

Stock Code: 001872/201872

Stock Name: CM Port Group, CM Port Group B

Announcement No. 2019-042



CHINA MERCHANTS PORT GROUP CO., LTD.
THE REPORT FOR THE FIRST QUARTER OF 2019

Date of Disclosure: 30 April 2019

Part I Important Notes

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

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

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

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

Definitions

Term	Definition
The “Company”, “CMPort” or “we”	China Merchants Port Group Co., Ltd.
Sinotrans Guangdong	Sinotrans Guangdong Co., Ltd.
Zhanjiang Port	Zhanjiang Port (Group) Co., Ltd.
Zhanjiang Infrastructure Investment	Zhanjiang Infrastructure Construction Investment Group Co., Ltd.
CMG	China Merchants Group Co., Limited
CWH (H.K.)	Chiwan Wharf Holdings (Hong Kong) Limited
CMID	China Merchants Investment Development Company Limited
SZPL	Shenzhen Urban Planning and Land Resources Committee
SZQH	The Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen
Qianhai Investment Holdings	Shenzhen Qianhai Development Investment Holdings Co., Ltd.
CM Qianhai Industrial	Shenzhen China Merchants Qianhai Industrial Development Co., Ltd.
CM Chidi	Shenzhen China Merchants Qianhai Chidi Industrial Co., Ltd.
CMPort Holdings	China Merchants Port Holdings Company Limited (00144.HK)
Ansuji	Ansuji Terminal Services (Shenzhen) Co., Ltd., a wholly-owned subsidiary of CMPort Holdings
Antongjie	Antongjie Terminal Services (Shenzhen) Co., Ltd., a wholly-owned subsidiary of CMPort Holdings
Qianhai Hongyu	Shenzhen Qianhai Hongyu Industrial Investment Co., Ltd.
Shekou Asset Management	Shenzhen China Merchants Shekou Asset Management Co., Ltd.
CMI	China Merchants Investment Limited
Lac Assal	Lac Assal Investment Holding Company Limited
Cheer Signal	Cheer Signal Investment Limited
Khor Ambado Fzco	Khor Ambado Free Trade Zone Co., Ltd.
CMHD	China Merchants Holdings (Djibouti) Fze
The cninfo website	www.cninfo.com.cn
RMB	Expressed in the Chinese currency of Renminbi
RMB’0,000	Expressed in tens of thousands of Renminbi
RMB’00,000,000	Expressed in hundreds of millions of Renminbi
	(unless otherwise specified)

Part II Key Corporate Information

I Key Accounting Data and Financial Information

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

√ Yes □ No

Reasons for the retrospective adjustments or restatements: 1. Changes to accounting policies. For details, please refer to “XII YoY Changes to Accounting Policies, Estimates and Methods” under “Part III Significant Events” in this report; 2. A business combination under common control. The Company completed the issuance of shares to the trading counterpart CMID on 25 December 2018 and took control of CMPort Holdings in form and in nature. In accordance with the Accounting Standards for Business Enterprises No. 33-Consolidated Financial Statements, the Company starts to include CMPort Holdings into the consolidated financial statements since December 2018. Therefore, the Company adjusted the comparative financial data in the table below as required by the rules governing business combinations under common control.

	Q1 2019	Q1 2018		Change (%)
		Original	Restated	Restated
Operating revenue (RMB)	2,702,894,522.99	615,757,667.14	2,172,750,441.44	24.40%
Net profit attributable to the listed company's shareholders (RMB)	814,944,249.12	146,662,116.72	381,903,088.64	113.39%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	262,409,245.18	147,400,980.09	129,600,674.09	102.48%
Net cash generated from/used in operating activities (RMB)	1,148,963,121.64	105,464,496.51	488,161,711.35	135.37%
Basic earnings per share (RMB/share)	0.454	0.227	0.213	113.15%
Diluted earnings per share (RMB/share)	0.454	0.227	0.213	113.15%
Weighted average return on equity (%)	2.62%	2.91%	1.33%	1.29%
	31 March 2019	31 December 2018		Change (%)
		Original	Restated	Restated
Total assets (RMB)	145,187,177,118.55	8,147,257,790.54	128,018,084,415.68	13.41%
Equity attributable to the listed company's shareholders (RMB)	31,440,401,822.20	4,313,532,059.53	30,760,475,412.93	2.21%

