



招商局港口控股有限公司
CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

Stock Code 股份代號 : 00144

WE CONNECT THE WORLD

2024
INTERIM REPORT
中期報告



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Corporate Information

BOARD OF DIRECTORS

Mr. Feng Boming² (*Chairman*)
Mr. Xu Song¹ (*Vice Chairman and Chief Executive Officer*)
Mr. Yim Kong² (*Vice Chairman*)
Mr. Lu Yongxin¹ (*Managing Director*)
Mr. Tu Xiaoping¹ (*Chief Financial Officer*)
Mr. Yang Guolin²
Mr. Chan Hiu Fung Nicholas³
Ms. Chan Yuen Sau Kelly³
Mr. Li Ka Fai David³
Mr. Wong Chi Wing³
Ms. Wong Pui Wah³

AUDIT COMMITTEE

Mr. Li Ka Fai David³ (*Chairman*)
Mr. Chan Hiu Fung Nicholas³
Ms. Chan Yuen Sau Kelly³
Mr. Wong Chi Wing³
Ms. Wong Pui Wah³

NOMINATION COMMITTEE

Ms. Chan Yuen Sau Kelly³ (*Chairman*)
Mr. Xu Song¹
Mr. Chan Hiu Fung Nicholas³
Mr. Wong Chi Wing³
Ms. Wong Pui Wah³

REMUNERATION COMMITTEE

Mr. Chan Hiu Fung Nicholas³ (*Chairman*)
Mr. Tu Xiaoping¹
Ms. Chan Yuen Sau Kelly³
Mr. Li Ka Fai David³
Mr. Wong Chi Wing³

ESG COMMITTEE

Mr. Feng Boming² (*Chairman*)
Mr. Xu Song¹
Mr. Yim Kong²
Mr. Lu Yongxin¹
Ms. Wong Pui Wah³

REGISTERED OFFICE

38th Floor, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. Leung Chong Shun, Practising Solicitor

PRINCIPAL BANKERS

Bank of China
China Merchants Bank
China Construction Bank
Industrial and Commercial Bank of China
DBS Bank Ltd.

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISER

Allen Overy Shearman Sterling

STOCK CODE

00144

REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
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WEBSITE

<http://www.cmport.com.hk>

1. Executive Director
2. Non-executive Director
3. Independent Non-executive Director

Financial Highlights

	For the six months ended 30 June		Year-on-year changes
	2024	2023	
	HK\$'million	HK\$'million	
Consolidated statement of profit or loss highlights			
Revenue	5,795	5,805	(0.2%)
Profit attributable to equity holders of the Company	4,452	3,351	32.9%
Non-recurrent gains, net of tax ¹	(298)	(26)	1,046.2%
Recurrent profit	4,154	3,325	24.9%
Earnings per share (HK cents)			
Basic	106.05	83.69	26.7%
Dividend per share (HK cents)			
Interim dividend	25.00	22.00	13.6%
Consolidated statement of cash flows highlights			
Net cash generated from operating activities	4,251	2,397	77.4%

	30 June	31 December	Changes
	2024	2023	
	HK\$'million	HK\$'million	
Consolidated statement of financial position highlights			
Total assets	170,974	172,314	(0.8%)
Capital and reserves attributable to equity holders of the Company	103,467	102,155	1.3%
Net interest-bearing debts and lease liabilities ²	22,747	25,159	(9.6%)

	For the six months ended 30 June		Year-on-year changes
	2024	2023	
	HK\$'million	HK\$'million	
Revenue			
Ports operation	5,402	5,406	(0.1%)
Bonded logistics operation	292	301	(3.0%)
Other operations	101	98	3.1%
Total	5,795	5,805	(0.2%)
EBITDA³			
Ports operation	3,562	3,184	11.9%
Bonded logistics operation	151	164	(7.9%)
Other operations	59	54	9.3%
Total	3,772	3,402	10.9%
Share of profits less losses of associates and joint ventures	3,335	3,057	9.1%
Non-recurrent gains	401	57	603.5%
Corporate function	(137)	(175)	(21.7%)
Finance costs, net	(691)	(666)	3.8%
Taxation	(730)	(516)	41.5%
Depreciation and amortisation	(1,036)	(1,175)	(11.8%)
Non-controlling interests and holders of perpetual capital securities	(462)	(633)	(27.0%)
Profit attributable to equity holders of the Company	4,452	3,351	32.9%

1 Include net change in fair value of financial assets (equity investments) at FVTPL, net of tax of HK\$302 million (2023: net of tax of HK\$29 million) and net change in fair value of investment properties, net of tax of HK\$4 million (2023: net of tax of HK\$3 million).

2 Total interest-bearing debts and lease liabilities less cash and bank balances.

3 Earnings of the Company and its subsidiaries before finance costs, net, taxation, depreciation and amortisation, but excluding share of profits less losses of associates and joint ventures, non-recurrent gains, corporate function, profit attributable to non-controlling interests and holders of perpetual capital securities.

Management Discussion and Analysis



GENERAL OVERVIEW

In the first half of 2024, the development of the global economy maintained significant resilience, with relatively steady economic growth. As global inflation levels receded, the supply situation has seen favorable changes, including the fading of energy price shocks and a significant rebound in labor supply in the developed economies. According to the data from Eurostat, the developed economies recovered slowly which were supported by favorable factors such as declining inflation, recovery in purchasing power, and continuous employment growth. In the first quarter of 2024, the GDP of the EU grew by 0.6% year-on-year and 0.3% quarter-on-quarter. Emerging economies showed resilience, among that, the growth in Southeast Asia markets were particularly prominent. In the first quarter of the year, Vietnam's GDP grew by 5.7% year-on-year, Indonesia's GDP grew by 5.1% year-on-year, and Malaysia's GDP grew by 4.2% year-on-year. However, the global economic growth has been still facing adverse risks such as geopolitical conflicts and inflation, and the medium-term growth prospect has been remaining at a low-to-mid level. According to the "World Economic Outlook" report published by the IMF in July 2024, the global economy in 2024 was expected to grow by 3.2%, representing a decrease of 0.1 percentage point as compared to the growth rate in 2023.

In terms of global trade, the decline in energy prices and the easing of inflation have been benefitted for consumer demand. However, geopolitical tensions in some regions, the Red Sea crisis effect, and policy uncertainties in various countries might limit the extent of trade rebound. IMF projected the global trade volume (including goods and services) to grow by 3.1% in 2024, up 2.3 percentage points year-on-year.

During the first half of 2024, China faced a severe and complex macroeconomic situation and adhered to the general principle of "seeking progress while maintaining stability, stable yet progressive growth, and breakthrough after revitalization". Various macroeconomic policies were effectively implemented, and the national economic development remained stable while making progress. According to the data from the National Bureau of Statistics of China, China's GDP amounted to RMB61.68 trillion during the first half of 2024, representing a year-on-year growth of 5.0% at constant prices. In terms of trade, the improvement in the global trade situation has strongly driven the stable growth of China's foreign trade. The recovery in demand from the developed economies, such as Europe and the US, along with the global technology industry's entry into an upward cycle, have also brought positive effects to the recovery of external demand. According to the statistics of the General Administration of Customs of China, the total value of China's export and import trade amounted to RMB21.17 trillion during the first half of 2024, representing a year-on-year increase of 6.1%. Among which, the exports amounted to RMB12.13 trillion, representing a year-on-year increase of 6.9%; and the imports amounted to RMB9.04 trillion, representing a year-on-year increase of 5.2%. The trade surplus was RMB3.09 trillion, which expanded by 12.0%.

Management Discussion and Analysis

In the first half of 2024, the uncertainties in the container shipping market increased led the international freight rates underwent a roller coaster ride. On the supply side, according to data from Alphaliner, the total capacity of global container vessels exceeded 30 million TEUs for the first time as of the first half of 2024, with a net increase of 1.61 million TEUs in container vessel capacity, accounting for about 5.3% of the total container capacity. The growth rate of container vessel capacity was expected to be 10.6% in 2024. On the demand side, the growth rate of global port container throughput would reach 3.0% in 2024. Based on the analysis of supply and demand structure, the container shipping market in 2024 was expected to have an oversupply. However, due to external disturbances such as the Red Sea crisis, the effective capacity gap on main routes has widened, and demand growth was stronger than expected. The shipping companies expected that port congestion and capacity shortage would continue in the short term, and freight rates would remain high. Nevertheless, given the complex and ever-changing market landscape and the continued structural overcapacity, the increasing room for freight rate confined. Moreover, the major shipping companies were actively changing their business strategies to satisfy the increasingly diverse service needs of customers and continuously making efforts in key areas such as extending both ends of the logistics supply chain, shipping finance and digital intelligence, as well as green and low-carbon initiatives, aiming to provide customers with more efficient and higher quality services across a broader range of business scopes. The maritime market stepped in a new competitive phase.

Driven by the recovery of the global economy and trade, as well as the upward trend in the international shipping market, the global port industry maintained a high growth rate, with container throughput at major hub ports increasing to varying degrees. According to the data from Alphaliner, taking the world's top 20 ports (excluding Port of Tanger Med and Ho Chi Minh Port) as example saw varying degrees

of growth across all regions in the first quarter of 2024. Among which, the ports in Greater China achieved a throughput of 56.07 million TEUs, representing an increase of 8.8% year-on-year; the ports in Southeast Asia achieved a throughput of 18.59 million TEUs, representing an increase of 10.8% year-on-year; the ports in Europe and North America achieved throughput of 6.58 million TEUs and 4.38 million TEUs respectively, representing increases of 4.0% and 23.2% year-on-year; the ports in the Middle East (Dubai Port) and Northeast Asia (Busan Port) achieved throughput of 3.63 million TEUs and 6.01 million TEUs respectively, representing increases of 3.5% and 5.9% year-on-year. Thanks to the stable growth of China's foreign trade imports and exports,



the container throughput growth rate of the ports in China outperformed comparing to the same period of last year. According to the data published by the Ministry of Transport of China, the accumulated container throughput handled by ports in Mainland China reached 161.84 million TEUs in the first six months of 2024, representing an increase of 8.5% year-on-year, which was 3.7 percentage points higher than the same period of last year. Of which, the accumulated container throughput handled by coastal ports reached 142.13 million TEUs, representing a year-on-year increase of 8.6%, which was an increase of 4.4 percentage points as compared to the same period of last year.

BUSINESS STRATEGY DEPLOYMENT

In the first half of 2024, the Group continued to follow the working direction of “seeking progress while maintaining stability, stable yet progressive growth, and breakthrough after revitalization”, capturing the opportunities of global economic and trade recovery and the rebound of the international shipping market. The Group focused on endogenous growth and innovation and upgrade. Through reform-driven development, the Group achieved significant results in global layout, advanced the development of the homebase port to a new level, and made substantial progress in lean operations. The Group’s key performance indicators showed better growth, taking solid steps towards high-quality development.



Management Discussion and Analysis

As for homebase port construction, the Group maintained its locational advantages and extended the industrial chain. The performance of the West Shenzhen Port Zone surpassed the level of whole Shenzhen Port and its volume growth of container business higher than the container volume growth of whole Shenzhen Port, reaching a record high in terms of container throughput; and its bulk cargo business continued to maintain the advantageous position with multiple types of cargos. Sri Lanka homebase port continued to carry out the construction of an international shipping center in South Asia. CICT continuously optimized its routes layout, focusing on expanding the local cargo market and consolidating its fundamental feature, resulting in an increasing market share of local cargo. It also kept extending the industrial chain, building a logistics ecosystem, and strove to develop the South Asia Commercial and Logistics Hub into a new business growth driver. HIPG accelerated its transformation and upgrade, continuously improved its core competitiveness, launched the container business, consolidated the RORO business, actively explored

the value-added services for the RORO business, promoted the refining and chemical project by Sinopec as well as strengthened the infrastructure construction. As a result, it achieved business diversification and rapid growth.

