daxie	
	Fair value at acquisition date	Carrying amount at acquisition date
Assets:		
Current assets	452,190,770.34	452,190,770.34
Investments in other equity instruments	17,689,094.74	17,744,912.00
Fixed assets	2,367,025,860.63	1,762,938,008.76
Construction in progress	22,262,821.75	22,262,821.75
Intangible assets	1,246,136,859.13	174,638,339.40
Long-term prepaid expenses	9,924,686.56	9,924,686.56
Liabilities:		
Current liabilities	283,489,650.27	283,489,650.27
Special payables	1,098,494.94	1,098,494.94
Deferred tax liabilities	418,882,654.24	-
Net assets	3,411,759,293.70	2,155,111,393.60
Less: Minority interests	-	-
Net assets acquired	3,411,759,293.70	2,155,111,393.60

## (2) Operating results and net cash flows of the acquiree from the acquisition date to the end of the year of business combination

Item	Acquisition date to the end of the year of business combination
	Ningbo Daxie
Operating income	73,403,212.42
Operating cost and expenses	42,281,862.79
Gross profit	32,101,813.91
Net profit	27,286,541.83
Net cash flows from operating activities	36,940,631.77
Net cash flows from investing activities	-3,002,033.17
Net cash flows from financing activities	-117,688,708.33
Net increase in cash and cash equivalents (decrease is marked with "-")	-83,750,109.73

## (3) Gains or losses from remeasurement of equity held prior to acquisition date at fair value

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
Ningbo Daxie	969,800,126.77	1,723,788,876.57	753,988,749.80	Asset-based valuation	-

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(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	100.00	-	Established through investment
Chiwan Wharf Holdings (Hong Kong) Ltd.	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1,000,000	100.00	-	Established through investment
Dongguan Shenchuan Port Affairs Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	85.00	-	Established through investment
Dongguan Shenchuan Wharf 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	HKD80,0000	100.00	-	Business combination involving enterprises under common control
CMPort(Note 1)	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD42,521,339,900	41.85	-	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 Holdings (International) Information Technology Company Limited (hereinafter referred to as "International Information Technology Company")	Shenzhen, PRC	Shenzhen, PRC	IT services	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 International Container Terminal (Qingdao) Co., Ltd.	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	Project supervision services	300	-	100.00	Business combination involving enterprises under common control
ATJ	Shenzhen, PRC	Shenzhen, PRC	Preparation for the warehousing project	HKD100,000,000	-	100.00	Business combination involving enterprises under common control
ASJ	Shenzhen, PRC	Shenzhen, PRC	Preparation for the warehousing project	HKD1,000,000	-	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
Magang Godown & Wharf (Note 2)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	33,500.00	-	100.00	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
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

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**(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	
Shenzhen Lianyungjie 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 the 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	53,072.92	-	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	British Virgin	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
Lome Container Terminal S.A.	The Republic of Togo	The Republic of Togo	Logistics support services	XOF200,000,000	-	100.00	Business combination involving enterprises under common control
Gainpro	British Virgin	British Virgin	Investment holding	USD1.00	-	76.47	Business combination involving enterprises under common control
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	-	60.00	Business combination involving enterprises under common control
JYRT	Shenzhen, PRC	Shenzhen, PRC	Property lease service, etc.	80,000	-	100.00	Business combination involving enterprises under common control
QHW	Shenzhen, PRC	Shenzhen, PRC	Property lease service, etc.	20,000	-	100.00	Business combination involving enterprises under common control
Juzhongzhi Investment (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment consultation	4,000	-	75.00	Business combination involving enterprises under common control
Shenzhen Lianda Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	200	-	60.29	Business combination involving enterprises under common control
China Ocean Shipping Tally Zhangzhou Co., Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	200	-	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 (hereinafter referred to as "Xinda")	British Virgin	British Virgin	Investment holding	USD107,620,000	-	77.45	Business combination involving enterprises under common control
Kong Rise Development Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	USD107,620,000	-	100.00	Business combination involving enterprises under common control
TCP	Brazil	Brazil	Logistics support services	BRL 68,851,600	-	100.00	Business combination not involving enterprises under common control
Direcet Achieve Investments Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	USD814,781,300	-	100.00	Business combination involving enterprises under common control
CMPort (Zhoushan) RoRo Logistics Co., Ltd.	Zhoushan, PRC	Zhoushan, PRC	Logistics support services	17,307.86	51.00	-	Assets acquisition
Shenzhen Haixing Logistics Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	7,066.79	-	67.00	Assets acquisition
Zhanjiang Port	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.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	60,000.00	-	80.00	Business combination not involving enterprises under common control

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**(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	
Zhanjiang Port Petrochemical Terminal Co., Ltd.	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	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	300	-	84.00	Business combination not involving enterprises under common control
Zhanjiang Port Donghaidao Bulk Cargo Terminal Co., Ltd.	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	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	300	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Logistics Co., Ltd.	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.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	200	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Zhanjiang, PRC	Zhanjiang, PRC	Logistics support services	9,000.00	-	70.00	Business combination not involving enterprises under common control
Ningbo Daxie (Note 4)	Ningbo, PRC	Ningbo, PRC	Logistics support services	120,909.00	-	45.00	Business combination involving enterprises under common control
Shantou Harbor Towage Service Co., Ltd.	Shantou, PRC	Shantou, PRC	Logistics support services	1,000.00	-	100.00	Established through investment

Note 1: On 19 June 2018, the Company and China Merchants Group (Hong Kong) Co., Ltd. ("CMHK") entered into "Agreement of Concerted Action on China Merchants Port Holdings Company Limited". According to the agreement, CMHK unconditionally keeps consistent with the Company when voting for the matters discussed at the general shareholders meeting of CMPort in respect of its voting power of CMPort as entrusted, and performs the voting as per the Company's opinion.

For July and October 2020, CMPort respectively distributed 2019 dividends and 2020 interim dividends to shareholders. The shareholders may select to receive the dividends all in cash or shares, or receive the dividends part in cash and part in new shares. The Company and CMHK select to receive all its share of dividends from the shareholding in CMPort in the form of scrip dividends. Upon the completion of above distribution of CMPort, the Company's share in CMPort increased from 1,411,014,033 shares to 1,532,248,957 shares, accounting for 41.85% (previously 40.91%) of the total issued shares of CMPort. The proportion of shares held by CMHK changed from 21.86% to 22.36%. Therefore, the Company has total 64.21% voting power of CMPort and has control over CMPort.

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Note 2: At the shareholders' meeting held on 17 July 2020, Magang Godown&Wharf a subsidiary of the Company, approved an absorption agreement with Shenzhen Mawan Port Services Co., Ltd., ("Mawan Port Services"), another subsidiary of the Company. According to the agreement, Mahaang Warehouse Code continues as a going concern by absorbing Mawan Port Services which was cancelled with the settlement date 30 November 2020.

On 22 July 2020, Magang Godown&Wharf and Mawan Port Services, subsidiaries of the Company, published separate announcements in Shenzhen Special Zone Daily to explain the debt settlement or debt guarantee of Magang Godown&Wharf and Mawan Port Services, and the debts of both parties before the merger will continue to be repaid by the existing Magang Godown&Wharf after the merger.

On 13 November 2020, the registration modification with the administration for industry and commerce of Magang Godown&Wharf and the registration cancellation with the administration for industry and commerce of Mawan Port Services, subsidiaries of the Company, were completed.

Note 3: The Group and China Merchants Zhangzhou Development Zone Co., Ltd. entered into "Equity Custody Agreement", according to which China Merchants Zhangzhou Development Zone Co., Ltd. entrusted its 29% equity of ZCMG to the Group for operation and management. Therefore, the Group has 60% voting power of ZCMG and includes it in the scope of consolidation of the consolidated financial statements.

Note 4: Details are set out in Note (VI) 1.

(2) Material non-wholly-owned subsidiaries

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders (%)	Profit or loss attributable to minority shareholders in the current year	Dividends distributed to minority shareholders in the current year	Balance of minority interests at the end of the year
CMPort	58.15	3,290,341,491.53	1,271,963,608.20	63,082,766,307.07

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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

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

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CMPort	14,625,774,694.50	125,425,081,030.94	140,050,855,725.44	13,055,907,214.63	34,087,468,137.34	47,143,375,351.97	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

Name of the subsidiary	2020				2019			
	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	7,956,928,250.59	5,064,412,321.79	3,204,689,765.86	3,629,199,456.13	7,845,242,646.62	7,421,484,985.59	6,327,276,475.35	3,944,044,766.09

**(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 40.91% to 41.85%. Details are set out in Note (VII) 1 (1).

In February 2018, China Merchants Port Holdings, a subsidiary of the Company, through its controlling subsidiary Kong Rise Development Limited, acquired a 90% equity interest in TCP. Under the agreement, the minority shareholder of TCP holds an option to sell its 10% equity interest in TCP to Kong Rise Development Limited, a subsidiary of the Group and the controlling shareholder of TCP, at the higher of the market price or BRL 320 million (the "Put Option"). On 23 February 2020, the minority shareholders of TCP gave notice of exercise to Kong Rise Development Limited, after which China Merchants Port Holdings increased its capital to Xinda, the wholly-owned controlling shareholder of Kong Rise Development Limited, by USD107 million, Xinda increased its capital to Kong Rise Development Limited by USD107 million, and Kong Rise Development Limited paid the minority shareholder of TCP the full amount of USD107 million for the equity acquisition of approximately RMB755,398,999.97. As of 31 December 2020, the relevant equity transaction has been completed. Upon completion of this transaction, the shareholding of Kong Rise Development Limited in TCP changed from 90% to 100% and the shareholding of China Merchants Port Holdings in Xinda changed from 74.9485% to 77.4536%.

In June 2020, China Merchants Port Holdings, a subsidiary of the Company, as seller, Fujian Transportation Maritime Silk Road, as buyer, and Fujian Provincial Transportation Group Co., Ltd., as guarantor, entered into the "Contract for Share Transfer of GAINPRO RESOURCES LIMITED", under which China Merchants Port Holdings transferred about 23.53% of equity in its wholly-owned subsidiary Gainpro and 23.53% of the shareholder loans it provided to Gainpro to Fujian Transportation Maritime Silk Road with a transaction consideration of USD268,000,000.00. As of 31 December 2020, the relevant equity transaction has been completed. After the completion of this transaction, the shareholding of China Merchants Port Holdings in Gainpro changed from 100% to 76.47%.