Exceptional gains and losses:

√ Applicable □ Not applicable

Unit: RMB

Item	Q1 2019	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	779,531.18	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	21,086,769.01	

Capital occupation charges on non-financial enterprises that are recorded into current profit or loss	12,811,302.12	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	723,737,741.50	The Company took control of Zhanjiang Port in the current period, and return on investment was recognized and measured on the long-term equity investment in Zhanjiang Port formerly at fair value
Gain or loss on fair-value changes in trading financial assets and liabilities, as well as derivative financial assets and liabilities & income from disposal of trading financial assets and liabilities, derivative financial assets and liabilities, as well as investments in other debt obligations (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	803,969,789.43	Gain or loss on fair-value changes in financial assets and liabilities at fair value through profit or loss
Non-operating income and expense other than the above	2,586,527.25	
Less: Income tax effects	169,501,960.70	
Minority interests effects (after tax)	842,934,695.85	
Total	552,535,003.94	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 31 March 2019

1. Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end	34,074 (including 23,247 A-shareholders and 10,827 B-shareholders)	Number of preferred shareholders with resumed voting rights at the period-end (if any)	0		
Top 10 shareholders					
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Shares in pledge or frozen
China Merchants Investment Development Company Limited	Foreign legal person	64.05%	1,148,648,648	1,148,648,648	0
China Merchants Gangtong Development (Shenzhen) Co., Ltd.	Domestic legal person	20.68%	370,878,000	0	0
Broadford Global Limited	Foreign legal person	3.08%	55,314,208	0	0
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign legal person	2.16%	38,708,339	0	Unknown
National Social Security Fund 101 Portfolio	Fund, wealth management instrument, etc.	0.18%	3,304,101	0	Unknown
NORGES BANK	Foreign legal person	0.16%	2,802,863	0	Unknown

China Merchants Securities (HK) Co., Ltd.	State-owned legal person	0.14%	2,590,937	0	Unknown
Mai Shuqing	Domestic natural person	0.13%	2,350,247	0	Unknown
Vanguard Emerging Markets Stock Index Fund	Foreign legal person	0.10%	1,763,746	0	Unknown
Canada Post Corporation Registered Pension Plan	Foreign legal person	0.07%	1,292,406	0	Unknown
Top 10 unrestricted shareholders					
Name of shareholder	Unrestricted shares held	Shares by type			
		Type	Shares		
China Merchants Gangtong Development (Shenzhen) Co., Ltd.	370,878,000	RMB-denominated ordinary stock	370,878,000		
Broadford Global Limited	55,314,208	Domestically listed foreign stock	55,314,208		
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	38,708,339	Domestically listed foreign stock	38,708,339		
National Social Security Fund 101 Portfolio	3,304,101	RMB-denominated ordinary stock	3,304,101		
Norges Bank	2,802,863	Domestically listed foreign stock	2,802,863		
China Merchants Securities (HK) Co., Ltd.	2,590,937	Domestically listed foreign stock	2,590,937		
Mai Shuqing	2,350,247	RMB-denominated ordinary stock	2,350,247		
Vanguard Emerging Markets Stock Index Fund	1,763,746	Domestically listed foreign stock	1,763,746		
Canada Post Corporation Registered Pension Plan	1,292,406	Domestically listed foreign stock	1,292,406		
Chen Zehong	1,240,000	RMB-denominated ordinary stock	1,240,000		
Related or acting-in-concert parties among the shareholders above	China Merchants Gangtong Development (Shenzhen) Co., Ltd. is a wholly-owned subsidiary of Broadford Global Limited, and Broadford Global Limited is the controlling shareholder of China Merchants Investment Development Company Limited. The Company does not know whether the other unrestricted shareholders are related parties or not.				
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A				

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

Yea No

2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

Part III Significant Events

I Changes in Major Accounting Data and Financial Indicators for the Reporting Period, As Well As Reasons for Such Changes