In respect of operation management, the Group strengthened business coordination and intensified lean management. With regard to marketing and commerce, the Group enhanced the service quality and strengthened business coordination. It unified the market and commerce management system and established market information sharing and joint marketing plans, and focused on changes in global shipping alliance routes to form agile business strategies. In terms of lean management, the Group leveraged on SMP to build a one-stop integrated management platform to support the business analysis of container, bulk cargo, logistics park, comprehensive development and smart technology. The Group made use of the smart tools to drive the reform of its operation and management methods, models and concepts. In the





meantime, the Group continued to implement the COE, lean operation working mechanism plan, aiming to serve the strategy, support the business, and create value. By focusing on business pain points and difficulties, the Group optimized the value tree model of lean operation, further improving the management system and giving impetus to strategic goal achievements.

In respect of technological innovation, the Group was committed to building green ports and promoting digital products. The Group has made new breakthroughs in building green ports and promoting digital products. In the first half of 2024, CICT carried out electrification transformation for its 54 trailers, West Shenzhen Port Zone added 175 new electric trailers, and green projects such as new photovoltaic installations were implemented in an orderly manner. CMIT, which is an associate of the Group, entered into a cooperation agreement for the CTOS with Mediterranean Intermodal Terminal Operator, a subsidiary of Grendi Group in Italy. This project is the second one to be launched in Europe following the Thessaloniki Container Terminal in Greece. The Group continued to strengthen technological innovation and service upgrade, and based on

the international perspective, it explored the development of digital ports with business partners to provide smarter and more efficient service solutions for global customers.

Regarding overseas expansion, the Group completed the key project and made new breakthrough in global layout. On 28 June 2024, the Group completed the acquisition of 51% equity interest in NPH. NPH is a company listed on the Indonesia Stock Exchange, primarily engaged in container, multi-purpose and general terminal services in Indonesia, as well as providing port equipment engineering services. It operates two container terminals at Jakarta Port, the largest container port in Indonesia. With this acquisition, the Group has achieved a breakthrough from “zero” in controlling container terminals in Southeast Asia. In the future, the Group will use NPH as a platform and leverage to deeply develop the Indonesian port and logistics market. In addition, the Group is advancing the South Asia Commercial and Logistics Hub Project as planned under the “Port + Logistics” model. This project will not only significantly enhance the local logistics service level but also attract more business to Colombo Port, further enhancing Colombo Port’s position as a hub port in the South Asia region.

Management Discussion and Analysis

In terms of intensifying reform, the Group continued to deepen reform and promote leapfrog development. The Group has focused on “improving its core competitiveness and enhancing its core functions” and continued to deepen the reform. Relevant matters involving reform and innovation have been integrated into the operational indicators of its subsidiaries. In terms of talent selection and employment, the Group has established a hierarchical and categorized, efficient and transparent open recruitment mechanism to ensure that the selection process was fair, impartial, and open. At the same time, the new and energetic talents injected into the development of the Group by continuously cultivated cross-cultural talent. The Group continuously improved the ESG management system, optimized management practices and working policies, and integrated the ESG concept into daily port operations. Meanwhile, the Group has been actively communicating with ESG rating agencies to further enhance the breadth and depth of ESG disclosures. The Group’s ESG performance has been recognized by authoritative institutions and investors, with an ESG rating of BB by MSCI, maintaining the same level as last year.





BUSINESS REVIEW

Ports operation

In the first half of 2024, both the domestic and overseas port markets showed relatively faster growth. The Group's port business outperformed the industry as a whole and increased its market share in major regions. The Group's ports handled a total container throughput of 71.77 million TEUs, up by 7.9% year-on-year. Among which, the Group's ports in Mainland China, Hong Kong and Taiwan contributed

an aggregate container throughput of 53.48 million TEUs, representing an increase of 7.0% year-on-year, which was mainly driven by the Pearl River Delta region and the Bohai Rim region. A total container throughput handled by the Group's overseas ports grew by 10.6% year-on-year to 18.29 million TEUs. Bulk cargo volume handled by the Group's ports increased by 1.7% year-on-year to 274 million tonnes, among which the Group's ports in Mainland China handled a total bulk cargo volume of 269 million tonnes, representing an increase of 1.0% year-on-year.

Management Discussion and Analysis

The gross throughput volume handled by the Group's container terminals for the six months ended 30 June 2024 is as below:

Container Terminals	For the six months ended 30 June		
	2024 thousand TEUs	2023 thousand TEUs	Year-on-year Changes
Mainland China, Hong Kong and Taiwan	53,481	49,960	7.0%
Pearl River Delta region	9,415	7,937	18.6%
West Shenzhen Port Zone	6,938	5,529	25.5%
CMCS and MTL	2,080	1,973	5.4%
CKRTT	397	435	(8.7%)
Yangtze River Delta region	25,510	25,135	1.5%
SIPG	25,510	23,735	7.5%
Ningbo Daxie	0	1,400	(100.0%)
Bohai Rim region	16,109	14,627	10.1%
Liaoning Port	6,028	5,334	13.0%
QQCTU	5,815	5,237	11.0%
Tianjin Port Container Terminal	4,266	4,056	5.2%
Others	2,447	2,261	8.2%
Shantou Port	784	725	8.1%
Zhangzhou Port	194	159	22.0%
Zhanjiang Port	625	559	11.8%
KMCT	844	818	3.2%
Other locations	18,289	16,537	10.6%
CICT	1,725	1,590	8.5%
HIPG	28	—	—
TCP	780	571	36.6%
LCT	802	807	(0.6%)
TICT	138	141	(2.1%)
PDSA	648	366	77.0%
Kumport	620	679	(8.7%)
Terminal Link	13,548	12,383	9.4%
Total	71,770	66,497	7.9%

Pearl River Delta region

The West Shenzhen Port Zone handled a container throughput of 6.94 million TEUs, up by 25.5% year-on-year, which was mainly benefitted from capturing the market opportunities for export growth in its hinterland; and handled a bulk cargo volume of 4.33 million tonnes, up by 2.0% year-on-year. CMCS and MTL in Hong Kong delivered an aggregate container throughput of 2.08 million TEUs, increased by 5.4% year-on-year, which was mainly thanks to the increase in international transshipment cargos. CKRTT handled a total container throughput of 0.40 million TEUs, down by 8.7% year-on-year, and handled a bulk cargo volume of 2.82 million tonnes, up by 68.6% year-on-year, which was mainly driven by the domestic bulk business.

Yangtze River Delta region

SIPG handled a container throughput of 25.51 million TEUs, up by 7.5% year-on-year; and handled a bulk cargo volume of 42.87 million tonnes, up by 1.1% year-on-year. After the Group disposed 45% equity interest in Ningbo Daxie to Ningbo Port in August 2023, no more container throughput contributed from Ningbo Daxie.

Bohai Rim region

In the first half of 2024, Liaoning Port handled a container throughput of 6.03 million TEUs, up by 13.0% year-on-year, which was mainly benefitted from the demand growth of foreign trade market; and handled a bulk cargo volume of 119.55 million tonnes, up by 0.4% year-on-year. Owing to the continuous improvement in regional co-operation and additional shipping routes, QQCTU handled a container throughput of 5.82 million TEUs, representing an increase of 11.0% year-on-year. QQTU handled a bulk cargo volume of 7.21 million tonnes, representing an increase of 5.3% year-on-year. Qingdao Dongjiakou handled a bulk cargo volume of 39.84 million tonnes, up by 3.6% year-on-year. Tianjin Port Container Terminal contributed a container throughput of 4.27 million TEUs, representing an increase of 5.2% year-on-year.

South-East region of Mainland China

Shantou Port handled a container throughput of 0.78 million TEUs, representing an increase of 8.1% year-on-year, which was mainly benefitted from the improvement of business structure; and handled a bulk cargo volume of 1.98 million tonnes, down by 22.0% year-on-year, which was mainly due to the decrease in the import of foreign trading coal. Zhangzhou Port located in the Xiamen Bay Economic Zone handled a container throughput of 0.19 million TEUs, increased by 22.0% year-on-year, mainly attributable to the expansion of cargo sources in its hinterland and newly added shipping routes; its bulk cargo volume decreased by 8.3% year-on-year to 4.07 million tonnes, which was mainly due to the decreased demand in logs. Xia Men Bay Terminals handled a bulk cargo volume of 2.40 million tonnes, down by 14.5% year-on-year, mainly due to the decline in the principal businesses of sandstone and bulk grain.

South-West region of Mainland China

Zhanjiang Port handled a container throughput of 0.63 million TEUs, representing an increase of 11.8% year-on-year, mainly attributable to the exploration of hinterland resources; and handled a bulk cargo volume of 44.42 million tonnes, which remained flat year-on-year.

Taiwan

KMCT in Kaohsiung, Taiwan handled a total container throughput of 0.84 million TEUs, representing an increase of 3.2% year-on-year.

Management Discussion and Analysis

Overseas operation

In the first half of 2024, overseas container and bulk cargo businesses achieved rapid growth as a whole. CICT in Sri Lanka handled a container throughput of 1.73 million TEUs, up by 8.5% year-on-year, which was mainly benefitted from the increase in transshipment cargos due to the Red Sea situation. Seizing the window period of development of transshipment business, HIPG in Sri Lanka launched the container business in the first half of 2024 with the accumulative container throughput of 28,000 TEUs; its bulk cargo volume increased by 78.2% year-on-year to 1.29 million tonnes, which was mainly benefitted from the recovery of the local construction industry. TCP in Brazil handled a container throughput of 0.78 million TEUs, up by 36.6% year-on-year, which was mainly benefitted from the rapid growth of exports in its hinterland and the newly added shipping routes. Container throughput handled by LCT in Togo was 0.80 million TEUs, down by 0.6% year-on-year. Container throughput handled by TICT in Nigeria was 0.14 million TEUs, representing a decrease of 2.1% year-on-year. PDSA in Djibouti handled a container throughput of 0.65 million TEUs, up by 77.0% year-on-year, which was mainly attributable to the increase in international transshipment business and the recovery of import demand in the economic hinterland; and the bulk cargo volume handled was 2.26 million tonnes, up by 20.0% year-on-year, mainly due to the increase in import of certain various of cargos. Container throughput handled by Kumport in Turkey was 0.62 million TEUs, representing a decrease of 8.7% year-on-year, mainly due to the impact of the Red Sea situation on the local area. Terminal Link handled a container throughput of 13.55 million TEUs, representing an increase of 9.4% year-on-year, which was mainly attributable to the impact of the labor strike in France in the same period of last year, while there was no such effect for this year.

Bonded logistics operation

In the first half of 2024, with a direction to building a platform for the harborside logistics supply chain, the Group's bonded logistics business continued to take initiatives to upgrade the comprehensive service standard of the port, made every effort to improve the resource utilization rate of existing warehouses and yards, and actively responded to the instability of the international shipping market. The average utilization rate of the warehouses of CMBL in Shenzhen reached 93%, due to the active exploration of new customers and new models. CMITQ, focusing on the development of the rubber industry, has achieved diversified self-operated business and stabilised the operating mode of its park, with an average utilization rate of the warehouses up to 97%. Tianjin Haitian, which is an associate of the Group, recorded an average utilization rate of 100% of its warehouses. In the DIFTZ, the average utilization rate of the bonded warehouse wholly-owned by the Group was 81%.

In the first half of 2024, the total cargo volume handled at the three major air cargo terminals in Hong Kong amounted to 2 million tonnes, up by 23.8% year-on-year. AAT, which is a joint venture of the Group, handled a total cargo volume of 0.39 million tonnes, representing an increase of 30.7% year-on-year and a market share of 19.7%, up by 1 percentage point as compared with the corresponding period last year.