**(VII) EQUITY IN OTHER ENTITIES - continued****2. Transactions resulting in changes in ownership interests in subsidiaries without losing control over the subsidiaries - continued****(2) Effect of the transaction on minority interests and equity attributable to owners of the Company**

	<b>CMPort</b>	<b>TCP</b>	<b>Gainpro</b>
Acquisition cost/disposal consideration			
- Cash	-	755,398,999.97	1,851,325,647.36
- Fair value of non-cash assets	974,063,967.07	-	-
Less: Fair value of put options recognized at the acquisition of TCP controlling interest	-	170,321,779.31	-
Less: Changes in the fair value of put options	-	65,259,562.57	-
Less: Shareholder loans transferred to Fujian Transportation Maritime Silk Road	-	-	1,587,526,138.69
Total acquisition cost and disposal consideration	974,063,967.07	519,817,658.09	263,799,508.67
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired to the equity disposed	1,350,167,611.78	-14,691,819.14	-68,314,604.13
Difference	-376,103,644.71	534,509,477.23	332,114,112.80
Including: Adjustment to capital Reserve	376,103,644.71	-534,509,477.23	332,114,112.80
Adjustment to surplus reserve	-	-	-
Adjustment to unappropriated profit	-	-	-

**3. Interests in joint ventures and associates****(1) Material joint ventures or associates**

Investee	Principal place of business	Place of registration	Nature of business	Proportion of ownership interests held by the Group (%)		Accounting method of investments in associates
				Direct	Indirect	
Associates						
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

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	43,653,716,114.59	40,399,631,516.67
Including: Cash and cash equivalents	20,689,734,592.59	17,900,365,675.69
Non-current assets	112,271,033,861.93	101,777,664,401.29
Total assets	155,924,749,976.52	142,177,295,917.96
Current liabilities	22,405,787,626.17	19,339,272,490.14
Non-current liabilities	37,539,362,699.55	32,049,165,771.78
Total liabilities	59,945,150,325.72	51,388,438,261.92
Minority interests	8,461,734,212.94	8,732,108,869.09
Equity attributable to shareholders of the parent company	87,517,865,437.86	82,056,748,786.95
Share of net assets calculated based on the proportion of ownership interests	23,428,532,577.72	21,966,591,650.27
Adjustments		
-Goodwill	2,076,585,747.12	2,076,585,747.12
-Others	-143,335,143.43	-125,134,529.84
Carrying amounts of equity investments in associates	25,361,783,181.41	23,918,042,867.55
Fair value of publicly quoted equity investments in associates	28,345,709,190.02	35,788,783,813.22
Operating income	26,119,460,820.07	36,101,631,985.21
Net profit	9,183,403,328.66	9,925,845,382.34
Other comprehensive income	657,555,565.18	-197,209,230.86
Total comprehensive income	9,840,958,893.84	9,728,636,151.48
Dividends received from associates in the current year	899,371,516.97	955,194,576.56

## 5. Summarized financial information of immaterial associates and joint ventures

Item	Closing balance/Amount accumulated in the year	Opening balance/ Amount accumulated last year
<b>Joint ventures:</b>		
Total carrying amount of investments	8,860,743,706.09	9,392,226,566.22
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	357,995,555.70	468,699,021.57
- Other comprehensive income	25,430,763.35	-18,718,479.76
- Total comprehensive income	383,426,319.05	449,980,541.81
<b>Associates:</b>		
Total carrying amount of investments	32,009,396,535.95	24,606,269,949.49
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	1,396,328,157.40	833,229,755.94
- Other comprehensive income	21,687,463.52	-71,060,470.70
- Total comprehensive income	1,418,015,620.92	762,169,285.24

## 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

## 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 2020, the balance of the Group's assets and liabilities are both denominated in functional currency, except that the assets and liabilities set out below are recorded using foreign currency. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Item	Closing balance	Opening balance
Cash and bank balances	1,214,901,554.08	829,827,620.81
Accounts receivable	34,261,643.29	134,801,300.52
Other receivables	1,004,843,484.23	558,948,223.20
Long-term receivables	-	9,800,295.76
Short-term borrowings	668,320,000.00	1,304,398,148.00
Accounts payable	4,286,809.14	30,431,392.31
Other payables	201,395,071.52	261,684,252.87
Non-current liabilities due within one year	382,131,909.25	261,401,461.04
Long-term borrowings	670,000,000.00	976,546,725.00
Bonds payable	2,500,000,000.00	2,500,000,000.00
Long-term payables	440,659,667.97	431,361,402.17

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:

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	-577,260.66	-577,260.66	-17,661,467.60	-17,661,467.60
All foreign currencies	5% decrease against RMB	577,260.66	577,260.66	17,661,467.60	17,661,467.60
All foreign currencies	5% increase against USD	1,578,468.63	1,578,468.63	-7,574,539.96	-7,574,539.96
All foreign currencies	5% decrease against USD	-1,578,468.63	-1,578,468.63	7,574,539.96	7,574,539.96
All foreign currencies	5% increase against HKD	-131,469,479.65	-131,469,186.05	-97,677,880.50	-97,677,880.50
All foreign currencies	5% decrease against HKD	131,469,479.65	131,469,186.05	97,677,880.50	97,677,880.50
All foreign currencies	5% increase against FCFA	-171,067.13	-171,067.13	-41,707,232.31	-41,707,232.31
All foreign currencies	5% decrease against FCFA	171,067.13	171,067.13	41,707,232.31	41,707,232.31

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

Risk of changes in cash flows of financial instruments arising from interest rate changes is mainly related to bank loans with floating interest rate. (See Note (V) 26 and Note (V) 36). The Group continuously and closely monitors the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain these borrowings at floating rates. Presently, the Group has no arrangement such as interest rate swaps etc.

Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumptions:

- Fluctuations of market interest rate can affect the interest income or expense of a financial instrument with floating interest rate;
- For a financial instrument at fair value with fixed interest rate, the fluctuations of market interest rate can only affect its interest income or expense;
- For a derivative financial instrument designated as hedging instrument, the fluctuations of market interest rate affect its fair value, and all interest rate hedging are expected to be highly effective;
- The changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discounting method by applying the market interest rate at balance sheet date.

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

Item	Changes in interest rate	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings and long-term borrowings	1% increase	-133,940,312.35	-133,940,312.35	-126,905,885.92	-126,905,885.92
Short-term borrowings and long-term borrowings	1% decrease	133,940,312.35	133,940,312.35	126,905,885.92	126,905,885.92

**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 2020, the Group had total current liabilities in excess of total current assets of RMB3,870,940,636.24. As at 31 December 2020, the Group has available unutilized loan facility of RMB45,605,365,637.62 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****3. Liquidity risk - continued**

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

Item	Carrying amount	Gross amount	Within 1 year	1 to 5 years	Over 5 years
Short-term borrowings	10,483,775,548.93	10,589,325,476.51	10,589,325,476.51	-	-
Notes payable	7,081,772.32	7,081,772.32	7,081,772.32	-	-
Accounts payable	599,112,028.98	599,112,028.98	599,112,028.98	-	-
Other payables	2,456,700,897.60	2,456,700,897.60	2,456,700,897.60	-	-
Non-current liabilities due within one year	3,511,343,186.37	4,990,744,868.69	4,990,744,868.69	-	-
Other current liabilities	2,383,668,985.94	2,397,840,643.47	2,397,840,643.47	-	-
Long-term borrowings	7,406,322,693.80	8,295,674,700.92	-	6,597,478,594.75	1,698,196,106.17
Bonds payable	21,090,545,845.56	23,576,837,902.76	-	19,195,987,479.27	4,380,850,423.49
Lease liabilities	1,327,423,748.05	2,054,269,999.66	-	804,396,870.36	1,249,873,129.30
Long-term payables	1,188,465,420.57	1,289,219,203.17	-	26,864,969.61	1,262,354,233.56
Other non-current liabilities	2,821,122,944.90	2,821,122,944.90	-	246,057,524.18	2,575,065,420.72

**(IX) DISCLOSURE OF FAIR VALUE****1. Closing balance of assets and liabilities measured at fair value**

Item	Fair value at the end of the year			Total
	Level 1 Measured at fair value	Level 2 Measured at fair value	Level 3 Measured at fair value	
<b>Measurements at fair value continuously</b>				
Held-for-trading financial assets	165,448.59	-	850,000,000.00	850,165,448.59
Receivables financing	-	217,449,966.41	-	217,449,966.41
Other equity instrument investments	10,786,800.00	-	170,680,257.74	181,467,057.74
Other non-current financial assets	886,385,139.77	-	24,422,312.79	910,807,452.56
<b>Total assets measured at fair value continuously</b>	<b>897,337,388.36</b>	<b>217,449,966.41</b>	<b>1,045,102,570.53</b>	<b>2,159,889,925.30</b>
Other non-current liabilities	-	-	2,888,395,641.53	2,888,395,641.53
<b>Total liabilities measured at fair value continuously</b>	<b>-</b>	<b>-</b>	<b>2,888,395,641.53</b>	<b>2,888,395,641.53</b>

**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 2020.

**(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 at the end of this year	Valuation techniques	Inputs
Receivables financing	217,449,966.41	Cash flow discounting	Discount rate

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**

Item	Fair value at the end of this year	Valuation techniques	Inputs
Held-for-trading financial assets	850,000,000.00	Cash flow discounting	Discount rate
Other equity instrument investments	170,680,257.74	Net worth method	Carrying amount
Other non-current financial assets	2,000,000.00	Cash flow discounting	Discount rate
Other non-current financial assets	667,822.80	Net worth method	Carrying amount
Other non-current financial assets	21,754,489.99	Listed company comparison approach	Share price
Other non-current liabilities	2,888,395,641.53	Cash flow discounting	Discount rate

The fair value of non-listed equity instruments included in equity instruments at fair value through profit or loss or other comprehensive income is determined using the valuation techniques such as cash flow discounting method, net worth method, listed company comparison approach etc. During the valuation, the Group needs to make estimates in respect of the future cash flows, credit risk, market volatility and relevance etc., select appropriate discount rate and take into consideration of adjustment of discount and premium.

**5. Fair value of financial assets and financial liabilities not measured at fair value**

The financial assets and liabilities not measured at fair value mainly include: notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, lease liabilities and long-term payables etc.

The Group's management believes that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

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.

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(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	Nature of business	Issued share capital	Proportion of the Company's ownership interests held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Broadford Global Limited	Parent company	Private limited company (share limited)	Hong Kong	Investment holding	HKD 21,120,986,262	2.88	81.92 (Note)

Note: Broadford Global Limited directly holds 2.88% equity of the Company, and indirectly holds 19.29% and 59.75% equity of the Company through the subsidiaries China Merchants Gangtong Development (Shenzhen) Co., Ltd. and China Merchants Port Investment Development Company Limited (formerly known as China Merchants Investment Development Co., Ltd.) respectively. The ultimate controlling shareholder of the Company is China Merchants Group.