√ Applicable □ Not applicable

Unit: RMB

Item	31 March 2019	1 January 2019	Change (%)	Explanation of Change
Notes receivable	182,523,102.29	11,608,669.43	1472.30%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period
Accounts receivable	1,640,858,015.96	1,109,230,503.08	47.93%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period
Prepayments	201,216,459.84	81,845,182.30	145.85%	Increase in the prepayments by subsidiaries for machinery equipment, and the effect of the accounting rules governing leases
Inventories	161,659,512.30	108,567,270.02	48.90%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period
Other non-current financial assets	2,939,477,551.93	2,087,872,081.94	40.79%	Changes in the fair value of investments in Qingdao Port and Ningbo Zhoushan Port
Right-of-use assets	6,505,658,114.64	6,549,564,031.55	-0.67%	Right-of-use assets recognized as per the new accounting standards governing leases
Fixed assets	26,540,880,013.69	17,477,797,429.30	51.85%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period, normal depreciation allowances, exchange rate fluctuations and the effect of the new accounting standards governing leases
Deferred income tax assets	120,520,020.83	66,708,157.19	80.67%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period
Other non-current assets	2,119,736,766.29	395,191,485.98	436.38%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period
Short-term borrowings	7,669,361,618.42	3,425,291,312.62	123.90%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period, and increase in short-term bank loans for investment purposes
Long-term payables	2,027,482,133.04	1,252,860,200.23	61.83%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period
Lease liabilities	989,868,412.75	1,020,239,824.73	-2.98%	Lease liabilities recognized according to the new accounting standards governing leases
Item	Q1 2019	Q1 2018	Change (%)	Explanation of Change
Financial expense	431,930,403.64	275,761,221.02	56.63%	Increase in interest expense due to an increase in the average balance of interest-bearing liabilities

investment income	1,491,659,164.10	684,366,403.71	117.96%	The Company took control of Zhanjiang Port in the current period, and return on investment was recognized and measured on the long-term equity investment in Zhanjiang Port formerly at fair value
Gain on changes in fair value	803,456,059.74	137,919,530.28	482.55%	Increase in the net gain on changes in the fair value of trading financial assets
Income tax expense	428,680,888.19	196,407,949.26	118.26%	Increase in deferred income tax liabilities due to an increase in the gain on changes in the fair value of equity interests held
Item	Q1 2019	Q1 2018	Change (%)	Explanation of Change
Cash received from sale of commodities and rendering of services	2,647,510,819.37	1,819,094,588.96	45.54%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period, and the inclusion of TCP as a new entity in the consolidation financial statements in February 2018
Cash received from other operating activities	437,792,411.01	163,911,046.96	167.09%	A government subsidy for the western channel in the current year
Taxes paid	225,198,426.64	126,141,464.22	78.53%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period, and the inclusion of TCP as a new entity in the consolidation financial statements in February 2018
Net proceeds from the disposal of subsidiaries and other business units	-	1,411,633,655.68	-100.00%	The security deposit received last year for the transfer of equity interests in China Merchants Gangtong Development (Shenzhen) Co., Ltd.
Cash received from other investing activities	1,315,937,327.03	-	-	The balance of monetary capital of Zhanjiang Port, which is included as a new entity into the consolidated financial statements of the current period
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	650,139,928.72	481,958,576.95	34.90%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period, and the inclusion of TCP as a new entity in the consolidation financial statements in February 2018
Cash paid for investing activities	415,845,100.00	63,458,839.54	555.30%	The acquisition of a 3.4223% interest in Zhanjiang Port in the current period
Net payments for the acquisition of subsidiaries and other business units	-	4,844,558,474.75	-100.00%	The acquisition of TCP last year
Cash paid for other investing activities	255,659,104.33	25,463,391.23	904.03%	The purchase of structured deposits not repaid on demand in the current period
Cash received from capital contributions	460,518,459.96	15,950,000.00	2787.26%	Equity funds received by Zhanjiang Port from its non-controlling shareholders in the current period
Increase in cash borrowings obtained	5,720,896,211.18	9,562,436,640.00	-40.17%	Decrease in borrowings obtained in the current period
Cash paid for interest expenses and distribution of dividends or profit	575,131,285.06	231,250,932.71	148.70%	Increase in interest expense due to an increase in the average balance of interest-bearing liabilities
Cash paid in other financing activities	114,109,500.00	31,028,691.80	267.75%	The inclusion of Zhanjiang Port as a new entity into the consolidated financial statements of the current period