FINANCIAL REVIEW

In the first half of 2024, the operating results of the Group were affected by the translation caused by the devaluation of the RMB, which was mainly reflected in items such as revenue, costs, and share of profits of associates and joint ventures. Due to the disposal of Ningbo Daxie's equity interests in August 2023, the Group's revenue for the six months ended 30 June 2024 was HK\$5,795 million, basically the same as last period. If Ningbo Daxie's revenue contribution for the last period of HK\$514 million is excluded, the Group's revenue increased by 9.5% year-on-year, mainly driven by the growth in business volume. Profit attributable to equity holders of the Company increased to HK\$4,452 million, representing a year-on-year increase of 32.9%, which includes a year-on-year increase of HK\$344 million in fair value of financial assets at FVTPL, and the reversal of impairment of receivables of HK\$349 million. Recurrent profit ^{Note 1} increased to HK\$4,154 million, representing a year-on-year increase of 24.9%.

Total assets of the Group as of 30 June 2024 were HK\$170,974 million, which remained basically the same compared with the beginning of the year. The total liabilities of the Group decreased by 4.8% from HK\$51,469 million as at 31 December 2023 to HK\$48,992 million as at 30 June 2024, mainly due to the combined impact of repayment of bank loans and dividends payable. As at 30 June 2024, net assets attributable to equity holders of the Company was HK\$103,467 million, slightly increased by 1.3% as compared to that as at 31 December 2023.

The financial statements of the Group's foreign investments are expressed in RMB, EURO, USD, BRL or other currencies and any exchange difference so arising from retranslation of these financial statements was recognized in the reserve of the Group. The Group has developed a sound foreign exchange rate risk management mechanism to prevent the impact arising from foreign exchange rate fluctuation on the Group, and thus maintaining foreign exchange risk at a manageable level.

In general, the Group's ports operation continued to yield stable cash inflow. For the six months ended 30 June 2024, the Group's net cash inflow from operating activities amounted to HK\$4,251 million, representing a year-on-year increase of 77.4%. Due to timing difference in cash dividends received from some associates, the receipt of cash dividends from associates and joint ventures by the Group were HK\$1,862 million, representing a year-on-year increase of 237.9%. There was an increase in capital expenditures on business acquisitions year-on-year while the funds placed as structured deposits decreased year-on-year. The Group's net cash outflow from investing activities decreased from HK\$1,053 million for the last period to HK\$264 million for the current period. At the same time, the Group's net outflow of proceeds from new borrowings and repayments of borrowings increased as compared with that for the last period. The Group's net cash outflow from financing activities increased from HK\$2,266 million for the last period to HK\$5,922 million for the current period.

Note 1 Profit attributable to equity holders of the Company net of non-recurrent gains after tax. Non-recurrent gains include net change in fair value of financial assets (equity investments) at FVTPL and net change in fair value of investment properties.

Management Discussion and Analysis

LIQUIDITY AND TREASURY POLICIES

As at 30 June 2024, the Group had approximately HK\$10,258 million in cash and bank balances, 5.8% of which was denominated in HK Dollars, 17.3% in USD, 54.0% in RMB, 9.8% in EURO, 8.3% in BRL and 4.8% in other currencies.

The Group mainly derived its funding sources from its operating activities related to ports operation, bonded logistics operation and property investment, and investment returns received from associates and joint ventures, which amounted to HK\$4,251 million in total.

During the period, the Group incurred capital expenditure amounting to HK\$604 million, while the Group adopted a prudent financial policy and maintained a sound financial position. In addition, as a significant portion of the Group's bank loans were medium-term to long-term loans, the Group, supported by adequate undrawn bilateral bank facilities of HK\$20,485 million, does not anticipate any difficulty in refinancing its short-term loans while the pressure for repaying the short-term loans is limited.

SHARE CAPITAL AND FINANCIAL RESOURCES

As at 30 June 2024, the Company had 4,198,009,186 shares in issue.

As at 30 June 2024, the Group's net gearing ratio ^{Note 2} was approximately 18.6%.

The Group had aggregate bank loans, notes payable and perpetual capital securities of HK\$28,162 million as at 30 June 2024 that contain customary cross default provisions.



Note 2 Net interest-bearing debts and lease liabilities divided by total equity.

As at 30 June 2024, the Group's outstanding bank and other borrowings amounted to HK\$31,235 million (as at 31 December 2023: HK\$36,308 million). The analysis is as below:

	30 June 2024	31 December 2023
	HK\$'million	HK\$'million
Floating-rate bank loans which are repayable as follows (Note):		
Within 1 year	11,439	15,795
Between 1 and 2 years	2,356	4,715
Between 2 and 5 years	1,931	1,559
More than 5 years	1,321	1,330
	17,047	23,399
Fixed-rate bank loans which are repayable as follows:		
Within 1 year	2	—
Between 1 and 2 years	1	—
Between 2 and 5 years	1,575	28
	1,578	28
Notes payable which are repayable:		
In 2025	3,900	3,903
In 2027	3,894	3,897
In 2028	4,654	4,656
	12,448	12,456
Loans from a fellow subsidiary which are repayable as follows:		
Within 1 year	10	267
More than 5 years	152	158
	162	425

Note All loans are unsecured except for the secured loans from banks of HK\$1,419 million (31 December 2023: HK\$1,370 million).

Management Discussion and Analysis

The bank and other borrowings are denominated in the following currencies:

	Bank loans HK\$'million	Notes payable HK\$'million	Loans from a fellow subsidiary HK\$'million	Total HK\$'million
As at 30 June 2024				
HK Dollars & USD	8,470	12,448	—	20,918
RMB	9,670	—	162	9,832
BRL	405	—	—	405
IDR	80	—	—	80
	18,625	12,448	162	31,235
As at 31 December 2023				
HK Dollars & USD	12,019	12,456	—	24,475
RMB	11,182	—	425	11,607
BRL	226	—	—	226
	23,427	12,456	425	36,308

ASSETS CHARGE

As at 30 June 2024, bank loans of HK\$1,419 million (31 December 2023: HK\$1,370 million) in total borrowed by subsidiaries of the Company were secured by property, plant and equipment with carrying value of HK\$162 million (31 December 2023: nil) and right-of-use assets with carrying value of HK\$179 million (31 December 2023: HK\$34 million).

CONTINGENT LIABILITIES

Save as disclosed in note 20 to the condensed consolidated interim financial information in this interim report, the Group did not have any other significant contingent liabilities as at 30 June 2024.

MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed in this interim report, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the period under review.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS AND EXPECTED SOURCE OF FUNDING

Save as disclosed in this interim report, the Group did not have any other plans for material investments or acquisition of capital assets as at 30 June 2024.

EMPLOYEES AND REMUNERATION

As at 30 June 2024, the Group employed 8,594 full time staff, of which 148 worked in Hong Kong, 4,483 worked in Mainland China, and the remaining 3,963 worked overseas. The remuneration paid by the Group during the period amounted to HK\$1,051 million, representing 28.7% of the total operating expenses of the Group.

During the first half of 2024, the Group adhered to the market-oriented concepts and deepened its efforts in the field of human resources management. In terms of talent selection and training, the Group established a hierarchical, categorized, efficient and transparent open recruitment mechanism to ensure that the selection process was fair, impartial and open, injecting new and energetic talents into the development of the Group. The Group not only focused on the introduction of external talents, but also actively explored the internal talents market operation mechanism. By revitalizing internal talent resources and broadening the multiple paths for talent growth and development, the Group promoted the formation of an all-round talent flow system with smooth communication, departmental exchange and job rotation, forming a benign ecosystem nurtured with internal and external collaboration and mutual promotion.

The Group attached great importance to the construction of talent pool and the cultivation of outstanding young talents. The Group provided various practical opportunities to help them grow rapidly through a series of targeted measures. Emphasizing the cultivation of cross-cultural talents was a major highlight. The 12th China Merchants C Blue

Training Program in 2024 successfully attracted 34 young talents from 21 countries around the world to participate, which broadened international vision while deepened the connotation of cross-cultural talent exchange and training model. Under the background of globalization strategy, the Group focused on the introduction and cultivation of outstanding international talents following the principles of internationalization, localization and marketization, and built a differentiated overseas remuneration and benefits system and comprehensive security measures to attract and retain international talents. The Group vigorously promoted the internal talent exchange and job rotation mechanisms, strengthened the cultivation and construction of an international talent team, and provided solid talent support for the Group's overseas business expansion.

In terms of remuneration and incentives, the Group adhered to the principle of ensuring efficiency while giving consideration to fairness at the same time. With value of position, performance results and level of ability as the core orientation of remuneration, the Group advocated benchmarking performance and remuneration, combined incentives with constraints, improved the assessment and evaluation system, enhanced the application of assessment results and reasonably widened the income distribution gap to further improve the efficiency of resources allocation. The Group actively explored the establishment of the mid-long term incentive mechanisms and continuously promoted the implementation of equity incentives to achieve the benefits sharing and risks bearing between core employees and the Group, and fully stimulated the motivation for work and innovation of core employees.

SUSTAINABLE DEVELOPMENT

Adhering to the principle of sustainable development, the Group established its sustainable development concept system with responsible corporate mission, vision, core value, philosophy and corporate spirit. In response to the nation's call, the Group set its goal of "becoming a world's leading green and smart comprehensive port service provider", strived to achieve value sharing and mutual benefits and promote a healthy, sustainable, stable and harmonious social development.

Firstly, the Group improved the level of environmental management. The Group continued to promote the goals of carbon peak and carbon neutrality. The Group optimized the internal environmental management system and continued to promote the completion of ISO 50001 energy management system certification and ISO 14001 environmental management system certification for its subsidiaries, in which worked on responding to climate change, conserving energy and reducing emission, and preventing and controlling pollution properly in both domestic and overseas terminal construction, production and operation. In terms of climate change response, the Group coordinated and strengthened key measures to respond to climate change and ecological environment protection from the aspects of strategic planning, policy system, pilot demonstration and industry cooperation, formulated indicators, goals and transformation plans related to dual carbon, strengthened climate risk adaptation and mitigation measures to explore climate opportunities. The Group insisted on using and handling resources in a sustainable and responsible manner, actively promoted energy-saving measures such as "electricity substitution" and "oil-to-electricity conversion of equipment", effectively promoted the improvement of water resource utilization through projects such as the condensate water recycling system for quay crane air conditioning and the remote water consumption monitoring platform, and

fully integrated the green concept into all aspects of daily operations. In respect of waste management, the Group reduced waste generation at the source, improved the reuse of resources through intensive production, increased recycling, and adopted more circular approaches to optimize resource utilization. With regard to ecological protection, the Group aimed to minimize or eliminate any disturbance to the ecological environment caused by its operations in the long run, implemented the approach to biodiversity conservation of "avoidance - mitigation - compensation - protection" at its operating sites, and strictly evaluated the site selection and environmental impact of new projects in accordance with relevant requirements.

Secondly, the Group established a more sustainable value chain. In terms of quality service provision, the Group actively promoted business collaboration and developed high-quality routes with "customized terminal services" to expand the Southeast Asian routes business; the coordinated port model in Greater Bay Area covered various major regions of Guangdong and the Group kept optimizing service level. The Group also accelerated the product development and promotion coverage of the "CM ePort3.0" comprehensive service platform. It enabled standardization of external business processes at terminals, facilitated business and process transformation and optimization to provide customers with a one-stop service platform with one base, one set of architecture, and unified interface. In respect of establishment of a responsible supply chain, the Group progressively incorporated the ESG philosophy into supply chain management, continuously improved suppliers' ESG performance concerning procurement access, assessment, performance evaluation, rewards and penalties, etc. In the meantime, the Group focused on strengthening the exchange and sharing of experience with suppliers to empower their growth. The Group made every effort to work with suppliers to drive the sustainable development of the upstream and downstream of the supply chains.

