

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

CHINA MERCHANTS PORT GROUP CO., LTD.

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

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AT 30 JUNE 2021

Consolidated Balance Sheet

Unit: RMB

Item	Notes	30/6/2021	31/12/2020 (Restated)
Current assets:			
Cash and bank balances	(V)1	9,379,373,597.24	11,918,423,758.71
Held-for-trading financial assets	(V)2	1,000,173,287.80	850,165,448.59
Notes receivable	(V)3	23,664,430.98	5,391,994.84
Accounts receivable	(V)4	1,853,240,938.06	1,393,349,417.02
Accounts receivable financing	(V)5	272,889,319.83	217,449,966.41
Prepayments	(V)6	86,414,385.31	51,217,870.43
Other receivables	(V)7	4,580,706,082.69	3,561,292,313.98
Inventories	(V)8	210,008,947.15	214,823,976.30
Assets held for sale	(V)9	337,442,757.28	337,442,757.28
Non-current assets due within one year	(V)10	74,802,029.68	67,692,473.44
Other current assets	(V)11	821,942,182.54	434,074,085.16
Total current assets		18,640,657,958.56	19,051,324,062.16
Non-current Assets:			
Long-term receivables	(V)12	3,566,899,467.01	3,887,949,993.10
Long-term equity investments	(V)13	67,429,276,231.95	66,242,411,222.90
Other investments in equity instruments	(V)14	182,017,057.74	181,467,057.74
Other non-current financial assets	(V)15	863,909,085.69	910,807,452.56
Investment properties	(V)16	5,465,221,390.32	5,558,755,275.21
Fixed assets	(V)17	30,664,411,611.93	29,479,755,159.21
Construction in progress	(V)18	4,082,810,291.73	5,381,430,606.18
Right-of-use assets	(V)19	8,890,396,679.43	9,087,741,812.94
Intangible assets	(V)20	18,508,045,341.12	18,772,180,542.10
Development expenditure	(V)21	83,411,622.76	64,237,735.23
Goodwill	(V)22	6,802,141,621.90	6,675,939,930.13
Long-term prepaid expenses	(V)23	865,843,967.74	874,999,735.91
Deferred tax assets	(V)24	490,392,389.90	420,857,076.76
Other non-current assets	(V)25	2,165,898,294.28	2,138,468,683.64
Total non-current assets		150,060,675,053.50	149,677,002,283.61
TOTAL ASSETS		168,701,333,012.06	168,728,326,345.77

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 30 JUNE 2021

Consolidated Balance Sheet - continued

Unit: RMB

Item	Notes	30/6/2021	31/12/2020 (Restated)
Current liabilities:			
Short-term borrowings	(V)26	4,918,709,603.87	10,483,775,548.93
Notes payable	(V)27	10,456,401.57	7,081,772.32
Accounts payable	(V)28	745,241,136.72	607,972,699.59
Receipts in advance	(V)29	20,592,775.04	39,510,127.90
Contract liabilities	(V)30	188,322,263.74	157,442,109.67
Employee benefits payable	(V)31	665,604,858.00	726,897,125.42
Taxes payable	(V)32	2,305,150,402.37	2,370,258,689.99
Other payables	(V)33	3,866,179,811.31	2,481,217,568.40
Non-current liabilities due within one year	(V)34	8,743,691,405.73	3,564,587,701.07
Other current liabilities	(V)35	2,165,517,831.24	2,383,668,985.94
Total current liabilities		23,629,466,489.59	22,822,412,329.23
Non-current Liabilities:			
Long-term borrowings	(V)36	7,334,778,282.88	7,406,322,693.81
Bonds payable	(V)37	17,283,407,358.74	21,090,545,845.56
Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities	(V)38	1,222,109,735.26	1,327,850,984.08
Long-term payables	(V)39	1,218,295,779.86	1,228,461,573.69
Long-term employee benefits payable	(V)40	490,799,539.52	507,714,699.46
Provisions	(V)41	137,443,350.34	100,406,745.66
Deferred income	(V)42	1,091,904,196.33	1,113,180,823.99
Deferred tax liabilities	(V)24	4,491,273,249.00	4,347,553,142.73
Other non-current liabilities	(V)43	3,525,608,365.56	2,982,220,894.03
Total non-current liabilities		36,795,619,857.49	40,104,257,403.01
TOTAL LIABILITIES		60,425,086,347.08	62,926,669,732.24
SHAREHOLDERS' EQUITY:			
Share capital	(V)44	1,922,365,124.00	1,922,365,124.00
Capital reserve	(V)45	22,955,923,020.10	22,839,598,324.56
Other comprehensive income	(V)46	-916,798,522.86	-826,697,303.06
Special reserve	(V)47	15,490,721.24	10,201,178.30
Surplus reserve	(V)48	890,690,322.28	890,690,322.28
Unappropriated profit	(V)49	13,275,656,697.75	12,329,120,098.70
Total shareholders' equity attributable to equity holders of the parent		38,143,327,362.51	37,165,277,744.78
Total minority interests		70,132,919,302.47	68,636,378,868.75
TOTAL SHAREHOLDERS' EQUITY		108,276,246,664.98	105,801,656,613.53
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		168,701,333,012.06	168,728,326,345.77

The accompanying notes form part of the financial statements.

The financial statements on pages 1 to 148 were signed by the following:

Wang Xiufeng

Tu Xiaoping

Sun Ligan

Legal Representative

Chief Financial Officer

Head of Accounting Department

CHINA MERCHANTS PORT GROUP CO., LTD.

AT 30 JUNE 2021

Balance Sheet of the Company

Unit: RMB

Item	Notes	30/6/2021	31/12/2020
Current Assets:			
Cash and bank balances		1,232,631,940.36	753,590,556.77
Held-for-trading financial assets		500,000,000.00	800,000,000.00
Accounts receivable		293.35	-
Prepayments		46,244.77	32,236.27
Other receivables	(XIV)1	1,999,190,308.29	1,102,712,752.04
Other current assets		2,988,850.89	2,574,148.83
Total current assets		3,734,857,637.66	2,658,909,693.91
Non-current Assets:			
Long-term receivables		8,608,371.77	8,667,950.38
Long-term equity investments	(XIV)2	37,473,353,363.21	37,236,798,123.55
Other investments in equity instruments		156,160,830.00	155,610,830.00
Fixed assets		1,270,187.24	748,147.75
Construction in progress		4,239,077.41	3,502,416.12
Intangible assets		55,323,370.73	56,760,723.98
Long-term prepaid expenses		1,397,920.79	1,572,660.89
Deferred tax assets		2,427,747.08	1,846,793.34
Total non-current assets		37,702,780,868.23	37,465,507,646.01
TOTAL ASSETS		41,437,638,505.89	40,124,417,339.92

AT 30 JUNE 2021

Balance Sheet of the Company - continued

Unit: RMB

Item	Notes	30/6/2021	31/12/2020
Current liabilities:			
Short-term borrowings		1,000,888,889.00	2,174,486,432.93
Employee benefits payable		28,598,142.54	27,085,844.52
Taxes payable		129,047,384.38	208,459,425.46
Other payables		1,176,834,631.06	460,457,238.16
Non-current liabilities due within one year		81,485,296.82	33,040,000.00
Other current liabilities		2,012,802,318.59	2,224,519,555.57
Total current liabilities		4,429,656,662.39	5,128,048,496.64
Non-current Liabilities:			
Bonds payable		4,000,000,000.00	2,000,000,000.00
Deferred tax liabilities		43,557,026.51	43,419,526.51
Total non-current liabilities		4,043,557,026.51	2,043,419,526.51
TOTAL LIABILITIES		8,473,213,688.90	7,171,468,023.15
SHAREHOLDERS' EQUITY			
Share capital		1,922,365,124.00	1,922,365,124.00
Capital reserve		27,600,679,342.67	27,591,847,402.73
Other comprehensive income		105,948,722.50	105,536,222.50
Surplus reserve		890,690,322.28	890,690,322.28
Unappropriated profit		2,444,741,305.54	2,442,510,245.26
TOTAL SHAREHOLDERS' EQUITY		32,964,424,816.99	32,952,949,316.77
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		41,437,638,505.89	40,124,417,339.92

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

Consolidated Income Statement

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period (Restated)
I. Operating income	(V)50	7,339,942,862.26	5,962,497,716.96
Less: Operating costs	(V)50	4,198,451,164.27	3,743,190,504.14
Taxes and levies	(V)51	87,671,634.48	77,572,744.95
Administrative expenses	(V)52	766,369,973.37	745,721,965.45
Research and development expenses		98,344,411.25	71,988,081.92
Financial expenses	(V)53	730,109,013.88	841,408,636.18
Including: Interest expenses		892,510,549.76	997,965,862.47
Interest income		183,191,011.93	142,692,352.77
Add: Other income	(V)54	305,982,258.62	56,117,166.36
Investment income	(V)55	3,609,743,591.59	1,504,609,268.47
Including: Income from investments in associates and joint ventures	(V)55	3,557,359,417.25	1,393,872,651.34
Gains from changes in fair value (Loss is marked with "-")	(V)56	-488,532,866.45	-295,735,653.30
Gains on impairment of credit (Loss is marked with "-")	(V)57	-2,586,332.20	-3,583,778.71
Gains on impairment of assets (Loss is marked with "-")	(V)58	-	947,693.77
Gains on disposal of assets (Loss is marked with "-")	(V)59	9,432,717.92	560,256,383.38
II. Operating profit		4,893,036,034.49	2,305,226,864.29
Add: Non-operating income	(V)60	28,987,669.73	27,745,365.39
Less: Non-operating expenses	(V)61	14,323,864.27	23,110,322.51
III. Gross profit		4,907,699,839.95	2,309,861,907.17
Less: Income tax expenses	(V)62	643,438,595.12	513,167,463.70
IV. Net profit		4,264,261,244.83	1,796,694,443.47
(I) Categorization by continuity of operation			
1. Net profit of continued operation		4,264,261,244.83	1,796,694,443.47
2. Net profit of discontinued operation		-	-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the parent		1,677,035,346.17	632,292,086.16
2. Profit or loss attributable to minority shareholder		2,587,225,898.66	1,164,402,357.31
V. Amount of other comprehensive net income after tax	(V)46	-314,186,364.19	-1,105,459,189.10
Amount of other comprehensive net income after tax attributable to equity holders of the parent		-89,607,300.16	-379,729,287.29
(I) Other comprehensive income that will not be reclassified to profit or loss		228,315.37	-1,463,343.44
1. Other comprehensive income under the equity method that will not be reclassified to profit or loss		-184,184.63	-1,350,843.44
2. Fair value changes of other investments in equity instruments		412,500.00	-112,500.00
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-89,835,615.53	-378,265,943.85
1. Other comprehensive income under the equity method that will be reclassified to profit or loss		-23,133,723.56	12,154,545.52
2. Translation differences of financial statements denominated in foreign currencies		-66,701,891.97	-390,420,489.37
Amount of other comprehensive net income after tax attributable to minority shareholders		-224,579,064.03	-725,729,901.81
VI. Total comprehensive income attributable to:		3,950,074,880.64	691,235,254.37
Shareholders of the parent		1,587,428,046.01	252,562,798.87
Minority shareholders		2,362,646,834.63	438,672,455.50
VII. Earnings per share			
(I) Basic earnings per share		0.87	0.33
(II) Diluted earnings per share		0.87	0.33

The accompanying notes form part of the financial statements.

Income Statement of the Company

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Operating income	(XIV)3	471,974.86	94,339.62
Less: Operating costs	(XIV)3	1,132,979.75	1,132,979.82
Administrative expenses		62,053,671.27	56,541,697.34
Financial expenses		80,011,675.00	1,306,524.34
Including: Interest expenses		103,671,335.55	15,828,399.34
Interest income		26,740,035.75	17,871,242.91
Add: Other income		122,335.30	355,292.70
Investment income	(XIV)4	1,005,277,395.49	1,326,631,915.23
Including: Income from investments in associates and joint ventures	(XIV)4	86,382,211.38	28,229,153.26
Gains from changes in fair value (Loss is marked with "-")		-	12,306,522.15
II. Operating profit		862,673,379.63	1,280,406,868.20
Add: Non-operating income		424,555.92	5,000.00
III. Gross profit		863,097,935.55	1,280,411,868.20
Less: Income tax expenses		130,368,128.15	174,535,694.16
IV. Net profit		732,729,807.40	1,105,876,174.04
V. Amount of other comprehensive net income after tax		412,500.00	-112,500.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		412,500.00	-112,500.00
1. Changes as a result of remeasurement of the net defined benefit plan		-	-
2. Other comprehensive income under the equity method that will not be reclassified to profit or loss		-	-
3. Fair value changes of other investments in equity instruments		412,500.00	-112,500.00
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
1. Other comprehensive income under the equity method that will be reclassified to profit or loss		-	-
2. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		733,142,307.40	1,105,763,674.04

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period (Restated)
I. Cash Flows from Operating Activities			
Cash received from sales of goods and rendering of services		6,999,276,674.02	5,663,032,758.45
Refunds of taxes		85,780,705.21	14,275,811.60
Cash received relating to other operating activities	(V)65(1)	603,526,364.98	426,982,722.38
Sub-total of cash inflows		7,688,583,744.21	6,104,291,292.43
Cash paid for goods purchased or services received		1,903,206,790.90	1,626,411,856.74
Cash paid to and on behalf of employees		1,709,301,832.87	1,480,656,394.52
Tax payments		733,071,668.17	566,177,888.65
Cash paid relating to other operating activities	(V)65(2)	408,043,044.31	373,303,949.44
Sub-total of cash outflows		4,753,623,336.25	4,046,550,089.35
Net Cash Flows from Operating Activities	(V)66(1)	2,934,960,407.96	2,057,741,203.08
II. Cash Flows from Investing Activities			
Cash received from disposal and recovery of investments		3,630,000,000.00	2,541,647,276.82
Cash received from investment income		1,520,388,115.39	243,248,600.44
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,022,377.14	109,636,776.06
Cash received relating to other investing activities	(V)65(3)	355,653,171.58	509,787,186.59
Sub-total of cash inflows		5,527,063,664.11	3,404,319,839.91
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		1,124,649,979.59	1,082,342,987.89
Cash paid to acquire investments		4,337,300,451.86	7,181,906,008.80
Cash paid relating to other investing activities	(V)65(4)	11,284,899.93	3,009,770,070.13
Sub-total of cash outflows		5,473,235,331.38	11,274,019,066.82
Net Cash Flows from Investing Activities		53,828,332.73	-7,869,699,226.91
III. Cash Flows from Financing Activities			
Cash received from borrowings		3,694,414,917.83	13,298,279,106.51
Cash received from issue of bonds		4,800,000,000.00	700,000,000.00
Sub-total of cash inflows		8,494,414,917.83	13,998,279,106.51
Repayments of borrowings		13,053,373,996.07	6,724,017,083.73
Dividends paid, profit distributed or interest paid		942,876,415.60	1,161,435,086.07
Including: Dividends paid, profit distributed to minority shareholders.		-	162,311,700.49
Cash paid relating to other financing activities	(V)65(5)	11,496,507.89	756,572,798.17
Sub-total of cash outflows		14,007,746,919.56	8,642,024,967.97
Net Cash Flows from Financing Activities		-5,513,332,001.73	5,356,254,138.54
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-26,551,995.94	-31,897,846.37
V. Net Decrease in Cash and Cash Equivalents		-2,551,095,256.98	-487,601,731.66
Add: Opening Balance of Cash and Cash Equivalents	(V)66(2)	11,898,618,327.29	7,787,660,214.80
VI. Closing Balance of Cash and Cash Equivalents	(V)66(2)	9,347,523,070.31	7,300,058,483.14

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

Cash Flow Statement of the Company

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Cash Flows from Operating Activities			
Cash received relating to other operating activities		218,034,986.32	23,510,809.16
Sub-total of cash inflows		218,034,986.32	23,510,809.16
Cash paid for goods purchased and services received		40,000.00	-
Cash paid to and on behalf of employees		32,829,622.92	25,483,852.31
Tax payments		209,567,259.29	208,942,631.96
Cash paid relating to other operating activities		33,094,186.67	17,929,140.00
Sub-total of cash outflows		275,531,068.88	252,355,624.27
Net Cash Flows from Operating Activities		-57,496,082.56	-228,844,815.11
II. Cash Flows from Investing Activities:			
Cash received from disposals and recovery of investments		2,480,000,000.00	1,400,000,000.00
Cash received from investments income		293,098,915.83	184,352,981.91
Cash received relating to investing activities		-	222,500,000.00
Sub-total of cash inflows		2,773,098,915.83	1,806,852,981.91
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		1,732,237.00	600,000.00
Cash paid for investments		2,386,523,799.86	2,409,178,988.47
Cash paid relating to other investing activities		198,583,388.96	137,944,110.77
Sub-total of cash outflows		2,586,839,425.82	2,547,723,099.24
Net Cash Flows from Investing Activities		186,259,490.01	-740,870,117.33
III. Cash Flows from Financing Activities:			
Cash received from borrowings		5,797,840,000.00	2,999,433,243.33
Cash received relating to other financing activities		25,000,000.00	544,400,000.00
Sub-total of cash inflows		5,822,840,000.00	3,543,833,243.33
Repayments of borrowings		5,381,742,457.36	715,904,918.03
Dividends paid, profit distributed or interest paid		89,771,518.67	619,875.00
Cash paid relating to other financing activities		982,254.76	721,400,000.00
Sub-total of cash outflows		5,472,496,230.79	1,437,924,793.03
Net Cash Flows from Financing Activities		350,343,769.21	2,105,908,450.30
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-65,793.07	27,149.74
V. Net Increase in Cash and Cash Equivalents		479,041,383.59	1,136,220,667.60
Add: Opening balance of Cash and Cash Equivalents		753,590,556.77	690,685,211.42
VI. Closing Balance of Cash and Cash Equivalents		1,232,631,940.36	1,826,905,879.02

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 services 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 30 August 2021.

See Note (VII) "Equity in other entities" for details of the scope of consolidated financial statements in the current period. 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 30 June 2021, the Group had total current liabilities in excess of total current assets of RMB 4,988,808,531.03. On 30 June 2021, the Group had available and unused line of credit amounting to RMB 44,924,971,453.51, 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.

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

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

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.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement - continued

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

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

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

III. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2021, and the Company's and consolidated results of operations, the Company's and consolidated shareholders' equity and cash flows for the period from 1 January 2021 to 30 June 2021.

2. Accounting period

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

3. Operating cycle

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

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

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.

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

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

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

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

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

When a business combination contract provides for the acquirer's recovery of consideration previously paid contingent on one or multiple future event(s), the Group recognizes the contingent consideration provided in the contract as an asset, as part of the consideration transferred in the business combination, and includes it in the cost of business combination at the fair value at the acquisition date. Within 12 months after the acquisition, where the contingent consideration needs to be adjusted as new or further evidences are obtained in respect of the circumstances existed at the acquisition date, the adjustment shall be recognized and the amount originally recognized in goodwill or non-operating income shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be accounted for in accordance with Accounting 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.

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 recognizes 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 recognized 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.

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

6. Preparation of consolidated financial statements

6.1 Preparation of consolidated financial statements

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

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

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

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

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

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.

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

6. Preparation of consolidated financial statements - continued

6.1 Preparation of consolidated financial statements - continued

The 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.

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

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

6. Preparation of consolidated financial statements - continued

6.1 Preparation of consolidated financial statements - continued

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

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

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

Investments in joint ventures are accounted for using the equity method by the Group, which is detailed in Notes (III) 16.3.2, A long-term equity investment accounted for using the equity method

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

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

8. Recognition criteria of cash and cash equivalents

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

9. Foreign currency transactions

9.1 Transactions denominated in foreign currencies

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

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

When the consolidated financial statements include foreign operation(s), if there is 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.

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.

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

9. Foreign currency transactions - continued

9.2 Translation of financial statements denominated in foreign currencies

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.

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

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

10. Financial instruments

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

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

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

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

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

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

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.

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

Financial assets 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.

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

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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.

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

10.1.1 Financial assets measured at amortized cost - continued

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.

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.

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

10. Financial instruments - continued

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.

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:

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.1 Significant increase of credit risk - continued

- (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;
- (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.

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.2 Credit-impaired financial assets

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.

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;

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.3 Determination of expected credit loss - continued

- 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.

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.

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

10. Financial instruments - continued

10.3 Transfer of financial assets - continued

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.

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.

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Financial liabilities at FVTPL

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

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.

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities - continued

10.4.1.1 Financial liabilities at FVTPL - continued

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.

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.

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities - continued

10.4.1.3 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.

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.

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

10. Financial instruments - continued

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 remeasured 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.

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.

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

10. Financial instruments - continued

10.7 Reclassification of financial instruments - continued

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

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

Where a financial asset at FVTOCI is reclassified as a financial asset at amortized 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 amortized 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 amortized 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.

III. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**11. Accounts receivable**

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

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

12. Accounts receivable financing

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

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

13. Inventories - continued

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

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

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

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

13.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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.

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

15. Assets held for sale

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

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

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

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

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, amortization or impairment that would have been recognized had the asset or disposal group not been classified as held for sale; and (2) the recoverable amount at the date of the decision not to sell.

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.

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

16. Long-term equity investments

16.1 Basis for determining joint control and significant influence over investee

Control is achieved when the Group has the power over the investee and has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Joint control is the contractually agreed sharing of control over an 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.

16.2 Determination of investment cost

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

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

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

16. Long-term equity investments - continued

16.2 Determination of investment cost - continued

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.

16.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

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

16. Long-term equity investments - continued

16.3 Subsequent measurement and recognition of profit or loss - continued

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

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. THE COMPANY'S 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 withdrawn from use and no future economic benefits are expected from the disposal.

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

18. Fixed assets

18.1 Recognition criteria for fixed assets

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

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

18. Fixed assets - continued

18.1 Recognition criteria for fixed assets - continued

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

18.2 Depreciation of each category of fixed assets

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

Category	Useful lives	Estimated residual value (%)	Annual depreciation rate (%)
Port and terminal facilities	5-50 years	5.00	1.90-19.00
Buildings	10-30 years	5.00	3.17-9.50
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.

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.

III. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**20. Borrowing Costs**

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

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss 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. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life. Intangible assets with uncertain service life will not be amortize. The terminal operating rights are amortized using the output method, that is, amortized through periods according to the ratio of the estimated minimum guaranteed throughput to the estimated minimum guaranteed total throughput during the operation period. When the estimated minimum guaranteed throughput cannot be measured reliably, the straight-line method will be used for amortization. An intangible asset with uncertain useful life will not be amortized. The amortization method, useful life and estimated net residual value of various intangible assets are as follows:

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

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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.

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

21. Intangible assets - continued

21.2 Research and development expenditure

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

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

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Group has the intention to complete the intangible asset and use or sell it;
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; 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 recognizes all of them in profit or loss for the period. The costs of intangible assets generated by the internal research only include the total expenditure incurred for the period from the time point of capitalization to the intangible assets are ready for intended use. For the identical intangible asset, the expenditures recorded as expenses before they qualify for capitalization during the development process are not adjusted.

22. Impairment of long-term assets

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

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

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

22. Impairment of long-term assets - continued

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.

25. Employee benefits

25.1 The accounting treatment of short-term employee benefits

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

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

25. Employee benefits - continued

25.1 The accounting treatment of short-term employee benefits - continued

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

25.2 The accounting treatment of post-employment benefits

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

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

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

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

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

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

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

25. Employee benefits - continued

25.3 The accounting treatment of termination benefits

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

26. Provisions

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

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

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

27. Revenue

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

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

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

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

27. Revenue - continued

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.

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.

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

27. Revenue - continued

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. THE COMPANY'S 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 methods of government grants

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

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

29.1 The accounting treatment of government grants related to assets

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

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

29.2 The accounting treatment of government grants related to income

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

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

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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.

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

30. Deferred tax assets/ deferred tax liabilities

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

30.1 Current income tax

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

30.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

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

30. Deferred tax assets/ deferred tax liabilities - continued

30.2 Deferred tax assets and deferred tax liabilities - continued

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

30.3 Offset of income tax

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

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

31. Leases

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

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

31.1 The Group as Lessee

31.1.1 Separating components of a lease

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

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

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.2 Right-of-use assets

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group recognizes 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.

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

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.3 Lease liabilities - continued

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

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

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

Interest on the lease liabilities in each period during the lease term is calculated by a constant periodic rate of interest on the remaining balance of the lease liabilities.

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

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

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

31. Leases - continued

31.1 The Group as Lessee - continued

31.1.4 Short-term leases and leases for which the underlying asset is of low value

The Group elects not to recognize 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 recognizes the lease payments associated with those leases as an expense or cost of relevant asset on a straight-line basis over the lease term.

31.1.5 Lease modifications

A lease modification should be accounted for as a separate lease if both of the following apply:

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

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group should allocate the consideration in the modified contract, determine the lease term of the modified lease and remeasure the lease liability by discounting the revised payments using a revised discount rate.

For lease modifications that decrease the scope of the lease or narrow the term of the lease, the Group should decrease the carrying amount of the right-of-use asset with any gain or loss relating to the partial or full termination of the lease should be recognized in profit or loss. For remeasurement of lease liabilities from all other lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

31.2 The Group as Lessor

31.2.1 Separating components of a lease

For a contract that contains lease and non-lease components, the Group shall allocate the consideration in the contract in accordance with the allocation of the transaction price under the revenue standard, on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.

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

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.2 Classification of leases

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

31.2.2.1 The Group as lessor under operating leases

The Group recognizes lease payments from operating leases as income on a straight-line basis. The Group capitalizes initial direct costs incurred in obtaining an operating lease and recognizes those costs as an expense over the lease term on the same basis as the lease income.

Variable lease receipts relating to an operating lease not included in the lease receipts are recognized in profit or loss by the Group when incurred.

31.2.2.2 The Group as lessor under finance leases

At the commencement date, the Group recognizes a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognized. The net investment in the lease is the sum of any unguaranteed residual value and lease payments receivable from the commencement date, discounted at the interest rate implicit in the lease.

The amount of the lease payments receivable refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the lessee exercises the amount to be paid for the termination of the lease option, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

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

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

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

31. Leases - continued

31.2 The Group as Lessor - continued

31.2.3 Subleases

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

31.2.4 Lease modifications

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

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

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

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

- if the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group should account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as an operating lease if the modification had been in effect at the inception date, the Group should apply the requirements of contract modification and renegotiation under the *ASBE No. 22 Financial Instruments: Recognition and Measurement*.