2. Subsidiaries of the Company

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

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(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
Port of Newcastle and its subsidiaries	Joint venture
Guizhou East Land Port Operation Co., Ltd.	Joint venture
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Previously a joint venture (currently a subsidiary)
Ningbo Daxie (Note 1)	Previously a joint venture (currently a subsidiary)
Qingdao Qianwan United Container Terminal Co., Ltd.	Joint venture
Qingdao Qianwan West Port United Wharf Co., Ltd.	Joint venture
Qingdao Qianwan New United Container Terminal Co., Ltd.	Joint venture
COSCO Logistics (Zhanjiang) Co., Ltd.	Joint venture
China Merchants Antong Logistics Management Company	Joint venture
China Ocean Shipping Agency (Zhanjiang) Co., Ltd	Joint venture
Yantai Port Group Laizhou Port Co., Ltd.	Joint venture
Qingdao Wutong Century Supply Chain Co., Ltd.	Joint venture
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	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
Zhanjiang CMHK Investment Co., Ltd.	Associate
Zhanjiang Xiagang United Development Co., Ltd.	Associate
Zhangzhou COSCO Shipping Agency Co., Ltd.	Associate
Chu Kong River Trade Terminal Co. Ltd.	Associate
Dalian Port Logistics Technology Co. Ltd.	Associate
China United Tally Co., Ltd. Shantou	Associate
Shantou International Container Terminals Limited	Associate
Shenzhen Bay Electricity Industry Co., Ltd.	Associate

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
Yihai Kerry Golden Arowana Cereals, Oils and Foodstuffs Co., Ltd.	Minority shareholder of subsidiary
Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	Minority shareholder of subsidiary
Zhoushan Blue Ocean Investment Co., Ltd.	Minority shareholder of subsidiary
Sri Lanka Ports Authority	Minority shareholder of subsidiary
Antong Holdings Co., Ltd. and its subordinate companies (Note 2)	Same related natural person
China COSCO Shipping Group and its subsidiaries (Note 2)	Same related natural person
CMHK	Controlled by the same ultimate controlling shareholder
Sinotrans (NZ) Limited	Controlled by the same ultimate controlling shareholder
Sinotrans Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate controlling shareholder
South China Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
EuroAsia Dockyard Enterprise and Development Limited	Controlled by the same ultimate controlling shareholder
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Controlled by the same ultimate controlling shareholder
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
Penavico Shenzhen Warehousing Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Nanyou (Holdings) Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen West Port Security Service Company	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
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
China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Property Management (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards (Shekou) Limited	Controlled by the same ultimate controlling shareholder
Yiu Lian Dockyards Limited	Controlled by the same ultimate controlling shareholder
China Merchants Houlder Insurance Consulting Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants International Cold Chain (Shenzhen) Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Group Finance Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Port Investment Development Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Life Insurance Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Finance Lease (Tianjin) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchant Food (China) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Tongshang Finance Lease Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Logistics Group Qingdao Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Securities Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Traffic Import and Export Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Guangdong Co., Ltd.	Controlled by the same ultimate controlling shareholder

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**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**

**4. Other related parties of the Company - continued**

<b>Name of other related parties</b>	<b>Relationship with the Company</b>
China Merchants Healthcare (Qichun) Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Tally Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Air Transportation Development Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Central China Co., Ltd.	Controlled by the same ultimate controlling shareholder
Portx.cn	Controlled by the same ultimate controlling shareholder
Sinotrans (HK) Shipping Limited	Controlled by the same ultimate controlling shareholder
Sinoway Shipping Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants (Liaoning) Port Development Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Shantou Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Holdings (Hong Kong) Company Limited	Controlled by the same ultimate controlling shareholder
Guangzhou Hangshang Int'l Shipping Agency Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen China Merchants Shekou Asset Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Yangtze Shipping Group Wuhan Real Estate Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Wanhai Mansion Management Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Godown, Wharf & Transportation Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants-Logistics Shenzhen Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Co., Ltd.	Controlled by the same ultimate controlling shareholder
China Ocean Shipping Agency Shenzhen	Controlled by the same ultimate controlling shareholder
China Marine Shipping Agency Ningbo Co., Ltd.	Controlled by the same ultimate controlling shareholder
Sinotrans Container Lines (Hong Kong) Company Limited	Controlled by the same ultimate controlling shareholder
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate controlling shareholder
Hoi Tung Innotek (Shenzhen) Co., Ltd.	Controlled by the same ultimate controlling shareholder
Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	Original controlled by the ultimate controlling shareholder
Khor Ambado FZCo	With significant influence from the ultimate controlling shareholder
Djibouti International Hotel Company	With significant influence from the ultimate controlling shareholder
China Merchant Bank Co., Ltd.	With significant influence from the ultimate controlling shareholder
Shenzhen China Merchants Port Trade Center for Sea-land Materials	With significant influence from the ultimate controlling shareholder

Note 1: Refer to Note (VI) 1. It's no longer a related party of the Group since 19 November 2020.

Note 2: The Company's former Chairman Fu Gangfeng (resigned on 31 January 2020) worked as the director and general manager of China COSCO Shipping Corporation Limited within 12 months after his departure. From 1 January 2020 to 27 March 2020, the Company's deputy general manager Zheng Shaoping worked both as the senior management personnel of the Company and as the Chairman of the Board of Antong Holding Co., Ltd. From September 25 to October 11, 2020, the Company's Deputy General Manager Zheng Shaoping worked as the Company's senior management and the member of board of directors of Antong Holdings Co., Ltd. From October 12, 2020 to December 31, 2020, the Company's Deputy General Manager Zheng Shaoping, served both as the senior management of the company and as the chairman of Antong Holding 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. and for the 12 months after such period are disclosed.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Rendering and receipt of service

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
<b>Receipt of service:</b>				
Nanshan Group and its subsidiaries	Service expenditure	Negotiation	29,612,136.31	59,399,028.43
Shenzhen Bay Electricity Industry Co., Ltd.	Service expenditure	Negotiation	29,148,667.42	-
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service expenditure	Negotiation	16,335,069.80	18,116,312.14
Hoi Tung (Shanghai) Company Limited	Service expenditure	Negotiation	9,886,142.11	1,472,835.51
Yiu Lian Dockyards Limited	Service expenditure	Negotiation	9,274,213.41	11,822,773.93
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	6,616,945.42	8,063,768.58
China Merchants Property Management (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	844,512.39	2,496,785.30
COSCO Logistics (Zhanjiang) Co., Ltd.	Service expenditure	Negotiation	5,078,367.51	5,302,779.67
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Service expenditure	Negotiation	4,548,046.20	5,050,730.12
Shenzhen West Port Security Service Company	Service expenditure	Negotiation	4,159,456.50	-
China Marine Shipping Agency Shenzhen Co., Ltd.	Service expenditure	Negotiation	2,403,262.96	2,998,142.60
China Merchants Your Cellar (Shenzhen) Co., Ltd.	Service expenditure	Negotiation	2,201,965.59	1,887,287.74
Djibouti International Hotel Company	Service expenditure	Negotiation	2,028,556.99	-
China Marine Shipping Agency Guangdong Co., Ltd.	Service expenditure	Negotiation	1,994,707.90	98,489.92
China Merchants Life Insurance Company Limited	Service expenditure	Negotiation	1,828,798.25	1,674,762.08
China Merchant Food (China) Co., Ltd.	Service expenditure	Negotiation	1,790,459.66	7,720.06
China Merchants Logistics Group Qingdao Co., Ltd.	Service expenditure	Negotiation	1,506,882.06	4,291,294.93
China Merchants Healthcare (Qichun) Co., Ltd.	Service expenditure	Negotiation	1,473,607.08	-
China Ocean Shipping Tally Shenzhen Co., Ltd.	Service expenditure	Negotiation	1,208,224.86	1,168,331.49
Dalian Port Logistics Technology Co., Ltd.	Service expenditure	Negotiation	1,068,592.04	-
China Merchants Houlder Insurance Consulting Co., Ltd.	Service expenditure	Negotiation	273,247.88	2,475,979.40
China Traffic Import and Export Co., Ltd.	Service expenditure	Negotiation	224,342.82	1,076,783.22
Sinotrans Air Transportation Development Co., Ltd.	Service expenditure	Negotiation	-	1,178,932.56
China Merchants (Shenzhen) Power Supply Co., Ltd.	Service expenditure	Negotiation	-	2,611,504.71
Other related parties	Service expenditure	Negotiation	5,120,243.27	5,718,581.57
China Merchants Property Management (Shenzhen) Co., Ltd.	Property utilities	Negotiation	7,567,376.65	19,706,450.63
Nanshan Group and its subsidiaries	Property utilities	Negotiation	-	5,923,767.12
Other related parties	Property utilities	Negotiation	1,269,101.74	2,114,730.66
China Merchants Finance Lease (Tianjin) Co., Ltd.	Lease service fee	Negotiation	-	6,447,169.81
China Merchants Bank Co., Ltd.	Purchase of wealth management products	Negotiation	850,000,000.00	-
China Merchants Group Finance Company Limited	Interest expense	Negotiation	40,218,054.32	42,581,045.29
China Merchant Bank Co., Ltd.	Interest expense	Negotiation	2,820,905.00	3,618,321.05
Port de Djibouti S.A.	Interest expense	Negotiation	-	7,364,273.28
Total			1,040,501,886.14	224,668,581.80