Thirdly, the Group persisted in promoting the construction of a harmonious community. The Group dedicated to maximizing the positive influence of itself on neighboring communities, further enhanced the systematic and comprehensive work on community development and community investment. By actively engaging with the communities, the Group identified the priority issues that need to be improved in the communities and provided focused community services with far-reaching influence. Relying on its public welfare system of “Shaping Blue Dreams Together (C Blue)” with global philanthropic mission, the Group transformed C Blue Summer Camp and C Blue Children Growth Camp into a professional, high-level and systematic C Blue Rural Education Public Welfare project. The Group introduced innovative methods such as enhancing rural school teaching conditions and launching public welfare courses and activities in order to facilitate a fair and balance development of education. In overseas areas, the Group continued to communicate with local residents, listened to their real needs and effectively promoted the “C Blue Hope Village” project in Sri Lanka.

FUTURE PROSPECTS

Looking ahead to the second half of 2024, the uncertainties such as high interest-rate environment, geopolitical conflicts and inflation in emerging market countries still exist. However, positive factors for global economic growth are also accumulating, including short-term fiscal stimulus measures adopted by relevant countries with general elections, unexpected decline in inflation and artificial intelligence boosting productivity. IMF predicts that the global economic growth rate will reach 3.2% in 2024. The growth rate of developed economies in 2024 will increase from 1.6% in 2023 to 1.7% in 2024; the economic growth rate of emerging markets and developing economies is expected to stabilize at 4.3% in 2024 and 2025. The total global trade volume (including goods and services) is expected to grow at 3.1% in 2024 and rise to 3.4% in 2025.

In the second half of 2024, with the strengthened macroeconomic policies, rapid cultivation for new momentum, acceleration in unleashing of benefits of reformation, acceleration in unleashing of advantages of opening-up and acceleration in narrowing output gaps in China, the economy of China will be supported to maintain a steady growth. However, China is still in a critical period of economic recovery, transformation and upgrade, and factors such as imbalanced and insufficient domestic development that restrict high-quality development still exist to varying degrees. In the next stage, the Chinese government will adhere to the general principle of seeking progress while maintaining stability, focus on promoting high-quality development, stimulate market vitality and endogenous driving forces with greater efforts, consolidate and strengthen the positive state of the economic recovery to promote sustained and healthy economic development.

Management Discussion and Analysis

Based on the above analysis and judgements, in the second half of 2024, the Group will continue to capitalize on the general principle of seeking progress while maintaining stability. By improving its lean operations, the Group will enhance the quality and sharpen up existing business, deepen its reformation and innovation, and expand incremental capacity at a high level so as to create a new form of “two curves” and to accelerate the building of a world’s leading comprehensive port service provider with high quality.

Aim at strategic goals and promote the strong port construction. The Group will continue to promote the implementation of the six major strategies namely “domestic homebase port strategy”, “overseas strategy”, “innovation strategy”, “digitalization strategy”, “lean operation strategy” and “low carbon strategy”. The West Shenzhen Port Zone will strictly adhere to the strategic goal of strong transportation country, carry out its cargo transportation system plan, continue to promote the construction of coordinated ports, continue to strengthen the interconnection and interaction of inland river feeder terminals, and maintain the promising development trend of local laden containers. With an aim to build a world leading benchmark enterprise, CICT gives full play to its advantages, actively meets competitive challenges, continuously consolidates and improves the operation capacity of container terminals, and accelerates the construction of the South Asia Commercial and Logistics Hub, in order to extend the comprehensive port logistics business. HIPG focuses on oil and gas, RORO, bulk cargo, maritime services, regional container transshipment and park development. It will continue to speed up the construction of “six centers” of HIPG and further deepen cooperation with relevant parties.

Refine lean management and simulate endogenous growth. Based on the concept of lean operation management, the Group will continue to promote the work on reducing costs and increasing efficiency. Firstly, the Group

will persistently improve its financial management capabilities to build a world-class financial management system, explore and optimize measures for cost saving. Secondly, the Group will improve its capital operation capabilities to prepare capital operation plans for existing equity assets, strengthen the optimization of tax liabilities and structure streamlining plans of existing assets and implement current asset plans. Thirdly, the Group will keep improving its operation and management capabilities. Focusing on systematic and information-based construction, the Group will constantly improve assessment and incentive support, combine cost leadership requirements, summarize COE experience and promote it on a regular basis. Fourthly, the Group will improve its asset management capabilities and continuously enrich and improve the project life cycle management system, improve the operating efficiency of equipment and facilities at the terminals, continue to improve cost control and operation management models, and stimulate endogenous growth momentum.

Insist on innovation-driven development and empower industrial upgrade. The Group will adhere to innovation-driven development and technology-enabled industrial transformation and upgrade. Focusing on “CMCore”, the Group will forge its three industry-leading products, steadily implement the key core technology breakthrough task of the CTOS, continue to promote the product transformation of the BTOS, steadily promote the product of the LPOS. The Group continuously explores business opportunities and cooperation opportunities, and promotes the implementation of “CM ePort” comprehensive service platform for the overseas market. The Group will continue to optimize the business management capabilities of the SMP at the Group’s headquarter. The Group vigorously carries out the construction of port artificial intelligence application scenarios and fosters the technical abilities of independent and controllable large language models.

Explore global presence and exploit development opportunities.

The Group will keep exploring its overseas presence and opportunities, optimize resources integration capabilities, and exploit new development opportunities. Firstly, the Group will assist in promoting domestic port consolidation. Secondly, it will promote “deepening the commitment in Hong Kong”. The Group will continue to study the implementation plan for business model innovation and transformation and upgrading such as CMCS and CMBL, and pay attention to the cooperation opportunities for port and logistics related assets in Hong Kong. Thirdly, it focuses on “cultivation in Southeast Asia” and will follow up on investment opportunities for port projects in the Southeast Asia according to the NPH project in Indonesia. Fourthly, it continues to focus on the “exploration in Middle East and Latin America” and update the regional investment strategy according to market changes, then follow up on potential project information in depth.

Continuously intensify reformation and promote high quality development.

The Group promotes a new round of reformation to deepen and enhance its actions by upholding fundamental principles and breaking new ground. Firstly, the Group will continue to improve its high-quality development level as a listed company. Secondly, it will improve the market-oriented governance level and promote the establishment of director’s duty mechanism. Thirdly, it will deepen technological innovation, optimize management system, and continuously improve its innovative closed-loop management. Fourthly, it will stimulate vitality with optimizing the talent selection and employment mechanism and improving the market-oriented talent selection and incentive system. Fifthly, it will strengthen the promotion of reformation in order to promote the spirit of reformation and brand building.

Actively implement the ESG concept and deeply integrate it into operations.

Under the guidance of the ESG strategic planning, the Group will aim to continuously improve the construction and formulation of the ESG policy system, promote the continuous improvement of the comprehensive performance in the environment, society and corporate governance, deepen management practices, optimize information disclosure, strengthen the Group’s governance system, and ensure that the ESG concept is deeply integrated into daily operations.

In the second half of 2024, the problems such as the complicated external environment, geopolitical conflicts and international trade frictions still exist, which affect the global economic growth and commodity trade market, and bring more challenges to the construction of a world’s leading port with high quality. The Group will take high-quality development as its goal and implement the new development concept comprehensively and accurately. Through the six major strategies, the Group will expedite technology leadership and innovation-driven development, achieve global layout and balanced development, provide first-class professional solutions for comprehensive port services, and fully implement various development measures to make stable progress on building a “world’s leading comprehensive port service provider with high quality”.

Management Discussion and Analysis

INTERIM DIVIDEND

In order to reward investors' continuous support of the Group, the Board have resolved to declare an interim dividend of 25 HK cents per share, totalling HK\$1,050 million for the six months ended 30 June 2024 to Shareholders whose names appear on the Register of Members on 2 October 2024 (2023: scrip dividend of 22 HK cents per share by way of issue of new shares equivalent with cash alternative), payable on or around 20 November 2024. The interim dividend is to be payable in cash in HK Dollars.

CLOSURE OF REGISTER

The Register of Members will be closed from 26 September 2024 to 2 October 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers and the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 25 September 2024.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2024, the interests of the Directors in the securities of the Company and its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company under Section 352 of the SFO were as follows:

Shares and Share Options in the Company

Name of Director	Capacity	Nature of interest	Number of shares held in the Company	Number of share options granted	Percentage of aggregate long position in shares held to the issued shares as at 30 June 2024
Mr. Yim Kong	Beneficial owner	Personal interest	7,227	—	0.0002%
Mr. Yang Guolin	Beneficial owner	Personal interest	212,415	—	0.0051%
Mr. Lu Yongxin	Beneficial owner	Personal interest	13,896	—	0.0003%

Shares and Share Options in the Company's associated corporation - CMPG

Name of Director	Capacity	Nature of interest	Number of shares held in the Company's associated corporation	Number of share options outstanding	Total	Percentage of long position in A class shares held to the issued shares of the Company's associated corporation as at 30 June 2024
Mr. Xu Song	Beneficial owner	Personal interest	—	120,000 ⁽¹⁾	120,000	0.0048%
Mr. Yim Kong	Beneficial owner	Personal interest	—	51,000 ⁽¹⁾	51,000	0.0020%
Mr. Lu Yongxin	Beneficial owner	Personal interest	—	72,000 ⁽¹⁾	72,000	0.0029%

Note:

- (1) As at 30 June 2024, the Company is a subsidiary of CMPG and accordingly, CMPG is an associated corporation of the Company. The interests in CMPG held by each Director are share options granted on 3 February 2020 under the Employee Incentive Scheme of CMPG, which are subject to the terms and conditions of the Employee Incentive Scheme. In accordance with the exercise schedule under the Employee Incentive Scheme, the share options of Mr. Yim Kong and Mr. Lu Yongxin may be exercised in batches from 3 February 2022 to 3 February 2027 while the share options of Mr. Xu Song may be exercised in batches from 29 January 2023 to 29 January 2027. Such share options are conditional upon the satisfaction of certain performance targets specified thereunder. Details of the Employee Incentive Scheme were published on the information website of the Shenzhen Stock Exchange (<http://www.szse.cn/>). The 120,000 share options granted to Mr. Xu Song, the 51,000 share options granted to Mr. Yim Kong and the 72,000 share options granted to Mr. Lu Yongxin have been cancelled on 7 February 2023. None of these share options were exercised, lapsed or cancelled during the reporting period.

Save as disclosed above and based on the register maintained by the Company under section 352 of the SFO, as at 30 June 2024, none of the Directors or chief executive of the Company or any of their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required, pursuant to section 352 of the SFO, to be entered in the register or which are required, pursuant to the Model Code, to be notified to the Company and the HKSE.