31.2.5 Sale and leaseback transactions

31.2.5.1 The Group as the seller-lessee

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

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

32. Exchange of Non-Monetary Assets

Where a non-monetary assets transaction satisfies the following conditions at the same time, it should be calculated based on fair value. The transaction is commercial in nature and the fair value of the assets received or surrendered can be measured reliably. The fair value of the assets surrendered and relevant payable taxes shall be regarded as the transaction cost of the assets received. For assets surrendered, the difference between the fair value and the carrying value of the asset surrendered shall be recorded into the profit or loss of the current period. If any exact evidence showing that the fair value of the assets received is more reliable, the cost of assets received and surrendered shall be calculated as a different way. For assets received, its cost shall be calculated based on the fair value of assets received and relevant payable taxes. For the assets surrendered, the difference between the fair value of the assets received and the carrying value of the asset surrendered shall be recorded into the profit or loss of the current period.

Where a non-monetary assets transaction does not meet the conditions as prescribed, the carrying value and relevant payable taxes of the assets surrendered shall be the cost of the assets received and no profit or loss is recognized.

33. Discontinued Operation

Discontinued operation refers to the separately identifiable components that have been disposed of or classified as held for sale and meet one of the following conditions:

- (1) The component represents an independent main business or a major business area;
- (2) This component is a part of a related plan that intends to dispose of an independent main business or a separate main operating area;
- (3) This component is a subsidiary acquired exclusively for resale.

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

34. Safety Production Cost

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

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

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

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

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

Goodwill impairment

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

Recognition of deferred tax

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

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

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

36. Changes in significant accounting policies

(1) Interpretation No. 14 of Accounting Standards for Business Enterprises

On 26 January 2021, the Ministry of Finance promulgated the "Accounting Standards for Business Enterprises Interpretation No. 14" (Cai Kuai [2021] No. 1, hereinafter referred to as "Interpretation No. 14"). Interpretation No. 14 Question 1 "On the accounting treatment of government-private partnership (PPP) project contracts by the private party" stipulates that the private party providing construction services or contracting to other parties shall comply with the "Accounting Standards for Business Enterprises No. 14 — Accounting shall be carried out according to the provisions of "Income". Interpretation No. 14 Question 2 "Accounting treatment of changes in the basis for determining contractual cash flows caused by the reform of the benchmark interest rate" stipulates that the reform of the benchmark interest rate leads to changes in the basis for determining the contractual cash flow of financial assets or financial liabilities and the results of the reform of the benchmark interest rate. Accounting treatment of lease changes. Interpretation No. 14 has no significant impact on the 2021 interim financial statements of the Group and the Company.

(2) Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19

On 26 May 2021, the Ministry of Finance ("MoF") issued the *Circular on Adjusting the Scope of Application of the Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19* (Cai Kuai [2021] Document No. 9) (the "Doc. No. 9"), adjusting the scope of application of the *Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19* (Cai Kuai [2021] Document No. 10) (the "Doc. No. 10") issued by MoF on 19 June 2020. The Doc. No. 9 extended the application period of rent concession applicable to simplified method under Doc. No.10, i.e. adjusting "Rent concession is only applicable to lease payments payable before 30 June 2021. Any increase in lease payments payable after 30 June 2021 does not affect the satisfaction of the criteria, but decrease in lease payments payable after 30 June 2021 does not satisfy the criteria." to "Rent concession is only applicable to lease payments payable before 30 June 2022. Any increase in lease payments payable after 30 June 2022 does not affect the satisfaction of the criteria, but decrease in lease payments payable after 30 June 2022 does not satisfy the criteria.". The other criteria remain unchanged. The above provisions have no significant impact on the Group's and Company's financial statements for the period ended 30 June 2021.

37. Changes in significant accounting estimates

The Group has no significant changes in accounting estimates in the current period.

IV. TAXES

1. Major taxes and tax rates

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%-34% (Note 1)
	Dividend income tax	5%, 10%, 25% (Note 2)
Value-added Tax ("VAT") (Note 3)	Income from sale of goods (Note 4)	9%,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%, 6%, 9%
Social contribution tax (Note 5)	Income	0.65% -7.6%
Deed tax	Land use right and property transfer amount	3%-5%
Property tax	70% of cost of property or rental income	1.2% or 12%
City maintenance and construction tax	VAT paid	1%-7%
Education surtax	VAT paid	3%

Note 1: The Group's enterprise income tax is calculated based on the current tax rate stipulated by local tax laws. Among them, the Company are subject to an enterprise income tax rate of 25%, the subsidiaries set up in Hong Kong are subject to an enterprise income tax rate of 16.5%, the majority of subsidiaries set up in China are subject to an enterprise income tax rate of 25% and certain others are subject to the preferential tax rate for small and micro enterprises of 20%, and the other overseas subsidiaries are subject to enterprise income tax rates between 28% and 34%.

Note 2: Foreign investors who receive dividends of profits from Chinese subsidiaries in 2008 and thereafter generally shall pay withholding income tax at a rate of 10% in accordance with the relevant provisions of the PRC enterprise income tax. For companies incorporated in certain regions (including Hong Kong and Singapore), if the companies are actual owners holding more than 25% interest in the subsidiaries in China, they will enjoy a preferential tax rate of 5%.

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

Note 3: The VAT amount is the balance of the output tax less the deductible input tax, and the output tax is calculated in accordance with the sales income and the corresponding tax rate stipulated in the relevant tax laws of China.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

IV. TAXES - continued

1. Major taxes and tax rates - continued

Note 4: Pursuant to *Announcement of Customs on Relevant Policies for Deepening the Value-Added Tax Reform issued by the Ministry of Finance, the State Taxation Administration and the General Administration* (Announcement No. 39 [2019] of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), from 1 April 2019, the tax rate of 16% and 10% applicable to the VAT taxable sale or import of goods are adjusted to 13% and 9%, respectively.

Note 5: The social contribution tax is the tax paid by the overseas subsidiaries of the Group to the local government.

2. Tax preference

Some subsidiaries of the Group in China are recognized as high-tech enterprises or encouraged industrial enterprises in the region and are subject to an enterprise income tax rate of 15%. The Group's subsidiaries outside China may be subject to enterprise income tax preference in accordance with relevant local tax policies.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Cash	363,642.53	575,797.26
RMB	51,542.58	37,045.02
USD	150,714.70	146,078.94
HKD	24,454.21	24,653.41
BRL	6,447.44	5,997.01
Others	130,483.60	362,022.88
Bank deposit (Note 1)	9,003,695,587.20	11,547,077,133.15
RMB	6,640,184,246.92	7,585,560,643.67
USD	842,552,750.96	817,495,062.65
EUR	939,406,425.46	770,193,517.95
BRL	418,096,134.27	273,701,827.77
HKD	152,384,041.68	2,076,664,153.73
AUD	424,576.33	557,797.36
Others	10,647,411.58	22,904,130.02
Other cash and bank balances (Note 2)	375,314,367.51	370,770,828.30
RMB	375,270,597.94	370,726,535.43
HKD	43,769.57	44,292.87
Total	9,379,373,597.24	11,918,423,758.71
Including: Total amount of funds deposited overseas	2,857,588,296.09	5,313,591,920.43

Note 1: At the end of the current period, the Group's bank deposits that were deposited overseas and restricted for capital repatriation totaled nil (at the beginning of the current period: nil).

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

Note 2: The structured deposits that could be readily withdrawn on demand in the other cash and bank balances of the Group totaled RMB 362,980,035.90, the restricted deposit totaled RMB 12,259,378.15, and the balance of the margin maintenance account was RMB 74,953.46.

2. Held-for-trading financial assets

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Financial assets measured at fair value through profit or loss	1,000,173,287.80	850,165,448.59
Including: Structured deposits	1,000,000,000.00	850,000,000.00
Equity investment instruments	173,287.80	165,448.59
Total	1,000,173,287.80	850,165,448.59

3. Notes receivable

(1) Classification of notes receivable

Unit: RMB

Category	Closing balance	Opening balance (Restated)
Bank acceptance	23,664,430.98	2,245,000.16
Commercial acceptance	-	3,146,994.68
Total	23,664,430.98	5,391,994.84
Less: Provision for credit losses (Note)	-	-
Carrying amount	23,664,430.98	5,391,994.84

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 30 June 2021, there are no notes receivable pledged.
- (3) As at 30 June 2021, the Group has no notes receivable endorsed or discounted but unmatured at the balance sheet date.
- (4) As at 30 June 2021, 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 for the period from 1 January to 30 June 2021.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable

(1) Accounts receivable disclosed by aging

Unit: RMB

Aging	Closing balance		
	Accounts receivable	Provision for credit loss	Proportion (%)
Within 1 year	1,833,629,561.08	18,474,325.56	1.01
More than 1 year but not exceeding 2 years	50,613,308.68	17,682,820.43	34.94
More than 2 years but not exceeding 3 years	5,082,039.70	2,840,927.94	55.90
More than 3 years	40,585,676.63	37,671,574.10	92.82
Total	1,929,910,586.09	76,669,648.03	

(2) Disclosure of accounts receivable by categories

Unit: RMB

Credit rating	Expected credit loss rate (%)	Closing balance			Opening balance (Restated)		
		Carrying amount	Provision for credit loss	Book value	Carrying amount	Provision for credit loss	Book value
A	0.00-0.10	968,715,740.70	641,983.99	968,073,756.71	680,599,675.12	658,001.13	679,941,673.99
B	0.10-0.30	545,761,792.88	1,529,163.25	544,232,629.63	520,087,318.71	639,654.91	519,447,663.80
C	0.30-50.00	347,540,479.95	24,250,944.08	323,289,535.87	207,630,761.65	23,911,382.65	183,719,379.00
D	50.00-100.00	67,892,572.56	50,247,556.71	17,645,015.85	60,465,077.73	50,224,377.50	10,240,700.23
Total		1,929,910,586.09	76,669,648.03	1,853,240,938.06	1,468,782,833.21	75,433,416.19	1,393,349,417.02

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

Unit: RMB

Item	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
Opening balance (Restated)	25,209,038.69	50,224,377.50	75,433,416.19
Carrying amount of accounts receivable at 1 January 2021			
-- Transferred to credit-impaired accounts receivables	-	-	-
-- Reversed to not credit-impaired accounts receivable	-	-	-
Provision for the period	3,416,820.67	232,035.00	3,648,855.67
Reversal for the period	-2,378,003.37	-94,712.96	-2,472,716.33
Impact of foreign currency statement translation	174,235.33	-114,142.83	60,092.50
Closing balance	26,422,091.32	50,247,556.71	76,669,648.03

There are no accounts receivable written off during this period.

(4) The top five balances of account receivables classified by debtor

Unit: RMB

Name of entity	Closing balance	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision for credit loss
Client A	177,065,984.10	Within 1 year	9.18	177,065.98
Client B	84,452,452.50	Within 1 year, more than 1 year but not exceeding 2 years	4.38	69,700.20
Client C	78,575,366.80	Within 1 year, more than 1 year but not exceeding 2 years	4.07	32,399.01
Client D	64,839,808.72	Within 1 year, more than 1 year but not exceeding 2 years	3.36	10,996,831.56
Client E	55,855,729.72	Within 1 year, more than 1 year but not exceeding 2 years	2.89	94,092.90
Total	460,789,341.84		23.88	11,370,089.65

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Accounts receivable financing

(1) Accounts receivable financing classification

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance measured at fair value	272,889,319.83	217,449,966.41

(2) On 30 June 2021, the Group has no pledged account receivables financing.

(3) As at 30 June 2021, account receivables financing endorsed or discounted which are not yet due at the balance sheet date are as follows

Unit: RMB

Items	Closing balance		Opening balance	
	Derecognized	Recognized	Derecognized	Recognized
Bank acceptance measured at fair value	35,921,012.26	-	129,866,604.18	-

6. Prepayments

(1) Aging analysis of prepayment

Unit: RMB

Aging	Closing balance		Opening balance (Restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	86,006,306.73	99.53	50,438,796.50	98.48
More than 1 year but not exceeding 2 years	313,849.85	0.36	585,435.07	1.14
More than 2 years but not exceeding 3 years	8,020.97	0.01	-	-
More than 3 years	86,207.76	0.10	193,638.86	0.38
Total	86,414,385.31	100.00	51,217,870.43	100.00

(2) As at 30 June 2021, the Group has no significant prepayments aged more than one year.

(3) The top five balances of prepayments classified by entities

Unit: RMB

Name of entity	Relationship with the Company	Closing balance	Proportion of the closing balance to the total prepayments (%)
Saham Assurance Togo S.A.	Non-related party	6,584,963.34	7.61
Fairfax Brasil Seguros Corporativos S.A.	Non-related party	4,555,092.72	5.27
Jianshi Construction Co., Ltd.	Non-related party	3,142,057.55	3.64
Shenyang Ruilida Technology Co., Ltd.	Non-related party	3,011,882.88	3.49
CCCC First Harbour Consultants CO.,LTD	Non-related party	2,852,256.00	3.30
Total		20,146,252.49	23.31

7. Other receivables

7.1 Summary of other receivables

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Dividend receivable	1,257,817,553.23	258,137,208.69
Other receivables	3,322,888,529.46	3,303,155,105.29

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NOTES TO FINANCIAL STATEMENTS
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Total	4,580,706,082.69	3,561,292,313.98
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NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Other receivables - continued

7.2 Dividend receivable

(1) Presentation of dividend receivable

Unit: RMB

Name of investee	Closing balance	Opening balance (Restated)
Shanghai International Port (Group) Co., Ltd.	756,630,823.35	-
China Nanshan Development (Group) Incorporation ("Nanshan Group")	316,246,500.00	210,831,000.00
Liaoning Port Co., Ltd.	74,242,730.44	-
Qingdao Port International Co., Ltd.	39,116,713.02	-
Tin-Can Island Container Terminal Ltd	22,996,441.34	33,289,037.77
Others	49,843,421.71	14,275,566.52
Total	1,259,076,629.86	258,395,604.29
Less: Provision for credit loss	1,259,076.63	258,395.60
Book value	1,257,817,553.23	258,137,208.69

(2) Significant dividend receivable aged more than 1 year

Unit: RMB

Name of investee	Closing balance	Aging	Why unrecovered	Closing balance of provision for credit losses
Nanshan Group	140,554,000.00	More than 1 year but not exceeding 2 years	Relevant procedures are being handled and it is expected to be recovered by the end of 2021	140,554.00
Total	140,554,000.00			140,554.00

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

Unit: RMB

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
Opening balance	258,395.60	-	-	258,395.60
Carrying amount of dividend receivables at 1 January 2021				
-- Transfer to Stage 2	-	-	-	-
-- Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
-- Reverse to Stage 1	-	-	-	-
Provision for the period	1,000,681.03	-	-	1,000,681.03
Reversal for the period	-	-	-	-
Transfer-out on derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Closing balance	1,259,076.63	-	-	1,259,076.63

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Other receivables - continued

7.3 Other receivables

(1) Other receivables disclosed by aging

Unit: RMB

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion (%)
Within 1 year	2,572,619,131.98	57,240.17	-
More than 1 year but not exceeding 2 years	431,767,085.80	71,268.54	0.02
More than 2 years but not exceeding 3 years	502,052,317.18	295,399,464.85	58.84
More than 3 years	321,708,078.61	209,730,110.55	65.19
Total	3,828,146,613.57	505,258,084.11	

(2) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Land compensation (Note 1)	2,742,032,000.00	2,742,032,000.00
Operation compensation (Note 2)	662,024,082.30	687,057,815.03
Temporary payments	196,310,928.35	159,559,495.82
Compensation for profit or loss on transition	6,654,751.43	38,312,376.24
Deposits	21,836,368.72	24,819,304.63
Others	199,288,482.77	173,665,086.98
Total	3,828,146,613.57	3,825,446,078.70
Less: Provision for credit loss	505,258,084.11	522,290,973.41
Book value	3,322,888,529.46	3,303,155,105.29

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 will be returned to Shantou Land Reserve Center by Shantou Port, amounting to RMB 1,558,032,000.00. The above mentioned land and attached buildings have been transferred before 31 December 2020. As of 30 June 2021, the land compensation totaling to RMB 1,208,032,000.00 has not been recovered yet.

On 21 August 2020, Shantou Port entered into the Contract for the Acquisition of State-Owned Land Use Rights in Shantou with Shantou Haojiang District Land Reserve Center. Pursuant to the contract, the land and attached buildings of approximately 152.34 mu located in Queshi Wutian, Haojiang District, Shantou City will be returned to Shantou Haojiang District Land Reserve Center by Shantou Port, amounting to RMB 250,000,000.00. The above mentioned land and attached buildings have been transferred before 31 December 2020. As of 30 June 2021, the land compensation of RMB 200,000,000.00 has not been recovered yet.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Other receivables - continued

7.3 Other receivables - continued

(2) Disclosure of other receivables by nature - continued

Note 1: - continued

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 will be returned to Shantou Land Reserve Center by Shantou Port, amounting to RMB 2,724,876,000.00. 320 mu of land and attached buildings have been transferred before 31 December 2020. As of 30 June 2021, the land compensation of RMB 1,334,000,000.00 has not been recovered yet. The remaining 328.78 mu of land and attached buildings have not been transferred, which will be presented as held-for-sale assets by the Group.

Note 2: It refers to the operating compensation that the subsidiary of the Company shall collect from the holding company of its minority shareholders according to the agreement, amounting to RMB 662,024,082.30. The above amount has been overdue. On 30 June 2021, the corresponding balance of impairment on credit loss amounted to RMB 468,709,082.30.

(3) Provision for credit loss on other receivables

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

As at 30 June 2021, the credit risk and expected credit loss of other receivables of each category of customers are presented as below:

Unit: RMB

Credit rating	Expected credit loss rate (%)	Closing balance				Opening balance (Restated)			
		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	3,129,879,304.06	-	-	3,129,879,304.06	3,102,785,902.96	-	-	3,102,785,902.96
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	698,267,309.51	698,267,309.51	-	-	722,660,175.74	722,660,175.74
Account balance		3,129,879,304.06	-	698,267,309.51	3,828,146,613.57	3,102,785,902.96	-	722,660,175.74	3,825,446,078.70
Provision for credit loss		332,459.65	-	504,925,624.46	505,258,084.11	308,222.19	-	521,982,751.22	522,290,973.41
Book value		3,129,546,844.41	-	193,341,685.05	3,322,888,529.46	3,102,477,680.77	-	200,677,424.52	3,303,155,105.29

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Other receivables - continued

7.3 Other receivables - continued

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

Unit: RMB

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
Opening balance (Restated)	308,222.19	-	521,982,751.22	522,290,973.41
Carrying amount of other receivables at 1 January 2021				
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-109,558.16	-	109,558.16	-
-- Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provision for the period	146,421.25	-	808,708.09	955,129.34
Reversal for the period	-12,625.63	-	-218,736.67	-231,362.30
Impact of foreign currency statement translation	-	-	-17,756,656.34	-17,756,656.34
Closing balance	332,459.65	-	504,925,624.46	505,258,084.11

(5) The Group has no other receivables written off for the period from 1 January to 30 June 2021.

(6) At the end of the year, the top five balances of other receivables classified by debtor are as below:

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion of the amount to the other receivables (%)	Provision for credit loss at the end of the period
Entity A	Land compensation	2,542,032,000.00	Within 1 year; More than 1 year but not exceeding 2 years	66.40	39,052.09
Entity B	Operation compensation	662,024,082.30	More than 2 years but not exceeding 3 years; More than 3 years	17.30	468,709,082.30
Entity C	Land compensation	200,000,000.00	Within 1 year	5.22	3,072.51
Entity D	Temporary payments	45,174,070.15	Within 1 year; More than 3 years	1.18	4,355.19
Entity E	Temporary payments	33,692,528.00	More than 3 years	0.88	3,369.25
Total		3,482,922,680.45		90.98	468,758,931.34

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance (Restated)		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	168,953,489.68	884,061.15	168,069,428.53	168,411,323.61	884,061.15	167,527,262.46
Goods on hand	28,930,830.87	-	28,930,830.87	34,780,194.84	-	34,780,194.84
Revolving materials	-	-	-	-	-	-
Others	13,008,687.75	-	13,008,687.75	12,516,519.00	-	12,516,519.00
Total	210,893,008.30	884,061.15	210,008,947.15	215,708,037.45	884,061.15	214,823,976.30

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Inventories - continued

(2) Provision for decline in value of inventories

Unit: RMB

Item	Opening balance	Provision	Decrease		Closing balance
			Reversal	Write-off	
Raw materials	884,061.15	-	-	-	884,061.15

Note: As at 30 June 2021, the Group has no capitalized borrowing cost in the balance of inventories.

9. Assets held for sale

Item	Book value at the end of the period	Fair value at the end of the period	Estimated disposal expenses	Estimated disposal time
Long-term assets held for sale	337,442,757.28	1,380,876,000.00	5,608,306.69	The relocation will be completed in the second half of 2021
Less: Provision for impairment of assets held for sale	-	-	-	
Book value	337,442,757.28	-	-	

Note: See Note (V) 7.3 (2) for details.

10. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	74,876,906.59	67,760,233.67
Less: Provision for credit loss	74,876.91	67,760.23
Book value	74,802,029.68	67,692,473.44

11. Other current assets

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Structural deposits	455,413,041.12	102,749,431.10
Including: Principal	450,000,000.00	100,000,000.00
Interest receivable	5,413,041.12	2,749,431.10
Prepaid taxes	69,620,382.35	47,556,756.97
Others (Note)	296,908,759.07	283,767,897.09
Total	821,942,182.54	434,074,085.16
Less: Provision for credit loss	-	-
Book value	821,942,182.54	434,074,085.16

Note: Refer to the VAT credits of domestic subsidiaries.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Long-term receivables

(1) Details of long-term receivables

Unit: RMB

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
Advances to shareholders (Note)	3,635,346,843.54	3,635,346.85	3,631,711,496.69	3,663,271,923.98	3,663,271.92	3,659,608,652.06
Financing lease deposits	10,000,000.00	10,000.00	9,990,000.00	10,000,000.00	10,000.00	9,990,000.00
Total	3,645,346,843.54	3,645,346.85	3,641,701,496.69	3,959,602,068.60	3,959,602.06	3,955,642,466.54
Less: Long-term receivables due within 1 year	74,876,906.59	74,876.91	74,802,029.68	67,760,233.67	67,760.23	67,692,473.44
Long-term receivables due over 1 year	3,570,469,936.95	3,570,469.94	3,566,899,467.01	3,891,841,834.93	3,891,841.83	3,887,949,993.10

Note: It refers to the terminal acquisition project funds advanced by the Group to its associate Terminal Link SAS. As at 31 June 2021, the principal and interest totaled RMB 2,771,361,793.06. See Note (V) 13 for details.