II Progress, Influence and Solutions with regard to Significant Events

√ Applicable □ Not applicable

Summary of the significant event	Disclosure date	Index to the related announcement
<p>The acquisition of assets and related-party transactions</p> <p>On 2 January 2019, the Company and Sinotrans Guangdong signed the Share Transfer Agreement of Zhanjiang Port (Group) Co., Ltd. in Shenzhen. By the signing of the Agreement, the Company was granted 201,034,548 ordinary shares of Zhanjiang Port held by Sinotrans Guangdong, which accounted for 5% of the total shares issued by Zhanjiang Port on the date of signing the Agreement, with a consideration valued at RMB375,334,390. On 2 January 2019, the Proposal on the Signing of Share Transfer Agreement of Zhanjiang Port (Group) Co., Ltd. between the Company and Sinotrans Guangdong was deliberated and approved by the 1st Extraordinary Meeting of the 9th Board of Directors of the Company in 2019.</p> <p>As of 4 January 2019, the share purchase has completed the registration changing procedures and changing filing procedures for foreign-invested enterprises. And the 5% of shares of Zhanjiang Port held by Sinotrans Guangdong has registered under the Company.</p>	<p>3 January 2019</p> <p>5 January 2019</p>	<p>Refer to http://www.cninfo.com.cn for details of relevant announcements on resolutions (announcement No. 2019-002 and announcement No. 2019-003)</p>
<p>Foreign investment of wholly-owned subsidiaries and related-party transactions</p> <p>On 8 January 2019, the wholly-owned subsidiary of the Company CWH (H.K.) signed the Agreement on Capital Increase of Zhanjiang Port (Group) Co., Ltd. with Zhanjiang Infrastructure Investment and Zhanjiang Port (hereinafter referred to as the "Capital Increase Agreement"). According to the provisions of the Capital Increase Agreement, Zhanjiang Port intends to issue 1,853,518,190 additional common shares at the price of RMB1.867 per share or equivalent foreign currency to increase its registered capital to RMB5,874,209,145. CWH (H.K.) proposed to subscribe for 1,606,855,919 common shares, accounting for 27.3544% of the shares issued by Zhanjiang Port on the date of issuance of the subscribed shares, with a total amount up to RMB3,000,000,000.77 or equivalent foreign currency (hereinafter referred to as "the transaction"); Zhanjiang Infrastructure Investment proposed to subscribe 246,662,271 common shares, accounting for 4.1991% of the shares issued by Zhanjiang Port on the date of issuance of the subscribed shares, with a total amount up to RMB460,518,459.96.</p> <p>The Proposal on Capital Increase of Wholly-owned Subsidiary to Zhanjiang Port (Group) Co., Ltd. was deliberated and approved by the 2nd Extraordinary Meeting of the 9th Board of Directors held by the Company on 8 January 2019 and the 1st Extraordinary General Meeting of 2019 held on 24 January 2019 respectively.</p> <p>On 2 February 2019, CWH (H.K.) received the Decision on the Non-implementation of Further Investigation on Anti-Monopoly Review on Enterprise Centralization (Decision No. [2019]56) issued by the State Administration of Market Regulation. The State Administration of Market Regulation, after investigation, decided not to carry out further investigation on this transaction, and CWH (H.K.) might implement concentration of undertakings from the date of issuance of the decision. As of 3</p>	<p>9 January 2019</p> <p>25 January 2019</p> <p>12 February 2019</p>	<p>Refer to http://www.cninfo.com.cn for details of relevant announcements on resolutions (announcement No. 2019-005, announcement No. 2019-013 and announcement No. 2019-018)</p>