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
<b>Rendering of service:</b>				
China COSCO Shipping Group and its subsidiaries	Service revenue	Negotiation	473,089,186.47	128,551,617.88
COSCO Logistics (Zhanjiang) Co., Ltd.	Service revenue	Negotiation	138,294,236.96	142,786,686.45
Antong Holdings Co., Ltd. and its subordinate companies	Service revenue	Negotiation	127,713,616.40	30,031,214.77
China Marine Shipping Agency Guangdong Co., Ltd.	Service revenue	Negotiation	61,942,724.25	33,230,929.57
China Marine Shipping Agency Zhanjiang Co., Ltd.	Service revenue	Negotiation	53,774,870.23	48,467,968.01
Qingdao Qianwan United Container Terminal Co., Ltd.	Service revenue	Negotiation	49,104,741.77	54,976,948.20
Shantou International Container Terminals Limited	Service revenue	Negotiation	15,018,042.39	-
China Ocean Shipping Agency Shenzhen	Service revenue	Negotiation	11,872,191.59	22,026,784.26
Port de Djibouti S.A.	Service revenue	Negotiation	10,943,478.47	-
China Merchants Ocean Shipping Agency ShenZhen	Service revenue	Negotiation	10,407,471.90	5,516,336.45
Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	Service revenue	Negotiation	9,183,840.58	7,624,557.93
Yiu Lian Dockyards (Shekou) Limited	Service revenue	Negotiation	6,825,979.02	5,818,220.17
China Merchants International Cold Chain (Shenzhen) Company Limited	Service revenue	Negotiation	6,781,159.20	6,487,127.00
Penavico Shenzhen Warehousing Co., Ltd.	Service revenue	Negotiation	6,450,089.03	424,691.17
Sinotrans Container Lines Co., Ltd.	Service revenue	Negotiation	5,752,204.72	4,173,590.92
South China Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	5,730,351.44	3,574,103.34
Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	Service revenue	Negotiation	5,366,080.32	1,073,773.97
China Marine Shipping Agency Shenzhen Co., Ltd.	Service revenue	Negotiation	4,566,415.18	7,924,860.20
Ningbo Daxie	Service revenue	Negotiation	4,212,324.06	3,973,305.23
Portx.cn	Service revenue	Negotiation	3,627,717.89	-
Sinotrans (HK) Shipping Limited	Service revenue	Negotiation	3,516,284.75	-
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service revenue	Negotiation	3,403,438.43	9,297,044.19
Qingdao Qianwan United Container Terminal Co., Ltd.	Service revenue	Negotiation	3,147,064.19	3,165,271.40
China Marine Shipping Agency Guangdong Co., Ltd.	Service revenue	Negotiation	2,771,236.94	637,333.96
Sinoway Shipping Ltd.	Service revenue	Negotiation	2,380,557.22	101,246.40
Guizhou Qiandongnan Continental Land Port Operation Co., Ltd.	Service revenue	Negotiation	2,006,774.37	4,995,026.14
China Merchants (Liaoning) Port Development Co., Ltd.	Service revenue	Negotiation	1,886,792.45	-
China Merchants Port Investment Development Company Limited	Service revenue	Negotiation	1,870,575.47	-
Guizhou East Land Port Operation Co., Ltd.	Service revenue	Negotiation	1,854,382.19	5,538,484.09
Qingdao Bonded Logistics Park Sinotrans Warehousing Logistics Co., Ltd.	Service revenue	Negotiation	1,777,701.97	1,855,239.95
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Service revenue	Negotiation	1,771,945.79	54,339.62
Shantou Zhonglian Tally Co., Ltd.	Service revenue	Negotiation	1,720,385.71	-
Shanghai International Port (Group) Co., Ltd.	Service revenue	Negotiation	1,631,054.72	1,588,035.85
Yantai Port Group Laizhou Port Co., Ltd.	Service revenue	Negotiation	1,448,756.38	1,775,122.48
Doraleh Multi-purpose Port	Service revenue	Negotiation	1,396,158.59	1,062,268.33
Zhanjiang CMHK Investment Co., Ltd.	Service revenue	Negotiation	1,226,801.94	-
International Djibouti Industrial Parks Operation FZCo	Service revenue	Negotiation	1,219,559.23	5,109,432.57
Terminal Link SAS	Service revenue	Negotiation	1,203,144.53	1,362,717.34
Zhangzhou COSCO Shipping Agency Co., Ltd.	Service revenue	Negotiation	1,171,144.27	2,465,482.40
Sinotrans Central China Co., Ltd.	Service revenue	Negotiation	1,097,750.34	-
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Service revenue	Negotiation	1,049,302.38	2,211,004.97
China Merchants-Logistics Shenzhen Co., Ltd.	Service revenue	Negotiation	1,007,155.73	1,267,111.56
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Service revenue	Negotiation	902,612.31	1,643,202.86
Nanshan Group and its subsidiaries	Service revenue	Negotiation	822,683.39	1,000,829.05
Sinotrans Shantou Co., Ltd.	Service revenue	Negotiation	747,042.39	1,142,737.27
CMHK	Service revenue	Negotiation	126,500.00	1,412,000.00
Qingdao Wutong Century Supply Chain Co., Ltd.	Service revenue	Negotiation	99,572.06	2,061,301.86
Great Horn Development Company FZCo	Service revenue	Negotiation	-	2,492,673.00
Khor Ambado FZCo	Service revenue	Negotiation	-	13,593,100.08
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	Service revenue	Negotiation	-	1,200,615.17
Sinotrans (NZ) Limited	Service revenue	Negotiation	-	6,191,950.42

CHINA MERCHANTS PORT GROUP CO., LTD.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
<b>Rendering of service:</b>				
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Service revenue	Negotiation		4,250,943.39
Shenzhen China Merchants Shekou Asset Management Co., Ltd.	Service revenue	Negotiation	-	2,297,545.50
Shenzhen Zhaogang Sea and Land Material Trade Center	Service revenue	Negotiation	-	2,026,044.81
Other related parties	Service revenue	Negotiation	10,373,324.37	8,690,168.35
Port of Newcastle and its subsidiaries	Interest income	Negotiation	61,452,466.62	62,584,543.33
Zhanjiang CMHK Investment Co., Ltd.	Interest income	Negotiation	34,310,102.60	48,716,656.41
China Merchant Bank Co., Ltd.	Interest income	Negotiation	25,077,926.86	26,074,287.83
Terminal Link SAS	Interest income	Negotiation	130,683,767.31	56,993.75
China Merchants Group Finance Company Limited	Interest income	Negotiation	17,071,627.25	7,814,725.11
Tianjin Haitian Bonded Logistics Co., Ltd.	Interest income	Negotiation	1,507,141.63	1,394,695.28
Khor Ambado FZCo	Interest income	Negotiation	-	18,187,714.88
Other related parties	Interest income	Negotiation	39,343.77	3,811.07
Total			1,334,428,800.02	761,984,416.19

(2) Leases with related parties

The Group as the lessor:

Name of the lessee	Type of leased assets	Pricing method and decision procedures of related transactions	Lease income recognized in the current year	Lease income recognized in the prior year
Qingdao Qianwan West Port United Wharf Co., Ltd.	Port and terminal facilities	Negotiation	9,530,634.40	4,571,984.36
Qingdao Bonded Logistics Park Sinotrans Warehousing & Logistics Co., Ltd.	Buildings and structures	Negotiation	5,246,389.08	3,816,263.45
China Merchant Food (China) Co., Ltd.	Buildings and structures	Negotiation	4,979,293.98	5,675,752.58
China Traffic Import and Export Co., Ltd.	Buildings and structures	Negotiation	4,791,084.02	3,943,926.21
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Buildings and structures	Negotiation	3,937,228.69	2,678,324.75
Yiu Lian Dockyards (Shekou) Limited	Buildings and structures	Negotiation	2,612,180.18	2,441,075.14
Nanshan Group and its subsidiaries	Buildings and structures	Negotiation	2,451,852.32	2,698,718.83
Qingdao Qianwan United Container Terminal Co., Ltd.	Buildings and structures	Negotiation	2,402,484.55	-
China Merchants Securities Co., Ltd.	Buildings and structures	Negotiation	2,364,578.34	2,330,741.02
Qingdao Wutong Century Supply Chain Co., Ltd.	Buildings and structures	Negotiation	960,707.68	1,082,330.31
Other related parties	Buildings and structures, land use rights	Negotiation	6,612,178.37	3,441,589.35
Total			45,888,611.61	32,680,706.00

**CHINA MERCHANTS PORT GROUP CO., LTD.**

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**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**

**5. Related party transactions - continued**

**(2) Leases with related parties - continued**

The Group as the lessee:

Name of the lessor	Type of leased assets	Rental (year)	Lease term (disclose the period covered by contract)	Other significant lease terms
China Merchants Finance Lease (Tianjin) Co., Ltd.	Port and terminal facilities	103,616,724.54	19 March 2018 -26 March 2024	N/A
China Merchants Finance Lease (Tianjin) Co., Ltd.	Machinery equipment, port and terminal facilities	63,602,263.89	30 November 2018 -30 November 2024	N/A
Nanshan Group and its subsidiaries	Buildings and structures	57,094,005.40	1 January 2019 - 31 December 2023	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	46,381,918.54	31 October 2017 -27 October 2023	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Port and terminal facilities	35,385,536.56	1 January 2020 - 31 December 2021	N/A
China Merchants Tongshang Finance Lease Co., Ltd.	Machinery equipment	17,717,147.04	26 December 2016 -15 November 2022	N/A
EuroAsia Dockyard Enterprise and Development Limited	Port and terminal facilities	14,633,851.19	1 January 2020 - 31 December 2020	N/A
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Other	5,823,873.60	1 January 2020 - 31 December 2020	N/A
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Other	4,169,811.20	1 March 2020 - 31 December 2020	With progressively decreasing rent, and the lease terminated in September 2020
Nanshan Group and its subsidiaries	Other	3,198,846.84	1 January 2018 - 31 December 2018	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings and structures	3,101,220.22	1 January 2019 -31 December 2019	Attached with renewal option
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	2,632,960.86	1 January 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Other	2,619,047.62	1 May 2015 -30 April 2020	N/A
Shenzhen Nanyou (Holdings) Co., Ltd.	Other	1,995,553.20	1 January 2020 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Other	1,817,704.08	1 January 2016 - 31 December 2018	Attached with renewal option
Nanshan Group and its subsidiaries	Buildings and structures	1,468,461.12	1 July 2019 - 31 December 2019	Attached with renewal option
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	1,339,191.69	1 January 2018 - 31 December 2020	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Port and terminal facilities	990,257.55	1 May 2018 – 30 April 2021	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	877,680.00	1 January 2018 - 31 December 2020.	Attached with renewal option
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings and structures	819,000.00	22 March 2020 -28 February 2021	N/A
China Merchants International Cold Chain (Shenzhen) Company Limited	Buildings and structures	777,000.00	22 March 2019 -21 March 2020	N/A
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	687,796.80	1 September 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Buildings and structures	639,738.84	1 January 2019 - 31 December 2023	Attached with renewal option
Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	Other	485,224.52	10 February 2020 -31 May 2020	N/A

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties - continued

The Group as the lessee: - continued

Name of the lessor	Type of leased assets	Rental (year)	Lease term (disclose the period covered by contract)	Other significant lease terms
Nanshan Group and its subsidiaries	Buildings and structures	352,656.00	1 May 2019 - 31 December 2019	Attached with renewal option
Nanshan Group and its subsidiaries	Other	346,575.86	1 January 2017 -25 August 2021	N/A
China Yangtze Shipping Group Wuhan Real Estate Co., Ltd.	Buildings and structures	310,196.16	15 April 2019 -14 January 2021	The contract has terminated
Nanshan Group and its subsidiaries	Other	230,502.86	1 January 2017 - 31 December 2020.	Attached with renewal option
Shenzhen Nanyou (Holdings) Co., Ltd.	Other	218,999.99	1 January 2020 -31 July 2020	The contract has terminated
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	218,326.32	25 August 2018 - 31 December 2020	N/A
Nanshan Group and its subsidiaries	Buildings and structures	147,490.74	1 May 2019 - 31 December 2019	Attached with renewal option
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Buildings and structures	133,680.00	1 January 2020 - 31 December 2020	N/A
Shenzhen Wanhai Mansion Management Co., Ltd.	Buildings and structures	101,620.00	15 June 2018 -14 June 2021	Progressively increasing rent
China Merchants Landmark (Shenzhen) Co., Ltd.	Buildings and structures	101,620.00	15 June 2018 -14 June 2021	Progressively increasing rent
China Merchants Godown, Wharf & Transportation Co., Ltd.	Motor vehicles and cargo ships	95,152.23	1 January 2020 - 28 February 2020	N/A
Nanshan Group and its subsidiaries	Port and terminal facilities	93,981.20	1 January 2019 - 31 December 2023	Attached with renewal option
China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	Buildings and structures	76,421.87	25 August 2018 - 31 December 2020	N/A
China Merchants-Logistics Shenzhen Co., Ltd.	Buildings and structures	41,360.00	1 June 2019 – 30 April 2020	N/A
Nanshan Group and its subsidiaries	Buildings and structures	22,080.00	1 January 2015 -31 December 2015	Attached with renewal option
<b>Total</b>		<b>374,365,478.53</b>		

(3) Related party guarantees

The Group as the guarantor

Secured party	Credit Line	Guaranteed amount	Commencement date	Maturity	The guarantee has been completed or not
2020					
Terminal Link SAS (Note 1)	71,003,968.05	71,003,968.05	1 June 2013	2033	No
Khor Ambado FZCo (Note 2)	187,917,834.24	113,125,755.69	24 May 2019	2032	No
<b>Total</b>	<b>258,921,802.29</b>	<b>184,129,723.74</b>			
2019					
Terminal Link SAS (Note 1)	24,982,114.97	12,241,236.33	1 June 2013	2019	Yes
Terminal Link SAS (Note 1)	80,305,197.15	80,305,197.15	1 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
<b>Total</b>	<b>649,361,872.12</b>	<b>235,137,610.48</b>			

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(3) Related party guarantees - continued

The Group as the guarantor - continued

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 RMB71,003,968.05 on 31 December 2020. 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, the actual amount of which as at 31 December 2020 is RMB 113,125,755.69.