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

Unit: RMB

Item	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Life time expected credit loss (credit-impaired)	
Opening balance	3,959,602.06	-	-	3,959,602.06
Carrying amount of long-term receivables at 1 January 2021				
-- Transfer to Stage 2	-	-	-	-
-- Transfer to Stage 3	-	-	-	-
-- Reverse to Stage 2	-	-	-	-
-- Reverse to Stage 1	-	-	-	-
Provision for the period	7,116.69	-	-	7,116.69
Reversal for the period	-321,371.90	-	-	-321,371.90
Transfer-out on derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Closing balance	3,645,346.85	-	-	3,645,346.85

(3) As at 30 June 2021, 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 30 June 2021.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Long-term equity investments

Unit: RMB

Investees	Accounting method	Opening balance (Restated)	Changes for the year								Closing balance	Closing value of provision for impairment
			Increase	Investment profit or loss under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Others	Provision for impairment	Effect of translation of financial statements denominated in foreign currencies		
I. Joint ventures												
Euro-Asia Oceangate S.à r.l.	Equity method	2,533,296,561.96	-	35,657,835.28	-	-	-	-	-	-16,457,622.51	2,552,496,774.73	-
Port of Newcastle	Equity method	2,149,048,944.67	-	4,976,890.86	-	-	-	-14,535,702.56	-	-47,195,626.40	2,092,294,506.57	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,507,359,082.53	-	30,849,525.86	-	2,892,779.72	-	-	-	-	1,541,101,388.11	-
Yantai Port Group Laizhou Port Co., Ltd.	Equity method	782,832,086.50	-	16,309,101.16	-	-	-	-24,643,441.33	-	-	774,497,746.33	-
Fujian Zhaohang Logistics Management Partnership (Limited Partnership) ("Zhanhang Logistics")	Equity method	452,283,105.00	-	933,240.00	-	-	-	-	-	-	453,216,345.00	-
Others	Equity method	1,441,507,425.18	-	6,310,579.77	-	46,231.88	-	-5,626,285.18	-	87,526.04	1,442,325,477.69	-
Subtotal	Equity method	8,866,327,205.84	-	95,037,172.93	-	2,939,011.60	-	-44,805,429.07	-	-63,565,722.87	8,855,932,238.43	-
II. Associates												
Shanghai International Port (Group) Co., Ltd.	Equity method	25,361,783,181.41	-	2,327,928,232.22	-2,048,420.87	-55,795,954.31	-	-793,927,959.22	-	128,559.17	26,838,067,638.40	-
Nanshan Group	Equity method	5,390,946,895.65	-	560,718,761.21	-25,111.72	-11,872,718.00	-	-110,922,285.34	-	-	5,828,845,541.80	-
Terminal Link SAS (Note 1)	Equity method	6,803,553,044.91	2,114,714.77	182,473,114.97	-68,157,830.91	-2,261,145.24	-	-1,393,859,331.74	-	-235,560,046.61	5,288,302,520.15	-
Liaoning Port Co., Ltd.	Equity method	3,455,964,513.62	-	91,600,129.01	-361,292.97	430,925,728.64	-	-81,444,346.03	-	4,629,361.40	3,901,314,093.67	351,616,807.79
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	Equity method	7,176,706,008.55	-	108,224,200.00	-	-	-	-	-	-	7,284,930,208.55	-
China Merchants Northeast Asia Development Investment Co., Ltd.	Equity method	1,007,786,285.71	-	6,331,456.35	-	-	-	-	-	-	1,014,117,742.06	-
Others	Equity method	8,179,344,087.21	207,300,447.62	185,046,350.56	14,874,835.21	40,666.37	-	-136,978,096.10	-	-31,862,041.98	8,417,766,248.89	-
Subtotal		57,376,084,017.06	209,415,162.39	3,462,322,244.32	-55,717,821.26	361,036,577.46	-	-2,517,132,018.43	-	-262,664,168.02	58,573,343,993.52	351,616,807.79
Total		66,242,411,222.90	209,415,162.39	3,557,359,417.25	-55,717,821.26	363,975,589.06	-	-2,561,937,447.50	-	-326,229,890.89	67,429,276,231.95	351,616,807.79

Note 1: As at 25 November 2019, CMPort Co., Ltd. (hereinafter referred to as "CMPort"), a subsidiary of the Company, entered into a comprehensive Memorandum of Agreement with Terminal Link, an associate of the Company, and CMA CGM S.A., the controlling shareholder of Terminal Link, pursuant to which the CMPort proposes to subscribe for the US\$468 million Mandatory Convertible Bonds issued by Terminal Link SAS, and to grant the US\$500 million Loan to Terminal Link SAS to finance its proposed acquisition of 10 terminals. The Group subscribed the mandatory convertible bonds (equivalent to RMB 2,746,841,398.03) on 26 March 2020, and offered Terminal Link SAS a long-term loan at the interest rate of 6% to support its proposed acquisition of the terminals. As of 30 June 2021, the Company's total principal and interest due from Terminal Link SAS is equivalent to RMB 2,771,361,793.06.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Other investments in equity instruments

(1) Details of other investments in equity instruments

Unit: RMB

Investees	Closing balance	Opening balance
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	144,424,830.00	144,424,830.00
Others	37,592,227.74	37,042,227.74
Total	182,017,057.74	181,467,057.74

(2) Details of non-trading equity instruments

Unit: RMB

Item	Dividends income recognized for the year	Accumulated gains/losses	Amounts transferred to retained earnings from other comprehensive income	Why designated as FVTOIC	Why transferred to retained earnings from other comprehensive income
China Ocean Shipping Agency (Shenzhen) Co., Ltd.	-	130,914,830.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Others	460,000.00	9,749,796.00	-	The intention of holding is neither for sale nor profits in short-term	N/A
Total	460,000.00	140,664,626.00	-		

15. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at FVTPL	863,909,085.69	910,807,452.56
Including: Investments in equity instruments	863,909,085.69	910,807,452.56
Including: Qingdao Port International Co., Ltd.	839,486,772.90	886,385,139.77
Others	24,422,312.79	24,422,312.79

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Investment properties

(1) Investment properties measured under cost method

Unit: RMB

Item	Land use rights	Buildings	Total
I. Total original carrying amount			
1. Balance at 1 January 2021	105,727,492.82	6,278,220,271.05	6,383,947,763.87
2. Increase in the current period	-	1,301,543.51	1,301,543.51
3. Balance at 30 June 2021	105,727,492.82	6,279,521,814.56	6,385,249,307.38
II. Accumulated depreciation and amortization			
1. Balance at 1 January 2021	33,534,616.24	791,657,872.42	825,192,488.66
2. Increase in the current period	1,141,052.03	93,694,376.37	94,835,428.40
3. Balance at 30 June 2021	34,675,668.27	885,352,248.79	920,027,917.06
III. Impairment provision			
1. Balance at 1 January 2021	-	-	-
2. Increase in the current period	-	-	-
3. Decrease in the current period	-	-	-
4. Balance at 30 June 2021	-	-	-
IV. Book value			
1. At 30 June 2021	71,051,824.55	5,394,169,565.77	5,465,221,390.32
2. At 1 January 2021	72,192,876.58	5,486,562,398.63	5,558,755,275.21

(2) Investment properties without ownership certificates

Unit: RMB

Item	Closing balance	Opening balance
Buildings and land use rights	18,481,584.41	19,256,400.05

17. Fixed assets

17.1 Summary of fixed assets

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Fixed assets	30,663,383,834.76	29,478,004,411.21
Disposal of fixed assets	1,027,777.17	1,750,748.00
Total	30,664,411,611.93	29,479,755,159.21

NOTES TO FINANCIAL STATEMENTS
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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

Unit: RMB

Item	Port and terminal facilities	Buildings	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Total
I. Total original carrying amount					
1. Balance at 1 January 2021 (Restated)	29,858,213,065.80	1,847,328,245.18	15,259,298,893.86	2,133,169,183.60	49,098,009,388.44
2. Increase for the period	1,119,106,131.48	34,529.27	922,689,183.47	42,212,223.03	2,084,042,067.25
(1) Purchase	7,208,444.44	34,529.27	46,162,076.39	1,603,929.52	55,008,979.62
(2) Transfer from construction in progress	1,111,897,687.04	-	876,527,107.08	40,608,293.51	2,029,033,087.63
3. Decrease for the period	52,003,686.97	-	128,369,056.74	19,861,149.00	200,233,892.71
(1) Disposal or retirement	52,003,686.97	-	128,369,056.74	19,861,149.00	200,233,892.71
4. Reclassification adjustment	15,713,152.86	-14,125,996.90	-1,587,155.96	-	-
5. Effect of changes in foreign exchange	62,874,766.83	-773,479.99	-18,033,622.16	-4,577,767.79	39,489,896.89
6. Closing balance	31,003,903,430.00	1,832,463,297.56	16,033,998,242.47	2,150,942,489.84	51,021,307,459.87
II. Accumulated depreciation					
1. Balance at 1 January 2021 (Restated)	8,832,870,876.12	468,211,667.37	9,319,665,495.98	941,729,519.54	19,562,477,559.01
2. Increase for the period	452,410,453.01	38,568,823.81	372,794,122.43	50,527,215.20	914,300,614.45
(1) Provision	452,410,453.01	38,568,823.81	372,794,122.43	50,527,215.20	914,300,614.45
3. Decrease for the period	44,695,567.65	-	117,981,301.56	17,139,001.83	179,815,871.04
(1) Disposal or retirement	44,695,567.65	-	117,981,301.56	17,139,001.83	179,815,871.04
4. Reclassification adjustment	7,053,281.89	-6,877,372.10	-175,909.79	-	-
5. Effect of changes in foreign exchange	8,041,299.17	-273,181.04	-3,197,969.19	-1,136,244.47	3,433,904.47
6. Closing balance	9,255,680,342.54	499,629,938.04	9,571,104,437.87	973,981,488.44	20,300,396,206.89
III. Impairment provision					
1. Balance at 1 January 2021	57,419,468.96	63,906.47	44,042.79	-	57,527,418.22
2. Increase for the period	-	-	-	-	-
3. Decrease for the period	-	-	-	-	-
4. Closing balance	57,419,468.96	63,906.47	44,042.79	-	57,527,418.22
IV. Book value					
1. Closing book value	21,690,803,618.50	1,332,769,453.05	6,462,849,761.81	1,176,961,001.40	30,663,383,834.76
2. Book value at 1 January 2021 (Restated)	20,967,922,720.72	1,379,052,671.34	5,939,589,355.09	1,191,439,664.06	29,478,004,411.21

(2) The Group has no fixed assets that are temporarily idle as at 30 June 2021.

(3) Fixed assets leased out under operating leases

Unit: RMB

Item	Closing carrying amount	Opening carrying amount
Buildings	227,514,640.19	291,567,507.17
Port and terminal facilities	20,157,074.22	79,578,478.13
Machinery and equipment, furniture and fixture and other equipment	6,448,730.20	8,646,797.33
Commercial and residential housing	1,478,120.99	4,757,652.18
Total	255,598,565.60	384,550,434.81

(4) Fixed assets without ownership certificates

Unit: RMB

Item	Closing carrying amount	Opening carrying amount
Buildings, port and terminal facilities	1,704,969,754.34	1,751,680,587.08

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Fixed assets - continued

17.2 Fixed assets - continued

(5) Other issues

Unit: RMB

Item	Closing balance	Remark
Cost of fixed assets fully depreciated but still in use as at 30 June 2021	4,005,652,647.56	
Cost of fixed assets temporarily idle as at 30 June 2021	-	
Fixed assets disposed and retired for the period:		
Cost of fixed assets disposed and retired	200,233,892.71	
Net value of fixed assets disposed and retired	20,418,021.67	
Profit or loss on disposal or retirement of fixed assets	7,938,502.51	

17.3 Disposal of fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Machinery and equipment, furniture and fixture and other equipment	891,665.65	1,216,187.48
Motor vehicles and cargo ships	111,866.95	17,000.05
Port and terminal facilities	24,244.57	517,560.47
Total	1,027,777.17	1,750,748.00

18. Construction in progress

18.1 Summary of construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	4,062,944,531.95	5,366,181,331.72
Materials for construction of fixed assets	19,865,759.78	15,249,274.46
Total	4,082,810,291.73	5,381,430,606.18

18.2 Construction in progress

(1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Port and terminal facilities	3,408,458,381.00	-	3,408,458,381.00	4,662,213,617.98	-	4,662,213,617.98
Berths and yards	253,837,731.30	-	253,837,731.30	336,353,712.35	-	336,353,712.35
Infrastructure	202,849,501.52	-	202,849,501.52	197,699,601.64	-	197,699,601.64
Ship under construction	35,875,862.57	-	35,875,862.57	58,674,526.32	-	58,674,526.32
Others	161,923,055.56	-	161,923,055.56	111,239,873.43	-	111,239,873.43
Total	4,062,944,531.95	-	4,062,944,531.95	5,366,181,331.72	-	5,366,181,331.72

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
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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

Unit: RMB

Item	Budget amount	Opening balance	Increase for the period	Transfer to fixed assets	Other decreases for the period	Effect of changes in foreign exchange	Closing balance	Proportion of accumulated construction investment in budget (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the current period (%)	Capital source
Reconstruction project of Berth 1#-4#, Haixing Wharf	2,315,216,765.16	1,544,226,816.60	475,615,870.23	1,800,807,797.76	3,040,699.54	-	215,994,189.53	87.11	87.11	66,037,883.84	25,219,359.80	3.87	Self-funding and loan
Reconstruction project of container, oil terminal and tank area, HIPG	2,622,414,278.20	986,965,991.96	1,671,680.20	-	-	-6,425,952.26	982,211,719.90	56.19	56.19	798,733.97	264,284.00	2.35	Self-funding and loan
Project of Grain Dispatch Warehouse at Berth 2#、3# Phase III, Machong Port	620,000,000.00	487,050,717.25	20,596,884.33	-	-	-	507,647,601.58	81.88	81.88	5,821,698.43	3,268,813.97	4.19	Self-funding and loan
Xiashan port general wharf project, Zhanjiang Port	737,792,300.00	464,639,005.10	13,731,990.53	-	-	-	478,370,995.63	64.84	64.84	21,301,444.40	7,282,727.04	4.41	Self-funding and loan
Donghaidao port wharf project for bulk grains, Zhanjiang Port	905,348,400.00	366,583,393.31	6,108,117.16	-	-	-	372,691,510.47	41.17	41.17	37,593,000.95	6,108,117.16	4.41	Self-funding and loan
Petrifaction old tank area reconstruction, Phase I, Zhanjiang Port	218,378,500.00	182,469,597.24	275,922.32	-	-	-	182,745,519.56	83.68	83.68	5,024,262.73	-	-	Self-funding and loan
Baoman Port container wharf extension project, Phase I, Zhanjiang Port	2,342,775,800.00	156,012,479.92	1,458,658.08	-	-	-	157,471,138.00	6.72	6.72	964,740.46	-	-	Self-funding and loan
Baoman stuffing and destuffing service area, Phase I Project, Zhanjiang Port	606,521,505.83	137,075,214.56	-	-	-	-	137,075,214.56	22.60	22.60	16,689,500.56	-	-	Self-funding and loan
Guangao starting project, Shantou Port	120,120,000.00	99,337,616.67	700,420.39	7,766,623.83	-	-	92,271,413.23	83.28	83.28	-	-	-	Self-funding
Reconstruction project of Bulk cargo terminal Yard 16#, Zhanjiang Port	190,000,000.00	68,846,809.70	792,954.16	-	-	-	69,639,763.86	36.65	36.65	1,091,753.38	792,954.16	4.41	Self-funding and loan
Total	10,678,567,549.19	4,493,207,642.31	520,952,497.40	1,808,574,421.59	3,040,699.54	-6,425,952.26	3,196,119,066.32			155,323,018.72	42,936,256.13		

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Construction in progress - continued

18.3 Materials for construction of fixed assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Materials for construction of fixed assets	19,865,759.78	-	19,865,759.78	15,249,274.46	-	15,249,274.46

19. Right-of-use assets

(1) Details of right-of-use assets

Unit: RMB

Item	Port and terminal facilities	Buildings	Machinery and equipment, furniture and fixture and other equipment	Motor vehicles and cargo ships	Others	Total
I. Cost						
1. Balance at 1 January 2021 (Restated)	6,772,369,651.12	161,394,715.13	466,008,746.03	7,620,740.24	2,662,142,323.86	10,069,536,176.38
2. Increase for the period	1,011,596.29	15,605,749.60	2,498,995.66	-	496,541.00	19,612,882.55
(1) Purchase	1,011,596.29	15,605,749.60	2,498,995.66	-	496,541.00	19,612,882.55
3. Decrease for the period	-	790,335.73	1,112,176.23	-	5,875,368.95	7,777,880.91
(1) Termination of lease	-	790,335.73	1,112,176.23	-	5,875,368.95	7,777,880.91
4. Effect of changes in foreign exchange	-35,642,868.79	-988,717.80	209,513.70	-	-17,183,063.80	-53,605,136.69
5. Balance at 30 June 2021	6,737,738,378.62	175,221,411.20	467,605,079.16	7,620,740.24	2,639,580,432.11	10,027,766,041.33
II. Accumulated depreciation						
1. Balance at 1 January 2021 (Restated)	588,760,107.94	30,621,557.69	109,303,923.22	3,743,305.60	249,365,468.99	981,794,363.44
2. Increase for the period	118,847,081.95	9,919,043.59	16,141,188.11	802,075.20	20,818,094.41	166,527,483.26
(1) Provision	118,847,081.95	9,919,043.59	16,141,188.11	802,075.20	20,818,094.41	166,527,483.26
3. Decrease for the period	-	782,821.60	1,112,176.23	-	5,875,368.95	7,770,366.78
(1) Termination of lease	-	782,821.60	1,112,176.23	-	5,875,368.95	7,770,366.78
4. Effect of changes in foreign exchange	-1,783,727.14	-118,239.26	192,602.23	-	-1,472,753.85	-3,182,118.02
5. Closing balance	705,823,462.75	39,639,540.42	124,525,537.33	4,545,380.80	262,835,440.60	1,137,369,361.90
III. Impairment provision						
1. Balance at 1 January 2021	-	-	-	-	-	-
2. Increase for the period	-	-	-	-	-	-
3. Decrease for the period	-	-	-	-	-	-
4. Balance at 30 June 2021	-	-	-	-	-	-
IV. Book value						
1. Book value at 30 June 2021	6,031,914,915.87	135,581,870.78	343,079,541.83	3,075,359.44	2,376,744,991.51	8,890,396,679.43
2. Book value at 1 January 2021 (Restated)	6,183,609,543.18	130,773,157.44	356,704,822.81	3,877,434.64	2,412,776,854.87	9,087,741,812.94

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Right-of-use assets - continued

(2) Amount recognized in profit or loss

Unit: RMB

Category	Amount incurred in the current period
Depreciation expenses of right-of-use assets (Note 1)	166,527,483.26
Interest expenses on lease liabilities (Note 2)	41,716,504.99
Expenses for short-term leases	26,645,495.07
Expenses for leases of low value assets	380,593.33
Variable lease payments not included in the measurement of lease liabilities (Note 3)	-
Revenue from sublease of right-of-use assets	9,959,795.19

Note 1: No depreciation expenses of right-of-use assets are capitalized in the period from 1 January to 30 June 2021.

Note 2: No interest expenses of lease liabilities are capitalized in the period from 1 January to 30 June 2021.

Note 3: No variable lease payments were included in the measurement of lease liabilities in the period from 1 January to 30 June 2021.

(3) The total cash outflows in relation to leases for the period from 1 January to 30 June 2021 amounting to RMB 163,769,387.34.

(4) Lease assets of the Group with the lease term as follows:

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

(5) As at 30 June 2021, the Group's port and terminal facilities and machinery and equipment and vessels amounting to RMB 1,006,264,593.38 are subject to a purchase option at the end of the renewal lease at a price below the market price.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Intangible assets

(1) Details of intangible assets

Unit: RMB

Items	Land use rights (Note 1)	Terminal management rights	Others	Total
I. Total original carrying amount				
1. Balance at 1 January 2021 (Restated)	13,925,403,678.69	8,996,212,561.23	1,123,714,042.87	24,045,330,282.79
2. Increase for the year	324,710.39	17,000,554.83	15,059,741.62	32,385,006.84
(1) Purchase	-	17,000,554.83	12,019,042.08	29,019,596.91
(2) Other increase	324,710.39	-	3,040,699.54	3,365,409.93
3. Decrease for the period	9,813,069.25	-	402,167.37	10,215,236.62
(1) Disposal	9,813,069.25	-	402,167.37	10,215,236.62
4. Effect of changes in foreign exchange	267,799.32	8,103,283.29	20,371,745.93	28,742,828.54
5. Balance at 30 June 2021	13,916,183,119.15	9,021,316,399.35	1,158,743,363.05	24,096,242,881.55
II. Accumulated depreciation				
1. Balance at 1 January 2021 (Restated)	3,399,466,693.48	1,444,000,560.60	429,682,486.61	5,273,149,740.69
2. Increase for the year	161,360,563.78	111,569,935.99	30,682,691.23	303,613,191.00
(1) Provision	161,360,563.78	111,569,935.99	30,682,691.23	303,613,191.00
3. Decrease for the period	1,400,681.08	-	11,171.28	1,411,852.36
(1) Disposal	1,400,681.08	-	11,171.28	1,411,852.36
4. Effect of changes in foreign exchange	214,583.93	8,028,047.76	4,603,829.41	12,846,461.10
5. Balance at 30 June 2021	3,559,641,160.11	1,563,598,544.35	464,957,835.97	5,588,197,540.43
III. Impairment provision				
1. Balance at 1 January 2021	-	-	-	-
2. Increase for the period	-	-	-	-
3. Decrease for the period	-	-	-	-
4. Balance at 30 June 2021	-	-	-	-
IV. Book value				
1. Book value at 30 June 2021	10,356,541,959.04	7,457,717,855.00	693,785,527.08	18,508,045,341.12
2. Book value at 1 January 2021 (Restated)	10,525,936,985.21	7,552,212,000.63	694,031,556.26	18,772,180,542.10

Note 1: The Group has obtained the land use right of 1,049,946.00 square meters of berths and storage yards in Chiwan Port Area from Nanshan Group (These plots are included within the Chiwan watershed, including the 2.2 square kilometers invested by the shareholder of Nanshan Group—Shenzhen Investment Holding Co., Ltd. and the plots formed from land reclamation by Nanshan Group). The cost was RMB 1,400,288,984.00, with a useful life of 20 to 50 years. Among the plots, the land use right with an area of 270,692.00 square meters (the cost was RMB122,623,476.00) was invested by Nanshan Group upon restructuring of the Company, and the remaining land use rights were obtained by the Group from Nanshan Group in the form of long-term lease.

At present, since Nanshan Group has not obtained the land use right of the land within the Chiwan watershed, including the land leased to the Group as capital investment mentioned above, the Group is unable to obtain the property right certificate of relevant land and buildings built on the aforesaid land.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Intangible assets - continued

(1) Details of intangible assets - continued

Note 1: - continued

On 20 March 2001, 18 June 2003, 29 September 2004 and 2 July 2020, Nanshan Group made a commitment to all the land use rights obtained by the Group as of that date: Nanshan Group will irrevocably and unconditionally agree that such land use rights are attributed to the Group. Nanshan Group guarantees that the assignees of such land use rights and their successors and their assignees are fully indemnified against any loss, costs and liabilities, claims or legal proceedings arising out of or in connection with any actual or potential illegality and unenforceability of the land use agreements and related documents executed by the Group and hereafter to be executed by the Group. Accordingly, the management of the Company considers that the relevant assets will not have any significant impairment risk due to the failure to obtain the relevant land use certificate, and the Group will not have any significant contingent liabilities arising therefrom.

The management of the Company understands that Nanshan Group is actively negotiating with relevant government departments about the land issues left over from the past, but it is impossible to reliably estimate the date when the Group can obtain the property right certificate of relevant land and the buildings thereon.

As at 30 June 2021, the lease agreement on the land use right of 194,293.90 square meters of the above land with the cost of RMB 137,749,984.16 has expired.

(2) Land use rights without ownership certificates on 30 June 2021:

Unit: RMB

Item	Closing carrying amount	Opening carrying amount
Land use rights	1,033,428,561.05	1,051,555,795.12

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Development expenditure

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period				Closing balance
			Transfer to intangible assets	Transfer to construction in progress	Transfer to fixed assets	Transfer to profit or loss for the period	
CTOS upgrading	-	22,228,037.18	-	-	-	22,228,037.18	-
Research and development of quay crane auxiliary production monitoring	-	15,857,995.47	-	-	-	15,857,995.47	-
Research and development of intelligent gate entry system	-	6,281,699.80	-	-	-	6,281,699.80	-
Integrated ICT solution for China Merchants smart container terminal	-	6,233,232.01	-	-	-	6,233,232.01	-
Development and application of automatic control system for heavy oil, diesel, gasoline and methanol process	19,689,935.13	6,095,701.06	-	-	-	-	25,785,636.19
Research and development of automatic box grasping and placing system in remote RTG box area based on vision technology	-	3,283,319.72	-	-	-	3,283,319.72	-
Research and development of crane remote monitoring and management system based on fieldbus and real-time Ethernet communication technology	-	2,597,904.63	-	-	-	2,597,904.63	-
Customized development of block chain customs clearance project in Dawan District	-	2,532,946.93	-	-	-	2,532,946.93	-
Research and development of intelligent tally system based on many to many operation and multi engine recognition pattern	-	2,344,425.68	-	-	-	2,344,425.68	-
Crude oil unit train loading equipment key technology research	20,656,125.15	1,218,823.23	-	-	-	-	21,874,948.38
Others	23,891,674.95	48,844,213.07	-	-	-	36,984,849.83	35,751,038.19
Total	64,237,735.23	117,518,298.78	-	-	-	98,344,411.25	83,411,622.76

22. Goodwill

(1) Original value of goodwill

Unit: RMB

Investee	Opening balance	Increase	Decrease	Effect of changes in foreign exchange	Closing balance
TCP Participações S.A. ("TCP")	2,562,567,253.74	-	-	126,201,691.77	2,688,768,945.51
Mega Shekou Container Terminals Limited	1,815,509,322.42	-	-	-	1,815,509,322.42
CMPort	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 China Merchants International Terminals Company Limited ("Ningbo Daxie")	188,497,194.41	-	-	-	188,497,194.41
Others	288,255,850.88	-	-	-	288,255,850.88
Total	7,228,257,666.78	-	-	126,201,691.77	7,354,459,358.55

(2) Provision for impairment of goodwill

Investee	Opening balance	Increase	Decrease	Effect of changes in foreign exchange	Closing balance
Shantou Port	552,317,736.65	-	-	-	552,317,736.65

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23. Long-term prepaid expenses

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Amortization in the current period	Other changes	Closing balance
Tonggu channel widening project (Note 1)	491,846,986.99	-	9,317,926.36	-	482,529,060.63
West port area public channel widening project (Note 2)	249,214,515.10	-	3,167,126.46	-	246,047,388.64
Relocation project of Nanhai Rescue Bureau	39,768,848.30	-	553,684.20	-	39,215,164.10
Expenditures for the improvement of leased fixed assets	17,479,223.03	-	657,165.60	-	16,822,057.43
Others	76,690,162.49	14,313,122.72	9,772,988.27	-	81,230,296.94
Total	874,999,735.91	14,313,122.72	23,468,890.89	-	865,843,967.74

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

Note 2: This represents the Group's actual expenses on the 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.

24. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Unit: RMB

Item	Closing balance		Opening balance (restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit	779,690,982.52	190,320,514.68	782,637,004.71	190,978,844.60
Depreciation of fixed assets	121,310,030.64	28,712,287.01	121,474,197.24	30,363,658.82
Deductible losses	572,737,154.46	189,371,992.77	375,133,696.59	121,834,055.80
Provision for credit loss	44,383,253.14	11,664,894.56	44,716,751.81	11,155,565.87
Provisions	91,170,414.60	24,817,367.97	83,415,919.34	22,408,962.33
Deferred income	36,918,962.56	8,713,485.37	40,760,480.40	9,289,713.04
Amortization of computer	11,007,022.11	2,751,755.53	11,007,022.11	2,751,755.53
Organization costs	8,436,714.76	2,109,178.68	8,436,714.76	2,109,178.68
Provision for impairment losses of assets	4,012,361.15	1,003,090.29	884,061.15	221,015.29
Others	120,673,655.70	30,927,823.04	121,790,935.17	29,744,326.80
Total	1,790,340,551.64	490,392,389.90	1,590,256,783.28	420,857,076.76

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Deferred tax assets and deferred tax liabilities - continued

(2) Deferred tax liabilities without offsetting

Unit: RMB

Item	Closing balance		Opening balance (restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding dividend income tax	30,831,586,676.38	2,098,951,939.51	28,188,540,389.01	1,925,457,143.90
Fair value adjustment of assets acquired by business combination	8,370,676,375.40	1,895,744,093.18	8,566,522,113.13	1,925,197,755.69
Changes in fair value of other non-current financial assets	1,596,786,871.29	218,756,520.99	1,625,996,080.95	225,877,441.96
Depreciation of fixed assets	850,552,596.25	226,633,992.82	826,231,081.71	217,461,491.73
Changes in fair value of other equity investments	115,753,452.78	32,705,069.78	140,581,630.00	35,145,407.50
Others	87,476,715.26	18,481,632.72	87,206,887.29	18,413,901.95
Total	41,852,832,687.36	4,491,273,249.00	39,435,078,182.09	4,347,553,142.73

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

Unit: RMB

Item	Offset amount of deferred tax assets and liabilities in the current period	Deferred tax assets or liabilities after offsetting in the current period	Offset amount of deferred tax assets and liabilities in the prior period	Deferred tax assets or liabilities after offsetting in the prior period (restated)
Deferred tax assets	-	490,392,389.90	-	420,857,076.76
Deferred tax liabilities	-	4,491,273,249.00	-	4,347,553,142.73

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance(restated)
Deductible temporary differences	470,699,766.13	428,572,235.55
Deductible losses	2,327,577,006.82	2,518,481,088.94
Total	2,798,276,772.95	2,947,053,324.49

The Group recognizes deferred income tax assets to the extent of future taxable income that is likely to be obtained to offset the deductible temporary differences and deductible losses. For the excess of deductible temporary differences and deductible losses over future taxable income, no deferred tax assets is recognized.