Save as disclosed above, at no time during the current period was any of the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Discussion and Analysis

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following persons, other than a Director or chief executive of the Company, had interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO or as notified to the Company and the HKSE pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long Positions

Name of substantial shareholder	Capacity	Shares/underlying Shares held	%
CMG	Interest of Controlled Corporation	3,029,009,132 ^(1,2,3,4)	72.15%
CMSN	Interest of Controlled Corporation	3,002,405,132 ⁽²⁾	71.52%
CMHK	Interest of Controlled Corporation	3,002,405,132 ⁽²⁾	71.52%
Broadford	Interest of Controlled Corporation	2,085,300,146 ⁽²⁾	49.67%
Rainbow	Interest of Controlled Corporation	2,085,300,146 ⁽²⁾	49.67%
CMPID	Interest of Controlled Corporation	2,085,300,146 ⁽²⁾	49.67%
CMPG	Beneficial Owner	15,780,583 ⁽²⁾	0.37%
CMPG	Interest of Controlled Corporation	2,069,519,563 ⁽²⁾	49.30%
Port Development	Beneficial Owner	2,069,519,563 ⁽²⁾	49.30%
CMU	Beneficial Owner	917,104,986 ⁽²⁾	21.85%
CMSIZ	Interest of Controlled Corporation	3,000,000 ⁽³⁾	0.07%
Top Chief	Interest of Controlled Corporation	3,000,000 ⁽³⁾	0.07%
Orienteur	Beneficial Owner	3,000,000 ⁽³⁾	0.07%
CMITG	Interest of Controlled Corporation	23,604,000 ⁽⁴⁾	0.56%
CMID	Interest of Controlled Corporation	23,604,000 ⁽⁴⁾	0.56%
Sinomarine	Interest of Controlled Corporation	23,604,000 ⁽⁴⁾	0.56%
SSHL	Interest of Controlled Corporation	23,604,000 ⁽⁴⁾	0.56%
CMID (HK)	Beneficial Owner	23,604,000 ⁽⁴⁾	0.56%
Pagoda Tree	Interest of Controlled Corporation	801,294,878 ⁽⁵⁾	19.09%
Compass Investment	Interest of Controlled Corporation	801,294,878 ⁽⁵⁾	19.09%
CNIC Corporation	Interest of Controlled Corporation	801,294,878 ⁽⁵⁾	19.09%
Verise Holdings	Interest of Controlled Corporation	801,294,878 ⁽⁵⁾	19.09%

Notes:

1. Each of CMSN, CMSIZ and CMITG is a subsidiary of CMG. CMG is deemed to be interested in 3,029,009,132 shares, which represents the aggregate of 3,002,405,132 shares deemed to be interested by CMSN (see Note 2 below), 3,000,000 shares deemed to be interested by CMSIZ (see Note 3 below) and 23,604,000 shares deemed to be interested by CMITG (see Note 4 below).
2. CMHK is wholly-owned by CMSN, and Broadford is in turn wholly-owned by CMHK. Rainbow is 74.66%-owned by Broadford and 25.34%-owned by CMU, which is in turn 50%-owned by CMHK. CMPID is in turn wholly-owned by Rainbow. CMPG is 45.94%-owned by CMPID.

CMSN is deemed to be interested in 3,002,405,132 shares which are deemed to be interested by CMHK. Such shares represent the aggregate of 917,104,986 shares beneficially held by CMU, 15,780,583 shares beneficially held by CMPG and 2,069,519,563 shares deemed to be interested by CMPG.

Port Development is a wholly-owned subsidiary of CMPG. CMPG is deemed to be interested in 2,085,300,146 shares. Such shares represent the aggregate of 2,069,519,563 shares beneficially held by Port Development and 15,780,583 shares beneficially held by CMPG.
3. Top Chief is wholly-owned by CMSIZ and Orienture is in turn wholly-owned by Top Chief. CMSIZ is deemed to be interested in the 3,000,000 shares which are deemed to be interested by Top Chief. Such shares represent the 3,000,000 shares beneficially held by Orienture.
4. CMID (HK) is 100%-owned by SSSL, which is wholly-owned by Sinomarine. Sinomarine is in turn wholly-owned by CMID, which is in turn wholly-owned by CMITG. Therefore, each of SSSL, Sinomarine, CMID and CMITG is deemed to be interested in 23,604,000 shares beneficially held by CMID (HK).
5. According to the disclosure of interests form submitted by Pagoda Tree on 3 August 2020, CMU is 50%-owned by Verise Holdings, which is in turn wholly-owned by CNIC Corporation. CNIC Corporation is in turn 90%-owned by Compass Investment, which is in turn wholly-owned by Pagoda Tree. Therefore, each of Verise Holdings, CNIC Corporation, Compass Investment and Pagoda Tree is deemed to be interested in the shares beneficially held by CMU.

Short Position

Nil

Save as disclosed above, there was no person, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company kept under section 336 of the SFO.

CORPORATE GOVERNANCE

The Board is committed to upholding a high standard of corporate governance practices and business ethics with the firm belief that they are essential for maintaining and promoting investors' confidence and maximising Shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period.

In the opinion of the Board, the Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code which sets out the corporate governance principles and the code provisions with which the listed issuers are expected to follow and comply throughout the six months ended 30 June 2024, except the following: -

In respect of code provision F.2.2 under the Corporate Governance Code, Mr. Feng Boming, the Chairman of the Board, did not attend the annual general meeting of the Company held on 20 June 2024 due to business trip. Mr. Yim Kong, the Non-executive Director of the Company and the Vice Chairman of the Board, took chair of the annual general meeting according to the articles of association of the Company.

In order to ensure effective communication with the Shareholders, the Chairman of the Audit Committee and other Board members and the external auditor attended the annual general meeting of the Company held on 20 June 2024 to answer Shareholders' questions.

The current practices of the Company will be reviewed and updated regularly to reflect as much as possible the latest best practices in corporate governance.

Management Discussion and Analysis

AUDIT COMMITTEE

The Audit Committee comprises all of the five Independent Non-executive Directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and risk management and financial report matters including the review of the unaudited interim results for the six months ended 30 June 2024.

UPDATE ON DIRECTOR'S BIOGRAPHICAL DETAILS

Mr. Chan Hiu Fung Nicholas was appointed as a member of the Competition Commission for a term of two years from 1 May 2024. He was also re-appointed as a member of the Social Development Expert Group of the Chief Executive's Policy Unit Expert Group for a period of one year from 30 May 2024. He was also awarded with the Medal of Bronze Bauhinia Star (BBS) from the Government of the Hong Kong Special Administrative Region on 1 July 2024.

Ms. Chan Yuen Sau Kelly was appointed as a member of the Hong Kong Housing Authority and a member of the Town Planning Board respectively, each for a period of two years from 1 April 2024.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board

Feng Boming

Chairman

Hong Kong, 30 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	Unaudited	
		2024 HK\$'million	2023 HK\$'million
Revenue	5	5,795	5,805
Cost of sales		(3,013)	(3,195)
Gross profit		2,782	2,610
Other income and other gains, net	7	867	123
Administrative expenses		(649)	(624)
Finance income	8	208	228
Finance costs	8	(899)	(894)
Finance costs, net	8	(691)	(666)
Share of profits less losses of			
Associates		3,142	2,909
Joint ventures		193	148
		3,335	3,057
Profit before taxation		5,644	4,500
Taxation	9	(730)	(516)
Profit for the period	10	4,914	3,984
Attributable to:			
Equity holders of the Company		4,452	3,351
Holders of perpetual capital securities		31	114
Non-controlling interests		431	519
Profit for the period		4,914	3,984
Earnings per share for profit attributable to equity holders of the Company			
Basic (HK cents)	12	106.05	83.69

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Unaudited 2024 HK\$'million	2023 HK\$'million
Profit for the period	4,914	3,984
Other comprehensive (expense)/income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	(1,617)	(1,827)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Surplus on revaluation of an owner occupied property upon change of use to investment property	—	53
Share of other reserves of associates	186	137
Total other comprehensive expense for the period, net of tax	(1,431)	(1,637)
Total comprehensive income for the period	3,483	2,347
Total comprehensive income attributable to:		
Equity holders of the Company	3,290	1,788
Holders of perpetual capital securities	31	114
Non-controlling interests	162	445
	3,483	2,347

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	Unaudited 30 June 2024 HK\$'million	Audited 31 December 2023 HK\$'million
ASSETS			
Non-current assets			
Goodwill		5,517	5,627
Intangible assets	13	8,176	8,718
Property, plant and equipment	13	20,641	21,145
Right-of-use assets		15,923	15,398
Investment properties	13	8,153	8,229
Interests in associates		80,648	79,861
Interests in joint ventures		8,516	8,327
Other financial assets		7,183	6,801
Other non-current assets		165	133
Deferred tax assets		358	364
		155,280	154,603
Current assets			
Inventories		272	187
Other financial assets		2,401	3,338
Debtors, deposits and prepayments	14	2,753	1,849
Taxation recoverable		10	6
Cash and bank balances		10,258	12,331
		15,694	17,711
Total assets		170,974	172,314

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	Unaudited 30 June 2024 HK\$'million	Audited 31 December 2023 HK\$'million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	48,731	48,731
Reserves		53,686	51,409
Proposed dividend		1,050	2,015
		103,467	102,155
Perpetual capital securities		1,523	1,522
Non-controlling interests		16,992	17,168
Total equity		121,982	120,845
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	16	19,784	20,246
Lease liabilities		1,682	1,094
Other non-current liabilities		4,871	5,231
Deferred tax liabilities		4,676	4,529
		31,013	31,100
Current liabilities			
Creditors and accruals	17	3,867	3,399
Dividend payable to Shareholders of the Company		2,015	—
Bank and other borrowings	16	11,451	16,062
Lease liabilities		88	88
Taxation payable		558	820
		17,979	20,369
Total liabilities		48,992	51,469
Total equity and liabilities		170,974	172,314
Net current liabilities		(2,285)	(2,658)
Total assets less current liabilities		152,995	151,945

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Unaudited						
	Attributable to equity holders of the Company				Perpetual capital securities	Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Total			
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
As at 1 January 2024 (audited)	48,731	695	52,729	102,155	1,522	17,168	120,845
COMPREHENSIVE INCOME							
Profit for the period	—	—	4,452	4,452	31	431	4,914
Other comprehensive expense							
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	—	(1,348)	—	(1,348)	—	(269)	(1,617)
Share of other reserves of associates	—	186	—	186	—	—	186
Total other comprehensive expense for the period, net of tax	—	(1,162)	—	(1,162)	—	(269)	(1,431)
Total comprehensive (expense)/income for the period	—	(1,162)	4,452	3,290	31	162	3,483
TRANSACTIONS WITH OWNERS							
Transfer to statutory reserve	—	18	(18)	—	—	—	—
Share of other changes in equity attributable to equity holders of associates and joint ventures	—	37	—	37	—	—	37
Distribution to holders of perpetual capital securities	—	—	—	—	(30)	—	(30)
Acquisition of subsidiaries	—	—	—	—	—	239	239
Dividends	—	—	(2,015)	(2,015)	—	(577)	(2,592)
Total transactions with owners for the period	—	55	(2,033)	(1,978)	(30)	(338)	(2,346)
As at 30 June 2024	48,731	(412)	55,148	103,467	1,523	16,992	121,982

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Unaudited						
	Attributable to equity holders of the Company				Perpetual capital securities	Non- controlling interests	Total
	Share capital	Other reserves	Retained earnings	Total			
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
As at 31 December 2022 (audited)	46,668	474	49,827	96,969	6,246	19,361	122,576
Adjustments (Note)	—	—	53	53	—	9	62
As at 1 January 2023 (adjusted)	46,668	474	49,880	97,022	6,246	19,370	122,638
COMPREHENSIVE INCOME							
Profit for the period	—	—	3,351	3,351	114	519	3,984
Other comprehensive expense							
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	—	(1,753)	—	(1,753)	—	(74)	(1,827)
Surplus on revaluation of an owner occupied property upon change of use to investment property	—	53	—	53	—	—	53
Share of other reserves of associates	—	137	—	137	—	—	137
Total other comprehensive expense for the period, net of tax	—	(1,563)	—	(1,563)	—	(74)	(1,637)
Total comprehensive (expense)/income for the period	—	(1,563)	3,351	1,788	114	445	2,347
TRANSACTIONS WITH OWNERS							
Transfer to statutory reserve	—	31	(31)	—	—	—	—
Contribution from immediate holding company	—	1	—	1	—	—	1
Share of other changes in equity attributable to equity holders of associates and joint ventures	—	(52)	—	(52)	—	—	(52)
Distribution to holders of perpetual capital securities	—	—	—	—	(113)	—	(113)
Dividends	—	—	(2,402)	(2,402)	—	(47)	(2,449)
Total transactions with owners for the period	—	(20)	(2,433)	(2,453)	(113)	(47)	(2,613)
As at 30 June 2023	46,668	(1,109)	50,798	96,357	6,247	19,768	122,372

Note: The adjustments are related to the Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

The Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2023;
- (ii) the Group also, as at 1 January 2023, recognised a deferred tax asset and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Unaudited 2024 HK\$'million	2023 HK\$'million
Cash flows from operating activities		
Net cash inflow from operations	2,869	2,257
Tax paid	(480)	(411)
Dividends received from associates and joint ventures	1,862	551
Net cash generated from operating activities	4,251	2,397
Cash flows from investing activities		
Placement of other deposits and structured deposits	(7,374)	(9,159)
Purchase of property, plant and equipment, investment properties and port operating rights	(591)	(378)
Proceeds from withdrawal of other deposits and structured deposits	8,341	8,259
Interest income received	146	225
Investment in a joint venture	(177)	—
Payment for acquisition of subsidiaries (net of cash and cash equivalents acquired)	(323)	—
Tax payments relating to resumption of land parcels in previous years	(286)	—
Net cash used in investing activities	(264)	(1,053)
Cash flows from financing activities		
Proceeds from bank loans	4,995	6,054
(Repayment of)/loan from a fellow subsidiary	(260)	493
Repayment of bank loans	(9,760)	(6,400)
Repayment of advance from immediate holding company	—	(1,350)
Interests paid	(741)	(857)
Distribution paid to holders of perpetual capital securities	(30)	(113)
Other financing cash flows	(126)	(93)
Net cash used in financing activities	(5,922)	(2,266)
Decrease in cash and cash equivalents	(1,935)	(922)
Cash and cash equivalents at 1 January	12,283	9,625
Effect of foreign exchange rate changes	(140)	(139)
	10,208	8,564
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents at 30 June, represented by		
Cash and bank balances	10,208	8,426
Cash and cash equivalents included in assets classified as held for sale	—	138
	10,208	8,564
Add: Restricted deposits	50	4
Less: Cash and cash equivalents included in assets classified as held for sale	—	(138)
Cash and bank balances in the condensed consolidated statement of financial position	10,258	8,430



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

1. GENERAL INFORMATION

The Group are principally engaged in ports operation, bonded logistics operation and property investment.