(4) Borrowings and loans with related parties

Related party	Amount	Commencement date	Maturity date	Description
<b>2020</b>				
<b>Borrowings</b>				
China Merchants Group Finance Company Limited	1,301,430,000.00	22 October 2020	21 October 2021	Fixed annual interest rate of 3.6000%
China Merchants Group Finance Company Limited	672,821,155.13	28 December 2020	27 January 2021	Fixed annual interest rate of 3.4500%
China Merchants Finance Lease (Tianjin) Co., Ltd.	200,235,277.84	14 April 2020	13 April 2024	Fixed annual interest rate of 4.0500%
China Merchants Group Finance Company Limited	200,235,277.78	25 September 2020	24 September 2021	Fixed annual interest rate of 3.8500%
China Merchants Group Finance Company Limited	192,039,573.34	30 December 2020	29 December 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	76,929,960.60	25 March 2020	12 March 2029	Fixed annual interest rate of 4.5050%
China Merchants Group Finance Company Limited	70,086,890.22	22 June 2020	21 June 2024	Fixed annual interest rate of 1.2000%
China Merchants Group Finance Company Limited	50,606,027.37	5 June 2020	2 March 2021	Fixed annual interest rate of 1.9900%
China Merchants Group Finance Company Limited	50,056,680.56	21 May 2020	20 May 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	40,000,000.00	20 December 2020	31 October 2023	Fixed annual interest rate of 1.2000%
China Merchants Group Finance Company Limited	47,000,000.00	6 January 2020	7 October 2024	Fixed annual interest rate of 4.5125%
China Merchants Group Finance Company Limited	30,035,291.66	4 December 2020	20 May 2021	Fixed annual interest rate of 3.7100%
China Merchants Group Finance Company Limited	10,000,000.00	3 November 2020	12 May 2021	Fixed annual interest rate of 2.5000%
China Merchants Group Finance Company Limited	1,500,000.00	17 December 2020	10 December 2028	Fixed annual interest rate of 4.4100%
Total	2,942,976,134.50			
<b>Lendings</b>				
Terminal Link SAS	2,975,444,121.38	26 March 2020	26 March 2028	Fixed annual interest rate of 6.0000%
Port of Newcastle and its subsidiaries	815,144,304.00	30 May 2020	23 July 2023	Fixed annual interest rate of 8.0000%
Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	3 January 2020	2 January 2023	Fixed annual interest rate of 4.7500%
Total	3,824,888,425.38			
<b>2019</b>				
<b>Borrowings</b>				
China Merchants Group Finance Company Limited	300,378,812.51	2 December 2019	1 December 2020	Fixed annual interest rate of 4.1325%
China Merchants Group Finance Company Limited	270,548,281.28	22 April 2019	21 April 2020	Fixed annual interest rate of 4.3500%
China Merchants Financial Leasing (Tianjin) Co., Ltd.	150,000,000.00	23 December 2019	23 December 2025	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	150,000,000.00	27 August 2019	26 August 2020	Fixed annual interest rate of 4.1325%
China Merchants Group Finance Company Limited	56,483,984.71	1 July 2019	1 July 2034	Fixed annual interest rate of 4.6550%
China Merchants Group Finance Company Limited	50,061,625.00	4 June 2019	3 June 2020	Fixed annual interest rate of 4.3500%
China Merchants Group Finance Company Limited	50,000,000.00	29 July 2019	28 July 2022	Fixed annual interest rate of 4.5125%
China Merchants Group Finance Company Limited	47,000,000.00	14 October 2019	13 October 2024	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	33,052,804.00	22 July 2019	21 July 2020	Fixed annual interest rate of 4.3500%
China Merchants Group Finance Company Limited	29,000,000.00	18 October 2019	17 October 2023	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	28,000,000.00	15 January 2019	14 January 2024	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	23,000,000.00	10 June 2019	14 January 2024	Fixed annual interest rate of 4.7500%
China Merchants Group Finance Company Limited	10,000,000.00	28 December 2019	31 October 2023	Fixed annual interest rate of 1.2000%
China Merchants Group Finance Company Limited	6,000,000.00	22 July 2019	21 July 2020	Fixed annual interest rate of 4.3500%
China Merchants Group Finance Company Limited	1,000,000.00	24 December 2019	23 December 2020	Fixed annual interest rate of 4.3500%
Total	1,204,525,507.50			
<b>Lendings</b>				
China Merchants Antong Logistics Management Company	50,000,000.00	24 September 2019	24 September 2021	Fixed interest rate of 8.5000%

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(5) Asset transfer from related parties

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount accumulated in the current period	Amount accumulated in the prior period
Hoi Tung (Shanghai) Company Limited	Machinery equipment	Negotiation	8,202,477.87	5,891,378.30
Hoi Tung Innotek (Shenzhen) Co., Ltd.	Machinery equipment	Negotiation	1,946,000.00	738,053.10
China Merchants Property Management (Shenzhen) Co., Ltd.	Ordinary office equipment	Negotiation	-	710,229.95
Khor Ambado FZCo	Intangible assets	Negotiation	-	190,885,258.20
Other related parties	Ordinary office equipment	Negotiation	83,584.00	330,810.79
Total			10,232,061.87	198,555,730.34

(6) Compensation for key management personnel

Item	Amount incurred in the current period	Amount incurred in the prior period
Compensation for key management personnel	20,552,276.50	26,856,013.14

6. Amounts due from/to related parties

(1) Amounts due from related parties

Item	Related party	Closing balance	Opening balance
Cash and bank balances	China Merchant Bank Co., Ltd.	1,899,970,131.14	1,451,996,464.50
	China Merchants Group Finance Company Limited	1,568,924,175.58	890,065,186.36
	Total	3,468,894,306.72	2,342,061,650.86
Held-for-trading financial assets	China Merchant Bank Co., Ltd.	850,000,000.00	-
Accounts receivable	China COSCO Shipping Group and its subsidiaries	120,615,548.37	60,545,437.55
	Antong Holdings Co., Ltd. and its subordinate companies	10,508,254.42	60,112,564.13
	China Marine Shipping Agency Guangdong Co., Ltd.	7,777,640.18	3,583,505.77
	China Marine Shipping Agency Ningbo Co., Ltd.	7,773,568.86	-
	COSCO Logistics (Zhanjiang) Co., Ltd.	4,326,223.02	7,728,194.66
	Guizhou East Land Port Operation Co., Ltd.	3,612,221.02	4,043,600.57
	Khor Ambado FZCo	2,774,015.84	3,113,788.09
	Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	2,641,391.12	4,643,545.31
	Qingdao Qianwan West Port United Wharf Co., Ltd.	2,007,669.18	2,986,271.27
	Port de Djibouti S.A.	1,497,611.83	1,689,447.85
	Great Horn Development Company FZCo	1,427,020.52	2,771,510.50
	Sinotrans Container Lines Co., Ltd.	1,148,569.75	1,746,120.89
	Guizhou Qiandongnan Continental Land Port Operation Co., Ltd.	1,061,604.20	2,010,137.38
	South China Sinotrans Supply Chain Management Co., Ltd.	1,035,675.13	1,808,219.75
	China Ocean Shipping Agency Shenzhen	843,054.75	5,609,630.60
	China Marine Shipping Agency Shenzhen Co., Ltd.	322,016.25	1,058,089.50
	Yantai Port Group Laizhou Port Co., Ltd.	-	1,853,183.12
	Zhanjiang CMHK Investment Co., Ltd.	-	1,536,503.45
	Qingdao Qianwan United Container Terminal Co., Ltd.	-	4,424,422.68
	Other related parties	8,041,402.85	5,130,480.00
	Total	177,413,487.29	176,394,653.07

CHINA MERCHANTS PORT GROUP CO., LTD.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(1) Amounts due from related parties - continued

Item	Related party	Closing balance	Opening balance
Other receivables	Nanshan Group and its subsidiaries	210,831,000.00	313,724,861.31
	Chu Kong River Trade Terminal Co., Ltd.	57,607,520.00	61,317,510.00
	Tin-Can Island Container Terminal Ltd	33,289,037.77	82,625,546.31
	Zhanjiang Infrastructure Construction Investment Group Co., Ltd.	31,513,558.59	31,513,558.59
	Port de Djibouti S.A.	23,248,597.69	24,832,398.83
	COSCO Logistics (Zhanjiang) Co., Ltd.	13,378,666.52	13,751,368.26
	Zhoushan Blue Ocean Investment Co., Ltd.	4,996,989.39	-
	Shenzhen Qianhai Shekou Free Trade Investment Development Co. Ltd.	4,000,000.00	-
	China Merchants Shenzhen Ro-Ro Shipping Co., Ltd.	2,899,163.95	2,899,163.95
	China Merchants (Liaoning) Port Development Co., Ltd.	2,000,000.00	-
	EuroAsia Dockyard Enterprise and Development Limited	1,422,660.84	1,514,281.82
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	1,068,658.39	1,068,658.39
	Sinotrans Guangdong Co., Ltd.	-	3,803,477.07
	Tianjin Haitian Bonded Logistics Co., Ltd.	220,500.00	33,282,119.52
	Qingdao Qianwan United Container Terminal Co., Ltd.	-	50,000,000.00
Other related parties	3,961,060.53	4,199,662.93	
Total	390,437,413.67	624,532,606.98	
Prepayments	Other related parties	244,729.25	1,414,261.04
Other current assets	China Merchant Bank Co., Ltd.	-	1,528,851,492.46
Non-current assets due within one year	Terminal Link SAS	51,286,674.10	-
	Port of Newcastle and its subsidiaries	16,473,559.57	809,702,715.78
	Total	67,760,233.67	809,702,715.78
Long-term receivables	Terminal Link SAS	2,746,067,386.31	9,800,295.76
	Port of Newcastle and its subsidiaries	815,144,304.00	-
	Zhanjiang CMHK Investment Co., Ltd.	286,330,144.62	1,025,631,435.87
	China Merchants Finance Lease (Tianjin) Co., Ltd.	10,000,000.00	14,500,000.00
	China Merchants Antong Logistics Management Company	-	50,000,000.00
	Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	-
Total	3,891,841,834.93	1,099,931,731.63	