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

Unit: RMB

Year	Closing balance	Opening balance
2021	69,294,264.10	244,394,853.17
2022	601,982,775.30	630,217,470.89
2023	787,117,391.41	793,817,471.49
2024	506,944,165.04	508,391,813.28
2025	338,117,516.17	341,622,332.73
2026	23,382,229.62	-
No expiration date	738,665.18	37,147.38
Total	2,327,577,006.82	2,518,481,088.94

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

25. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Dachanwan port area Phase II land replacement payment (Note 1)	916,884,222.49	916,884,222.49
Advances of channel project (Note 2)	954,021,599.64	940,472,488.75
Prepayments of land use rights	132,410,404.86	132,334,704.86
Prepayments of fixed assets	56,867,265.58	32,623,333.85
Prepayments of terminal franchise	30,060,781.71	31,113,113.10
Others	75,654,020.00	85,040,820.59
Total	2,165,898,294.28	2,138,468,683.64

Note 1: Primarily the lands located in Shenzhen Qianhaiwan Logistics Park has been returned to government in 2019 by the Company's subsidiaries Antongjie Terminal Services (Shenzhen) Co., Ltd. ("ATJ") and Ansuji Terminal Services (Shenzhen) Co., Ltd., in which Qianhai Administration replaced 55% of the total land area of T102-0166 and T102-0167 held by ATJ and ASJ and the corresponding shoreline (the land area is approximately 531,300 square meters) to the Phase II of Dachan Bay Port Area. As of 30 June 2021, the change procedures for the land use right of Phase II of Dachan Bay Port have not yet 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 Company included the advances of channel project that should be repaid by Zhanjiang SASAC in other non-current assets.

26. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit loan	3,411,832,103.87	8,976,788,882.26
Guaranteed loan (Note)	1,506,877,500.00	1,506,986,666.67
Total	4,918,709,603.87	10,483,775,548.93

Note: The loan is guaranteed by the Company.

(2) At 30 June 2021, the Group has no short-term borrowings that were overdue.

27. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance	3,071,689.38	1,600,100.00
Commercial acceptance	7,384,712.19	5,481,672.32
Total	10,456,401.57	7,081,772.32

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
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NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Service fee	248,936,293.62	146,212,519.71
Construction fee	100,743,629.49	117,439,992.70
Material purchase	172,352,075.72	144,294,086.08
Rental fee	14,113,730.16	7,494,989.48
Equipment payments	19,673,881.49	20,712,191.08
Others	189,421,526.24	171,818,920.54
Total	745,241,136.72	607,972,699.59

(2) Significant accounts payable aged more than one year

Unit: RMB

Item	Amount	Reason for outstanding
Shenzhen Municipal Bureau of Land and Resources	21,642,795.50	The government planning project has not been completed, and the certificates of property rights has not been processed.

29. Receipts in advance

(1) Summary of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Administrative fee receipt in advance	11,822,984.86	10,350,161.96
Rental fee receipt in advance	1,926,687.04	2,715,835.65
Equity transfer payment receipt in advance	-	20,492,849.00
Ship transfer payment receipt in advance	-	3,450,560.00
Others	6,843,103.14	2,500,721.29
Total	20,592,775.04	39,510,127.90

(2) There is no significant receipts in advance aged more than one year at 30 June 2021,

30. Contract liabilities

(1) Summary of contract liabilities

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Port charges received in advance	101,290,640.18	78,789,466.29
Warehousing fee received in advance	10,605,233.98	18,460,680.90
Service fee received in advance	51,091,543.88	49,782,911.22
Others	25,334,845.70	10,409,051.26
Total	188,322,263.74	157,442,109.67

(2) There is no significant change in the book value of contract liabilities in the current period.

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

30. Contract liabilities - continued

- (3) There is no significant contract liabilities aged more than one year at the end of the period.
- (4) Qualitative and quantitative analysis of contract liabilities

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

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

An amount of RMB 128,507,666.65 included in the book value of contract liabilities at the beginning of 2021 has been recognized as revenue in the current period, including contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of port charges in advance amounting to RMB 75,071,420.10, contract liabilities arising from settled but unfinished construction resulting from the contract of receipt of service fee in advance amounting to RMB 41,265,052.90, contract liabilities arising from settled but unfinished construction resulting from the other contracts in advance amounting to RMB 10,770,493.42 as well as contract liabilities arising from settled but unfinished construction resulting from other contracts amounting to RMB 1,400,700.23.

31. Employee benefits payable

- (1) Details of employee benefits payable are as follows

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Decrease in the current period	Closing balance
1. Short-term benefits	721,298,746.97	1,514,037,351.27	1,577,859,716.50	657,476,381.74
2. Post-employment benefits - defined contribution plan	6,217,684.84	149,016,929.25	147,057,080.31	8,177,533.78
3. Termination benefits	-	3,294,150.13	3,294,150.13	-
4. Other benefits due within one year	-	1,887,726.57	1,887,726.57	-
5. Others	-619,306.39	3,579,963.29	3,009,714.42	-49,057.52
Total	726,897,125.42	1,671,816,120.51	1,733,108,387.93	665,604,858.00

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FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31. Employee benefits payable - continued

(2) Short-term benefits

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Decrease in the current period	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	688,968,854.26	1,267,933,479.70	1,336,413,637.85	620,488,696.11
II. Staff welfare	-	56,281,483.93	53,860,289.30	2,421,194.63
III. Social insurance charges	16,094,126.74	75,148,996.45	73,410,034.22	17,833,088.97
Including: Medical insurance	14,865,150.41	61,270,708.40	59,733,267.04	16,402,591.77
Work injury insurance	6,258.14	6,264,226.00	6,220,517.02	49,967.12
Maternity insurance	30,801.59	3,993,677.27	3,984,217.91	40,260.95
Others	1,191,916.60	3,620,384.78	3,472,032.25	1,340,269.13
IV. Housing funds	-490,321.89	88,201,016.89	87,804,379.22	-93,684.22
V. Labor union and employee education funds	16,726,087.86	22,391,926.44	22,290,928.05	16,827,086.25
VI. Other short-term benefits	-	4,080,447.86	4,080,447.86	-
Total	721,298,746.97	1,514,037,351.27	1,577,859,716.50	657,476,381.74

(3) Defined contribution plan

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Decrease in the current period	Closing balance
I. Basic pension	6,112,958.64	113,229,739.45	111,413,897.60	7,928,800.49
II. Unemployment insurance	64,028.24	1,914,909.47	1,908,541.53	70,396.18
III. Enterprise annuity plan	40,697.96	33,872,280.33	33,734,641.18	178,337.11
Total	6,217,684.84	149,016,929.25	147,057,080.31	8,177,533.78

The Company and its subsidiaries participates in the social security contributions and the unemployment insurance plan established by government institutions as required. According to such plans, the Group contributes in proportion to the local government. Except for the above-mentioned deposit fees, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan. The corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

32. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Enterprise income tax	2,202,241,094.68	2,320,197,283.53
VAT	20,811,984.10	13,239,447.16
Others	82,097,323.59	36,821,959.30
Total	2,305,150,402.37	2,370,258,689.99

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

33. Other payables

(1) Summary of other payables

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Dividends payable	1,782,621,471.55	70,388,849.49
Other payables	2,083,558,339.76	2,410,828,718.91
Total	3,866,179,811.31	2,481,217,568.40

(2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Ordinary share dividends	1,782,621,471.55	70,388,849.49
Including: External entities (Public minority shareholders/Public Hong Kong shares)	546,522,246.55	-
China Merchants Port Investment Development Co., Ltd.	436,486,486.24	-
China Merchants Union Development Co., Ltd.	348,500,295.23	-
China Merchants Gangtong Development (Shenzhen) Co., Ltd.	140,933,640.00	-
Economic and Trade Guande Development Co., Ltd.	75,608,046.12	-
Public A shares	60,075,288.32	-
Public B shares	47,340,864.36	-
Sri Lanka Ports Authority	34,032,542.04	34,255,854.79
Shenzhen Infrastructure Investment Fund Partnership (LLP)	24,643,069.16	-
Broadford Global Limited	21,019,399.04	-
China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	20,000,000.00
Dalian Port Container Development Co., Ltd. ("Dalian Port Container")	12,160,517.31	12,160,517.31
Sinotrans Shipping Co., Ltd.	10,049,355.79	-
Dalian Port Centralized Logistics Co., Ltd. ("Centralized Logistics")	3,972,477.39	3,972,477.39
Orienture Holdings Company Limited	1,277,244.00	-

As at 30 June 2021, the dividend payable aged over one year amounts to RMB 16,132,994.70, representing the dividends not yet received by the investor.

(3) Other payables

(a) Disclosure of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Amount payable for construction and quality warranty	846,691,892.68	1,044,821,435.49
Deposits	438,293,530.71	360,604,022.08
Customer discount	107,997,934.21	119,368,121.44
Accrued expenses	187,582,826.10	229,820,205.45
Port construction and security fee	55,473,279.54	55,085,280.96
Balance of land use rights transfer	11,295,700.00	11,295,700.00
Others	436,223,176.52	589,833,953.49
Total	2,083,558,339.76	2,410,828,718.91

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

33. Other payables - continued

(3) Other payables - continued

(b) Significant other payables with aging over 1 year

Unit: RMB

Company name	Closing balance	Reason for being outstanding or carried forward
Shenzhen Transportation Committee	65,157,128.97	To be paid after confirmation by mutual parties
Wuxi HDHM Co., Ltd.	44,295,045.47	To be paid after confirmation by mutual parties
Shanghai Zhenhua Heavy Industries Co., Ltd.	33,244,983.56	To be paid after confirmation by mutual parties
China First Metallurgical Group Co., Ltd.	31,590,351.07	The contracted settlement condition has not been reached
Shantou Transportation Bureau	31,358,355.47	To be paid after confirmation by mutual parties
Guangdong Jiaye Reserve Logistics Co., Ltd.	25,000,000.00	The contracted settlement condition has not been reached
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 after confirmation by mutual parties
Zhanjiang Transportation Bureau	19,643,770.17	To be paid after confirmation by mutual parties
Shantou Finance Bureau	10,000,000.00	To be paid after confirmation by mutual parties
Harman Technology (Shenzhen) Co., Ltd.	5,917,392.48	The contracted settlement condition has not been reached
CCCC Fourth Harbor Engineering Co., Ltd.	5,711,128.84	The contracted settlement condition has not been reached
Total	314,510,928.89	

34. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Long-term loans due within one year	1,411,312,342.09	2,074,906,728.26
Including: Credit loan	476,229,413.83	749,046,479.86
Guaranteed loan	315,299,410.01	739,805,701.02
Mortgage loan	619,783,518.25	586,054,547.38
Bonds payable due within one year	6,836,936,147.15	1,042,773,072.37
Long-term payable due within one year	69,078,497.48	3,562,994.44
Long-term employee benefits payable due within one year	36,811,951.00	36,811,951.00
Lease liabilities due within one year	299,138,901.13	322,950,258.37
Other non-current liabilities due within one year	90,413,566.88	83,582,696.63
Total	8,743,691,405.73	3,564,587,701.07

35. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Short-term bonds payable	2,009,274,534.10	2,215,478,001.40
Accrued professional agency fee	125,942,529.78	138,158,158.51
Others	30,300,767.36	30,032,826.03
Total	2,165,517,831.24	2,383,668,985.94

CHINA MERCHANTS PORT GROUP CO., LTD.

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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:

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued based on par value	Discount or premium amortization	Repayment in the current period	Closing balance
1.99% RMB1 billion, Super & Short-term Commercial Paper	1,000,000,000.00	2020-06-05	270 days	1,000,000,000.00	1,011,418,032.80	-	3,302,515.17	-	1,014,720,547.97	-
2.5% RMB1.2 billion Super & Short-term \ Commercial Paper	1,200,000,000.00	2020-11-13	180 days	1,200,000,000.00	1,204,059,968.60	-	11,340,579.32	-	1,215,400,547.92	-
2.30% RMB 800 million Super & Short-term Commercial Paper	800,000,000.00	2021-01-22	90 days	800,000,000.00	-	800,000,000.00	4,593,698.63	-	804,593,698.63	-
2.73% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-03-22	180 days	1,000,000,000.00	-	1,000,000,000.00	7,581,054.65	-	-	1,007,581,054.65
2.55% RMB 1 billion Super & Short-term Commercial Paper	1,000,000,000.00	2021-06-07	180 days	1,000,000,000.00	-	1,000,000,000.00	1,693,479.45	-	-	1,001,693,479.45
Total	5,000,000,000.00			5,000,000,000.00	2,215,478,001.40	2,800,000,000.00	28,511,327.22	-	3,034,714,794.52	2,009,274,534.10

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

36. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit borrowings	5,232,812,170.21	5,258,127,800.87
Guaranteed borrowings (Note 1)	1,097,904,954.91	1,629,960,889.64
Mortgage borrowings (Note 2)	2,415,373,499.85	2,593,140,731.56
Total	8,746,090,624.97	9,481,229,422.07
Less: Long-term borrowings due within one year	1,411,312,342.09	2,074,906,728.26
Including: Credit borrowings	476,229,413.83	749,046,479.86
Guaranteed borrowings	315,299,410.01	739,805,701.02
Mortgage borrowings	619,783,518.25	586,054,547.38
Long-term borrowings due after one year	7,334,778,282.88	7,406,322,693.81

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

Note 1: The loan was guaranteed by Shenzhen Magang Cangma Co., Ltd, China Merchants Port Services (Shenzhen) Co., Ltd, CMPort.

Note 2: As at 30 June 2021, the Group obtained the long-term loan of RMB 2,415,373,499.85 (31 December 2020: RMB 2,593,140,731.56) 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 right, fixed assets and construction in progress held by Guangdong Yide Port Co., Ltd. (hereinafter referred to as "Yide Port"), the land use rights of Shenzhen Haixing Harbor Development Co., Ltd. as well as the sea area use rights of Dongguan Chiwan Port Service Co., Ltd. mortgaged as collaterals.

Details of mortgage borrowings are as follows:

Unit: RMB

Company name	Closing balance	Opening balance	Collateral
China Development Bank Corporation	890,910,467.90	1,027,981,472.96	The Group's entire equity in CICT
International Finance Corporation	299,127,562.75	364,480,624.59	
African Development Bank	137,436,988.29	167,372,490.13	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	113,183,402.12	137,905,387.30	
The Opec Fund For International Development	97,014,344.68	118,146,703.89	The Group's entire equity in TML
Societe de Promotion et de Participation pour la Cooperation Economique S.A.	97,014,344.67	118,218,277.06	
Deutsche Investitions- und Entwicklungsgesellschaft MBH	80,845,287.23	98,452,963.64	
Bank of China Qianhai Shekou Branch	241,341,293.92	241,370,822.05	Land use rights of Shenzhen Haixing Harbor Development Co., Ltd (see Note (V) 63)
China Construction Bank Shunde Branch	274,236,922.78	210,178,757.55	Land use rights, fixed assets and construction in progress of Yide Port (see Note (V) 63)
China Merchants Bank Dongguan Branch	184,262,885.51	109,033,232.39	Sea area use rights of Dongguan Chiwan Warf Co., Ltd. (see Note (V) 63)
Total	2,415,373,499.85	2,593,140,731.56	

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
4.375%, USD 900 million corporate bond	5,913,943,487.58	5,948,107,858.02
5.000%, USD 600 million corporate bond	3,926,753,639.09	3,950,488,734.13
4.750%, USD 500 million corporate bond	3,293,570,634.41	3,314,305,348.22
5.000%, USD 500 million corporate bond	3,262,240,035.06	3,280,606,167.04
4.890%, RMB 2.5 billion corporate bond	2,523,780,136.99	2,585,407,534.25
3.360%, RMB 2 billion corporate bond	2,066,826,666.69	2,033,040,000.00
IPCA + 7.8164%, BRL 428 million corporate bond	709,183,317.05	620,162,618.74
4.980%, RMB 400 million corporate bond	409,386,958.89	401,200,657.53
3.520%, RMB 2 billion corporate bond	2,014,658,630.13	-
Total	24,120,343,505.89	22,133,318,917.93
Less: Bonds payable due within one year	6,836,936,147.15	1,042,773,072.37
Bonds payable due after one year	17,283,407,358.74	21,090,545,845.56

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Bonds payable - continued

(2) Changes of bonds payable

Unit: RMB

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued based on par value	Discount or premium amortization	Repayment in the current period	Effect of changes in foreign exchange	Closing balance
5.000%, USD 500 million corporate bond	USD500,000,000.00	2012-5-4	10 years	USD500,000,000.00	3,280,606,167.04	-	80,620,573.99	1,098,021.91	80,900,808.50	-19,183,919.38	3,262,240,035.06
4.750%, USD 500 million corporate bond	USD500,000,000.00	2015-8-3	10 years	USD500,000,000.00	3,314,305,348.22	-	76,627,305.36	3,294,819.56	76,855,768.08	-23,801,070.65	3,293,570,634.41
IPCA+7.8164%, BRL 428 million corporate bond	BRL428,047,000.00	2016-11-7	5 years / 6 years	BRL428,047,000.00	620,162,618.74	-	53,033,722.16	4,058,987.94	-	31,927,988.21	709,183,317.05
4.890%, RMB 2.5 billion corporate bond	RMB2,500,000,000.00	2017-4-21	5 years	RMB2,500,000,000.00	2,585,407,534.25	-	60,622,602.74	-	122,250,000.00	-	2,523,780,136.99
4.375%, USD 900 million corporate bond	USD900,000,000.00	2018-8-6	5 years	USD900,000,000.00	5,948,107,858.02	-	126,980,188.62	5,016,087.81	127,269,374.99	-38,891,271.88	5,913,943,487.58
5.000%, USD 600 million corporate bond	USD600,000,000.00	2018-8-6	10 years	USD600,000,000.00	3,950,488,734.13	-	96,746,810.53	2,329,204.23	96,967,142.85	-25,843,966.95	3,926,753,639.09
4.980%, RMB 400 million corporate bond	RMB400,000,000.00	2018-12-10	3 years	RMB400,000,000.00	401,200,657.53	-	8,186,301.36	-	-	-	409,386,958.89
3.360%, RMB 2 billion corporate bond	RMB2,000,000,000.00	2020-7-8	3 years	RMB2,000,000,000.00	2,033,040,000.00	-	33,786,666.69	-	-	-	2,066,826,666.69
3.520%, RMB 2 billion corporate bond	RMB2,000,000,000.00	2021-4-16	3 years	RMB2,000,000,000.00	-	2,000,000,000.00	14,658,630.13	-	-	-	2,014,658,630.13
Total					22,133,318,917.93	2,000,000,000.00	551,262,801.58	15,797,121.45	504,243,094.42	-75,792,240.65	24,120,343,505.89
Less: Bonds payable due within one year					1,042,773,072.37						6,836,936,147.15
Bonds payable due after one year					21,090,545,845.56						17,283,407,358.74

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Lease liabilities

Unit: RMB

Category	Closing balance	Opening balance (Restated)
Lease payment	2,278,003,192.85	2,452,804,794.89
Unrecognized financing cost	-756,754,556.46	-802,003,552.44
Total	1,521,248,636.39	1,650,801,242.45
Less: Lease liabilities due within one year	299,138,901.13	322,950,258.37
Lease liabilities due after one year	1,222,109,735.26	1,327,850,984.08

39. Long-term payables

(1) Summary of long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	1,246,617,547.37	1,192,028,415.01
Special payables	40,756,729.97	39,996,153.12
Total	1,287,374,277.34	1,232,024,568.13
Less: Long-term payables due within one year	69,078,497.48	3,562,994.44
Long-term payables due after one year	1,218,295,779.86	1,228,461,573.69

(2) Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Terminal management rights (Note 1)	810,214,400.60	749,658,074.16
Payable to minority shareholders of subsidiaries (Note 2)	431,018,385.63	437,238,325.33
Others	5,384,761.14	5,132,015.52
Total	1,246,617,547.37	1,192,028,415.01
Less: Long-term payables due within one year	69,078,497.48	3,562,994.44
Long-term payables due after one year	1,177,539,049.89	1,188,465,420.57

Note 1: As at 12 August 2011, the Group reached a 35-year building, operation and transfer agreement through the subsidiary CICT 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 30 June 2021, the amount is RMB 810,214,400.60.

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%.

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

39. Long-term payables - continued

(3) Special payables

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reason
Refunds of Harbor Construction Fee	34,271,558.30	-	619,171.22	33,652,387.08	Note 1
Employee housing fund	3,852,825.60	319,748.07	-	4,172,573.67	Note 2
Special funds for scientific research	1,871,769.22	1,060,000.00	-	2,931,769.22	
Total	39,996,153.12	1,379,748.07	619,171.22	40,756,729.97	

Note 1: This represents the refund of the construction fee received by the Group from the Ministry of Transport, Shenzhen Municipal Transportation Bureau. According to the "Port Construction Fee Management Measures" promulgated by the Ministry of Finance, this payment is dedicated to the construction of water transport infrastructure.

Note 2: This represent the repairing fund for public areas and public facilities and equipment established after the Group's selling the public-owned house on the collectively allocated land to employees. The fund is contributed by all the employees having ownership of the house according to the rules, and is specially managed and used for specific purpose.

40. Long-term employee benefits payable

(1) Long-term employee benefits payable

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Post-employment benefits - net liabilities of defined benefits plan	427,481,498.24	429,830,989.42
Termination benefits	37,658,432.73	40,939,305.56
Others (Note)	62,471,559.55	73,756,355.48
Total	527,611,490.52	544,526,650.46
Less: Long-term employee benefits payable due within one year	36,811,951.00	36,811,951.00
Long-term employee benefits payable due after one year	490,799,539.52	507,714,699.46

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

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

40. Long-term employee benefits payable - continued

(2) Changes of defined benefits plan

Present value of defined benefits plan obligation:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Opening balance	429,830,989.42	454,383,940.25
II. Defined benefits cost included in profit or loss for the period	12,698,930.72	12,830,961.87
1. Current service cost	4,933,930.72	5,200,965.85
2. Interest adjustment	7,765,000.00	7,629,996.02
III. Defined benefits cost included in other comprehensive income	-200,890.65	84,448.42
1. Actuarial gains (losses)	-	-
2. Effect of exchange rate changes	-200,890.65	84,448.42
IV. Other changes	-14,847,531.25	-13,651,880.90
1. Benefits paid	-14,847,531.25	-13,651,880.90
V. Closing balance	427,481,498.24	453,647,469.64

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.

41. Provisions

Unit: RMB

Item	Closing balance	Opening balance	Reason
Estimated expenses on Shantou Port land acquisition and reservation	66,138,336.08	66,138,336.08	
Pending litigation (Note)	22,497,381.33	17,277,583.26	Note
Sales discount	48,807,632.93	16,990,826.32	
Total	137,443,350.34	100,406,745.66	

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

42. Deferred income

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Decrease in the current period	Closing balance
Government grants	1,112,272,684.13	-	21,019,719.24	1,091,252,964.89
Unrealized sale-and-leaseback income	908,139.86	-	256,908.42	651,231.44
Total	1,113,180,823.99	-	21,276,627.66	1,091,904,196.33

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

42. Deferred income - continued

Items involving government grants are as follows:

Unit: RMB

Liabilities	Opening balance	Increase	Recognized in non-operating income	Recognized in Other comprehensive income	Closing balance	Related to assets /related to income
Refund from marine reclamation land	355,820,652.47	-	-	9,674,583.96	346,146,068.51	Related to assets
Channel widening project	483,473,225.10	-	-	6,248,749.92	477,224,475.18	Related to assets
Special subsidy for facilities and equipment	240,227,572.98	-	-	2,730,463.56	237,497,109.42	Related to assets
Intelligent system subsidy	14,803,742.19	-	-	1,590,504.95	13,213,237.24	Related to assets
Refund of land transfer charges	6,568,666.65	-	-	133,600.02	6,435,066.63	Related to assets
Others	11,378,824.74	-	-	641,816.83	10,737,007.91	Related to assets
Total	1,112,272,684.13	-	-	21,019,719.24	1,091,252,964.89	

43. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
TCP operating rights liability (Note 1)	3,438,158,858.69	2,888,395,641.53
Actuarial expenses for pension treatment of staff in Public Security Bureau (Note 2)	165,709,999.98	162,810,000.00
Berth priority call right (Note 3)	12,153,073.77	14,597,949.13
Total	3,616,021,932.44	3,065,803,590.66
Less: Other non-current liabilities due within one year	90,413,566.88	83,582,696.63
Including: TCP operating rights liability	74,103,566.88	67,272,696.63
Actuarial expenses for pension treatment of staff in Public Security Bureau (Note 2)	16,310,000.00	16,310,000.00
Other non-current liabilities due after one year	3,525,608,365.56	2,982,220,894.03

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 30 June 2021, the payment to acquire the port operation rights is calculated based on local comprehensive price index.

Note 2: It refer that in 2020, Zhanjiang Port, a subsidiary of the Company, was completely taken over by Zhanjiang Public Security Bureau which was transferred to Zhanjiang Municipal People's Government in accordance with the Notice on printing and distributing the plan on deepening the management system reform of port and shipping public security organs (Zhong Yang Bian Ban Fa [2017] No. 327) and the notice on printing and distributing the implementation plan on deepening the management system reform of port and shipping public security organs in Guangdong Province (Yue Ji Bian Ban Fa [2018] No. 221). The relevant assets of the former Zhanjiang Port Public Security Bureau, totaling RMB 11,372,339.22, were transferred to Zhanjiang City. The on-the-job police were transformed into civil servants in accordance with national regulations. The retired police were included in the jurisdiction of pension insurance of Zhanjiang government organs and institutions. The difference between the original standard of pension treatment and the retirement treatment of Zhanjiang police (hereinafter referred to as "pension treatment difference") will be undertaken by Zhanjiang Port. Zhanjiang Port accrued relevant liabilities of RMB 165,709,999.98 according to the actuarial results.