The Company is a limited liability company incorporated in Hong Kong and has its shares listed on HKSE.

The address of the Company's registered office is 38/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

This condensed consolidated interim financial information is presented in HK\$, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 30 August 2024 but has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the HKICPA as well as with the applicable disclosure requirements of Appendix D2 to the Listing Rules and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with HKFRSs.

In preparing the condensed consolidated interim financial information of the Group, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$2,285 million as at 30 June 2024. In the opinion of the Directors, the Group will be able to continue as a going concern at least in the coming twelve months taking into consideration the working capital estimated to be generated from operating activities and the undrawn facilities of bank loans and other debt financing instruments. Based on this, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the Directors consider that it is appropriate to prepare this condensed consolidated interim financial information on a going concern basis.

The financial information relating to the financial year ended 31 December 2023 that is included in the condensed consolidated interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory annual consolidated financial statements is as follows:

The Company has delivered the annual consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared on the historical cost basis, as modified by the revaluation of investment properties, financial assets at FVTPL and equity instruments at FVTOCI, which are carried at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2024 for the preparation of the Group's condensed consolidated interim financial information:

Amendments to HKAS 1	Non-current Liabilities with Covenants ("2022 amendments")
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ("2020 amendments")
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Disclosures-Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in this condensed consolidated interim financial information.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the annual consolidated financial statements for the year ended 31 December 2023.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

5. REVENUE

The principal activities of the Group comprise ports operation, bonded logistics operation and property investment. The following is an analysis of the Group's revenue from its major services offered during the period.

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Terminal handling charge, representing loading of cargos and containers on and off vessels at the Group's port terminals, stevedoring and the auxiliary services	5,402	5,406
Warehousing services income, representing temporary storage of cargos and containers, customs clearance services and the auxiliary services	292	301
Revenue from contracts with customers	5,694	5,707
Gross rental income from investment properties	101	98
	5,795	5,805

6. SEGMENT INFORMATION

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.

Individual operating segments for which discrete financial information is available are identified by the CODM and are operated by their respective management teams. These individual operating segments are aggregated in arriving at the reporting segments of the Group.

From business and financial perspectives, management assesses the performance of the Group's business operations including ports operation, bonded logistics operation and other operations.

- (i) 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 ports operation are presented 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

6. SEGMENT INFORMATION (CONTINUED)

- (ii) Bonded logistics operation includes logistic park operation, ports transportation and airport cargo handling operated by the Group and its associates and joint ventures.
- (iii) Other operations mainly include property development and investment and logistics operation operated by the Group's associates and property investment operated by the Group and corporate function.

Each of the segments under ports operation includes the operations of a number of ports in various locations within the geographic locations. For the purpose of segment reporting, these individual operating segments have been aggregated into reporting segments on geographic basis as these individual operating segments have similar economic characteristics, and they present a more systematic and structured segment information. To give details of each of the operating segments, in the opinion of the Directors, 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.

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

	Revenue		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2024	2023	2024	2023
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Mainland China, Hong Kong and Taiwan	2,964	3,425	103,250	102,424
Brazil	1,130	854	8,561	9,579
Other locations	1,701	1,526	35,928	35,435
	5,795	5,805	147,739	147,438

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

6. SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's segment revenue, operating profit/(loss), share of profits less losses of associates and joint ventures by segments is as follows:

	For the six months ended 30 June 2024									
	Ports operation						Bonded logistics operation	Other investments	Corporate function	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million
Revenue	2,091	—	43	460	2,808	5,402	292	101	—	5,795
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	883	(42)	538	(4)	1,626	3,001	99	49	(149)	3,000
Share of profits less losses of										
– Associates	76	2,687	70	25	254	3,112	(8)	38	—	3,142
– Joint ventures	1	—	99	2	80	182	13	(2)	—	193
	960	2,645	707	23	1,960	6,295	104	85	(149)	6,335
Finance costs, net	(14)	—	—	(8)	(67)	(89)	(1)	(7)	(594)	(691)
Taxation	(197)	(113)	(127)	(10)	(257)	(704)	(18)	(8)	—	(730)
Profit/(loss) for the period	749	2,532	580	5	1,636	5,502	85	70	(743)	4,914
Holders of perpetual capital securities	—	—	—	—	—	—	—	—	(31)	(31)
Non-controlling interests	(162)	—	—	3	(249)	(408)	(23)	—	—	(431)
Profit/(loss) attributable to equity holders of the Company	587	2,532	580	8	1,387	5,094	62	70	(774)	4,452
Other information:										
Depreciation and amortisation	330	—	—	139	497	966	52	6	12	1,036
Capital expenditure	305	—	—	18	240	563	38	2	1	604

6. SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's segment revenue, operating profit/(loss), share of profits less losses of associates and joint ventures by segments is as follows: (continued)

	For the six months ended 30 June 2023									
	Ports operation						Bonded logistics operation	Other investments	Corporate function	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Revenue	1,997	514	39	499	2,357	5,406	301	98	—	5,805
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	760	13	239	31	1,093	2,136	114	46	(187)	2,109
Share of profits less losses of										
– Associates	54	2,389	92	21	125	2,681	8	220	—	2,909
– Joint ventures	—	—	87	2	71	160	(11)	(1)	—	148
	814	2,402	418	54	1,289	4,977	111	265	(187)	5,166
Finance costs, net	(16)	(2)	—	(11)	(59)	(88)	(5)	(10)	(563)	(666)
Taxation	(165)	(113)	(60)	(17)	(123)	(478)	(19)	(19)	—	(516)
Profit/(loss) for the period	633	2,287	358	26	1,107	4,411	87	236	(750)	3,984
Holders of perpetual capital securities	—	—	—	—	—	—	—	—	(114)	(114)
Non-controlling interests	(126)	(62)	—	(16)	(289)	(493)	(26)	—	—	(519)
Profit/(loss) attributable to equity holders of the Company	507	2,225	358	10	818	3,918	61	236	(864)	3,351
Other information:										
Depreciation and amortisation	334	119	1	159	491	1,104	50	9	12	1,175
Capital expenditure	45	23	—	139	216	423	2	22	—	447

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

6. SEGMENT INFORMATION (CONTINUED)

For the purposes of monitoring segment performances and allocating resources between segments, all assets other than taxation recoverable and deferred tax assets are allocated to reporting segments, and all liabilities other than taxation payable and deferred tax liabilities are allocated to reporting segments.

An analysis of the Group's assets and liabilities by segments is as follows:

	As at 30 June 2024									
	Ports operation						Bonded logistics operation	Other investments	Corporate function	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million	HKS'million
ASSETS										
Segment assets (excluding interests in associates and joint ventures)	17,240	1,728	1,574	10,101	34,484	65,127	2,911	8,513	4,891	81,442
Interests in associates	3,857	42,954	4,827	2,907	8,944	63,489	571	16,588	—	80,648
Interests in joint ventures	9	—	2,879	297	4,659	7,844	284	388	—	8,516
Total segment assets	21,106	44,682	9,280	13,305	48,087	136,460	3,766	25,489	4,891	170,606
Taxation recoverable										10
Deferred tax assets										358
Total assets										170,974
LIABILITIES										
Segment liabilities	2,280	—	8	1,571	7,569	11,428	597	418	31,315	43,758
Taxation payable										558
Deferred tax liabilities										4,676
Total liabilities										48,992

6. SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's assets and liabilities by segments is as follows: (continued)

	As at 31 December 2023									
	Ports operation						Bonded logistics operation	Other investments	Corporate function	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta HK\$'million	Yangtze River Delta HK\$'million	Bohai Rim HK\$'million	Others HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
ASSETS										
Segment assets (excluding interests in associates and joint ventures)	16,725	1,810	1,022	10,266	32,977	62,800	3,244	8,547	9,165	83,756
Interests in associates	3,865	41,774	4,864	2,983	9,255	62,741	579	16,541	—	79,861
Interests in joint ventures	8	—	2,812	313	4,639	7,772	341	214	—	8,327
Total segment assets	20,598	43,584	8,698	13,562	46,871	133,313	4,164	25,302	9,165	171,944
Taxation recoverable										6
Deferred tax assets										364
Total assets										172,314
LIABILITIES										
Segment liabilities	2,577	—	19	1,648	6,427	10,671	593	490	34,366	46,120
Taxation payable										820
Deferred tax liabilities										4,529
Total liabilities										51,469

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

7. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Net change in fair value of financial assets at FVTPL		
– equity investments	406	61
– structured deposits	21	22
Net change in fair value of investment properties	(5)	(6)
Net exchange losses	(99)	(113)
Dividend income from equity investments	90	87
Government grants	74	32
Net reversal/(allowance) for credit losses of trade debtors and other debtors	349	(9)
Others	31	49
	867	123

8. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Finance income from:		
Interest income from bank and other deposits	162	99
Interest income from advances to associates	8	101
Interest income from advance to a joint venture	38	28
	208	228
Interest expense on:		
Bank loans	(430)	(238)
Notes payable	(294)	(453)
Loans from		
– fellow subsidiaries	(4)	(10)
– immediate holding company	—	(12)
Lease liabilities	(26)	(25)
Others	(145)	(156)
Finance costs	(899)	(894)
Finance costs, net	(691)	(666)

9. TAXATION

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period.

The Group's operations in Mainland China are subject to corporate income tax law of the PRC. The standard PRC corporate income tax rate is 25%. Certain of the Group's subsidiaries enjoy the preferential tax rate of 15% upon the fulfilment of the criteria of the PRC tax laws. Further, 10% withholding income tax is generally imposed on dividends relating to any profits earned commencing from 2008 to foreign investors, while for some PRC entities held by companies incorporated in certain places, including Hong Kong and Singapore, preferential tax rate of 5% will be applied according to PRC tax regulations if such companies are the beneficial owner of over 25% of these PRC entities.

Taxation outside of Hong Kong and Mainland China has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Certain of the Group's overseas subsidiaries are exempted from the corporate income tax in the relevant countries.