(2) Amounts due to related parties

Item	Related party	Closing balance	Opening balance
Short-term borrowings	China Merchants Group Finance Company Limited	2,646,853,256.33	841,079,404.24
	China Merchant Bank Co., Ltd.	-	70,093,041.67
	Total	2,646,853,256.33	911,172,445.91
Other current liabilities	China Merchants Group Finance Company Limited	60,606,027.37	-
Accounts payable	Nanshan Group and its subsidiaries	9,220,434.36	10,747,794.44
	Qingdao Qianwan West Port United Wharf Co., Ltd.	6,381,033.57	7,641,839.79
	EuroAsia Dockyard Enterprise and Development Limited	2,994,548.16	2,974,168.52
	Yiu Lian Dockyards Limited	2,271,520.48	1,676,082.11
	China Marine Shipping Agency Shenzhen Co., Ltd.	1,264,544.50	535,279.71
	China Merchants Logistics Group Qingdao Co., Ltd.	21,834.03	1,006,844.56
	Other related parties	558,566.85	3,078,887.88
	Total	22,712,481.95	27,660,897.01
Receipts in advance	Port de Djibouti S.A.	10,350,122.63	-
	Other related parties	606,631.45	600,535.85
	Total	10,956,754.08	600,535.85
Contract liabilities	Antong Holdings Co., Ltd. and its subordinate companies	6,774,086.39	521,882.13
	China Marine Shipping Agency Guangdong Co., Ltd.	2,304,015.01	3,577,148.00
	Other related parties	3,264,592.40	1,932,142.96
	Total	12,342,693.80	6,031,173.09

CHINA MERCHANTS PORT GROUP CO., LTD.

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties - continued

Item	Related party	Closing balance	Opening balance
Other payables	Port de Djibouti S.A.	175,497,252.70	-
	Terminal Link SAS	89,905,681.62	88,978,919.98
	Sri Lanka Ports Authority	34,255,854.79	31,392,997.47
	China Merchants Port Investment Development Company Limited	26,418,918.90	-
	China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	-
	China Merchants Real Estate (Shenzhen) Co., Ltd.	14,305,122.78	20,762,053.30
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	8,447,512.23	8,947,256.82
	China Merchants Investment and Development Co., Ltd.	2,910,544.27	-
	Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	2,634,014.09	199,894.69
	Zhanjiang Xiagang United Development Co., Ltd.	1,433,730.78	1,433,990.57
	China Merchant Food (China) Co., Ltd.	1,161,179.14	1,264,171.10
	Penavico Shenzhen Warehousing Co., Ltd.	1,127,339.68	554,335.48
	Sinotrans Shenzhen Qianhai Supply Chain Management Ltd.	1,013,738.40	492,259.78
	China Merchants Property Management (Shenzhen) Co., Ltd.	223,640.00	9,264,823.90
	COSCO Logistics (Zhanjiang) Co., Ltd.	101,708.65	1,258,811.65
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	10,000.00	11,305,700.00
	Modern Terminals Limited	-	59,038,373.05
	China Merchants Finance Lease (Tianjin) Co., Ltd.	-	11,250,000.00
	Yihai Kerry Golden Arowana Cereals, Oils and Foodstuffs Co., Ltd.	-	37,402,426.09
	Other related parties	6,457,095.12	28,926,796.51
Total	385,903,333.15	312,472,810.39	
Non-current liabilities due within one year	China Merchants Finance Lease (Tianjin) Co., Ltd.	138,409,402.75	145,861,850.10
	China Merchants Tongshang Finance Lease Co., Ltd.	58,348,704.99	56,146,040.22
	Nanshan Group and its subsidiaries	54,030,933.00	52,656,827.70
	EuroAsia Dockyard Enterprise and Development Limited	13,406,128.42	14,269,498.38
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	39,512,425.01	5,454,253.54
	China Merchants Commercial Property Investment (Shenzhen) Co., Ltd.	-	5,579,040.25
	China Merchants Landmark (Shenzhen) Co., Ltd.	-	1,242,022.25
	Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	-	3,263,992.11
	China Merchants Group Finance Company Limited	51,423,306.47	-
	Other related parties	348,523.44	1,770,041.27
Total	355,479,424.08	286,243,565.82	
Other non-current liabilities	Nanshan Group and its subsidiaries	944,011.06	1,564,380.59
Long-term borrowings	China Merchants Group Finance Company Limited	426,100,835.53	376,483,984.71
	China Merchant Bank Co., Ltd.	109,033,232.39	20,000,000.00
	Total	535,134,067.92	396,483,984.71
Long-term payables	China Merchants Finance Lease (Tianjin) Co., Ltd.	-	144,000,000.00
	Total	-	144,000,000.00
Lease liabilities	China Merchants Finance Lease (Tianjin) Co., Ltd.	358,333,616.46	491,666,949.79
	Nanshan Group and its subsidiaries	114,304,842.23	167,685,128.23
	China Merchants Tongshang Finance Lease Co., Ltd.	104,616,135.92	161,829,816.02
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	-	5,691,513.57
	Other related parties	-	1,880,637.25
	Total	577,254,594.61	828,754,044.86

## (XI) SHARE-BASED PAYMENTS

## 1. Overall share-based payments

Total equity instruments granted by the Company in the year	17,198,000
Total equity instruments exercised by the Company in the year	None
Total equity instruments of the Company that became invalid in the year	None
The range of the exercise price of the stock options externally issued by the Company at the end of the year and the remaining term of the contract	Exercise price: RMB17.80; The remaining term of the contract: 73 months
The range of the exercise price of the other equity instruments externally issued by the Company at the end of the year and the remaining term of the contract	None

## 2. Share-based payments settled by equity

The method used to determine the fair value of equity instruments on the day of granting	The cost of granted stock options was estimated using the Black Scholes Model.
The basis for determining the number of exercisable equity instruments	On each balance sheet date in the waiting period, the best estimate was made and the estimated number of exercisable equity instruments was modified according to the latest changes in the number of employees who can exercise the rights and other subsequent information.
Reasons for the significant difference between the estimates of this year and the estimates of last year	N/A
The aggregate amount of share-based payments settled by equity that is included in the capital reserve	10,096,607.62
Total expenses recognized for the share-based payments settled by equity in the year	19,213,391.58

Pursuant to the Official Reply on the Implementation of the Stock Option Incentive Plan of China Merchants Port Group Co., Ltd. by State-owned Assets Supervision and Administration Commission of the State Council, (No. 748 [2019], SASAC), and which was deliberated and approved by the 1<sup>st</sup> Extraordinary General Meeting of the Company in 2020 on 3 February 2020, the Company implemented a stock option plan with effect from 3 February 2020 to grant 238 incentive recipients 17,198,000 stock options with an exercise price of RMB17.80 per share; subject to the fulfilment of the exercise conditions, 40% of the stock options will be exercisable two years after the grant date, 30% will be exercisable three years after the grant date and 30% will be exercisable four years after the grant date, and can be exercised to subscribe for shares of the Company within one year, one year and three years from the exercise date, respectively; each stock option entitles the holder to subscribe for one common share of the Company.

**(XII) COMMITMENTS AND CONTINGENCIES****1. Significant commitments**

<b>Item</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Commitments that have been entered into but have not been recognized in the financial statements		
- Commitment to make contributions to the investees	11,500,000.00	-
- Commitment to acquire and construct long-term assets	2,682,977,514.73	3,767,236,258.74
- Commitment to invest port construction	1,004,960,692.18	6,758,563,544.21
- Others	20,831,652.14	354,959,845.19
<b>Total</b>	<b>3,720,269,859.05</b>	<b>10,880,759,648.14</b>

**2. Contingencies**

<b>Item</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Contingent liabilities brought by external litigations (Note 1)	213,109,668.45	274,299,826.26
Guarantee for borrowings of related parties (Note 2)	184,129,723.74	198,703,594.15
<b>Total</b>	<b>397,239,392.19</b>	<b>473,003,420.41</b>

Note 1: This represents the significant contingent liabilities arising from the litigations between TCP and its subsidiaries and local tax authority, employee or former employee of TCP and its subsidiaries in Brazil at as the year end. According to the latest estimates of the Group's management, the possible compensation is RMB213,109,668.45 but it is not likely to cause outflow of economic benefits from the Group. Therefore, the contingent liabilities arising from the above pending litigations are not recognized as provisions. The counter-bonification where the Group as the beneficiary will be executed by the former TCP shareholder that disposed the shares. According to the counter-bonification agreement, the former TCP shareholder need to make counter-bonification to the Group in respect of the above contingent liabilities, with the compensation amount not exceeding pre-determined amount and specified period.

Note 2: Till December 31, 2020, the guarantees provided by the Group for related parties are detailed in Note X, 5(3).

On December 31, 2020, the directors of the Group evaluated the default risks of related companies on the above-mentioned loan financing and other liabilities, and believed that the risks were not significant and the possibility of guaranteed payments was very small.

Except for the above-mentioned contingencies, as of December 31, 2020, the Group had no other major guarantees and other contingencies that need to be explained.

(XIII) EVENTS AFTER THE BALANCE SHEET

1. Coronavirus Disease 2019

Since the outbreak of coronavirus disease 2019 ("COVID-19") in China in January 2020, the control and prevention of COVID-19 have been carried out throughout the country. The Group actively responded and implemented the regulations and requirements on COVID-19 of the government.

It is expected that COVID-19 and control measures will still have temporary influence on the Group's production and management in 2021. However, the impact of COVID-19 on economy depends on the progress, effectiveness and duration of our pandemic prevention and control work.

The Group continues to pay close attention to the development of COVID-19, assesses the impact on the financial position and operating results of the Group. The Group will strengthen the prevention and control of the pandemic and carry out normal business operations proactively and orderly.

2. Capital increase for International Information Technology Company

On 18 December 2020, the Company and China Merchants Port Holdings, a subsidiary of the Company, China Merchants Holdings (International) Information Technology Company Limited ("CMHIT"), a subsidiary of the Company, Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics"), Dalian Port Container Development Co., Ltd. ("Dalian Port Container") and Yingkou Port Group Corporation (hereinafter referred to as "Yingkou Port Group") entered into the "Agreement on Equity Subscription and Capital Increase" for CMHIT.