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

43. Other non-current liabilities - continued

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 the current period, the amount included in operating income is RMB 2,444,875.35.

44. Share capital

Unit: RMB

Item	Opening balance	Changes for the period					Closing balance
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
For the period from 1 January to 30 June 2021							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	9,496.00	-	-	-	-2,130.00	-2,130.00	7,366.00
4. Foreign shares	1,148,648,648.00	-	-	-	-	-	1,148,648,648.00
Total restricted tradable shares	1,148,658,144.00	-	-	-	-2,130.00	-2,130.00	1,148,656,014.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	593,820,070.00	-	-	-	-	-	593,820,070.00
2. Foreign capital shares listed domestically	179,886,910.00	-	-	-	2,130.00	2,130.00	179,889,040.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	773,706,980.00	-	-	-	2,130.00	2,130.00	773,709,110.00
III. Total shares	1,922,365,124.00	-	-	-	-	-	1,922,365,124.00

Unit: RMB

Item	Opening balance	Changes for the period					Closing balance
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	
For the year ended 31 December 2020							
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

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Capital reserve

Unit: RMB

Item	Opening balance (Restated)	Increase	Decrease	Closing balance
For the period from 1 January to 30 June 2021				
Capital premium	22,730,949,021.44	1,114,458.90	38,392,129.42	22,693,671,350.92
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	13,345,628,834.48	-	38,392,129.42	13,307,236,705.06
Differences arising from acquisition of minority interests	714,658,981.71	-	-	714,658,981.71
Others	1,657,668,721.31	1,114,458.90	-	1,658,783,180.21
Other capital reserve	108,649,303.12	175,022,805.88	21,420,439.82	262,251,669.18
Including: Transfer from capital reserve under the previous accounting system	-2,781,133.00	-	-	-2,781,133.00
Share based payment without exercise	10,096,607.62	5,859,913.77	-	15,956,521.39
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	101,333,828.50	3,627,961.64	21,420,439.82	83,541,350.32
Others (Note)	-	165,534,930.47	-	165,534,930.47
Total	22,839,598,324.56	176,137,264.78	59,812,569.24	22,955,923,020.10

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
For the year ended 31 December 2020				
Capital premium	22,218,126,884.40	731,489,964.17	218,667,827.13	22,730,949,021.44
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	13,345,628,834.48	-	-	13,345,628,834.48
Differences arising from acquisition of minority interests	419,130,116.03	514,196,692.81	218,667,827.13	714,658,981.71
Others (Note)	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
Share based payment without exercise	-	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	22,331,014,456.42	741,586,571.79	233,002,703.65	22,839,598,324.56

Note: The increase in the current period was mainly due to the merger of Yingkou Port Co., Ltd. by the share swap of Liaoning Port Co., Ltd., an associate of the Group. Capital reserve was increased by RMB 165,534,930.47 due to the effect of the passive dilution of the Group's shareholding in Liaoning Port Co., Ltd.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

46. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in the period					Less: Other comprehensive income transfer to capital reserve	Closing balance
		Pre-tax amount for the period	Less: Amount included in other comprehensive income in the prior periods transferred to profit or loss this period	Less: Income tax expense	Post-tax income attributable to the parent company owner	Post-tax income attributable to minority shareholders		
For the period from 1 January to 30 June 2021:								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	81,416,891.26	109,893.35	-	137,500.00	228,315.37	-255,922.02	-43,860.69	81,689,067.32
Including: Changes arising from remeasurement of defined benefits plan	11,318,269.18	-	-	-	-	-	-	11,318,269.18
Other comprehensive income that can't be transferred to profit or loss under equity method	-6,986,086.44	-440,106.65	-	-	-184,184.63	-255,922.02	-43,860.69	-7,126,410.38
Changes in fair value of other equity instruments	77,084,708.52	550,000.00	-	137,500.00	412,500.00	-	-	77,497,208.52
II. Other comprehensive income that will be reclassified subsequently to profit or loss	-908,114,194.32	-314,158,757.54	-	-	-89,835,615.53	-224,323,142.01	537,780.33	-998,487,590.18
Including: Other comprehensive income that may be transferred to profit or loss under equity method	31,725,280.52	-55,277,714.61	-	-	-23,133,723.56	-32,143,991.05	537,780.33	8,053,776.63
Translation differences of financial statements denominated in foreign currencies	-939,839,474.84	-258,881,042.93	-	-	-66,701,891.97	-192,179,150.96	-	-1,006,541,366.81
Total other comprehensive income	-826,697,303.06	-314,048,864.19	-	137,500.00	-89,607,300.16	-224,579,064.03	493,919.64	-916,798,522.86
For the year ended 31 December 2020:								
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

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

47. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
For the period from 1 January to 30 June 2021				
Production safety reserve	10,201,178.30	23,456,646.73	18,167,103.79	15,490,721.24
For the year ended 31 December 2020				
Production safety reserve	12,386,734.70	57,538,524.86	59,724,081.26	10,201,178.30

48. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
For the period from 1 January to 30 June 2021				
Statutory surplus reserve	890,690,322.28	-	-	890,690,322.28
For the year ended 31 December 2020				
Statutory surplus reserve	630,345,307.43	260,345,014.85	-	890,690,322.28

49. Unappropriated profit

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
For the period from 1 January to 30 June 2021		
Unappropriated profit at the beginning of period before adjustment	12,316,177,395.17	
Add: Adjustment of unappropriated profit at the beginning of the period	12,942,703.53	
Including: Change in the scope of combination scope under the same control	12,942,703.53	
Unappropriated profit at the beginning of period after adjustment	12,329,120,098.70	
Add: Net profit attributable to shareholders of the Company for the period	1,677,035,346.17	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	730,498,747.12	Note
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the period	13,275,656,697.75	

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

49. Unappropriated profit - continued

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
For the year ended 31 December 2020		
Unappropriated profit at the end of prior year before adjustment	11,467,166,351.85	
Add: Adjustment of unappropriated profit at the beginning of the period	4,421,264.15	
Including: Changes in scope of consolidation of enterprises under common control	4,421,264.15	
Unappropriated profit at the beginning of the period after adjustment	11,471,587,616.00	
Add: Net profit attributable to shareholders of the Company for the period	2,073,844,409.04	
Pension treatment difference	-73,228,871.09	
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	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the period	12,329,120,098.70	

Note: According to the resolution of shareholders meeting on 28 May 2021, the Company distributed cash dividends of RMB 3.80 (inclusive of tax) for every 10 shares, totaling up to RMB 730,498,747.12 on the basis of the total shares of 1,922,365,124 shares at the end of 2020.

50. Operating income and operating costs

(1) Operating income and operating costs

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Principal operating	7,253,456,936.53	4,084,989,279.30	5,890,745,289.59	3,633,562,724.51
Other operating	86,485,925.73	113,461,884.97	71,752,427.37	109,627,779.63
Total	7,339,942,862.26	4,198,451,164.27	5,962,497,716.96	3,743,190,504.14

(2) Revenue from contracts

Unit: RMB

Categories of contracts	Ports operation	Bonded logistics operation	Other operation	Total
Mainland China, Hong Kong and Taiwan area	5,268,414,993.63	197,393,362.01	86,485,925.73	5,552,294,281.37
- Pearl River Delta	2,958,636,092.61	135,929,453.79	86,485,925.73	3,181,051,472.13
- Yangtze River Delta	445,352,534.85	-	-	445,352,534.85
- Bohai Rim	29,216,911.55	61,463,908.22	-	90,680,819.77
- Other areas	1,835,209,454.62	-	-	1,835,209,454.62
Other countries	1,780,044,983.01	7,603,597.88	-	1,787,648,580.89
Total	7,048,459,976.64	204,996,959.89	86,485,925.73	7,339,942,862.26

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 fulfillment of performance obligation and revenue upon the completion of the service. For bonded logistics service and other services, the customers evenly obtains and consumes the economic benefits from the Group's performance of contract, meanwhile the charging rules as agreed in the contract terms usually adopt daily/month/yearly basis. During the process of rendering services, the Group recognizes revenue using straight-line method. Part of the Group's handling contracts are established with discount terms, i.e. the customers whose business volume reaches agreed level, are granted with preferential charge rate or discount. At the end of the period, 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 period, the variable consideration of RMB 48,807,632.93 (31 December 2020: RMB 16,990,826.32) arising from sales discount is not included in the transaction price due to the restriction requirements relating to variable considerations.

51. Taxes and levies

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Property tax	34,695,044.14	32,845,791.16
Land use tax	18,759,104.16	14,571,417.76
City construction and maintenance tax	4,645,878.43	3,120,385.92
Education surcharges and local education surcharges	3,499,847.04	2,341,221.37
Stamp duty	1,588,858.62	4,376,444.35
Others (Note)	24,482,902.09	20,317,484.39
Total	87,671,634.48	77,572,744.95

Note: Others are mainly: (1) 2 taxes, the Program of Social Integration and Contribution for the Financing of Social Security and Tax on Services, with total amount of BRL 16,701,615.20 (equivalent to RMB 20,068,681.78) assumed by Company's subsidiary TCP in the current period. The total amount is; and (2) the environmental protection tax of RMB 2,939,339.36 assumed by Zhanjiang Port, a subsidiary of the company, in the current period.

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

52. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Employee's salary	571,878,311.76	508,551,934.96
Depreciation expenses	36,293,887.29	43,742,178.23
Amortization of intangible assets	31,103,215.97	32,131,903.34
Fees paid to agencies	21,580,976.43	32,640,338.65
Others	105,513,581.92	128,655,610.27
Total	766,369,973.37	745,721,965.45

53. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Interest expenses	894,059,966.10	977,499,521.99
Less: Capitalized interest expenses	43,265,921.33	29,853,904.73
Less: Interest income	183,191,011.93	142,692,352.77
Interest expenses of lease liabilities	41,716,504.99	50,320,245.21
Handling fee	8,429,111.68	8,751,569.28
Exchange differences	8,584,164.43	-25,043,006.36
Others	3,776,199.94	2,426,563.56
Total	730,109,013.88	841,408,636.18

54. Other income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Subsidy for business development	251,275,221.00	4,764,700.00
Transferred from deferred income	21,019,719.24	19,070,751.25
Subsidy for job stabilization	13,934,992.63	837,596.90
Additional deduction of VAT	12,256,071.53	7,085,364.75
Subsidy for business operation	2,158,465.47	1,995,842.60
Refund of withholding tax	1,751,374.91	2,254,175.78
Special fund for innovation	1,674,200.00	2,520,200.00
Unemployment insurance reimbursement	-	15,044,277.64
Others	1,912,213.84	2,544,257.44
Total	305,982,258.62	56,117,166.36

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

55. Investment income

(1) Details of investment income:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Long-term equity investments income under equity method	3,557,359,417.25	1,393,872,651.34
Including: Long-term equity investments income of associated enterprises under equity method	3,462,322,244.32	1,217,778,295.61
Including: Long-term equity investments income of joint venture under equity method	95,037,172.93	176,094,355.73
Investment income on held-for-trading financial assets	7,908,358.90	-
Investment income on other non-current financial assets	40,188,401.29	72,554,362.03
Dividend income on other equity instruments	460,000.00	460,131.33
Interest income on debt investments	3,827,414.15	37,722,123.77
Total	3,609,743,591.59	1,504,609,268.47

There is no significant restriction on the remittance of the Group's investment income.

(2) Details of long-term equity investments income under equity method

Unit: RMB

Investee	Amount incurred in the current period	Amount incurred in the prior period (Restated)	Reason for changes
Shanghai International Port (Group) Co., Ltd.	2,327,928,232.22	1,022,649,024.58	Changes in net profit of investee
Nanshan Group	560,718,761.21	-67,388,586.72	Changes in net profit of investee
Terminal Link SAS	182,473,114.97	108,374,645.14	Changes in net profit of investee
Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.	108,224,200.00	12,188,400.29	Changes in net profit of investee
Liaoning Port Co., Ltd.	91,600,129.01	88,081,029.71	Changes in net profit of investee
Euro-Asia Oceangate S. à r.l.	35,657,835.28	32,577,150.24	Changes in net profit of investee
Modern Terminals Limited	41,893,785.31	19,835,459.97	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	30,849,525.86	51,573,423.78	Changes in net profit of investee
Others	178,013,833.39	125,982,104.35	Changes in net profit of investee
Total	3,557,359,417.25	1,393,872,651.34	

56. Gains on changes in fair value (loss is marked with "-")

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Held-for-trading financial assets	7,839.21	-
Other non-current financial assets	-45,536,366.63	-138,571,248.16
Including: Financial assets at fair value through profit or loss	-45,536,366.63	-138,571,248.16
Other non-current liabilities	-443,004,339.03	-157,164,405.14
Including: Financial liabilities at fair value through profit or loss	-443,004,339.03	-157,164,405.14
Total	-488,532,866.45	-295,735,653.30

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

57. Gains on impairment of credit (loss is marked with "-")

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
I. Gains on impairment of credit of accounts receivable (loss is marked with "-")	-1,176,139.34	102,546.48
II. Gains on impairment of credit of other receivables (loss is marked with "-")	-1,724,448.07	-967,713.09
III. Gains on impairment of credit of long-term receivables (loss is marked with "-")	314,255.21	-2,718,612.10
Total	-2,586,332.20	-3,583,778.71

58. Gains from impairment of assets (loss is marked with "-")

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from decline in value of inventories	-	947,693.77
Total	-	947,693.77

59. Gains on disposal of assets (loss is marked with "-")

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Gains on disposal of non-current assets	9,432,717.92	560,256,383.38	9,432,717.92
Including: Gains on disposal of fixed assets (Losses are indicated with "-")	12,639,946.67	-17,221,138.93	12,639,946.67
Gains on disposal of intangible assets	-3,516,976.79	579,800,163.81	-3,516,976.79
Others	309,748.04	-2,322,641.50	309,748.04

60. Non-operating income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Government grants	358,210.35	16,416,962.22	358,210.35
Insurance compensation received	325,396.51	3,485,302.26	325,396.51
Gains from scrapping of non-current assets	2,379,435.54	2,026,187.96	2,379,435.54
Compensation received for contracts violation	924,253.93	864,126.63	924,253.93
Exempted current accounts	1,365,449.42	-	1,365,449.42
Others	23,634,923.98	4,952,786.32	23,634,923.98
Total	28,987,669.73	27,745,365.39	28,987,669.73

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

61. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
External donations	526,437.28	433,214.18	526,437.28
Losses on retirement of non-current assets	7,080,879.70	4,646,632.04	7,080,879.70
Compensation, liquidated damages and penalties	553,684.53	9,383,479.78	553,684.53
Litigation losses	4,265,352.56	6,107,367.67	4,265,352.56
Others	1,897,510.20	2,539,628.84	1,897,510.20
Total	14,323,864.27	23,110,322.51	14,323,864.27

62. Income tax expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	596,520,712.86	643,414,033.05
Deferred tax expenses	46,917,882.26	-130,246,569.35
Total	643,438,595.12	513,167,463.70

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

Unit: RMB

Item	Amount incurred in the current period
Accounting profit	4,907,699,839.95
Income tax expenses calculated at 25%	1,226,924,959.99
Effect of non-deductible cost, expenses and losses	123,834,019.18
Accrued income tax expenses	393,501,986.67
Effect of deductible temporary differences and deductible losses for which the deferred tax assets are not recognized in current year	36,963,410.99
Effect of tax-free income (Note)	-598,127,300.63
Effect of tax incentives and changes of tax rate	-220,096,837.55
Effect of different tax rates of subsidiaries operating in other jurisdictions	-264,233,040.74
Effect of utilizing deductible losses for which the deferred tax assets were not recognized in prior period	-27,840,036.94
Effect of adjustments to prior-year income tax	-30,394,194.73
Changes in the opening balance of deferred tax assets/ liabilities due to tax adjustments	-
Effect of unrecognized taxable temporary difference for the purpose of tax	-347,404.28
Others	3,253,033.16
Income tax expenses	643,438,595.12

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

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**63. Assets with restricted ownership or use right**

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances (Note 1)	12,259,378.15	11,528,570.90
Equity investment in CICT (Note 2)	1,820,922,384.09	1,626,554,439.58
Equity investment in TML (Note 2)	837,308,977.18	859,148,327.98
Fixed assets (Note 3)	341,262,588.64	341,931,071.09
Intangible assets (Note 3)	215,521,701.84	218,825,477.36
Construction in progress (Note 3)	39,017,486.19	43,751,101.60
Total	3,266,292,516.09	3,101,738,988.51

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 with property right, fixed assets and construction in progress to obtain bank borrowings; Shenzhen Haixing Harbor Development Co., Ltd. mortgaged its land with property right to obtain bank borrowings; Dongguan Chiwan Warf Co., Ltd. mortgaged its sea area use right with property right to obtain bank borrowings. Details of mortgage borrowings are set out in Note (V) 36.

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:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Government grants	271,313,303.29	45,331,564.62
Interest income	75,974,603.30	89,851,546.27
Guarantees and deposits	20,852,450.76	44,309,278.23
Rentals	4,157,219.40	3,840,803.19
Insurance compensation	1,932,522.06	6,093,294.49
Harbor construction fee and service charge refund	124,986.79	161,267.76
Others	229,171,279.38	237,394,967.82
Total	603,526,364.98	426,982,722.38

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Items in cash flow statement - continued

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Advance payment	127,724,052.53	125,126,233.17
Operating expenses such as operating costs and administration expense etc.	76,583,283.18	107,164,204.34
Guarantees and deposits	17,586,204.25	20,785,228.07
Harbour dues on cargo	6,404,202.74	-
Rentals	5,187,155.54	9,242,133.46
Port charges	4,837,252.74	2,933,172.39
Port construction fee	252,673.92	6,631,496.50
Others	169,468,219.41	101,421,481.51
Total	408,043,044.31	373,303,949.44

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Recovery of project advance principal	179,352,864.40	363,580,000.00
Receipt of project advance interest	81,714,623.32	-
Recovery of loans	9,462,511.39	43,282,119.52
Compensation received from Zhanjiang Port in transition period	-	3,803,477.07
Others	85,123,172.47	99,121,590.00
Total	355,653,171.58	509,787,186.59

(4) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Staff resettlement costs related to land acquisition and reserve in Shantou Port	11,284,795.93	-
Related party borrowings	-	3,009,744,121.38
Others	104.00	25,948.75
Total	11,284,899.93	3,009,770,070.13

(5) Other cash payments relating to financing activities

Item	Amount incurred in the current period	Amount incurred in the prior period
Acquisition of minority shareholders' equity by Dalian Port Logistics Network Co., Ltd. ("DPN")	8,748,637.26	-
SINOSURE premium in CDB loans	1,748,638.84	-
Acquisition of minority shareholders' equity by CMPort	-	755,986,916.38
Others	999,231.79	585,881.79
Total	11,496,507.89	756,572,798.17

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

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

Unit: RMB

Supplementary information	Amount incurred in the current period	Amount incurred in the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	4,264,261,244.83	1,796,694,443.47
Add: Provision for impairment losses of assets	-	-947,693.77
Provision for impairment losses of credit	2,586,332.20	3,583,778.71
Depreciation of fixed assets	914,300,614.45	943,286,583.19
Depreciation of investment property	94,835,428.40	94,989,539.23
Depreciation of right-of-use assets	166,527,483.26	154,716,139.25
Amortization of intangible assets	303,613,191.00	311,615,155.36
Amortization of long-term prepaid expenses	23,468,890.89	20,891,672.06
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	-9,432,717.92	-560,256,383.38
Losses on retirement of fixed assets, intangible assets and other long-term assets	4,701,444.16	2,620,444.08
Losses (gains) on changes in fair value	488,532,866.45	295,735,653.30
Financial expenses	799,077,760.88	972,922,856.11
Investment loss (income)	-3,609,743,591.59	-1,504,609,268.47
Decrease (increase) in deferred tax assets	-69,535,313.14	-16,215,090.44
Increase (decrease) in deferred tax liabilities	116,453,195.40	-114,085,052.68
Decrease (increase) in inventories	4,815,029.15	-25,863,281.38
Decrease (increase) in operating receivables	-1,125,312,552.90	-1,414,945,081.25
Increase in operating payables	565,811,102.44	1,097,606,789.69
Net cash flows from operating activities	2,934,960,407.96	2,057,741,203.08
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets under finance lease	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	9,347,523,070.31	7,300,058,483.14
Less: Opening balance of cash	11,898,618,327.29	7,787,660,214.80
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	-2,551,095,256.98	-487,601,731.66

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	9,347,523,070.31	11,898,618,327.29
Including: Cash on hand	363,642.53	575,797.26
Bank deposits	8,996,915,786.39	11,545,752,102.19
Other monetary funds	350,243,641.39	352,290,427.84
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	9,347,523,070.31	11,898,618,327.29

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

67. Foreign currency monetary items

Item	Closing balance of original currency	Exchange rate	Closing amount in RMB
Cash and bank balances			1,057,715,232.68
Including: HKD	141,739,185.69	0.8348	118,323,872.21
USD	21,388,326.29	6.4824	138,647,686.34
EUR	71,636,730.96	7.7326	553,938,185.82
RMB	246,805,488.31	1.0000	246,805,488.31
Accounts receivable			203,201,673.27
Including: HKD	2,449,551.71	0.8348	2,044,885.77
USD	3,481,663.19	6.4824	22,569,533.46
EUR	23,095,369.48	7.7326	178,587,254.04
Other receivables			571,706,948.69
Including: HKD	91,891,940.77	0.8348	76,711,392.15
USD	4,722,413.28	6.4824	30,612,571.85
EUR	32,697,154.49	7.7326	252,834,016.81
RMB	211,548,967.88	1.0000	211,548,967.88
Other non-current assets			30,060,781.71
Including: EUR	3,887,538.70	7.7326	30,060,781.71
Short-term borrowings			995,081,600.00
Including: HKD	1,192,000,000.00	0.8348	995,081,600.00
Accounts payable			77,510,713.84
Including: HKD	4,537,349.76	0.8348	3,787,779.58
USD	31,136.44	6.4824	201,838.86
EUR	9,048,429.47	7.7326	69,967,885.72
RMB	3,553,209.68	1.0000	3,553,209.68
Other payables			323,748,828.95
Including: HKD	190,686,125.70	0.8348	159,184,777.73
USD	23,834,969.36	6.4824	154,507,805.38
EUR	1,300,499.94	7.7326	10,056,245.84
Non-current liabilities due within one year			5,759,290,903.74
Including: USD	499,122,356.96	6.4824	3,235,510,766.75
RMB	2,523,780,136.99	1.0000	2,523,780,136.99
Long-term borrowings			2,937,510,647.50
Including: USD	222,800,000.00	6.4824	1,444,278,720.00
EUR	106,462,500.00	7.7326	823,231,927.50
RMB	670,000,000.00	1.0000	670,000,000.00
Bonds payable			13,160,997,029.39
Including: USD	2,030,266,109.68	6.4824	13,160,997,029.39
Long-term payables			1,975,705.16
Including: HKD	2,366,680.83	0.8348	1,975,705.16

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**68. Government grants**

Unit: RMB

Type	Amount	Item	Account	Amount included in profit or loss for the period
Related to income	251,275,221.00	Subsidy for business development	Other income	251,275,221.00
Related to income	13,934,992.63	Subsidy for job stabilization	Other income	13,934,992.63
Related to income	2,158,465.47	Subsidy for business operation	Other income	2,158,465.47
Related to income	1,674,200.00	Special fund for innovation	Other income	1,674,200.00
Related to income	1,912,213.84	Others	Other income	1,912,213.84
Related to income	358,210.35	Others	Non-operating income	358,210.35
Total	271,313,303.29			271,313,303.29

69. Lease

Undiscounted lease receipts subsequent to the balance sheet date are as follows:

Unit: RMB

Maturity analysis of undiscounted lease receipts	Closing balance
1 st year subsequent to the balance sheet date	219,249,796.09
2 nd year subsequent to the balance sheet date	136,317,870.06
3 rd year subsequent to the balance sheet date	102,450,753.00
4 th year subsequent to the balance sheet date	85,838,451.42
5 th year subsequent to the balance sheet date	81,548,526.40
Subsequent years	302,616,011.07
Total	928,021,408.04

Note 1: The operating leases where the Group as the lessor are related to port and terminal facilities, machinery equipment, vehicles, land and buildings, with lease terms ranging from 1 month to 50 years and option to renew the lease of port and terminal facilities, machinery equipment, land and buildings. The Group considers that as the leased assets are properly used, the unguaranteed balance of such assets does not constitute material risk of the Group.

Note 2: For the period from 1 January to 30 June 2021, the revenue relating to operating lease amounts to RMB 210,384,381.50; 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**

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

VI. CHANGES IN SCOPE OF CONSOLIDATION - continued**2. Business combination involving enterprises under common control****(1) Composition of the Group**

Unit: RMB

Name of combined party	Proportion of equity obtained in business combination (%)	Basis for business combination under the same control	Combination date	Basis of combination date	Income of the combined party from the beginning of the current period to the combination date	Net profit of the combined party from the beginning of the current period to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period
DPN	79.03	Controlled by the same party before and after the combination, and the control is not temporary	9 February 2021	Transfer of actual control	6,730,476.41	-1,670,529.39	38,453,860.40	-356,424.02
Yingkou Gangxin Technology Co., Ltd. ("GangXinKeJi")	100.00	Controlled by the same party before and after the combination, and the control is not temporary	9 February 2021	Transfer of actual control	-	-1,585,261.11	1,546,698.08	-643,614.91

(2) Combination cost

Unit: RMB

Combination cost	DPN	Gang XinKe Ji
Cash	-	-
Face value of equity securities issued	66,576,790.71	13,918,166.22
Total combination costs	66,576,790.71	13,918,166.22

(3) Book value of assets and liabilities of the combined party on the combination date

Unit: RMB

Item	DPN		Gang XinKe Ji	
	Combination date	Opening balance	Combination date	Opening balance
Assets:				
Current assets	131,465,942.76	140,838,127.92	18,138,156.41	18,319,351.22
Long term equity investment	10,246,299.45	10,487,799.45	-	-
Fixed assets	8,102,180.97	8,136,170.96	34,046.16	35,363.69
Right-of-use assets	517,511.87	526,095.34	-	-
Intangible assets	5,994,866.71	6,088,378.29	-	-
Long term deferred expenses	131,052.72	157,263.23	-	-
Deferred tax assets	126,018.46	126,018.46	-	-
Liabilities:				
Current liabilities	84,299,499.68	56,894,215.88	2,096,139.03	2,410,894.10
Deferred income	278,444.67	293,140.09	-	-
Lease liabilities	444,186.06	427,236.03	-	-
Net assets	71,561,742.53	108,745,261.65	16,076,063.54	15,943,820.81
Less: Minority interests	-	20,332,141.71	-	-
Net assets acquired	71,561,742.53	88,413,119.94	16,076,063.54	15,943,820.81

3. Reverse purchase

The Group has no reverse purchase in the current period.