The amount of taxation charged to the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Current taxation		
Hong Kong Profits Tax	1	2
PRC corporate income tax	169	241
Overseas profits tax	173	90
Withholding income tax	149	97
Deferred taxation		
Origination and reversal of temporary differences	238	86
	730	516

Pillar Two Income Tax

The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. No current tax expense was recognised related to Pillar Two income taxes for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

10. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Profit for the period has been arrived at after charging:		
Staff costs (including Directors' emoluments)	1,051	1,036
Depreciation of property, plant and equipment	644	760
Depreciation of right-of-use assets	241	260
Amortisation of intangible assets	151	155

11. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Interim dividend of 25 HK cents (2023: 22 HK cents) per ordinary share	1,050	909

At a meeting held on 30 August 2024, the Board declared an interim cash dividend of 25 HK cents per ordinary share. This dividend is not reflected as dividend payable in this condensed consolidated interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

The amount of interim dividend for 2024 was based on 4,198,009,186 (2023: 4,130,981,006) shares in issue as at 30 August 2024.

Pursuant to the Shareholders' approval at the annual general meeting held on 20 June 2024, a final cash dividend of 48 HK cents per ordinary share, totalling HK\$2,015 million for the year ended 31 December 2023 was declared.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
Basic		
Profit attributable to equity holders of the Company (HK\$'million)	4,452	3,351
Weighted average number of ordinary shares in issue	4,198,009,186	4,003,383,046

No diluted earnings per share for both six months ended 30 June 2024 and 2023 were presented as there were no potential dilutive ordinary shares in issue for both periods.

13. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Intangible assets HK\$'million	Property, plant and equipment HK\$'million	Investment properties HK\$'million
Six months ended 30 June 2024			
Net book value as at 1 January 2024	8,718	21,145	8,229
Exchange adjustments	(492)	(392)	(55)
Additions	53	293	—
Acquisition of subsidiaries (note 19)	48	227	—
Decrease in fair value	—	—	(5)
Disposal	—	(10)	—
Transfer	—	22	(16)
Depreciation and amortisation	(151)	(644)	—
Net book value as at 30 June 2024	8,176	20,641	8,153
Six months ended 30 June 2023			
Net book value as at 1 January 2023	8,380	24,217	8,265
Exchange adjustments	413	(140)	(248)
Additions	50	326	1
Decrease in fair value	—	—	(6)
Disposal	—	(15)	—
Transfer	—	(11)	90
Transfer to assets classified as held for sale	—	(2,700)	—
Depreciation and amortisation	(155)	(760)	—
Net book value as at 30 June 2023	8,688	20,917	8,102

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2024 HK\$'million	31 December 2023 HK\$'million
Trade debtors from contracts with customers, net (Note (a))	1,482	838
Amounts due from fellow subsidiaries (Note (b))	59	60
Amount due from immediate holding company (Note (b))	58	4
Amount due from intermediate holding company (Note (b))	1	—
Amount due from a related party	1	—
Amounts due from associates (Note (b))	44	89
Dividend receivables	469	249
	2,114	1,240
Other debtors, deposits and prepayments	639	609
	2,753	1,849

Notes:

- (a) The Group has a credit policy of allowing an average credit period of 90 days (31 December 2023: 90 days) to its trade debtors. The ageing analysis of the trade debtors, based on the invoice date, net of allowance for credit losses of trade debtors, is as follows:

	30 June 2024 HK\$'million	31 December 2023 HK\$'million
0 - 90 days	1,418	766
91 - 180 days	36	31
181 - 365 days	16	30
Over 365 days	12	11
	1,482	838

- (b) The balances are unsecured, interest-free and repayable in accordance with the credit term.

15. SHARE CAPITAL

	Company			
	Number of shares		Share capital	
	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
		HK\$'million	HK\$'million	
Issued and fully paid:				
As at 30 June	4,198,009,186	4,003,383,046	48,731	46,668

16. BANK AND OTHER BORROWINGS

	30 June 2024 HK\$'million	31 December 2023 HK\$'million
Bank loans		
Unsecured short-term variable rate bank loans	11,100	15,469
Unsecured long-term fixed rate bank loans	1,578	28
Long-term variable rate bank loans		
– unsecured	4,528	6,560
– secured (Note (a))	1,419	1,370
	18,625	23,427
Loans from a fellow subsidiary (Note (b))	162	425
Notes payable (Note (c))		
– US\$500 million, 4.75% guaranteed listed notes maturing in 2025	3,900	3,903
– US\$500 million, 4% guaranteed listed notes maturing in 2027	3,894	3,897
– US\$600 million, 5% guaranteed listed notes maturing in 2028	4,654	4,656
	12,448	12,456
Total	31,235	36,308
Less: amounts due within one year included under current liabilities	(11,451)	(16,062)
Non-current portion	19,784	20,246

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

16. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) As at 30 June 2024 and 31 December 2023, the following assets are pledged against the Group's secured loans from banks:

	30 June 2024 HK\$'million	31 December 2023 HK\$'million
Property, plants and equipment	162	—
Right-of-use assets	179	34
	341	34

- (b) The amounts as at 30 June 2024 and 31 December 2023 are loans from a fellow subsidiary which is from a financial institution approved and regulated by the People's Bank of China and the China Banking Regulatory Commission. These amounts are unsecured, interest-bearing 2.70% (31 December 2023: 1.20% to 3.00%) per annum.

- (c) Listed notes issued by subsidiaries of the Company of HK\$12,448 million (31 December 2023: HK\$12,456 million) are secured by corporate guarantees provided by the Company.

The fair values of the listed notes payable as at 30 June 2024 was HK\$12,350 million (31 December 2023: HK\$12,461 million). Other than the listed notes payable, the carrying amounts of the bank and other borrowings approximate their fair values as at 30 June 2024 and 31 December 2023.

- (d) The Group is required to comply with certain financial covenants and non-financial covenants throughout the continuance of the relevant loans. The Group has complied with the covenants throughout the reporting period.

- (e) As at 30 June 2024, the Group has undrawn bank loan facilities and other debt financing instruments amounting to HK\$20,485 million (31 December 2023: HK\$19,418 million), of which HK\$7,990 million (31 December 2023: HK\$6,690 million) and HK\$12,495 million (31 December 2023: HK\$12,728 million) are committed and uncommitted credit facilities, respectively.

- (f) The bank and other borrowings as at 30 June 2024 and 31 December 2023 are repayable as follows:

	Bank loans		Loans from a fellow subsidiary		Notes payable		Total	
	30 June 2024 HK\$'million	31 December 2023 HK\$'million	30 June 2024 HK\$'million	31 December 2023 HK\$'million	30 June 2024 HK\$'million	31 December 2023 HK\$'million	30 June 2024 HK\$'million	31 December 2023 HK\$'million
	Within 1 year (Note)	11,441	15,795	10	267	—	—	11,451
Between 1 and 2 years	2,357	4,715	—	—	3,900	3,903	6,257	8,618
Between 2 and 5 years	3,506	1,587	—	—	8,548	8,553	12,054	10,140
Within 5 years	17,304	22,097	10	267	12,448	12,456	29,762	34,820
More than 5 years	1,321	1,330	152	158	—	—	1,473	1,488
Total	18,625	23,427	162	425	12,448	12,456	31,235	36,308

Note: As at 30 June 2024, the Group has bank loans with a repayment on demand clause amounting to HK\$3,470 million (31 December 2023: HK\$5,503 million).

17. CREDITORS AND ACCRUALS

	30 June 2024	31 December 2023
	HK\$'million	HK\$'million
Trade creditors (note (a))	364	359
Contract liabilities	93	100
Amounts due to fellow subsidiaries (note (b))	48	53
Amounts due to immediate holding company (note (b))	4	4
Amounts due to associates (note (b))	379	357
Amounts due to joint ventures (note (b))	2	—
Amounts due to related parties (note (b))	2	5
Other payables and accruals	2,975	2,521
	3,867	3,399

Notes:

- (a) Bill payables of HK\$30 million (31 December 2023: nil) are included in trade creditors as at 30 June 2024 with a maturity period of less than one year.

The ageing analysis of the trade creditors, based on invoice date, is as follows:

	30 June 2024	31 December 2023
	HK\$'million	HK\$'million
0 – 90 days	313	342
91 – 180 days	38	7
181 – 365 days	7	4
Over 365 days	6	6
	364	359

- (b) The balances are unsecured, interest-free and repayable in accordance with the credit term.

18. FINANCIAL RISK MANAGEMENT

(i) Financial risk factors

The Group's principal activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and hence should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

There have been no significant changes in the risk management since last financial year end or in any risk management policies.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Fair value estimation

Different levels of fair value measurements have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed below.

(a) Fair value of financial instruments that are measured at fair value on a recurring basis

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2024 and 31 December 2023:

	Level 1 HK\$'million	Level 2 HK\$'million	Level 3 HK\$'million	Total HK\$'million
Financial assets				
As at 30 June 2024				
Financial assets at FVTPL	2,938	2,386	1	5,325
Equity instruments at FVTOCI	—	—	9	9
	2,938	2,386	10	5,334
At 31 December 2023				
Financial assets at FVTPL	2,539	3,330	1	5,870
Equity instruments at FVTOCI	—	—	10	10
	2,539	3,330	11	5,880

Set out below is the information about how the fair values of the above financial instruments are determined, including the valuation techniques and inputs used:

The fair value of the freely traded listed equity instruments that are accounted for as financial assets at FVTPL is valued based on the quoted prices in active markets for the identical assets directly.

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Fair value estimation (continued)

(a) Fair value of financial instruments that are measured at fair value on a recurring basis (continued)

The fair value of the structured deposits under level 2 fair value hierarchy that are accounted for as financial assets at FVTPL is valued based on the foreign exchange rate and gold price (31 December 2023: foreign exchange rate and gold price). As at 30 June 2024, if the foreign exchange rate was 5% (31 December 2023: 5%) higher/lower while all the other variables were held constant, the changes in fair value of the structured deposits would be insignificant (31 December 2023: insignificant). As at 30 June 2024, if the gold price was 5% (31 December 2023: 5%) higher/lower while all the other variables were held constant, the changes in fair value of the structured deposits would be insignificant (31 December 2023: insignificant).

The fair value of other unlisted equity instruments under level 3 fair value hierarchy that are accounted for as financial assets at FVTPL or equity instruments at FVTOCI is valued based on Guideline Publicly Traded Company method whereas the key inputs to the valuation models include the market multiples, share prices, volatilities and dividend yields of similar companies that are traded in a public market, discount of lack of marketability with reference to the share prices of listed enterprises in similar industries. As at 30 June 2024, if any of the significant unobservable inputs above was 5% (31 December 2023: 5%) higher/lower while all the other variables were held constant, the changes in fair value of these unlisted equity instruments would be insignificant (31 December 2023: insignificant).

There were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets or any reclassification of financial assets in the period.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2024 and 2023:

	Financial assets at FVTPL HK\$'million	Equity instruments at FVTOCI HK\$'million
For the six months ended 30 June 2024		
As at 1 January 2024	1	10
Exchange realignment	—	(1)
As at 30 June 2024	1	9
For the six months ended 30 June 2023		
As at 1 January 2023	3	30
Transfer to assets classified as held for sale	—	(20)
As at 30 June 2023	3	10

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Fair value estimation (continued)

(b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except for notes payable, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial information approximate their fair values at the end of the reporting period.

19. ACQUISITION OF SUBSIDIARIES

On 20 November 2023, the Company entered into a share purchase agreement with NPH for the acquisition of 1,435,110,412 shares of NPH which represents 51% equity interest in NPH. The provisional cash consideration for the acquisition in the initial sales and purchase agreement is US\$58.4 million (equivalent to approximately HK\$456 million). NPH is listed on Indonesia Stock Exchange, and NPH Group are principally engaged in container, multi-purpose and general terminal services in Indonesia.

The transaction was completed on 28 June 2024. Upon completion of the acquisition, the Company is now the controlling shareholder of NPH, leading NPH Group's business operations and management and has the right to appoint the majority of board members to the board of directors of NPH. Accordingly, NPH is accounted for as a subsidiary of the Group.