According to the "Agreement on Equity Subscription and Capital Increase", Jifa Logistics and Dalian Port Container respectively used their shares in Dalian Port Logistics Network Co., Ltd. (hereinafter referred to as "DPN"), making up 29.40% and 49.63%, and Yingkou Port Group used 100% shares of Yingkou Gangxin Technology Co., Ltd. (hereinafter referred to as "Gangxin Technology") in its possession to increase the capital of CMHIT. Before and after the combination, CMHIT, DPN, and Gangxin Technology were all under the ultimate control of the Company's ultimate controlling shareholder China Merchants Group and such control was not temporary.

The aforesaid capital increase has been completed on 9 February 2021. After the increase, the Company, China Merchants Port Holdings, Jifa Logistics, Dalian Port Container, and Yingkou Port Group respectively held 13.18%, 43.74%, 13.26%, 22.38% and 7.44% of the shares of CMHIT. CMHIT is still a holding subsidiary of the Company.

(XIII) EVENTS AFTER THE BALANCE SHEET – continued

3. Liaoning Port Co., Ltd.'s merger of Yingkou Port Liability Co., Ltd. by absorption

On 6 January 2021, the merger of Yingkou Port Liability Co., Ltd. by the Company's associate Liaoning Port Co., Ltd. by absorption was approved by the CSRC in the Reply on Approving the Merger of Yingkou Port Liability Co., Ltd. by Liaoning Port Co., Ltd. by absorption and the Supporting Fund Raising (No. 3690 [2020], CSRC). On 29 January 2021, Shanghai Securities Exchange terminated the listing of the shares of Yingkou Port Liability Co., Ltd. and the new A shares of Liaoning Port Co., Ltd. issued to the previous shareholders of Yingkou Port Liability Co., Ltd. were listed for circulation on 9 February 2021. After the completion of the aforesaid transaction, the shareholding of the Group in Liaoning Port Co., Ltd. is diluted from 21.05% to 12.00%, but Liaoning Port Co., Ltd. is still an associate of the Group, while the Group can designate 2 candidates out of the 9 members of the board of directors of Liaoning Port Co., Ltd.

(XIV) 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:

(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

**(XIV) OTHER SIGNIFICANT EVENTS - continued**

**1. Segment reporting - continued**

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

Bonded logistics operation

Bonded logistics operation includes logistics park operation, ports transportation and airport cargo handling operated by the Group and its associates and joint ventures.

Other operations

Other operations mainly include property development and investment and construction of modular housing operated by the Group's associates, property investment operated by the Group and corporate function.

Each of the segments under ports operation include the operations of a number of ports in various locations within one geographic location, each of which is considered as a separate operating segment by the CODM. For the purpose of segment reporting, these individual operating segments have been aggregated into reportable segments on geographic basis in order to present a more systematic and structured segment information. To give details of each of the operating segments, in the opinion of the directors of the Company, would result in particulars of excessive length.

Bonded logistics operation and other operations include a number of different operations, each of which is considered as a separate but insignificant operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated according to the natures of their operations to give rise to more meaningful presentation.

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

As at 31 December 2020, around 73% of the Group's non-current assets other than financial instruments and deferred tax assets are located in Chinese Mainland.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information

Segment financial information for 2020 is as follows:

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	5,103,018,820.66	73,413,401.10	62,661,236.23	3,333,716,950.72	3,474,914,093.88	12,047,724,502.59	417,391,441.86	153,414,051.57	-	12,618,529,996.02
Operating cost	2,868,604,331.58	40,965,225.12	48,645,796.45	2,681,846,267.01	1,767,068,217.21	7,407,129,837.37	245,350,697.54	221,269,319.94	-	7,873,749,854.85
Segment operating profit (loss is marked with "-")	2,234,414,489.08	32,448,175.98	14,015,439.78	651,870,683.71	1,707,845,876.67	4,640,594,665.22	172,040,744.32	-67,855,268.37	-	4,744,780,141.17
Adjustments:										
Taxes and surcharges	26,848,292.01	1,525,681.36	1,155,694.87	48,249,699.24	34,531,713.98	112,311,081.46	20,652,317.30	18,092,487.86	141,056.95	151,196,943.57
Administrative expense	480,217,540.48	14,189,057.25	9,379,082.71	473,751,196.10	249,846,408.69	1,227,383,285.23	42,007,434.87	1,093,821.55	314,398,393.37	1,584,882,935.02
R&D expenses	134,862,028.30	3,968,928.76	-	15,724,656.48	-	154,555,613.54	-	-	1,468,500.00	156,024,113.54
Financial expenses	144,531,069.38	-14,347,282.70	-9,466,114.16	133,937,742.90	44,368,823.84	299,024,239.26	16,272,850.96	19,152,258.84	898,280,275.76	1,232,729,624.82
Other income	68,057,789.94	1,752,751.59	33,397.31	51,406,035.35	-	121,249,974.19	10,173,062.64	73,365,149.56	176,926.89	204,965,113.28
Investment income	206,990,240.85	3,122,680,492.45	351,638,093.79	103,533,080.19	357,882,216.11	4,142,724,123.39	19,641,031.91	743,610,282.92	-	4,905,975,438.22
Gains from changes in fair value (loss is marked with "-")	33,063,464.71	150,747,337.90	77,018,544.18	8,043,866.90	-680,381,987.27	-411,508,773.58	-	-	-	-411,508,773.58
Impairment gains of credit (loss is marked with "-")	-6,981,966.51	1,020,000.00	-	28,130,653.65	-477,897,709.00	-455,729,021.86	-2,866,639.45	-	-	-458,595,661.31
Impairment gains of assets (loss is marked with "-")	947,694.12	-	-	-552,317,736.65	-	-551,370,042.53	-	-	-	-551,370,042.53
Gains from disposal of assets (loss is marked with "-")	5,187,792.01	507,040.19	-1,441.50	1,600,635,718.61	311,438.49	1,606,640,547.80	305,861.36	-117,707,200.00	-32,706.84	1,489,206,502.32
Operating profit (loss is marked with "-")	1,755,220,574.03	3,303,819,413.44	441,635,370.14	1,219,639,007.04	579,012,888.49	7,299,327,253.14	120,361,457.65	593,074,395.86	-1,214,144,006.03	6,798,619,100.62

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for 2020 is as follows: - continued

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	43,255,084.67	43,196.21	440,831.36	31,641,529.53	1,889,443.67	77,270,085.44	198,116.16	1,391,661.99	2,779,196.95	81,639,060.54
Non-operating expenses	2,960,035.34	813,550.98	25,948.75	22,767,505.78	25,707,516.11	52,274,556.96	42,000.00	-	26,687,183.81	79,003,740.77
Gross profit (loss is marked with "-")	1,795,515,623.36	3,303,049,058.67	442,050,252.75	1,228,513,030.79	555,194,816.05	7,324,322,781.62	120,517,573.81	594,466,057.85	-1,238,051,992.89	6,801,254,420.39
Income tax expenses	601,626,798.98	169,174,798.29	62,114,619.13	493,406,817.80	-52,337,554.93	1,273,985,479.27	15,094,962.21	15,750,266.73	-29,144,338.38	1,275,686,369.83
Net profit (loss is marked with "-")	1,193,888,824.38	3,133,874,260.38	379,935,633.62	735,106,212.99	607,532,370.98	6,050,337,302.35	105,422,611.60	578,715,791.12	-1,208,907,654.51	5,525,568,050.56
Segment assets	29,429,571,613.29	31,908,794,260.42	7,246,173,514.37	28,817,067,046.45	44,448,666,487.24	141,850,272,921.77	3,315,494,460.32	18,756,757,172.64	4,621,087,222.48	168,543,611,777.21
Total assets in the financial statements										168,543,611,777.21
Segment liabilities	14,603,582,775.85	1,603,641,824.41	143,181,803.40	8,354,597,807.60	9,659,518,990.29	34,364,523,201.55	583,644,968.76	1,372,383,302.75	26,546,092,773.08	62,866,644,246.14
Total liabilities in the financial statements										62,866,644,246.14
<b>Supplementary information:</b>										
Depreciation and Amortization	868,406,726.45	16,840,576.77	2,019,814.39	986,324,667.31	843,174,817.50	2,716,766,602.42	97,449,874.10	175,099,107.40	22,567,185.84	3,011,882,769.76
Interest income	40,043,816.95	2,611,662.90	2,863,089.15	61,729,133.61	203,403,087.34	310,650,789.95	1,372,300.78	1,105,725.59	12,258,928.24	325,387,744.56
Interest expense	205,070,654.67	2,716,578.54	-	194,085,313.44	312,694,424.90	714,566,971.55	20,355,642.89	34,988,377.32	1,179,971,384.93	1,949,882,376.69
Investment income from long-term equity investment under equity method	136,557,365.02	2,329,321,018.47	321,168,422.22	80,736,626.43	357,882,216.11	3,225,665,648.25	19,641,031.91	743,610,282.92	-	3,988,916,963.08
Long-term equity investment under equity method	4,141,735,655.77	28,460,075,468.21	6,275,998,231.07	604,585,694.21	13,303,915,012.11	52,786,310,061.37	736,196,163.40	12,709,417,198.68	-	66,231,923,423.45
Non-current assets other than long-term equity investment	21,716,318,098.15	4,256,897,677.23	24,886,574.80	19,427,332,228.33	24,705,573,985.43	70,131,008,563.94	2,226,903,590.34	5,238,035,244.36	422,618,810.40	78,018,566,209.04

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

**(XIV) OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued****(2) Segment financial information - continued**

Segment financial information for 2019 is as follows:

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	5,196,613,368.06	-	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 is marked with "-")	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 surcharges	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
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 (loss is marked with "-")	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
Impairment gains of credit (loss is marked with "-")	-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
Impairment gains of assets (loss is marked with "-")	25,051.16	-	-	-	-	25,051.16	-	-	-	25,051.16
Gains from disposal of assets (loss is marked with "-")	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 (loss is marked with "-")	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 THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

**(XIV) OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued****(2) Segment financial information - continued**

Segment financial information for 2019 is as follows: - continued

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	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 (loss is marked with "-")	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 (loss is marked with "-")	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										156,696,917,845.87
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										61,706,710,233.63
<b>Supplementary information:</b>										
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 THE FINANCIAL STATEMENTS  
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## (XIV) OTHER SIGNIFICANT EVENTS - continued

## 1. Segment reporting - continued

## (2) Segment financial information - continued

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

Revenue from external transactions	Amount incurred in the current period	Amount incurred in the prior period
Mainland China, Hong Kong and Taiwan	9,117,570,900.78	8,872,027,132.24
Pearl River Delta	5,522,529,825.59	5,629,472,123.72
Yangtze River Delta	73,413,401.10	-
Bohai Rim	187,910,723.37	194,445,939.20
Others	3,333,716,950.72	3,048,109,069.32
Other locations	3,500,959,095.24	3,251,802,291.50
Total	12,618,529,996.02	12,123,829,423.74

Total non-current assets	Closing balance	Opening balance
Mainland China, Hong Kong and Taiwan	105,086,211,442.75	96,489,027,270.44
Pearl River Delta	45,433,724,023.01	43,196,515,110.55
Yangtze River Delta	32,716,973,145.44	25,066,500,422.16
Bohai Rim	6,903,596,351.63	6,686,470,964.43
Others	20,031,917,922.67	21,539,540,773.30
Other locations	39,164,278,189.74	41,224,854,968.75
Total	144,250,489,632.49	137,713,882,239.19

## (3) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 3,455,856,420.54, accounting for 27.39% of the Group's total operating income.