NOTES TO FINANCIAL STATEMENTS
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VI. CHANGES IN SCOPE OF CONSOLIDATION - continued

4. Disposal of subsidiary

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

5. Scope of consolidation change for other reasons

The Group has no scope of consolidation change for other reasons in the current period.

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	-	Investment establishment
Chiwan Wharf (Hong Kong) Co., Ltd ("Chiwan Wharf (Hong Kong) ")	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1,000,000	100.00	-	Investment establishment
Dongguan Chiwan Warf Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	85.00	-	Investment establishment
Dongguan Chiwan Terminal Co., Ltd.	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	100.00	-	Investment establishment
Shenzhen Chiwan Harbor Container Co. Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	28,820.00	100.00	-	Business combination involving enterprises under common control
Shenzhen Chiwan Port Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	1,500.00	100.00	-	Business combination involving enterprises under common control
Chiwan Container Terminal Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD95,300,000	55.00	20.00	Business combination involving enterprises under common control
Shenzhen Chiwan Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	2,400.00	100.00	-	Business combination involving enterprises under common control
Chiwan Shipping (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	Logistics support services	HKD800,000	100.00	-	Business combination involving enterprises under common control
China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd	PRC	PRC	Logistics support services	17,307.86	51.00	-	Assets acquisition
CMPort	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 42,521,339,900.00	41.85	-	Business combination involving enterprises under common control
China Merchants Container Services Limited	Hong Kong	Hong Kong	Logistics support services	HKD500,000	-	100.00	Business combination involving enterprises under common control
China Merchants International (China) Investment Co., Ltd.	PRC	PRC	Investment holding	USD30,000,000	-	100.00	Business combination involving enterprises under common control
Qingdao Port Merchants International Container Terminal Co., Ltd.	PRC	PRC	Logistics support services	USD206,300,000	-	100.00	Business combination involving enterprises under common control
China Merchants International Terminal (Qingdao) Co., Ltd.	PRC	PRC	Logistics support services	USD44,000,000	-	90.10	Business combination involving enterprises under common control
China Merchants Bonded Logistics Co., Ltd.	PRC	PRC	Logistics support services	70,000.00	40.00	60.00	Business combination involving enterprises under common control
China Merchants Port Services (Shenzhen) Co., Ltd.	PRC	PRC	Logistics support services	55,000.00	-	100.00	Business combination involving enterprises under common control
Shekou Container Terminals Ltd.	PRC	PRC	Logistics support services	HKD618,201,200	-	100.00	Business combination involving enterprises under common control
Shenzhen Lianyunjie Container Terminals Co., Ltd	PRC	PRC	Logistics support services	60,854.90	-	100.00	Business combination involving enterprises under common control
Anxunjie Container Terminals (Shenzhen) Co., Ltd.	PRC	PRC	Logistics support services	127,600.00	-	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 Haiqin Engineering Management Co., Ltd	PRC	PRC	Engineering supervision services	300.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Haixing Harbor Development Co., Ltd	PRC	PRC	Logistics support services	53,072.92	-	67.00	Business combination involving enterprises under common control
Magang Cangma	PRC	PRC	Logistics support services	33,500.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Mawan Ganghang Co., Ltd.	PRC	PRC	Logistics support services	20,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Zhongzhi Investment Co., Ltd.	PRC	PRC	Investment consulting	4,000.00	-	75.00	Business combination involving enterprises under common control
Shenzhen Haixing Logistics Development Co., Ltd.	PRC	PRC	Logistics support services	7,066.79	-	67.00	Business combination involving enterprises under common control
Shenzhen Lianyongtong Terminal Co., Ltd.	PRC	PRC	Logistics support services	USD7,000,000	-	100.00	Business combination involving enterprises under common control
Shenzhen Lianda Tugboat Co., Ltd.	PRC	PRC	Logistics support services	200.00	-	60.29	Business combination involving enterprises under common control
Zhangzhou Zhongli Outer Wheel Tally Co., Ltd.	PRC	PRC	Logistics support services	200.00	-	84.00	Business combination involving enterprises under common control
Xiamenwan Port Affairs (note 2)	PRC	PRC	Logistics support services	44,450.00	-	31.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Port Co., Ltd	PRC	PRC	Logistics support services	100,000.00	-	60.00	Business combination involving enterprises under common control
Zhangzhou China Merchants Tugboat Company Limited	PRC	PRC	Logistics support services	1,500.00	-	100.00	Business combination involving enterprises under common control
China Merchants International Technology Company Limited ("CMIT")	PRC	PRC	IT services	8,784.82	13.18	43.74	Business combination involving enterprises under common control
DPN (Note 3)	PRC	PRC	IT services	3,200.00	-	79.03	Business combination involving enterprises under common control
Yingkou Gangxin (Note 3)	PRC	PRC	IT services	800.00	-	100.00	Business combination involving enterprises under common control
ATJ	PRC	PRC	Preparation for warehousing projects	HKD100,000,000	-	100.00	Business combination involving enterprises under common control
ASJ	PRC	PRC	Preparation for warehousing projects	HKD100,000,000	-	100.00	Business combination involving enterprises under common control
Anyunjie Port Warehousing Service (Shenzhen) Co., Ltd.	PRC	PRC	Preparation for warehousing projects	6,060.00	-	100.00	Business combination involving enterprises under common control
Yide Port	PRC	PRC	Logistics support services	21,600.00	-	51.00	Business combination involving enterprises under common control
Mega Shekou Container Terminals Limited	British Virgin Islands	British Virgin Islands	Investment holding	USD120.00	-	80.00	Business combination involving enterprises under common control
TML	Cyprus	Cyprus	Investment holding	EUR5,000.00	-	100.00	Business combination involving enterprises under common control
CICT	Sri Lanka	Sri Lanka	Logistics support services	USD150,000,100	-	85.00	Business combination involving enterprises under common control
Lome Container Terminal S.A.	Government of Republic of Togo	Government of Republic of Togo	Logistics support services	FCFA200,000,000	-	100.00	Business combination involving enterprises under common control
Gainpro	British Virgin Islands	British Virgin Islands	Investment holding	USD1.00	-	76.47	Business combination involving enterprises under common control
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	PRC	PRC	Lease of property etc.	80,000.00	-	100.00	Business combination involving enterprises under common control
Shenzhen Merchants Qianhaiwan Real Estate Co., Ltd.	PRC	PRC	Lease of property etc.	20,000.00	-	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	
Shantou Port	PRC	PRC	Logistics support services	12,500.00	-	60.00	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
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 ("Xinda")	British Virgin Islands	British Virgin Islands	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	BRL68,851,600	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port	PRC	PRC	Logistics support services	587,420.91	30.78	27.58	Business combination not involving enterprises under common control
Zhanjiang Port International Container Terminal Co., Ltd	PRC	PRC	Logistics support services	60,000.00	-	80.00	Business combination not involving enterprises under common control
Zhanjiang Port Petrochemical Terminal Co., Ltd.	PRC	PRC	Logistics support services	18,000.00	-	50.00	Business combination not involving enterprises under common control
China Ocean Shipping Tally Co., Ltd., Zhanjiang	PRC	PRC	Logistics support services	300.00	-	84.00	Business combination not involving enterprises under common control
Zhanjiang Port Donghaidao Bulk Cargo Terminal Co., Ltd.	PRC	PRC	Logistics support services	5,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Bonded Service Co., Ltd., Guangdong	PRC	PRC	Logistics support services	300.00	-	100.00	Business combination not involving enterprises under common control
Guangdong Zhanjiang Port Logistics Co., Ltd.	Shantou, PRC	Shantou, PRC	Logistics support services	10,000.00	-	100.00	Business combination not involving enterprises under common control
Zhanjiang Port Haichuan Trading Co., Ltd.	Hong Kong, PRC	Hong Kong, PRC	Logistics support services	200.00	-	100.00	Business combination not involving enterprises under common control
Ningbo Daxie	PRC	PRC	Logistics support services	1,20,909.00	-	45.00	Business combination not involving enterprises under common control
Shantou Seaport Tugboat Service Co. LTD	PRC	PRC	Logistics support services	1,000.00	-	100.00	Investment establishment
Guangdong Zhanjiang Port Longteng Shipping Co. LTD	PRC	PRC	Logistics support services	9,000.00	-	70.00	Business combination not involving enterprises under common control

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.

In July and October 2020, CMPort respectively distributed 2019 dividends and 2020 interim dividends to shareholders. The shareholders may select to receive all dividends in cash, all dividends in lieu of shares, or part cash and part new shares. The Company select to receive all its share of dividends from the shareholding in CMPort in the form of scrip dividends. Upon the completion of above distribution of CMPort, the Company's share in CMPort increased from 1,411,014,033 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: The Group and China Merchants Zhangzhou Development Zone Co., Ltd. entered into "Equity Custody Agreement", according to which China Merchants Zhangzhou Development Zone Co., Ltd. entrusted its 29% equity of ZCMG to the Group for operation and management. Therefore, the Group has 60% voting power of ZCMG and includes it in the scope of consolidated financial statements.

Note 3: On 18 December 2020, The Company has signed the Agreement on Equity Subscription and Capital Increase with the company's subsidiaries, China Merchants Bureau Port, CMIT, Centralized Logistics, Dagang Jike and Yingkou Port Group Co., LTD. (hereinafter referred to as "Yingkou Port Group"). Pursuant to the Equity Subscription and Capital Increase Agreement, Centralized Logistics and Dalian Port Container increased the capital of China Merchants International Information with their 29.40% and 49.63% shares of DPN respectively, and Yingkou Port Group increased the capital of CMIT with their 100% shares of Gangxin Technology. Before and after the merger, CMIT, DPN and Gangxin Technology are finally controlled by China Merchants Group, the actual controller of the Company, and the control is not temporary. The above capital increase was completed on 9 February 2021. After the capital increase, the Company, China Merchants Port, Centralized Logistics, Dalian Port Container and Yingkou Port Group will hold 13.18%, 43.74%, 13.26%, 22.38% and 7.44% of the equity of CMIT respectively. CMIT is still the holding subsidiary of the Company. CMIT holds 79.03% of the equity of DPN and 100% of the equity of Gangxin Technology respectively, having control over DPN and Gangxin Technology. Therefore, from 9 February 2021, the Company incorporated DPN and Gangxin Technology into the consolidation scope of the Company's consolidated financial statements with reference to the accounting treatment method of business combination under the same control from the commencement of the comparative financial statements.

(2) Material non-wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders (%)	Profit or loss attributable to minority shareholders in the current period	Dividends distributed to minority shareholders in the current period	Balance of minority interests at the end of the period
CMPort	58.15	2,476,386,276.83	37,396,166.19	64,514,311,015.53

CHINA MERCHANTS PORT GROUP CO., LTD.

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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

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CMPort	13,768,207,634.06	126,273,716,131.40	140,041,923,765.46	16,191,755,983.64	28,652,722,348.85	44,844,478,332.49	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

Unit: RMB

Name of the subsidiary	Amount incurred in the current period				Amount incurred in the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
CMPort	4,722,661,879.99	3,924,079,558.91	3,595,625,905.94	2,188,410,312.61	3,692,963,958.88	1,592,920,984.37	515,475,406.96	1,499,234,240.53

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

See Note VII 1 (1) for details.

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 transaction on minority interests and owner's equity attributable to the parent company

Unit: RMB

ITEM	CMIT
Purchase cost	
- Cash	-
- Non-cash assets	21,722,727.15
Total purchase cost	21,722,727.15
Less: Share of net assets of subsidiaries calculated according to the proportion of equity acquired	22,868,105.53
Difference	1,145,378.38
Including: Adjusted capital reserve	-1,145,378.38
Adjusted surplus reserve	-
Adjusted undistributed profit	-

3. Interests in joint ventures and associates

- (1) Material joint ventures or associates

Unit: RMB

Investee	Principal place of business	Place of registration	Nature of business	Proportion of ownership interests held by the Group (%)		Accounting method of investments in associates
				Direct	Indirect	
Associates						
Shanghai International Port (Group) Co., Ltd.	Shanghai, PRC	Shanghai, PRC	Port and container terminal business	-	26.77	Equity method

VII. EQUITY IN OTHER ENTITIES - continued**4. Key financial information of material associates**

Unit: RMB

Item	Shanghai International Port (Group) Co., Ltd.	
	Closing balance/Amount incurred in the current period	Opening balance/Amount incurred in the prior period
Current assets	50,383,167,725.32	43,653,716,114.59
Including: Cash and cash equivalents	27,069,666,009.09	20,689,734,592.59
Non-current assets	115,544,815,823.74	112,271,033,861.93
Total assets	165,927,983,549.06	155,924,749,976.52
Current liabilities	28,832,997,784.13	22,405,787,626.17
Non-current liabilities	35,421,996,922.32	37,539,362,699.55
Total liabilities	64,254,994,706.45	59,945,150,325.72
Minority interests	8,617,160,541.88	8,461,734,212.94
Equity attributable to shareholders of the parent company	93,055,828,300.73	87,517,865,437.86
Share of net assets calculated based on the proportion of ownership interests	24,911,045,236.11	23,428,532,577.72
Adjustments	-	-
-Goodwill	2,076,585,747.12	2,076,585,747.12
-Others	-149,563,344.83	-143,335,143.43
Carrying amounts of equity investments in associates	26,838,067,638.40	25,361,783,181.41
Fair value of publicly quoted equity investments in associates	29,586,221,627.22	28,345,709,190.02
Operating income	17,362,678,537.04	12,038,672,650.45
Net profit	9,168,282,128.06	4,328,854,036.44
Other comprehensive income	-8,803,490.60	195,337,471.93
Total comprehensive income	9,159,478,637.46	4,524,191,508.37
Dividends received from associates in the current year	793,927,959.22	899,371,516.97

5. Summarized financial information of immaterial associates and joint ventures

Unit: RMB

	Closing balance / Amount incurred in the current period	Opening balance/ Amount incurred in the prior period
Joint ventures:		
Total carrying amount of investments	8,855,932,238.43	8,866,327,205.84
Aggregate of following items calculated based on the proportion of ownership interest	-	-
- Net profit	95,037,172.93	177,436,875.24
- Other comprehensive income	-	-
- Total comprehensive income	95,037,172.93	177,436,875.24
Associates:		
Total carrying amount of investments	31,735,276,355.12	32,014,300,835.65
Aggregate of following items calculated based on the proportion of ownership interest	-	-
- Net profit	1,134,394,012.10	194,518,871.83
- Other comprehensive income	-53,669,400.39	-23,400,026.46
- Total comprehensive income	1,080,724,611.71	171,118,845.37

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

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, notes receivable, account receivables, other receivables, long-term receivables, other equity instrument investments, other non-current financial assets, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables etc. Details of these financial instruments are disclosed in Notes (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group adopts sensitivity analysis techniques to analyze how the entity's profit or loss and for the period and shareholders' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk**1.1.1 Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD, USD and EUR. Except for part of the purchases and sales, the Group's other principal activities are denominated and settled in RMB. As at 30 June 2021, the balance of the Group's assets and liabilities are both denominated in functional currency, except that the assets and liabilities set out below are recorded using foreign currency. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances	430,937,716.00	1,214,901,554.08
Accounts receivable	24,614,419.21	34,261,643.29
Other receivables	512,277,923.68	1,004,843,484.23
Short-term borrowings	995,081,600.00	668,320,000.00
Accounts payable	7,542,828.12	4,286,809.14
Other payables	133,239,925.15	201,395,071.52
Non-current liabilities due within one year	2,523,780,136.99	382,131,909.25
Long-term borrowings	670,000,000.00	670,000,000.00
Bonds payable	-	2,500,000,000.00
Long-term payables	1,975,705.16	440,659,667.97

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies** - continued**1.1 Market risk** - continued**1.1.1 Currency risk** - continued

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

Sensitivity analysis on currency risk

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

Unit: RMB

Item	Changes in exchange rate	The current period		The prior period	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	-37,283,559.46	-37,283,559.46	-21,788,739.77	-21,788,739.77
All foreign currencies	5% decrease against RMB	37,283,559.46	37,283,559.46	21,788,739.77	21,788,739.77
All foreign currencies	5% increase against USD	1,204,140.69	1,204,140.69	1,832,900.68	1,832,900.68
All foreign currencies	5% decrease against USD	-1,204,140.69	-1,204,140.69	-1,832,900.68	-1,832,900.68
All foreign currencies	5% increase against HKD	-161,772,050.17	-161,772,050.17	-247,590,042.34	-247,590,042.34
All foreign currencies	5% decrease against HKD	161,772,050.17	161,772,050.17	247,590,042.34	247,590,042.34
All foreign currencies	5% increase against FCFA	29,661,962.11	29,661,962.11	-59,525,285.86	-59,525,285.86
All foreign currencies	5% decrease against FCFA	-29,661,962.11	-29,661,962.11	59,525,285.86	59,525,285.86

1.1.2 Interest rate risk - changes in cash flows

Risk of changes in cash flows of financial instruments arising from interest rate changes is mainly related to bank loans with floating interest rate. (See Note (V) 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.

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies** - continued1.1 Market risk - continued1.1.2 Interest rate risk - changes in cash flows - continued

Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumptions:

- Fluctuations of market interest rate can affect the interest income or expense of a financial instrument with floating interest rate;
- For a financial instrument at fair value with fixed interest rate, the fluctuations of market interest rate can only affect its interest income or expense;
- For a derivative financial instrument designated as hedging instrument, the fluctuations of market interest rate affects its fair value, and all interest rate hedging are expected to be highly effective;
- The changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discounting method by applying the market interest rate at balance sheet date.

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

Unit: RMB

Item	Changes in interest rate	The current period		The prior period	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings and long-term borrowings	1% increase	-103,396,518.44	-103,396,518.44	-145,999,335.58	-145,999,335.58
Short-term borrowings and long-term borrowings	1% decrease	103,396,518.44	103,396,518.44	145,999,335.58	145,999,335.58

1.1.3 Other price risk

The Group's price risk is mainly arising from held-for-trading equity instrument investments and other equity instrument investments. The Group reduces the price risk of equity instrument investments by holding portfolio of multiple equity securities.

1.2 Credit risk

As at 30 June 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective financial assets recognized in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks; the maximum exposure to risks would vary according to the future changes in fair value.

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies - continued****1.2 Credit risk - continued**

In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of financial assets at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

The Group has adopted a policy to ensure that all sales customers have good credit records.

The Group's risk exposure spreads over a number of counterparties and customers, therefore the Group has no significant concentration of credit risk. At 30 June 2021, the balance of accounts receivable from top five entities is RMB 460,789,341.84 (31 December 2020: RMB 446,519,920.68), accounting for 23.88% (31 December 2020: 30.40%) of the Group's accounts receivable. In addition, the Group has no other significant credit risk exposure concentrated on single financial asset or portfolio of financial assets with similar characteristics.

1.3 Liquidity risk

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

For the period from 1 January to 30 June 2021, the Group had total current liabilities in excess of total current assets of RMB 4,988,808,531.03. As at 30 June 2021, the Group has available unutilized loan facility of RMB 44,924,971,453.51 which is more than current liabilities. Therefore, the Group's management believes that the Group has no significant liquidity risk.

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

Unit: RMB

Item	Carrying amount	Gross amount	Within 1 year	1 to 5 years	Over 5 years
Short-term borrowings	4,918,709,603.87	4,962,866,633.77	4,962,866,633.77	-	-
Notes payable	10,456,401.57	10,456,401.57	10,456,401.57	-	-
Accounts payable	745,241,136.72	745,241,136.72	745,241,136.72	-	-
Other payables	3,866,179,811.31	3,866,179,811.31	3,866,179,811.31	-	-
Non-current liabilities due within one year	8,743,691,405.73	8,937,632,106.24	8,937,632,106.24	-	-
Other current liabilities	2,165,517,831.24	2,182,300,365.49	2,182,300,365.49	-	-
Long-term borrowings	7,334,778,282.88	8,305,161,723.96	-	6,424,712,248.76	1,880,449,475.20
Bonds payable	17,283,407,358.74	17,369,182,093.23	-	13,496,709,846.86	3,872,472,246.37
Lease liabilities	1,222,109,735.26	1,909,998,378.59	-	668,177,905.72	1,241,820,472.87
Long-term payables	1,177,539,049.89	1,274,621,660.09	-	26,880,639.26	1,247,741,020.83
Other non-current liabilities	3,364,055,291.80	3,364,055,291.80	-	258,175,401.59	3,105,879,890.21

IX. DISCLOSURE OF FAIR VALUE**1. Closing balance of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value at closing balance			
	Level 1	Level 2	Level 3	Total
Measurements at fair value continuously				
Held-for-trading financial assets	173,287.80	1,000,000,000.00	-	1,000,173,287.80
Accounts receivable financing	-	272,889,319.83	-	272,889,319.83
Other equity instrument investments	11,336,800.00	-	170,680,257.74	182,017,057.74
Other non-current financial assets	839,486,772.90	-	24,422,312.79	863,909,085.69
Total assets measured at fair value continuously	850,996,860.70	1,272,889,319.83	195,102,570.53	2,318,988,751.06
Other non-current liabilities	-	-	3,438,158,858.69	3,438,158,858.69
Total liabilities measured at fair value continuously	-	-	3,438,158,858.69	3,438,158,858.69

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

The market prices of held-for-trading financial assets, 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 30 June 2021.

3. Qualitative and quantitative information of valuation techniques and key parameters adopted for items continuously measured at level 2 fair value

Unit: RMB

Item	Fair value at the end of the period	Valuation techniques	Inputs
Accounts receivable financing	272,889,319.83	Cash flow discounting	Discount rate
Held-for-trading financial assets	1,000,000,000.00	Cash flow discounting	Discount rate

During the valuation, the Group needs to make estimates in respect of market volatility and relevance etc., select appropriate discount rate and take into consideration of adjustment of discount and premium.

4. Qualitative and quantitative information of valuation techniques and key parameters adopted for items continuously measured at level 3 fair value

Unit: RMB

Item	Fair value at the end of the period	Valuation techniques	Inputs
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	3,438,158,858.69	Cash flow discounting	Discount rate

IX. DISCLOSURE OF FAIR VALUE - continued

4. Qualitative and quantitative information of valuation techniques and key parameters adopted for items continuously measured at level 3 fair value - continued

The fair value of non-listed equity instruments included in equity instruments at fair value through profit or loss or other comprehensive income is determined using the valuation techniques such as cash flow discounting method, net worth method, listed company comparison approach etc. During the valuation, the Group needs to make estimates in respect of the future cash flows, credit risk, market volatility and relevance etc., select appropriate discount rate and take into consideration of adjustment of discount and premium.

5. Fair value of financial assets and financial liabilities not measured at fair value

The financial assets and liabilities not measured at fair value mainly include: notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables etc.

The Group's management believes that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

The fair value of bonds payable traded in active market is determined at the quoted price in the active market. The fair values of long-term borrowings, long-term payables and bonds payable not traded in active market are determined at the present value of contractual future cash flows discounted using the interest rate for providing nearly the same cash flows to entity with comparable credit rating under the same conditions.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Name of the parent	Related party relationship	Type of the entity	Place of registration	Director	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	Li Jianhui, Sun Ligan	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 and Development Co., LTD. (formerly known as China Merchants Investment and Development Co., LTD.) respectively.

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

2. Subsidiaries of the Company

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**3. Associates and joint ventures of the Company**

Details of the Company's significant joint ventures and associates are set out in Note (VII) 3.