<p>February 2019, the registration and filing procedures of the transaction for business change was finished, and the capital increase to Zhanjiang Port by the Company's wholly-owned subsidiary CWH (H.K.) was completed.</p>		
<p>Land integration and reorganization in Qianhai by wholly-owned subsidiary of majority-owned subsidiary and related-party transactions</p> <p>In order to implement the Comprehensive Planning for Qianhai Shenzhen Hongkong Modern Service Industry Cooperation Zone of Shenzhen and the Comprehensive Planning for Shekou District in Qianhai and the surrounding Nanshan District in China (Guangdong) Pilot Free Trade Zone, which are made by the State Council and Shenzhen Municipal Government, to promote the development of Qianhai-Shenzhen-Hong Kong Cooperation Zone and Qianhai Shekou Free Trade Zone, the Company signed the Agreement on Land Integration and Reorganization with SZPL, SZQH and CMG, and CMG, Qianhai Investment Holdings, and CM Qianhai Industrial and other relevant parties signed the Joint Venture Cooperation Agreement, to clarify the implementation plans for land integration and reorganization and the joint venture cooperation in Qianhai.</p> <p>To realize the implementation plans of land integration and reorganization and the joint venture cooperation in Qianhai, SZQH recovered all the land use rights under the original plan of 19 land-holding companies within the scope and in accordance with the Agreement on Land Integration and Reorganization, and evaluated the land compensation amount of about RMB43.21 billion by calculation (the base date of evaluation is 1 January 2015); and then SZQH replaced the land-use rights under the new plan whose value equals the compensation value of the land mentioned above with CM Chidi (with 14% of shares held by Ansuje and Antongjie) (the base date of evaluation is 1 January 2015, hereinafter referred to as the "land for replacement with China Merchants"); SZQH invested part of the land invested by Qianhai into Qianhai Investment Holdings to become one of its shareholders, and then the land use right were invested into Qianhai Hongyu by Qianhai Investment Holdings, who became a shareholder of Qianhai Hongyu; CM Qianhai Industrial and Qianhai Investment Holdings increased the capital of the joint venture company with the 100% equity of CM Chidi and Qianhai Hongyu respectively, and the party with insufficient equity made up for the cash consideration to ensure that CM Qianhai Industrial and Qianhai Investment Holdings holds 50% equity of the joint venture company respectively after the capital increase.</p> <p>In order to harmonize the economic interest relationships between CM Chidi and the 19 land-holding companies due to the acquisition of land for investment replacement, CM Chidi signed the Agreement on Confirmation of Compensation for Creditor's Rights with the 19 land-holding companies to determine the amount and proportion of land compensation for creditor's rights of the 19 land-holding companies. Ansuje and Antongjie will receive about RMB5.693 billion from CM Chidi as compensation for the land use rights of about 471,800 square meters, accounting for 13.1758% of the total amount of land compensation for creditor's rights. In order to keep the proportion of land compensation for creditor's rights in line with the proportion of 14% equity held indirectly by CMPort Holdings, Antongjie, Shekou Asset Management and CM Chidi</p>	<p>12 January 2019 26 February 2019</p>	<p>Refer to http://www.cninfo.com.cn for details of relevant announcements on resolutions (announcement No. 2019-008 and announcement No. 2019-020)</p>

<p>signed the Agreement on Transfer of Creditor's Rights, to stipulate that Antongjie will purchase 0.8242% of land compensation for creditor's rights from Shekou Asset Management, with an amount of creditor's rights up to about RMB356 million. In addition, 55% of the total area of T102-0166 and T102-0167 plots owned by Ansuje and Antongjie and the corresponding shorelines (about 5313,000 square meters of land area) are replaced to Phase II of Dachanwan Port Area according to the principle of equal area (including corresponding shorelines). Ansuje and Antongjie no longer enjoy the compensation of land value under the new and original planning conditions for the above-mentioned land area. The specific replacement scheme shall be determined by SZPL, CMG, Antongjie and Ansuje after further consultation with relevant departments.</p> <p>In order to pay off the above-mentioned land compensation debts, CM Qianhai Industrial signed the Agreement on Capital Increase to CM Qianhai Industrial with 19 land-holding companies, to stipulate that the former 19 land-holding companies will increase their investment to CM Qianhai Industrial by about RMB43.210 billion in cash, of which about RMB6.049 billion would be raised by Ansuje and Antongjie. With these increased capital funds, CM Qianhai Industrial will increase its investment in cash to its wholly-owned subsidiary CM Chidi, who will pay off the land compensation debts to the 19 land-holding companies with such increased capital funds. In addition, in order to raise funds for cooperative cash consideration, the 19 land-holding companies will increase their investment to CM Qianhai Industrial by no more than RMB15 billion with the same proportion of cash, of which, the incremental funds of Ansuje and Antongjie will not exceed RMB2.1 billion. CM Qianhai Industrial will increase investment to its wholly-owned subsidiary CM Chidi with such increased capital funds to pay for the cash consideration for the joint venture (including but not limited to advance payment and sincerity deposit, etc.), or pay the joint venture cash consideration directly to the joint venture company (including but not limited to advance payment and sincerity deposit, etc.). The cash consideration for the joint venture shall be determined by the evaluation agency entrusted by CM Qianhai Industrial and Qianhai Investment Holdings, who will evaluate the 100% equity of CM Chidi and Qianhai Hongyu in accordance with the Joint Venture Cooperation Agreement. As the specific amount has not been determined yet, investors should notice to the investment risk.</p> <p>The Proposal on Land Integration and Reorganization in Qianhai by Wholly-owned Subsidiary of Majority-owned Subsidiary was deliberated and approved by the 3rd Extraordinary Meeting of the 9th Board of Directors held by the Company on 11 January 2019 and the 2nd Extraordinary General Meeting of 2019 held on 25 February 2019 respectively.</p>		
<p>Related-party transactions of Majority-owned subsidiaries</p> <p>On 22 January 2019, the Company's majority-owned subsidiaries, CMPort Holdings, CMI, Cheer Signal Investment Limited and Lac Assal signed the Supplementary Agreement II on Shareholder Agreement of Lac Assal (hereinafter referred to as the "Capital Increase Agreement") to stipulate that the ports of CMPort Holdings, CMI and Cheer Signal Investment Limited shall increase the capital of Lac Assal by means of cash contribution according to the proportion of their shareholder's equity. The total</p>	23 January 2019	Refer to http://www.cninfo.com.cn for details of relevant announcement on resolutions (announcement No. 2019-012)