## (XV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

## 1. Other receivables

## 1.1 Summary of other receivables

Item	Closing balance	Opening balance
Interest receivable	-	-
Dividends receivable	311,297,793.86	207,259,421.40
Other receivables	791,414,958.18	598,275,341.87
Total	1,102,712,752.04	805,534,763.27

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

## 1. Other receivables - continued

## 1.2 Dividends receivable

## (1) Disclosure of dividends receivable

Company name	Closing balance	Opening balance
Dongguan Shenchewan Port Affairs Co., Ltd.	-	103,355,370.74
Dongguan Shenchewan Wharf Co., Ltd.	147,233,909.98	88,196,930.66
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	15,707,120.00
Chiwan Wharf Holdings (Hong Kong) Ltd.	147,680,363.88	-
Jiangsu Expressway Company Limited	460,000.00	-
Shenzhen Petrochemical Industry (Group) Co., Ltd.	216,400.00	-
Total	311,297,793.86	207,259,421.40
Less: Provision for credit loss	-	-
Carrying amount	311,297,793.86	207,259,421.40

## (2) Significant dividends receivable with aging over 1 year

Item	Closing balance	Reason for outstanding	Impaired or not
Dongguan Shenchewan Wharf Co., Ltd.	147,233,909.98	In processing and expected to be received in 2021	No
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	In processing and expected to be received in 2021	No.
Total	162,941,029.98		

## 1.3 Other receivables

## (1) Disclosure of other receivables by aging

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion of provision (%)
Within 1 year	463,637,726.23	-	-
1 to 2 years	327,777,231.95	-	-
2 to 3 years	-	-	-
Over 3 years	383,456.60	383,456.60	100.00
Total	791,798,414.78	383,456.60	

## (2) Provision for credit loss of other receivables

As part of the Company's credit risk management, the Company performs internal credit rating on customers, and determines the expected loss ratio of other receivables under each credit rating. Such expected average loss ratio is based on historical actual impairment and taking into consideration of current and expected future economic conditions.

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

## 1. Other receivables - continued

## 1.3 Other receivables - continued

## (2) Provision for credit loss of other receivables - continued

At 31 December 2020, the credit risk and expected credit loss of other receivables by categories of customers are as follows:

Credit rating	Expected credit loss ratio (%)	Closing balance				Opening balance			
		12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
A	0.00-0.10	791,414,958.18	-	-	791,414,958.18	598,275,341.87	-	-	598,275,341.87
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		791,414,958.18	-	383,456.60	791,798,414.78	598,275,341.87	-	383,456.60	598,658,798.47
Provision for credit loss		-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Book value		791,414,958.18	-	-	791,414,958.18	598,275,341.87	-	-	598,275,341.87

## (3) Changes in provision for credit loss of other receivables

Item	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2020	-	-	383,456.60	383,456.60
Carrying amount of other receivables at 1 January 2020				
-- 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 2020	-	-	383,456.60	383,456.60

## (4) Other receivables by nature

Item	Closing balance	Opening balance
Amounts due from related parties	785,752,325.78	571,663,096.21
Advances	3,862,191.69	26,283,930.19
Deposits	-	-
Others	2,183,897.31	711,772.07
Total	791,798,414.78	598,658,798.47
Less: Provision for credit loss	383,456.60	383,456.60
Book value	791,414,958.18	598,275,341.87

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

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

1. Other receivables - continued

(6) The top five balances of other receivables classified by debtor

Company name	Nature	Closing balance	Aging	Proportion of the amount to the closing balance of other receivables (%)	Closing balance of provision for credit loss
Shenzhen Haixing Harbor Development Co., Ltd.	Loan to related parties	785,752,325.78	Within 2 years	99.24	-
China Merchants (Liaoning) Port Development Co., Ltd.	Advance payments for account current	2,000,000.00	Within 1 year	0.25	-
Shenzhen Shekou Local Taxation Bureau	Other	711,772.07	Above 3 years	0.09	383,456.60
Broadford (Shenzhen) Port Development Co., Ltd.	Advance payments for account current	89,862.49	Within 1 year	0.01	-
China Merchants Apartment Development (Shenzhen) Co., Ltd.	Advance payments for account current	14,068.00	Within 1 year	-	-
Total		788,568,028.34		99.59	383,456.60

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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

**(XV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****2. Long-term equity investments**

Investee	1/1/2020	Changes for the year								31/12/2020	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		
<b>I. Subsidiary</b>											
Shenzhen Chiwan International Freight Agency Co., Ltd.	5,500,000.00	-	-	-	-	-	-	-	-	5,500,000.00	-
Shenzhen Chiwan Harbor Container Co. Ltd.	250,920,000.00	-	-	-	-	-	-	-	-	250,920,000.00	-
Shenzhen Chiwan Port Development Co., Ltd.	206,283,811.09	-	-	-	-	-	-	-	-	206,283,811.09	-
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 Shenchiwan Port Affairs Co., Ltd.	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00	-
Dongguan Shenchiwan Wharf Co., Ltd.	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00	-
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	-	-	-	-	-	-	1,051,789.43	-
CMPort (Note 1)	27,286,943,610.42	985,995,529.57	-	-	-	-	-	-	-	28,272,939,139.99	-
CMPort (Zhoushan) RoRo Logistics Co., Ltd.	149,709,800.00	-	-	-	-	-	-	-	-	149,709,800.00	-
Zhanjiang port (Note 2)	371,530,912.93	3,010,294,615.59	-	-	-	-	-	-	-	3,381,825,528.52	-
Subtotal	29,079,558,123.72	3,996,290,145.16	-	-	-	-	-	-	-	33,075,848,268.88	-
<b>II. Associate</b>											
International Information Technology Company	20,643,611.18	-	-	3,190,099.79	-	-	-	-	-	23,833,710.97	-
China Merchants Bonded Logistics Co., Ltd.	365,855,724.95	-	-	18,791,432.65	-	-	-	-	-	384,647,157.60	-
China Merchants Northeast Asia Development & Investment Company(Note 3)	-	1,000,000,000.00	-	7,786,285.71	-	-	-	-	-	1,007,786,285.71	-
Ningbo Zhoushan Port Company Limited(Note 3)	-	-	-	-	-	-	-	-	1,500,464,520.87	1,500,464,520.87	-
Subtotal	386,499,336.13	1,000,000,000.00	-	29,767,818.15	-	-	-	-	1,500,464,520.87	2,916,731,675.15	-
<b>III. Joint venture</b>											
Yantai Port Group Laizhou Port Co., Ltd.	792,062,228.58	-	-	24,750,032.44	-	-	-33,980,174.52	-	-	782,832,086.50	-
China Merchants Antong Logistics Management Company	8,256,893.80	-	-	846,094.22	-	-	-	-	-	9,102,988.02	-
Fujian Zhaohang Logistics Management Partnership (Limited Partnership)(Note 3)	-	450,000,000.00	-	2,283,105.00	-	-	-	-	-	452,283,105.00	-
Subtotal	800,319,122.38	450,000,000.00	-	27,879,231.66	-	-	-33,980,174.52	-	-	1,244,218,179.52	-
<b>Total</b>	<b>30,266,376,582.23</b>	<b>5,446,290,145.16</b>	<b>-</b>	<b>57,647,049.81</b>	<b>-</b>	<b>-</b>	<b>-33,980,174.52</b>	<b>-</b>	<b>1,500,464,520.87</b>	<b>37,236,798,123.55</b>	<b>-</b>

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

Note 2: In 2020, the Company acquired 27.35% of the shares of Zhanjiang Port, which was previously held by its subsidiary Chiwan Wharf Holdings (Hong Kong) Ltd.

Note 3: Details are set out in Note (V) 13.

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

**3. Operating income and operating costs**

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Principal operating	-	-	75,207,466.30	75,438,994.71
Other operating	6,653,002.66	2,265,959.64	16,835,131.75	645,029.02
Total	6,653,002.66	2,265,959.64	92,042,598.05	76,084,023.73

**4. Investment income**

(1) Details of investment income

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under cost method	2,871,566,529.89	1,221,470,436.60
Long-term equity investments income under equity method	57,647,049.81	70,092,131.84
Income from other equity instruments investments	8,567,900.00	10,822,585.00
Income from held-for-trading financial assets	13,161,408.95	-
Income from debt investments	24,700,958.91	3,837,808.22
Total	2,975,643,847.56	1,306,222,961.66

(2) Income from long-term equity investments under cost method

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes comparing with prior year
CWHK	1,347,680,363.88	-	Changes in profit distribution of investee
CMPort	982,379,582.35	1,116,334,395.76	Changes in profit distribution of investee
Chiwan Container Terminal Co., Ltd.	275,313,936.56	105,136,040.84	Changes in profit distribution of investee
Shenzhen Chiwan Harbor Container Co. Ltd.	121,071,884.15	-	Changes in profit distribution of investee
Dongguan Shenchiwán Port Affairs Co., Ltd.	60,234,278.79	-	Changes in profit distribution of investee
Dongguan Shenchiwán Wharf Co., Ltd.	59,036,979.32	-	Changes in profit distribution of investee
Shenzhen Chiwan Tugboat Co., Ltd.	25,604,356.23	-	Changes in profit distribution of investee
Shenzhen Chiwan International Freight Agency Co., Ltd.	245,148.61	-	Changes in profit distribution of investee
Total	2,871,566,529.89	1,221,470,436.60	

## 1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	Amount	Remarks
Losses on disposal of non-current assets	1,480,572,929.90	
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)	238,216,977.76	
Money lending income earned from non-financial institutions in profit or loss	232,906,880.87	
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	-409,658,173.58	
Reversal of provision for accounts receivable that are tested for credit loss individually	46,709,066.77	
Gains or losses on entrusted loans	-	
Gains or losses on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	1,886,792.45	
Other non-operating income or expenses other than above	-42,615,710.20	
Other profit or loss that meets the definition of non-recurring profit or loss (note)	753,988,749.80	
Tax effects	-241,651,237.66	
Effects of minority interest (after tax)	-1,257,863,869.71	
Total	802,492,406.40	

Note: This mainly represents the gains from remeasurement of previously held equity at fair value upon the Group's acquisition of Ningbo Daxie.

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.

Item	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	5.6628	1.0744	1.0744
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	3.4625	0.6569	0.6569

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