Other joint ventures or joint ventures that occurred related party transactions and formed balances with the Group this year are as follows:

Name of joint venture or associate	Relationship with the Company
Port of Newcastle and its subsidiaries	Joint venture
Guizhou East Land Port Operation Co., Ltd.	Joint venture
Qingdao Qianwan West Port United Wharf Co., Ltd.	Joint venture
Qingdao Qianwan New United Container Terminal Co., Ltd.	Joint venture
China Merchants Antong Logistics Management Co., LTD	Joint venture
China Zhanjiang ocean Shipping Agency Co. LTD	Joint venture
Yantai Port Group Laizhou Port Co. LTD	Joint venture
Zhanjiang Cosco Shipping Logistics Co. LTD	Joint venture
Qingdao Qianwan United Container Terminal Co. LTD	Joint venture
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 Technology Co., LTD	Associate
Tianjin Haitian Bonded Logistics Co., Ltd.	Associate
Zhanjiang Merchants Port City Investment Co., LTD	Associate
Zhanjiang Xiagang Joint Development Co., LTD	Associate
Pearl River Inland Cargo Terminal Co. LTD	Associate
Shantou Zhonglian tally Co., LTD	Associate
Shantou International Container Terminals Co. LTD	Associate
Shenzhen Wandian Industrial Co., LTD	Associate
Liaoning Port Co. LTD	Associate
Ningbo Zhoushan Port Co., LTD ("Ningbo Zhoushan")	Associate
Doraleh Multi-purpose Port	Associate
Shenzhen Chi wan Oriental Logistics Co., LTD	Associate

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**4. Other related parties of the Company**

Name of other related parties	Relationship with the Company
Sri Lanka Ports Authority	Minority shareholders of subsidiaries
Zhanjiang Infrastructure	Minority shareholders of subsidiaries
Zhoushan Blue Sea Investment Co., LTD	Minority shareholders of subsidiaries
Antong Holdings and its subsidiaries (Note)	Connected person
China COSCO Shipping Group and its subsidiaries (Note)	Connected person
Guangdong Sinotrans shipping Agency Co. LTD	Controlled by the same ultimate controlling shareholder
Haitong (Shanghai) Trading Co., LTD	Controlled by the same ultimate controlling shareholder
South China Sinotrans Supply Chain Management Co., LTD	Controlled by the same ultimate controlling shareholder
Eurasia shipyard Enterprise Co., LTD	Controlled by the same ultimate controlling shareholder
Qingdao Bonded Logistics Park Sinotrans Storage logistics Co. LTD	Controlled by the same ultimate controlling shareholder
Qingdao Sinotrans Supply Chain Management Co., LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Forwarder Storage Co., LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Southern Oil (Group) Co. LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Qianhai Sinotrans Supply Chain Management Co., 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
Shenzhen Merchants International Shipping Agency Co. LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Merchants Real Estate Co., LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Merchants roller transportation Co., LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Merchant Investment Co., LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Merchants Property Management Co., LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Sinotrans shipping Agency Co. LTD	Controlled by the same ultimate controlling shareholder
Youlian Shipyard (Shekou) Co., LTD	Controlled by the same ultimate controlling shareholder
Youlian shipyard Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants Haida Insurance Consultant Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants International Cold Chain (Shenzhen) Co., LTD	Controlled by the same ultimate controlling shareholder
China Merchants Group Finance Co. LTD	Controlled by the same ultimate controlling shareholder

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**4. Other related parties of the Company - continued**

Name of other related parties	Relationship with the Company
China Merchants Port Investment and Development Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants Renhe Life Insurance Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants Finance leasing (Tianjin) Co., LTD	Controlled by the same ultimate controlling shareholder
China Merchants Food (China) Co., LTD	Controlled by the same ultimate controlling shareholder
China Merchants Trade Finance leasing 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 Communications Import and Export Co. LTD	Controlled by the same ultimate controlling shareholder
Guangdong Sinotrans Shipping Co. LTD	Controlled by the same ultimate controlling shareholder
Sinotrans Container Transportation Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants Securities Co. LTD	Controlled by the same ultimate controlling shareholder
Yingkou Gangrong Big Data Co., LTD	Controlled by the same ultimate controlling shareholder
Sinotrans (Hong Kong) Shipping Company limited	Controlled by the same ultimate controlling shareholder
China Merchants Zhangzhou Development Zone Co. LTD	Controlled by the same ultimate controlling shareholder
China Shenzhen Ocean Shipping Agency Co. LTD	Controlled by the same ultimate controlling shareholder
Ningbo Shipping Agency Co. LTD	Controlled by the same ultimate controlling shareholder
Haitong Kechuang (Shenzhen) Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants Heavy Industries (Jiangsu) Co. LTD	Controlled by the same ultimate controlling shareholder
Sinotrans Container Transport (Hong Kong) Co., LTD	Controlled by the same ultimate controlling shareholder
China Merchants (Liaoning) Port Development Co. LTD	Controlled by the same ultimate controlling shareholder
Yingkou Port Group	Controlled by the same ultimate controlling shareholder
Liaoning Port Group Co. LTD	Controlled by the same ultimate controlling shareholder
China Yangtze River Steamship Co. LTD	Controlled by the same ultimate controlling shareholder
Shenzhen Forwarder International freight co., LTD	Controlled by the same ultimate controlling shareholder
Sinotrans South China Co. LTD	Controlled by the same ultimate controlling shareholder
China Merchants Gangtong Development (Shenzhen) Co., LTD	Controlled by the same ultimate controlling shareholder

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**4. Other related parties of the Company - continued**

Name of other related parties	Relationship with the Company
Sinotrans Shipping Co. LTD	Controlled by the same ultimate controlling shareholder
Orienteur Holdings Company Limited	Controlled by the same ultimate controlling shareholder
China Merchants Finance leasing (Shanghai) Co., LTD	Controlled by the same ultimate controlling shareholder
Khor Ambado FZCo	Where the ultimate controlling shareholder has significant influence
China Merchant Bank Co., Ltd.	Where the ultimate controlling shareholder has significant influence
China Merchants United Development Co. LTD	Where the ultimate controlling shareholder has significant influence

Note: The Company's former chairman Fu Gangfeng resigned as the chairman of the Company on 31 January 2020, and became the director, general manager of China COSCO Shipping Corporation Limited within 12 months after his resign as the Company's chairman. According to the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, China COSCO Shipping Corporation Limited is a related party of the Company; from 1 January 2021 to 30 June 2021, the Company's deputy general manager Zheng Shaoping work as the director of the Company and the chairman of Antong Holdings Co., Ltd. Therefore, the related party transactions and balances for the period and within 12 months after the period in which the aforesaid two persons were the director, senior management personnel of China COSCO Shipping Corporation Limited and Antong Holdings Co., Ltd. are disclosed.

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Rendering and receipt of service

Unit: RMB

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
Receipt of service:				
Shenzhen Wandian Industrial Co., Ltd.	Service expenditure	Negotiation	23,540,775.37	-
Hoi Tung (Shanghai) Company Limited	Service expenditure	Negotiation	8,531,341.56	1,075,389.11
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service expenditure	Negotiation	7,456,011.20	7,457,789.57
Shenzhen West Port Security Service Company	Service expenditure	Negotiation	4,195,429.30	-
Yiu Lian Dockyards Limited	Service expenditure	Negotiation	3,623,433.09	4,313,298.43
Shenzhen China Merchants Property Management Co., Ltd.	Service expenditure	Negotiation	2,679,300.52	3,753,910.42
Shenzhen Chiwan Oriental Logistics Co., Ltd.	Service expenditure	Negotiation	2,332,826.73	-
China Nanshan Development (Group) Incorporation	Service expenditure	Negotiation	2,229,485.70	21,754,790.42
China Merchants Zhangzhou Development Zone Power Supply Co., Ltd.	Service expenditure	Negotiation	2,166,324.95	1,902,146.11
Yingkou Port Group Co., Ltd.	Service expenditure	Negotiation	1,691,743.27	-
Shenzhen Qianhai Shekou Free Trade Investment Development Co., Ltd.	Service expenditure	Negotiation	1,559,726.18	-
Guangdong Sinotrans Shipping Co., Ltd.	Service expenditure	Negotiation	1,542,016.89	764,449.65
China Merchants Food (China) Co., Ltd.	Service expenditure	Negotiation	1,201,759.76	50,676.00
China Marine Shipping Agency Shenzhen Co., Ltd.	Service expenditure	Negotiation	1,022,766.82	1,095,062.50
China Merchants Haida Insurance Consultant Co. LTD	Service expenditure	Negotiation	243,438.98	2,351,146.06
China Merchants Bureau Logistics Group Qingdao Co., Ltd	Service expenditure	Negotiation	183,960.81	1,011,481.25
Shenzhen West Port Security Service Company	Service expenditure	Negotiation	-	2,140,188.70
China Merchants Renhe Life Insurance Co. LTD	Service expenditure	Negotiation	-	1,828,081.51
Khor Ambado FZCo	Service expenditure	Negotiation	-	1,334,921.77
Other related party	Service expenditure	Negotiation	7,203,788.85	4,255,513.74
China Merchants Group Finance Co. LTD	Interest payments	Negotiation	30,389,688.50	17,054,903.23
China Merchants Bank Co. LTD	Interest payments	Negotiation	3,268,813.97	1,510,507.99
China Merchants Finance leasing (Tianjin) Co., LTD	Interest payments	Negotiation	-	3,463,541.67
Nanshan Group and its subsidiaries	Property utilities	Negotiation	290,902.36	2,579,881.82
Shenzhen Merchants Property Management Co., LTD	Property utilities	Negotiation	-	4,649,769.22
Other related party	Property utilities	Negotiation	-	942,608.78
Total			105,353,534.81	85,290,057.95

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Unit: RMB

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
Rendering of service:				
Antong Holding Co., Ltd. and its subsidiaries	Service revenue	Negotiation	98,541,945.59	61,740,139.88
Zhanjiang Cosco Shipping Logistics Co. LTD	Service revenue	Negotiation	88,294,684.14	65,809,923.78
China COSCO Shipping Group and its subsidiaries	Service revenue	Negotiation	67,594,546.16	191,399,439.67
Guangdong Sinotrans shipping Agency Co. LTD	Service revenue	Negotiation	38,552,309.99	19,894,702.69
China Zhanjiang ocean Shipping Agency Co. LTD	Service revenue	Negotiation	25,067,430.42	26,430,608.95
Qingdao Qianwan United Container Terminal Co. LTD	Service revenue	Negotiation	22,637,413.70	22,646,763.19
Liaoning Port Co. LTD	Service revenue	Negotiation	19,864,136.94	-
Yingkou Port Group Co. LTD	Service revenue	Negotiation	16,175,416.62	-
Shenzhen Merchants International Shipping Agency Co. LTD	Service revenue	Negotiation	9,322,068.75	2,941,424.71
Youlian Shipyard (Shekou) Co., LTD	Service revenue	Negotiation	7,465,890.54	2,412,855.54
Liaoning Port Group Co. LTD	Service revenue	Negotiation	6,851,108.81	-
Ningbo Zhoushan	Service revenue	Negotiation	6,777,410.02	-
Shenzhen Baohong Technology Co., LTD	Service revenue	Negotiation	5,643,062.05	-
Shenzhen Qianhai Sinotrans Supply Chain Management Co., LTD	Service revenue	Negotiation	3,679,093.79	2,382,499.13
China Merchants International Cold Chain (Shenzhen) Co., LTD	Service revenue	Negotiation	3,453,502.00	3,358,865.70
Shenzhen Sinotrans shipping Agency Co. LTD	Service revenue	Negotiation	2,818,483.03	2,259,799.79
Yingkou Gangrong Big Data Co., LTD	Service revenue	Negotiation	2,332,986.53	289,466.96
Shantou International Container Terminals Co. LTD	Service revenue	Negotiation	2,257,929.61	1,263,661.19
China Yangtze River Steamship Co. LTD	Service revenue	Negotiation	2,133,440.00	-
China Shenzhen ocean shipping Agency Co. LTD	Service revenue	Negotiation	2,099,723.96	10,190,194.09
East Guizhou Land Port Operation Co. LTD	Service revenue	Negotiation	2,046,879.50	1,643,215.08
Shantou Zhonglian tally Co., LTD	Service revenue	Negotiation	2,033,121.99	359,742.38
Qingdao Qianwan West Port United Wharf Co., LTD	Service revenue	Negotiation	1,724,078.14	1,612,607.38
China Merchants Heavy Industries (Jiangsu) Co. LTD	Service revenue	Negotiation	1,494,112.80	225,074.82
Qingdao Qianwan New Union Container Terminal Co. LTD	Service revenue	Negotiation	1,446,408.10	1,453,413.79
Sinotrans (Hong Kong) Shipping Company limited	Service revenue	Negotiation	1,391,042.72	-
South China Sinotrans Supply Chain Management Co., LTD	Service revenue	Negotiation	1,277,958.26	3,952,260.53
Sinotrans container transport (Hong Kong) Co., LTD	Service revenue	Negotiation	1,277,956.30	304,231.20

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Rendering and receipt of service - continued

Unit: RMB

Related party	Content of transaction	Pricing method and decision procedures of related transactions	Amount incurred in the current period	Amount incurred in the prior period
Rendering of service: - continued				
Qingdao Bonded Logistics Park Sinotrans Storage logistics Co. LTD	Service revenue	Negotiation	1,166,773.53	853,254.61
Guangdong Sinotrans Shipping Co. LTD	Service revenue	Negotiation	1,066,579.80	463,819.11
Yantai Port Group Laizhou Port Co. LTD	Service revenue	Negotiation	1,006,226.41	-
Guizhou Qiandongnan Land Port Operation Co. LTD	Service revenue	Negotiation	698,145.68	2,170,933.76
China Merchants Port Investment development Co. LTD	Service revenue	Negotiation	651,707.54	6,875,471.73
Qingdao Sinotrans Supply Chain Management Co., LTD	Service revenue	Negotiation	280,430.34	1,381,761.20
Doraleh Multi-purpose Port	Service revenue	Negotiation	241,063.92	1,007,325.33
Sinotrans Container Transportation Co. LTD	Service revenue	Negotiation	137,305.63	1,867,447.60
Shenzhen Forwarder Storage Co., LTD	Service revenue	Negotiation	122,507.33	3,271,684.66
Shenzhen Baohong Technology Co., LTD	Service revenue	Negotiation	-	4,043,370.07
Shenzhen forwarder International freight Co., LTD	Service revenue	Negotiation	-	3,093,622.85
Ningbo Daxie	Service revenue	Negotiation	-	1,467,170.05
Other related party	Service revenue	Negotiation	7,000,909.78	7,103,107.07
Terminal Link SAS	Interest income	Negotiation	83,985,071.35	47,175,076.70
Port of Newcastle and its subsidiaries	Interest income	Negotiation	32,103,266.39	29,765,975.26
China Merchant Bank Co., Ltd.	Interest income	Negotiation	27,709,063.52	14,161,811.40
China Merchants Group Finance Company Limited	Interest income	Negotiation	16,044,336.39	4,840,581.56
China Merchants Harbor City	Interest income	Negotiation	1,957,067.27	24,449,639.56
China Merchants Antong Logistics Management Co., LTD	Interest income	Negotiation	-	3,248,630.14
Other related party	Interest income	Negotiation	823,676.39	735,917.68
Total			619,248,271.73	580,547,490.79

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of the lessee	Type of leased assets	Pricing method and decision procedures of related transactions	Lease income recognized in the current period	Lease income recognized in the prior period
Qingdao Qianwan West Port United Wharf Co., Ltd.	Port and wharf facilities	Negotiation	4,815,722.20	4,663,926.38
Qingdao Bonded Logistics Park Sino-foreign Transport Warehousing Logistics Co., Ltd.	Buildings	Negotiation	2,825,722.88	2,616,103.75
China Merchants Food (China) Co., Ltd.	Buildings	Negotiation	2,641,029.00	2,338,264.98
China Communications Import & Export Co., Ltd.	Buildings	Negotiation	2,606,198.16	2,304,217.40
Qingdao Sinotrans Supply Chain Management Co., Ltd.	Buildings	Negotiation	1,947,099.43	1,030,172.01
Qingdao Qianwan United Container Terminal Co., Ltd.	Buildings	Negotiation	1,504,168.98	-
China Merchants Securities Co., Ltd.	Buildings	Negotiation	1,239,270.84	1,126,349.15
Nanshan Group and its subsidiaries	Buildings	Negotiation	1,205,711.40	1,221,353.05
Yiu Lian Dockyards (Shekou) Limited	Buildings	Negotiation	1,180,174.54	1,363,141.03
Sinotrans South China Co., Ltd.	Buildings	Negotiation	733,987.15	-
Other related party	Buildings, land use rights	Negotiation	2,954,403.60	2,533,033.88
Total			23,653,488.18	19,196,561.63

(3) Related party guarantees

The Group as the guarantor

Unit: RMB

Secured party	Credit line	Guaranteed amount	Commencement date	Maturity date	The guarantee has been completed or not
For the period from 1 January to 30 June 2021					
Terminal Link SAS (Note 1)	67,144,809.51	67,144,809.51	1 June 2013	2033	No
Khor Ambado FZCo (Note 2)	186,692,802.05	112,388,291.40	24 May 2019	2032	No
Total	253,837,611.56	179,533,100.91			
For the period from 1 January to 30 June 2020					
Terminal Link SAS (Note 1)	80,622,102.91	80,622,102.91	1 June 2013	2033	No
Khor Ambado FZCo (Note 2)	203,198,400.00	122,324,592.81	24 May 2019	2032	No
Total	283,820,502.91	202,946,695.72			

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 provide guarantee for its bank loan financing to the associate Terminal Link SAS and other liabilities to the extent of the Group's 49% ownership interest in the company. The actual guaranteed amount is RMB 67,144,809.51 on 30 June 2021. If any guarantee liability occurs, the Group will compensate CMA CGM S.A.

Note 2: Khor Ambado FZCo is a related company of the Group's common ultimate controlling shareholder. The Group provides guarantee for its bank loans and other liabilities, with actual guaranteed amount of RMB 112,388,291.40 as at 30 June 2021.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Borrowings and loans with related parties

Unit: RMB

Related party	Amount	Commencement date	Maturity date	Description
For the period from 1 January to 30 June 2021				
Borrowings				
China Merchants Group Finance Company Limited	197,112,248.22	1 March 2021	21 June 2024	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	80,661,051.60	17 May 2021	12 March 2029	Fixed interest rate of 4.5100%
China Merchants Group Finance Company Limited	58,800,000.00	8 April 2021	31 October 2023	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	50,044,968.20	11 June 2021	10 June 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	47,050,263.90	9 April 2021	8 April 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	33,029,679.02	25 June 2021	24 June 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	30,030,917.00	10 May 2021	9 May 2022	Fixed interest rate of 3.7100%
China Merchants Group Finance Company Limited	20,021,388.90	19 April 2021	18 April 2022	Fixed interest rate of 3.8500%
China Merchants Group Finance Company Limited	10,075,542.47	7 June 2021	4 December 2021	Fixed interest rate of 2.5500%
China Merchants Group Finance Company Limited	10,016,767.12	22 March 2021	18 September 2021	Fixed interest rate of 2.7300%
Total	536,842,826.43			
For the period from 1 January to 30 June 2020				
Borrowings				
China Merchants Group Finance Company Limited	200,225,000.00	14 April 2020	13 April 2021	Fixed interest rate of 4.0500%
China Merchants Group Finance Company Limited	50,051,527.78	21 May 2020	20 May 2021	Fixed interest rate of 3.7100%
China Merchants Group Finance Company Limited	47,000,000.00	6 January 2020	7 October 2024	Fixed interest rate of 4.5125%
China Merchants Group Finance Company Limited	29,032,625.00	10 April 2020	24 December 2020	Fixed interest rate of 4.0500%
China Merchants Group Finance Company Limited	20,022,500.00	7 April 2020	6 April 2021	Fixed interest rate of 4.0500%
China Merchants Group Finance Company Limited	14,033,425.02	13 March 2020	12 March 2029	Fixed interest rate of 4.5050%
China Merchants Group Finance Company Limited	10,000,000.00	19 June 2020	31 October 2023	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	6,109,400.45	22 June 2020	21 June 2024	Fixed interest rate of 1.2000%
China Merchants Group Finance Company Limited	5,045,500.00	25 March 2020	12 March 2029	Fixed interest rate of 4.5050%
China Merchants Group Finance Company Limited	3,758,844.48	22 April 2020	12 March 2029	Fixed interest rate of 4.5050%
China Merchants Group Finance Company Limited	2,659,474.10	5 June 2020	12 March 2029	Fixed interest rate of 4.5050%
Total	387,938,296.83			
Lending				
Terminal Link SAS	3,016,715,205.48	26 March 2020	26 March 2028	Fixed interest rate of 6.0000%
Port of Newcastle and its subsidiaries	811,518,975.10	30 May 2020	23 July 2023	Fixed interest rate of 8.0000%
Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	3 January 2020	2 January 2023	Fixed interest rate of 4.7500%
Total	3,862,534,180.58			

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(5) Asset transfer with related parties

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
Hoi Tung (Shanghai) Company Limited	Machinery and equipment	Negotiation	1,371,681.42	8,202,477.87
Hoi Tung Innotek (Shenzhen) Company Limited	Machinery and equipment	Negotiation	-	1,946,000.00
Other related party	General office equipment	Negotiation	-	83,584.00
Total			1,371,681.42	10,232,061.87

(6) Compensation for key management personnel

Unit: RMB

Item	Closing balance	Opening balance
Compensation for key management personnel	8,523,459.60	12,350,017.98

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Cash and bank balances	China Merchant Bank Co., Ltd.	2,691,250,944.82	1,901,262,575.44
	China Merchants Group Finance Company Limited	905,012,170.44	1,568,924,175.58
	Total	3,596,263,115.26	3,470,186,751.02
Held-for-trading financial assets	China Merchant Bank Co., Ltd.	1,000,000,000.00	850,000,000.00
Accounts receivable	Zhanjiang Cosco Shipping Logistics Co. LTD	19,342,270.90	4,326,223.02
	Liaoning Port Co. LTD	16,493,768.48	-
	Antong Holding Co., Ltd. and its subsidiaries	15,653,452.72	10,508,254.42
	Guangdong Sinotrans shipping Agency Co. LTD	9,678,632.47	7,777,640.18
	Qingdao Qianwan United Container Terminal Co. LTD	6,905,264.80	-
	Qingdao Qianwan West Port United Wharf Co., LTD	4,772,120.07	2,007,669.18
	Shenzhen Merchants International Shipping Agency Co. LTD	3,543,875.73	590,901.89
	Khor Ambado FZCo	2,893,383.20	2,774,015.84
	Youlian Shipyard (Shekou) Co., LTD	1,837,823.70	725,330.10
	Sinotrans Container Transportation Co. LTD	1,781,312.75	1,148,569.75
	Port De Djibouti S.A	1,648,150.20	1,497,611.83
	Ningbo Shipping Agency Co. LTD	822,263.98	7,773,568.86
	Shenzhen Baohong Technology Co., LTD	641,391.13	2,641,391.12
	Great Horn Development Company Fzco	437,535.62	1,427,020.52
	East Guizhou Land Port Operation Co. LTD	44,900.00	3,612,221.02
	South China Sinotrans Supply Chain Management Co., LTD	40,116.00	1,035,675.13
	Guizhou Qiandongnan Land Port Operation Co. LTD	11,260.00	1,061,604.20
	China Ocean Shipping Group Company Limited and its subsidiaries	-	120,615,548.37
	Other related party	13,265,812.48	7,890,241.86
	Total	99,813,334.23	177,413,487.29

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(1) Amounts due from related parties - continued

Unit: RMB

Item	Related party	Closing balance	Opening balance
Other receivables	Shanghai International Port (Group) Co. LTD	756,630,823.35	-
	Nanshan Group and its subsidiaries	316,246,500.00	210,831,000.00
	Liaoning Port Co. LTD	74,242,730.44	-
	Qingdao Port International Co., LTD	39,116,713.02	-
	Pearl River Inland Cargo Terminal Co. LTD	33,692,528.00	57,607,520.00
	Port De Djibouti S.A	23,097,175.98	23,248,597.69
	Tin-Can Island Container Terminal Ltd	22,996,441.34	33,289,037.77
	Zhanjiang Cosco Shipping Logistics Co. LTD	13,378,666.52	13,378,666.52
	Shenzhen Qianhai Shekou Free Trade Investment Development Co., LTD	6,000,000.00	4,000,000.00
	Zhanjiang Infrastructure Construction investment Group Co. LTD	4,907,365.06	31,513,558.60
	Zhoushan Blue Sea Investment Co., LTD	2,899,163.95	4,996,989.39
	Shenzhen Merchants roller transportation Co., LTD	2,899,163.95	2,899,163.95
	China Merchants (Liaoning) Port Development Co. LTD	2,500,000.00	2,000,000.00
	Yingkou Port Group Co. LTD	2,379,512.33	-
	Eurasia shipyard Enterprise Co., LTD	1,411,165.96	1,422,660.84
	International Djibouti Industrial Parks Operation FZCo	1,142,084.99	922,676.08
	Shenzhen Merchant Investment Co., LTD	1,132,846.40	1,068,658.39
	Other related party	53,398,607.28	3,258,884.44
Total	1,358,071,488.57	390,437,413.67	
Advance payment	Other related party	215,094.29	244,729.25

Unit: RMB

Item	Related party	Closing balance	Opening balance
Non-current assets due within one year	Terminal Link SAS	43,195,959.11	51,286,674.10
	Port of Newcastle and its subsidiaries	31,680,947.48	16,473,559.57
	Total	74,876,906.59	67,760,233.67
Long-term receivables	Terminal Link SAS	2,728,165,833.95	2,746,067,386.31
	Port of Newcastle and its subsidiaries	798,004,103.00	815,144,304.00
	Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	34,300,000.00
	China Merchants Finance Lease (Tianjin) Co., Ltd.	10,000,000.00	10,000,000.00
	Zhanjiang China Merchants Harbor City Investment Co., Ltd.	-	286,330,144.62
	Total	3,570,469,936.95	3,891,841,834.93

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Short-term borrowings	China Merchants Group Finance Company Limited	360,460,315.17	2,707,459,283.70
Other current liabilities	Nanshan Group and its subsidiaries	-	60,606,027.37
Accounts payable	Qingdao Qianwan West Port United Wharf Co., Ltd.	5,766,560.89	6,381,033.57
	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	5,764,127.70	9,220,434.36
	Shenzhen Wandian Industrial Co., Ltd.	5,474,619.51	-
	EuroAsia Dockyard Enterprise and development Ltd.	2,289,297.08	2,994,548.16
	Yiu Lian Dockyards Limited	1,497,917.12	2,271,520.48
	Hoi Tung (Shanghai) Company Limited	1,197,676.00	55,666.09
	Shenzhen Nanyou (Holdings) Ltd.	1,047,665.40	-
	China Marine Shipping Agency Shenzhen Co., Ltd.	650,625.00	1,264,544.50
	Other related party	2,651,952.36	524,734.79
Total	26,340,441.06	22,712,481.95	
Receipts in advance	Port de Djibouti S.A.	-	10,350,122.63
	Other related party	710,488.75	606,631.45
	Total	710,488.75	10,956,754.08
Contract liabilities	COSCO Logistics (Zhanjiang) Co., Ltd.	2,508,813.10	922,080.60
	Liaoning Port Group Co., Ltd.	1,528,447.50	-
	Qingdao Qianwan United Container Terminal Co., Ltd.	1,504,168.97	-
	Guangdong Sinotrans Shipping Agency Co., Ltd.	763,011.94	2,304,015.01
	Other related party	4,193,080.78	9,116,598.19
	Total	10,497,522.29	12,342,693.80

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
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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