<p>amount of capital to increase is USD30,000,000, including USD12,000,000 to be increased by CMPort Holdings, USD12,000,000 to be increased by CMI and USD6,000,000 to be increased by Cheer Signal Investment Limited (hereinafter referred to as the “capital increase”). After the capital increase, the registered capital of Lac Assal will increase to USD60,060,000. The proportion of shares of CMPort Holdings, CMI and Cheer Signal Investment Limited will remained unchanged as 40%, 40% and 20% respectively.</p> <p>The Proposal on Joint Capital Increase of Majority-owned Subsidiaries and Related Parties to Lake Asaler was deliberated and approved by the 4th Extraordinary Meeting of the 9th Board of Directors held by the Company on 22 January 2019.</p>		
<p>Related-party guarantee provided by majority-owned subsidiary for its shareholding subsidiary</p> <p>Khor Ambado Fzco, a shareholding subsidiary of the Company’s majority-owned subsidiary CMPort Holdings, is planning to apply for a loan of USD240 million from the National Development Bank for the construction project in Djibouti Free Trade Zone with a term of 13 years. CMPort Holdings intends to provide joint and several liability guarantee for the loan according to the proportion of its shareholding in KHOR AMBADO FZCO. The guaranteed amount includes the principal of the loan (USD240 million*12%=USD228.8 million) and the corresponding interest, expenses (if any), penalty (if any) and so on. The term of guarantee shall be from the effective date of the guaranty contract to the expiration date of the performance period of the debt under the main contract.</p> <p>The Proposal on Related-party Guarantee Provided by Majority-owned Subsidiary for Its Shareholding Subsidiary was deliberated and approved by the 5th Meeting of the 9th Board of Directors held by the Company on 28 March 2019 and the 3rd Extraordinary General Meeting of 2019 held on 15 April 2019 respectively.</p>	<p>30 March 2019 16 April 2019</p>	<p>Refer to http://www.cninfo.com.cn for details of relevant announcements on resolutions (announcement No. 2019-028 and announcement No. 2019-038)</p>
<p>The Signature of land lease agreement by wholly-owned subsidiary of majority-owned subsidiary and related-party transactions</p> <p>CMHD, a wholly-owned subsidiary of the Company’s majority-owned subsidiary CMPort Holdings, and Khor Ambado Fzco, a shareholding subsidiary of CMPort Holdings, signed the Land Lease Agreement (hereinafter referred to as the “Land Leasing Agreement”) on 28 March 2019 to stipulate that CMHD shall lease the land in B06/B07 plot owned by Khor Ambado Fzco in Djibouti Free Trade Zone, which covers an area of 137,801.63 square meters, with a total rent of USD27,756,004.31 for a lease period from the date of entry into force of the Land Lease Agreement to 14 August 2116.</p> <p>The Proposal on the Signature of Land Lease Agreement by Wholly-owned Subsidiary of Majority-owned Subsidiary and Related-party Transactions was deliberated and approved by the 5th Meeting of the 9th Board of Directors held by the Company on 28 March 2019.</p>	<p>30 March 2019</p>	<p>Refer to http://www.cninfo.com.cn for details of relevant announcement on resolutions (announcement No. 2019-029)</p>