Unit: RMB

Item	Related party	Closing balance	Opening balance
Other payables	China Merchants Port Investment Development Co., Ltd.	436,486,486.24	26,418,918.90
	China Merchants Union Development Co., Ltd.	348,500,295.23	-
	PORT DE DJIBOUTI S.A	259,498,179.18	175,497,252.70
	China Merchants Gangtong Development (Shenzhen) Co., Ltd.	140,933,640.00	-
	Economic and trade crown de development Co., LTD	75,608,046.12	-
	Sri Lanka Ports Authority	34,032,542.04	34,255,854.79
	Liaoning Port Co., Ltd.	29,428,227.19	-
	Shenzhen Infrastructure Investment Fund Partnership Enterprise (limited partnership)	24,643,069.16	-
	Zhanjiang China Merchants Harbor City Investment Co., Ltd.	24,500,000.00	-
	Broadford Global Limited	21,019,399.04	-
	China Merchants Zhangzhou Development Zone Co., Ltd.	20,000,000.00	20,000,000.00
	China Merchants Real Estate (Shenzhen) Co., Ltd.	14,305,122.78	14,305,122.78
	Dalian Port Container Development Co. LTD	12,160,517.31	12,160,517.31
	Sinotrans Shipping Co., Ltd.	10,049,355.79	-
	Shenzhen Merchants Commercial Property Investment Co., Ltd.	9,255,975.41	8,447,512.23
	Terminal Link	3,980,965.01	89,905,681.62
	Centralized Logistics	3,972,477.39	3,972,477.39
	Shenzhen Qianhai Sinotrans Supply Chain Management Co., Ltd.	1,565,999.68	1,013,738.40
	Zhanjiang Xia gang United Development Co., Ltd.	1,433,473.84	1,433,730.78
	ORIENTURE HOLDINGS COMPANY LIMITED	1,277,244.00	-
	China Merchants Food (China) Co., Ltd.	997,560.14	1,161,179.14
	China Merchants Port Investment Development Co., Ltd.	943,526.47	2,910,544.27
	Shenzhen Baohong E-Commerce Integrated Services Co., Ltd.	746,226.77	2,634,014.09
Shenzhen Penavico Warehousing Co., Ltd.	-	1,127,339.68	
Other related party	5,720,463.79	2,819,966.38	
Total	1,481,058,792.58	398,063,850.46	
Non-current liabilities due within one year	China Merchants Finance Lease (Shanghai) Co., Ltd.	104,738,787.19	-
	China Merchants Tongshang Finance Lease Co., Ltd.	59,482,964.07	58,348,704.99
	Nanshan Group and its subsidiaries	50,410,822.69	54,030,933.00
	China Merchants Group Finance Company Limited	48,469,321.15	51,423,306.47
	China Merchants Finance Lease (Tianjin) Co., Ltd.	33,034,721.43	138,409,402.75
	Other related party	-	53,267,076.87
Total	296,136,616.53	355,479,424.08	
Other non-current liabilities	Nanshan Group and its subsidiaries	1,067,982.93	944,011.06
Lease liabilities	China Merchants Finance Lease (Shanghai) Co., Ltd.	228,333,546.47	-
	Nanshan Group and its subsidiaries	86,656,750.22	114,304,842.23
	China Merchants Tongshang Finance Lease Co., Ltd.	75,010,061.94	104,616,135.92
	China Merchants Finance Lease (Tianjin) Co., Ltd.	63,333,403.31	358,333,616.46
	Other related party	4,304,459.38	-
	Total	457,638,221.32	577,254,594.61
Long-term borrowings	China Merchants Group Finance Company Limited	514,157,284.53	426,100,835.53
	China Merchant Bank Co., Ltd.	174,847,500.00	109,033,232.39
	Total	689,004,784.53	535,134,067.92

XI. SHARE-BASED PAYMENTS**1. Summary of share-based payments**

Total number of the Company's equity instruments granted during the period	530,000 shares
Total number of the Company's equity instruments vested during the period	N/A
Total number of the Company's equity instruments lapsed during the period	N/A
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	Exercise price is RMB 17.80; remaining contractual life is 67 months; Exercise price is RMB 15.09; remaining contractual life is 67 months
Range of exercise prices and remaining contractual life of the Company's other equity instruments outstanding at the end of the period	N/A

2. Equity-settled share-based payments

Unit: RMB

The method of determining the fair value of equity instruments at the grant date	The Black-Scholes model is adopted to estimate the cost of granted stock options
The method of determining the best estimate of the number of equity instruments expected to be vested	On each asset and liability date in the waiting period, the best estimate is made and the number of equity instruments expected to be vested is revised based on the latest obtained follow-up information such as changes in the number of vested employees.
Reasons for the significant difference between the estimate in the current period and that in the prior period	N/A
Amounts of equity-settled share-based payments accumulated in capital reserve	15,956,521.39
Total expenses recognized arising from equity-settled share-based payments	10,800,221.18

According to the "Approval on the Implementation of the Stock Option Incentive Plan of China Merchants Port Group Co., Ltd." (Guo Zi Kao Fen [2019] No. 748) of the State-owned Assets Supervision and Administration Commission of the State Council, approved by the Company's first extraordinary general meeting of shareholders on 3 February 2020, the Company will implement a stock option plan on 3 February 2020 (granting date), granting 17.198 million stock options to 238 incentive objects at an exercise price of RMB 17.80 per share. The lockup period is 24 months since the date on which the option is granted. In the premise that vesting conditions are satisfied, the options may be exercised after 24 months since the granting date. The options are exercised in three tranches, including 40% exercisable after 24 months but before 36 months subsequent to the granting date; 30% exercisable after 36 months but before 48 months subsequent to the granting date; and 30% exercisable after 48 months subsequent to the granting date. Each option represents the rights to subscribe one ordinary share of the Company.

XI. SHARE-BASED PAYMENTS - continued**2. Equity-settled share-based payments** - continued

On January 29, 2021, approved by the tenth Board of Directors at the first extraordinary general meeting of shareholders of the year 2021, the Company implemented a stock option plan effective January 29, 2021, granting 530,000 stock options to three incentive targets at the exercise price of RMB 15.09 per share and the grant date of January 29, 2021. Stock options are locked up for 24 months from the date of grant, and can be exercised after 24 months of grant, subject to the satisfaction of exercise conditions. The exercise will be in two tranches, 50% of the first tranche (24 months from the grant date to 36 months from the grant date) and 50% of the second tranche (36 months to 72 months from the grant date); Each stock option gives the holder the right to subscribe for one common stock of the company.

XII. COMMITMENTS AND CONTINGENCIES**1. Significant commitments**

Unit: RMB

Item	Closing balance	Opening balance
Commitments that have been entered into but have not been recognized in the financial statements		
- Commitment to inject capital in investees	16,600,000.00	11,500,000.00
- Commitment to acquire long-term assets	2,035,035,538.99	2,682,977,514.73
- Commitment to invest port construction	998,409,375.73	1,004,960,692.18
-Others	-	20,831,652.14
Total	3,050,044,914.72	3,720,269,859.05

2. Contingencies

Unit: RMB

Item	Closing balance	Opening balance
Contingent liabilities arising from litigations (Note 1)	223,604,924.98	213,109,668.45
Guarantees for borrowings of associates (Note 2)	179,533,100.91	184,129,723.74
Total	403,138,025.89	397,239,392.19

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 RMB223,604,924.98 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: As of 30 June 2021, the guarantees provided by the Group to related parties are set out in Note X 5 (3).

XII. COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies - continued

As of 30 June 2021, the Group's directors assessed the risk of default by related parties in respect of above loans and other liabilities. The directors believe that the risk is immaterial and there is minor possibility of loss due to the guarantee.

As of 30 June 2021, in addition to aforesaid contingencies, the Group had no other significant guarantee or contingencies that need to be explained.

XIII. OTHER SIGNIFICANT EVENTS

1. Segment reporting

(1) Basis for determining reporting segments and accounting policies

The key management team of the Company is regarded as the CODM, who reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM manages the Group's operations by divisions from both business and geographic perspectives.

In respect of business segments, management assesses the performance of the Group's business operations including ports operation, bonded logistics operation and other operations.

Ports operation

Ports operation includes container terminal operation, bulk and general cargo terminal operation operated by the Group and its associates and joint ventures. The Group's reportable segments of the ports operation are as follows:

- (a) Mainland China, Hong Kong and Taiwan
- Pearl River Delta
 - Yangtze River Delta
 - Bohai Rim
 - Others
- (b) Other locations outside of Mainland China, Hong Kong and Taiwan

Bonded logistics operation

Bonded logistics operation includes logistics park operation, ports transportation and airport cargo handling operated by the Group and its associates and joint ventures.

XIII. OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

- (1) Basis for determining reporting segments and accounting policies - continued
- (b) Other locations outside of Mainland China, Hong Kong and Taiwan - continued

Other operations

Other operations mainly includes property development and investment and logistics business, 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 30 June 2021, around 74% of The Group's non-current assets other than financial instruments and deferred tax assets are located in Mainland China.

CHINA MERCHANTS PORT GROUP CO., LTD.

**NOTES TO FINANCIAL STATEMENTS
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XIII. OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information

Segment financial information for the period from 1 January to 30 June 2021 is as follows:

Unit: RMB

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Operating income	2,958,636,092.61	445,352,534.85	29,216,911.55	1,835,209,454.62	1,780,044,983.01	7,048,459,976.64	204,996,959.89	86,485,925.73	-	7,339,942,862.26
Operating cost	1,463,264,383.33	294,515,383.40	24,262,314.83	1,357,822,363.64	828,625,928.99	3,968,490,374.19	116,498,905.11	113,461,884.97	-	4,198,451,164.27
Segment operating profit (loss)	1,495,371,709.28	150,837,151.45	4,954,596.72	477,387,090.98	951,419,054.02	3,079,969,602.45	88,498,054.78	-26,975,959.24	-	3,141,491,697.99
Adjustments:										
Taxes and levies	14,236,877.98	4,434,038.81	804,172.44	22,100,637.68	21,478,264.65	63,053,991.56	12,585,134.87	11,962,498.86	70,009.19	87,671,634.48
Administrative expense	184,243,456.42	18,532,917.24	4,506,885.61	234,916,150.46	110,937,648.90	553,137,058.63	21,077,687.84	500,756.95	191,654,469.95	766,369,973.37
R&D expenses	78,300,758.52	17,746,269.79	-	2,297,382.94	-	98,344,411.25	-	-	-	98,344,411.25
Financial expenses	29,725,717.45	8,678,428.13	-777,466.39	63,808,478.07	56,277,939.54	157,713,096.80	7,761,420.36	12,483,780.77	552,150,715.95	730,109,013.88
Other income	261,485,766.57	3,756,131.01	5,469.40	35,096,987.85	-	300,344,354.83	5,384,761.18	253,142.61	-	305,982,258.62
Investment income (losses)	160,123,605.49	2,359,088,694.76	166,101,087.00	-125,284.28	232,031,348.91	2,917,219,451.88	5,357,126.04	685,388,257.49	1,778,756.18	3,609,743,591.59
Gains (losses) from changes in fair value	-	-	-45,536,366.63	7,839.22	-443,004,339.04	-488,532,866.45	-	-	-	-488,532,866.45
Impairment gains (losses) of credit	-3,259,224.54	-	-	1,028,795.37	-356,511.85	-2,586,941.02	608.82	-	-	-2,586,332.20
Impairment gains of assets	-	-	-	-	-	-	-	-	-	-
Gains from disposal of assets	3,341,383.58	-	6,676,633.08	-1,025,646.41	-7,563.09	8,984,807.16	474,861.45	-	-26,950.69	9,432,717.92
Operating profit (loss)	1,610,556,430.01	2,464,290,323.25	127,667,827.91	189,247,133.58	551,388,135.86	4,943,149,850.61	58,291,169.20	633,718,404.28	-742,123,389.60	4,893,036,034.49

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIII. OTHER SIGNIFICANT EVENTS - continued

1. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information for the period from 1 January to 30 June 2021 is as follows: - continued

Unit: RMB

Item	Ports operation						Bonded logistics operation	Others	Unallocated amount	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	5,880,047.84	222,001.00	117.74	5,665,939.99	14,120,880.19	25,888,986.76	16,057.97	7,500.52	3,075,124.48	28,987,669.73
Non-operating expenses	2,607,728.49	520,306.61	-	2,859,851.13	8,335,822.20	14,323,708.43	-	-	155.84	14,323,864.27
Gross profit (loss)	1,613,828,749.36	2,463,992,017.64	127,667,945.65	192,053,222.44	557,173,193.85	4,954,715,128.94	58,307,227.17	633,725,904.80	-739,048,420.96	4,907,699,839.95
Income tax expenses	445,759,645.96	127,856,225.71	2,651,491.03	35,828,242.11	-34,288,062.34	577,807,542.47	16,258,079.87	42,355,973.99	7,016,998.79	643,438,595.12
Net profit (loss)	1,168,069,103.40	2,336,135,791.93	125,016,454.62	156,224,980.33	591,461,256.19	4,376,907,586.47	42,049,147.30	591,369,930.81	-746,065,419.75	4,264,261,244.83
Segment assets	31,419,667,673.20	37,048,877,827.99	7,821,876,057.03	25,610,960,074.80	43,304,350,785.30	145,205,732,418.32	3,127,111,154.80	18,920,556,283.34	1,447,933,155.60	168,701,333,012.06
Total assets in the financial statements										168,701,333,012.06
Segment liabilities	15,881,739,330.71	1,604,929,487.56	168,535,261.21	7,085,779,290.05	9,789,776,859.51	34,530,760,229.04	512,242,308.80	1,367,896,065.98	24,014,187,743.26	60,425,086,347.08
Total liabilities in the financial statements										60,425,086,347.08
Supplementary information:										
Depreciation and Amortization	413,217,286.57	97,809,276.72	576,581.77	453,985,137.11	390,400,077.86	1,355,988,360.03	48,120,450.03	87,627,524.99	11,009,272.95	1,502,745,608.00
Interest income	58,372,755.01	1,901,649.27	203,076.80	16,018,660.30	120,871,526.13	197,367,667.51	551,704.45	1,250,580.78	-15,978,940.81	183,191,011.93
Interest expense	34,508,206.53	4,866,262.52	-	79,738,998.15	153,574,206.66	272,687,673.86	8,253,482.58	15,433,783.96	596,135,609.36	892,510,549.76
Investment income from long-term equity investment under equity method	126,099,863.96	2,359,088,694.75	126,123,636.71	23,270,489.39	232,031,348.91	2,866,614,033.72	5,357,126.04	685,388,257.49	-	3,557,359,417.25
Long-term equity investment under equity method	4,221,992,878.44	30,182,199,522.01	6,729,096,972.51	594,343,756.26	11,747,365,977.54	53,474,999,106.76	702,501,030.64	13,251,776,094.55	-	67,429,276,231.95
Non-current assets other than long-term equity investment	21,560,411,415.88	4,161,624,530.36	15,156,855.04	19,227,483,637.89	24,803,854,837.76	69,768,531,276.93	2,181,301,447.05	5,158,578,410.79	419,769,686.44	77,528,180,821.21

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIII. OTHER SIGNIFICANT EVENTS - continued

1. **Segment reporting - continued**
- (2) Segment financial information - continued

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

Unit: RMB

Revenue from external transactions	Amount incurred in the current period	Amount incurred in the prior period
Mainland China, Hong Kong and Taiwan	5,552,294,281.37	4,255,086,509.16
Pearl River Delta	3,181,051,472.13	2,616,336,283.54
Yangtze River Delta	445,352,534.85	-
Bohai Rim	90,680,819.77	86,840,044.42
Others	1,835,209,454.62	1,551,910,181.20
Other locations	1,787,648,580.89	1,707,411,207.80
Total	7,339,942,862.26	5,962,497,716.96

Unit: RMB

Total non-current assets	Closing balance	Opening balance
Mainland China, Hong Kong and Taiwan	107,559,680,059.35	105,111,642,513.71
Pearl River Delta	46,020,200,068.06	45,459,155,093.97
Yangtze River Delta	34,343,824,052.38	32,716,973,145.44
Bohai Rim	7,335,410,610.59	6,903,596,351.63
Others	19,860,245,328.32	20,031,917,922.67
Other locations	37,397,776,993.81	39,164,278,189.74
Total	144,957,457,053.16	144,275,920,703.45

- (3) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 1,839,867,457.34, accounting for 25.07% of the Group's total operating income.

XIV. NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS**1. Other receivables**

- (1) Summary of other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	987,547,283.67	311,297,793.86
Other receivables	1,011,643,024.62	791,414,958.18
Total	1,999,190,308.29	1,102,712,752.04

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIV. NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

1. Other receivables - continued

(2) Dividends receivable

(a) Disclosure of dividends receivable

Unit: RMB

Company name	Closing balance	Opening balance
CMPort	652,351,928.94	-
Chiwan Wharf (Hong Kong)	147,680,363.88	147,680,363.88
Dongguan Chiwan Terminal Co., Ltd.	135,254,038.80	147,233,909.98
Ningbo Port Company Limited	35,328,355.20	-
China Merchants Bonded Logistics Co., Ltd.	15,707,120.00	15,707,120.00
Jiangsu Ninghu Expressway Co., LTD	920,000.00	460,000.00
Shenzhen Petrochemical Industry (Group) Co., Ltd.	216,400.00	216,400.00
Shenzhen Chiwan International Freight Agency Co., Ltd.	89,076.85	-
Total	987,547,283.67	311,297,793.86
Less: Provision for credit loss	-	-
Carrying amount	987,547,283.67	311,297,793.86

(b) Significant dividends receivable aging over 1 year

Unit: RMB

Item	Closing balance	Reason for outstanding	Impaired or not
Dongguan Chiwan Terminal Co., Ltd.	135,254,038.80	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	150,961,158.80		

(3) Other receivables

(a) Disclosure of other receivables by aging

Unit: RMB

Aging	Closing balance		
	Other receivables	Provision for credit loss	Proportion of provision (%)
Within 1 year	247,415,841.53	-	-
1 to 2 years	763,898,867.62	-	-
2 to 3 years	-	-	-
Over 3 years	711,772.07	383,456.60	53.87
Total	1,012,026,481.22	383,456.60	

(b) Provision for credit loss of other receivables

As part of the Company's credit risk management, the Company performs internal credit rating on customers, and determines the expected loss ratio of other receivables under each credit rating. Such expected average loss ratio is based on historical actual impairment and taking into consideration of current and expected future economic conditions.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIV. NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

1. Other receivables - continued

(3) Other receivables - continued

(b) Provision for credit loss of other receivables - continued

At 30 June 2021, the credit risk and expected credit loss of other receivables by categories of customers are as follows:

Unit: RMB

Credit rating	Expected credit loss ratio (%)	Closing balance				Opening balance			
		12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
A	0.00-0.10	1,011,643,024.62	-	-	1,011,643,024.62	791,414,958.18	-	-	791,414,958.18
B	0.10-0.30	-	-	-	-	-	-	-	-
C	0.30-50.00	-	-	-	-	-	-	-	-
D	50.00-100.00	-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Carrying amount		1,011,643,024.62	-	383,456.60	1,012,026,481.22	791,414,958.18	-	383,456.60	791,798,414.78
Provision for credit loss		-	-	383,456.60	383,456.60	-	-	383,456.60	383,456.60
Book value		1,011,643,024.62	-	-	1,011,643,024.62	791,414,958.18	-	-	791,414,958.18

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIV. NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

1. Other receivables - continued

(3) Other receivables - continued

(c) Changes in provision for credit loss of other receivables

Unit: RMB

Item	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2021	-	-	383,456.60	383,456.60
Carrying amount of other receivables at 1 January 2021				
-- transfer to stage II	-	-	-	-
-- transfer to stage III	-	-	-	-
-- transfer back to stage II	-	-	-	-
-- transfer back to stage I	-	-	-	-
Provision for the period	-	-	-	-
Reversal	-	-	-	-
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
Balance at 30 June 2021	-	-	383,456.60	383,456.60

(d) Other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Amounts due from related parties	1,004,888,834.74	785,752,325.78
Advances	4,402,998.69	3,862,191.69
Others	2,734,647.79	2,183,897.31
Total	1,012,026,481.22	791,798,414.78
Less: Provision for credit loss	383,456.60	383,456.60
Book value	1,011,643,024.62	791,414,958.18

(e) There is no other receivables write-off during this period.

(f) The top three balances of other receivables classified by debtor

Unit: RMB

Company name	Nature	Closing balance	Aging	Proportion of the amount to the total other receivable (%)	Closing balance of provision for credit loss
Shenzhen Haixing Harbor Development Co., Ltd.	Loan to related parties	1,002,001,734.69	Within 1 year, 2-3 years	99.01	-
China Merchants International Technology Company Limited	Loan to related parties	2,887,100.05	Within 1 year	0.29	-
China Merchants (Liaoning) Port Development Co., Ltd.	Advance payments for account current	2,500,000.00	Within 1 year, 1-2 years	0.25	-
Total		1,007,388,834.74		99.55	-

CHINA MERCHANTS PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIV. NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Long-term equity investments

Unit: RMB

Investee	1/1/2021	Changes for the period							30/6/2021	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		
I. Subsidiary										
Shenzhen Chiwan International Freight Agency Co., Ltd.	5,500,000.00	-	-	-	-	-	-	-	-	5,500,000.00
Shenzhen Chiwan Harbor Container Co. Ltd.	250,920,000.00	-	-	-	-	-	-	-	-	250,920,000.00
Shenzhen Chiwan Port Development Co., Ltd.	206,283,811.09	-	-	-	-	-	-	-	-	206,283,811.09
Chiwan Wharf (Hong Kong)	1,070,000.00	-	-	-	-	-	-	-	-	1,070,000.00
Shenzhen Chiwan Tugboat Co., Ltd.	24,000,000.00	-	-	-	-	-	-	-	-	24,000,000.00
Chiwan Container Terminal Co., Ltd.	421,023,199.85	-	-	-	-	-	-	-	-	421,023,199.85
Dongguan Chiwan Wharf Co., Ltd.	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00
Dongguan Chiwan Terminal Co., Ltd.	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	-	-	-	-	-	-	1,051,789.43
CMPort (Note 1)	28,272,939,139.99	6,508,125.00	-	-	-	-	-	-	-	28,279,447,264.99
China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd.	149,709,800.00	-	-	-	-	-	-	-	-	149,709,800.00
Zhanjiang port (Note 2)	3,381,825,528.52	-	-	-	-	-	-	-	-	3,381,825,528.52
China Merchants International Information Technology Co., Ltd.		23,451,570.97	-2,890,495.95	-	-	-	-	-	-	20,561,075.02
Sub-total	33,075,848,268.88	29,959,695.97	-2,890,495.95	-	-	-	-	-	-	33,102,917,468.90
II. Associate										
China Merchants Northeast Asia Development Investment Co., Ltd. (Note 3)	1,007,786,285.71	-	-	6,331,456.35	-	-	-	-	-	1,014,117,742.06
China Merchants Bonded Logistics Co., Ltd.	384,647,157.60	-	-	10,012,000.00	-	-	-	-	-	394,659,157.60
International Information Technology Co., Ltd.	23,833,710.97	-	-1,875,000.00	-385,535.90	-35,889,379.28	-	14,316,222.97	-	-18.76	-
Others	1,500,464,520.87	206,523,799.86	-	52,613,117.10	-	-	-35,328,355.20	-	-	1,724,273,082.63
Sub-total	2,916,731,675.15	206,523,799.86	-1,875,000.00	68,571,037.55	-35,889,379.28	-	-21,012,132.23	-	-18.76	3,133,049,982.29
III. Joint venture										
Yantai Port Group Laizhou Port Co., Ltd.	782,832,086.50	-	-	16,309,101.16	-	-	-24,643,441.33	-	-	774,497,746.33
China Merchants Antong Logistics Management Company	9,102,988.02	-	-	568,832.67	-	-	-	-	-	9,671,820.69
Zhanhang Logistics (Note 3)	452,283,105.00	-	-	933,240.00	-	-	-	-	-	453,216,345.00
Sub-total	1,244,218,179.52	-	-	17,811,173.83	-	-	-24,643,441.33	-	-	1,237,385,912.02
Total	37,236,798,123.55	236,483,495.83	-4,765,495.95	86,382,211.38	-35,889,379.28	-	-45,655,573.56	-	-18.76	37,473,353,363.21

Note 1: See Note VII. 1 for details.

Note 2: See Note VII. 1 for details.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

XIV. NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

3. Operating income and operating costs

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Principal operating	-	1,132,979.75	-	1,132,979.82
Other operating	471,974.86	-	94,339.62	-
Total	471,974.86	1,132,979.75	94,339.62	1,132,979.82

4. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under cost method	912,418,115.63	1,286,567,145.53
Long-term equity investments income under equity method	86,382,211.38	28,229,153.26
Income from other equity instruments investments	460,000.00	460,000.00
Income from debt investments	6,017,068.48	11,375,616.44
Total	1,005,277,395.49	1,326,631,915.23

(2) Income from long-term equity investments under cost method

Unit: RMB

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reason for changes comparing with prior period
CMPort	652,351,928.94	745,060,561.87	Changes in profit distribution of investee
Shenzhen Chiwan Harbor Container Co. Ltd.	143,574,378.69	121,071,884.15	Changes in profit distribution of investee
Dongguan Chiwan Terminal Co., Ltd.	48,020,128.82	59,036,979.32	Changes in profit distribution of investee
Shenzhen Chiwan Tugboat Co., Ltd.	30,409,076.03	25,604,356.23	Changes in profit distribution of investee
Zhanjiang Port (Group) Co., Ltd	23,395,773.67	-	Changes in profit distribution of investee
Shenzhen Chiwan Port Development Co., Ltd.	14,577,752.63	-	Changes in profit distribution of investee
Shenzhen Chiwan International Freight Agency Co., Ltd.	89,076.85	245,148.61	Changes in profit distribution of investee
Chiwan Container Terminal Co., Ltd.	-	275,313,936.56	Changes in profit distribution of investee
Dongguan Chiwan Warf Co., Ltd.	-	60,234,278.79	Changes in profit distribution of investee
Total	912,418,115.63	1,286,567,145.53	

CHINA MERCHANTS PORT GROUP CO., LTD.

SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item	Amount	Remarks
Losses on disposal of non-current assets	4,731,273.76	
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)	292,333,022.53	
Money lending income earned from non-financial institutions in profit or loss	118,821,999.88	
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	-3,255,790.50	
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	-488,532,866.45	
Reversal of provision for accounts receivable that are tested for credit loss individually	94,099.17	
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	471,698.11	
Other non-operating income or expenses other than above	19,007,039.27	
Other profit or loss that meets the definition of non-recurring profit or loss (Note)	-	
Tax effects	74,697,555.98	
Effects of minority interest (after tax)	13,971,253.45	
Total	32,339,285.20	

CHINA MERCHANTS PORT GROUP CO., LTD.

SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by Shenzhen Chiwan Wharf Co., Ltd. in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share* (revised in 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Item	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	4.4252	0.8724	0.8724
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	4.3383	0.8556	0.8556