Progress of any share repurchase:

Applicable Not applicable

Progress of any reduction of the repurchased shares through centralized bidding:

Applicable Not applicable

III Commitments that the Company's Actual Controller, Shareholders, Related Parties, Acquirers, the Company Itself or Other Parties, Failed to Fulfill on Time during the Reporting Period

Applicable Not applicable

IV Operating Performance Forecast for January-June 2019

Warning of a forecast loss on or a forecast significant year-on-year change in the net profit of January-June 2019, as well as explanation of why:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Beginning carrying value	Gain/loss on fair value changes in the Reporting Period	Cumulative fair value changes recorded into equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying value	Accounting item	Capital resources
Stock	601018	Ningbo Port	592,183,095.14	Fair value method	1,361,414,474.58	441,455,106.93	0	0	0	0	1,773,099,689.84	Trading financial assets	Self-owned
Stock	06198	Qingdao Port	124,405,138.80	Fair value method	190,401,046.01	8,511,687.22	0	0	0	0	194,891,593.44	Trading financial assets	Self-owned
Stock	601298	Qingdao Port	331,404,250.30	Fair value method	413,280,000.00	437,920,000.00	0	0	0	0	851,200,000.00	Trading financial assets	Self-owned
Stock	600377	Jiangsu Expressway	1,120,000.00	Fair value method	9,800,000.00	0	75,000.00	0	0	0	9,900,000.00	Other investments in equity instruments	Self-owned
Stock	400032	Petrochemical A1	3,500,000.00	Fair value method	382,200.00	0	0	0	0	0	382,200.00	Other investments in equity instruments	Self-owned
Stock	400009	Guang Jian 1	27,500.00	Fair value method	17,000.00	0	0	0	0	0	17,000.00	Other investments in equity instruments	Self-owned
Total			1,052,639,984.24	--	1,975,294,720.59	887,886,794.15	75,000.00	0	0	0	2,829,490,483.28	--	--

VI Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000

Operator	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Starting date	Ending date	Beginning investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Ending investment amount	Proportion of ending investment amount in the Company's ending net assets	Actual gain/loss in the Reporting Period
Financing institution	Non-related party	No	Forward foreign exchange purchasing	4,961.18	9 March 2018	28 February 2019	4,961.18	0	4,961.18	0	0	0.00%	-332.39
Financing institution	Non-related party	No	Currency swap	20,177.33	29 March 2018	26 March 2019	20,177.33	0	20,177.33	0	0	0.00%	-1,496.24
Financing institution	Non-related party	No	Forward foreign exchange purchasing	173.63	4 April 2018	26 March 2019	173.63	0	173.63	0	0	0.00%	
Financing institution	Non-related party	No	Forward foreign exchange purchasing	42.88	15 June 2018	21 March 2019	42.88	0	42.88	0	0	0.00%	
Financing institution	Non-related party	No	Forward foreign exchange purchasing	4,885.98	15 June 2018	8 May 2019	4,885.98	0		0	4,885.98	0.06%	-102.24
Total				30,241.00	--	--	30,241.00	0	25,355.02		4,885.98	0.06%	-1,930.87
Source of money used for investment				All from the Company's own funds									
Legal matters involved (if applicable)				N/A									
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				In order to reduce the risks resulted from changes in exchange rate of foreign currency loans, the Company locked the principal and interests exchange rate of US\$46.65 million foreign currency loans. Within the time limit and scope of foreign currency loans, risks of changes in exchange rate can be reduced by locking the forward exchange rate.									
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)				Gain and loss on forward financial contracts was RMB-19.3087 million in the Reporting Period.									
Significant changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period				N/A									
Opinion of independent directors on derivative investments and risk control				N/A									

VII Communications with the Investment Community such as Researches, Inquiries and Interviews during the Reporting Period

Applicable Not applicable

Date	Way of communication	Type of communication party	Index to main information communicated
January-March 2019	By phone and written inquiry (through the EasyIR platform of SZSE)	Individual	Main inquiry: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ssessgs/S001872/index.html)

VIII Irregularities in the Provision of Guarantees

Applicable Not applicable

IX Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

X Progress Made on Internal Control

In the first quarter of 2019, according to the results of the work flow combing of internal control for 2018, the sample test of drafts, internal control defect sheet and the rectification report on internal control, the Company produced the 2018 annual internal control self-evaluation report, which was disclosed after review and approval at the 5th Meeting of the 9th Board of Directors and the 5th Meeting of the 9th Supervisory Committee.

The Company engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP to audit the effectiveness of its 2018 financial reporting internal control. A standard auditor's report with unqualified opinion was issued by DDT and later disclosed by the Company.

Currently, the Company has conducted its internal control activities in 2019, including 1) renewed the list of the internal control task group members; 2) formulated the work plan and schedule for internal control in 2019; 3) determined the working range of the internal control (China Merchants Port Group Co., Ltd. and its 24 subordinate companies have been brought into the scope of evaluation of internal control system) and self-assessment procedures of internal control in 2019; 4) conducted self-assessment of internal control; 5) finished the updating of basic data of risk control.

The Company has completed the internal control work in 2018 according to the schedule in the internal control work plan for 2018, as well as the preparations for its internal control activities in 2019 according to the schedule in the internal control work plan for 2019, with no deviation or delay.

XI Deposits in and Loans Provided by a Finance Company

The Proposal on Signing Financial Service Agreement with Sinotrans & CSC Finance Co., Ltd. was reviewed and approved on the Second Meeting of the 9th Board of Directors held by the Company on 23 August 2017, in which, the Company was agreed to signed

the Financial Service Agreement with Sinotrans & CSC Finance Co., Ltd. (renamed China Merchants Group Finance Co., Ltd. from August 2017) with the period of three years.

The Proposal on Adjusting Limit of Deposits and Loans and Signing Supplementary Agreement to Financial Service Agreement with China Merchants Group Finance Co., Ltd and the Related-party Transactions was reviewed and approved on the 5th Meeting of the 9th Board of Directors held by the Company on 28 March 2019, in which, the Company was agreed to signed Supplementary Agreement to Financial Service Agreement with China Merchants Group Finance Co., Ltd. At the end of the Reporting Period, deposits in and loans provided by China Merchants Group Finance Co., Ltd. were as follows:

Unit: RMB'0,000

Item	Beginning balance	Increase	Decrease	Ending balance
I. Deposits in China Merchants Group Finance Co., Ltd.	3,838.72	6,072.36	6,782.81	3,128.28
II. Loans provided by China Merchants Group Finance Co., Ltd.	77,500.00	31,500.00	5,500.00	103,500.00

XII Explain Change of the Accounting Policy, Accounting Estimate and Measurement Methods as Compared with the Financial Reporting of Last Year

The Accounting Standards for Business Enterprises No. 21 – Lease (hereinafter referred to as “New lease standard”) revised and issued by Ministry of Finance on 7 December 2018 required that enterprises listed both domestically and overseas and enterprises listed overseas who prepare the financial statements by International Financial Reporting Standards or Accounting Standards for Business Enterprises shall implement it from 1 January 2019, and other enterprises implementing the Accounting Standards for Business Enterprises shall implement it from 1 January 2021. According to the requirements of Ministry of Finance, enterprises whose subsidiaries are listed overseas and prepare the financial statements by International Financial Reporting Standards or Accounting Standards for Business Enterprises can implement the new lease standard in advance. The Company, in accordance with the requirements of Ministry of Finance, implemented the new lease standard from 1 January 2019. For details, see Announcement on Changes in Accounting Policies (Announcement No.: 2019-031) published by the Company on <http://www.cninfo.com.cn> dated 30 March 2019.

According to the regulations of the new standards, the Company did not adjust the information during comparative period, executed the accumulative influence number of the standard for the first time, and adjusted the beginning retained earnings and the amount of other related items in financial statements. The Group has disclosed the balance sheet with new standards being implemented for the first day of 1 January 2019 in financial statements of this Report.

For and on behalf of the Board

Bai Jingtao

Legal representative of

China Merchants Port Group Co., Ltd.

Dated 30 April 2019