Net cash outflow arising in the NPH acquisition:

	HK\$'million
Cash consideration	456
Less: Cash and bank balances acquired	(133)
Net cash outflow during the six months ended 30 June 2024	323

The fair value of the identifiable assets and liabilities arising from the acquisition of NPH Group as at 28 June 2024 and the related consideration are currently determined provisionally as at 30 June 2024. At the date of this condensed consolidated interim financial information, the necessary valuations and other calculations for the net assets acquired and liabilities assumed have not been finalised and therefore have been provisionally determined based on the latest information available to the management. Any adjustments to these provisional values upon finalisation will be recognised within 12 months of the acquisition date. The adjustments will be calculated as if the fair values had been recognised on the acquisition date. Goodwill and deferred tax liabilities will also be adjusted to the amount that would have been recognised if the fair value had been used at the acquisition date. Provisional identifiable assets of NPH Group were HK\$408 million.

20. COMMITMENTS AND CONTINGENT LIABILITIES

- (a) Capital commitments for property, plant and equipment and intangible assets that are contracted but not provided for:

	30 June 2024 HK\$'million	31 December 2023 HK\$'million
Group		
Property, plant and equipment and intangible assets	849	936
Joint ventures		
Property, plant and equipment	6	6
	855	942

- (b) Capital commitments for investments that are contracted but not provided for:

	30 June 2024 HK\$'million	31 December 2023 HK\$'million
Group		
Ports projects	—	478
Joint ventures		
Land development project	12	12
	12	490

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

20. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Contingent liabilities

- (i) As at 30 June 2024, TCP Group had significant contingent liabilities arising from pending legal proceedings in Brazil in respect of disputes with local tax authorities, employees or former employees of TCP Group and other parties, amounting to HK\$978 million (31 December 2023: HK\$1,044 million), which, based on the latest estimates of the management of the Group, is not probable that outflows of resources embodying economic benefits will be required to settle these obligations. Accordingly, no provision for litigation claims in respect of the above cases has been made in the condensed consolidated interim financial information. A counter indemnity in favour of the Group is executed by the selling shareholders pursuant to which the latter indemnify to the Group for the above contingent liabilities for and up to predetermined amounts and specified length of time.
- (ii) As at 30 June 2024, the other shareholder of an associate of which the Group held as to 49% of its issued share capital provided corporate guarantees to the full amount for certain loan facilities granted by banks to and other obligations borne by the relevant associate. A counter indemnity in favour of the other shareholder of the associate is executed pursuant to which the Group undertakes to indemnify the other shareholder 49% of the liabilities in the aggregate amount of HK\$195 million (31 December 2023: HK\$211 million) arising from the above loan facilities and other obligations.

In addition to above, the Group also provides guarantees for banking facilities granted to and other obligations borne by an associate of CMG. The total amount guaranteed by the Group is HK\$225 million (31 December 2023: HK\$225 million) and the aggregate amount utilised by the relevant related party amounted to HK\$183 million (31 December 2023: HK\$172 million).

The Directors assessed the risk of default of the associate and the related party in serving the aforesaid loan facilities and other obligations at the end of the reporting period and considered the risk to be insignificant and it is not likely that any guaranteed amount will be claimed.

- (iii) As at 30 June 2024 and 31 December 2023, the Company has been involved in actions in Hong Kong involving dispute over the Group's overseas investment. Based on advice of legal counsel and information available to the Group, the Directors are of the opinion that it is pre-mature to assess the possible outcome of the case and the Company is unable to ascertain the likelihood of the claim at the current stage and management of the Group considered that it is not probable that outflow of resources will be required.

21. RELATED PARTY TRANSACTIONS

The Directors regard CMG, a state-owned enterprise registered in the PRC and is controlled by the PRC government, as being the ultimate holding company of the Company.

Related parties refer to entities in which CMG has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or directors or officers of the Company and its subsidiaries. Other than as disclosed elsewhere in this condensed consolidated interim financial information, a summary of significant related party transactions entered into in the normal course of business between the Group and its related parties during the period and balances arising from related transactions as at 30 June 2024 are as follows:

(a) Balances and transactions with associates and joint ventures of the Group and with the CMG Group

	Note	Six months ended 30 June	
		2024 HK\$'million	2023 HK\$'million
Rental income from	(i)		
– fellow subsidiaries		29	27
– associates		—	2
– joint ventures		12	11
Interest expenses on lease liabilities	(i)		
– fellow subsidiaries		2	1
Expenses relating to short-term leases	(i)		
– fellow subsidiaries		—	4
Service income from	(ii)		
– fellow subsidiaries		45	46
– associates		5	12
– joint ventures		37	35
– related parties		50	22
Service fee paid to	(iii)		
– fellow subsidiaries		59	56
– associates		29	33
– joint ventures		10	9
– related parties		1	19
Interest income from			
– a fellow subsidiary	(iv)	11	10
– associates	(v)	8	101
– a joint venture	(v)	38	28
– related parties	(vi)	6	9
Interest expenses and upfront fees paid to	(vii)		
– immediate holding company		—	12
– fellow subsidiaries		4	10

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Balances and transactions with associates and joint ventures of the Group and with the CMG Group (continued)

Notes:

- (i) The Group rented certain vessels and properties from and leased office premises and residential units to fellow subsidiaries, and also leased warehouses to joint ventures. Lease payments were received or charged at a fixed amount per month in accordance with respective tenancy agreements.

During the current period, the Group has recognised an addition of right-of-use assets of HK\$41 million (2023: HK\$19 million) and lease liabilities of HK\$41 million (2023: HK\$19 million) in relation to these leases.

- (ii) The ports, logistics and information technology service fees were charged with reference to market rates.
- (iii) These related parties provided barges to bring cargoes into terminals operated by the Group and provided cargo management and information technology services to the Group. The service fees were charged with reference to market rates.
- (iv) As at 30 June 2024, the Group placed deposits of HK\$738 million (31 December 2023: HK\$1,472 million) with China Merchants Finance, a subsidiary of CMG which is a financial institution approved and regulated by the People's Bank of China and the China Banking Regulatory Commission. The amounts are included in cash and bank balances.

Interest income was charged at interest rates ranging from 1.35% to 2.10% (2023: from 1.61% to 2.10%) per annum.

- (v) Interest income was charged at interest rates ranging from 3.65% to 6.15% (2023: 3.65% to 6.15%) per annum on the outstanding loan to associates and 0.50% plus the weighted average of the interest rates applicable under certain facilities provided to the joint venture per annum on the outstanding loan to a joint venture.
- (vi) As at 30 June 2024, the Group placed deposits of HK\$1,108 million (31 December 2023: HK\$2,958 million) with China Merchants Bank Co., Ltd., an associate of CMG.
- (vii) Interest expenses were charged at interest rates as specified in note 16 on the outstanding loans from immediate holding company and fellow subsidiaries.
- (viii) In previous years, a subsidiary of the Company entered into transactions with a related party for leasing certain parcels of land located in Djibouti. At inception of the lease, the Group had recognised a right-of-use asset amounting to HK\$322 million. Lease payment of HK\$322 million had been made by the Group during the previous years. As at 30 June 2024, the corresponding carrying amount of the right-of-use asset was HK\$309 million (31 December 2023: HK\$313 million).
- (ix) During the current period, the Group acquired property, plant and equipment of HK\$3 million (2023: HK\$2 million) from fellow subsidiaries (2023: an associate).

The balances with entities within CMG Group as at 30 June 2024 and 31 December 2023 are disclosed in notes 14, 16 and 17.

Included in these transactions are certain connected transactions or continuing connected transactions entered into by the Group. Other than these transactions, the other transactions as set out in this note 21(a) were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with other PRC state-controlled entities

A number of subsidiaries of the Company operate in the Mainland China, an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government. These PRC subsidiaries therefore have substantial volumes of transactions with other PRC state-controlled entities during their ordinary course of businesses including but not limited to the purchases of assets, construction of ports and related facilities, bank deposits and borrowings, among others.

(c) Key management compensation

	Six months ended 30 June	
	2024	2023
	HK\$'million	HK\$'million
Salaries and other short-term employee benefits	9	10

Definitions

In this interim report, unless the context otherwise requires, the following expression shall have the following meanings:

AAT	Asia Airfreight Terminal Company Limited
Alphaliner	a shipping consulting agency
Audit Committee	the audit committee of the Company
Board	the board of directors of the Company
BRL	Brazilian Real dollars, the lawful currency of Brazil
Broadford	Broadford Global Limited
BTOS	Bulk Cargo Terminal Operation System
China Merchants Finance	China Merchants Group Finance Company Limited
CICT	Colombo International Container Terminals Limited
CKRTT	Chu Kong River Trade Terminal Co., Limited
CMBL	China Merchants Bonded Logistics Co., Ltd.
CMCS	China Merchants Container Services Limited
CMG	China Merchants Group Limited
CMG Group	CMG, its subsidiaries, associates and joint ventures
CMHK	China Merchants Holdings (Hong Kong) Company Limited
CMID	China Merchants Investment Development Company Limited (招商局投資發展有限公司)
CMID (HK)	China Merchants Investment Development (Hong Kong) Limited
CMIT	China Merchants International Technology Company Limited
CMITG	China Merchants Innovation Technology (Group) Limited (招商局創新科技(集團)有限公司)
CMITQ	China Merchants International Terminal (Qingdao) Co., Ltd.
CMPG	China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange (stock code: 001872/201872)

CMPID	China Merchants Port Investment Development Company Limited
CMSIZ	China Merchants Shekou Industrial Zone Holdings Company Limited
CMSN	China Merchants Steam Navigation Company Limited
CMU	China Merchants Union (BVI) Limited
CNIC Corporation	CNIC Corporation Limited
COE	Center of Excellence
CODM	chief operating decision-maker
Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Compass Investment	Compass Investment Company Limited
Corporate Governance Code	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
CTOS	Container Terminal Operating System
DIFTZ	Djibouti International Free Trade Zone
Directors	the directors of the Company
Employee Incentive Scheme	the employee incentive scheme of CMPG
ESG	the Environmental, Social and Governance
ESG Committee	the environmental, social and governance committee of the Company
EU	the European Union
EURO	Euro, the lawful currency of the members states of the EU
Europe and the US	Europe and the United States
FVTOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss

Definitions

GDP	gross domestic product
Greater Bay Area	Guangdong-Hong Kong-Macao Greater Bay Area
HKAS	Hong Kong Accounting Standard
HKFRSs	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
HIPG	Hambantota International Port Group (Private) Limited
HK Dollars/HK\$	Hong Kong dollars, the lawful currency of Hong Kong
HKSE	The Stock Exchange of Hong Kong Limited
Hong Kong	the Hong Kong Special Administrative Region of the PRC
IMF	International Monetary Fund
IDR	Indonesian Rupiah, the lawful currency of Indonesia
KMCT	Kao Ming Container Terminal Corp.
Kumport	Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi
LCT	Lomé Container Terminal S.A.
Liaoning Port	Liaoning Port Co., Ltd., shares of which are listed on the Shanghai Stock Exchange (stock code: 601880) and the HKSE (stock code: 2880)
Listing Rules	the Rules Governing the Listing of Securities on the HKSE
LPOS	Logistic Park Operation System
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
MTL	Modern Terminals Limited
Ningbo Daxie	Ningbo Daxie China Merchants International Terminals Co., Ltd.
Ningbo Port	Ningbo Zhoushan Port Company Limited, shares of which are listed on the Shanghai Stock Exchange (stock code: 601018)

Nomination Committee	the nomination committee of the Company
NPH	PT Nusantara Pelabuhan Handal Tbk, shares of which are listed on the Indonesia Stock Exchange (stock code: PORT)
NPH Group	NPH and its subsidiaries
Orienture	Orienture Holdings Company Limited
Pagoda Tree	Pagoda Tree Investment Company Limited
PDSA	Port de Djibouti S.A.
Port Development	Port Development (Hongkong) Company Limited
PRC	the People's Republic of China
Qingdao Dongjiakou	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.
QQCTU	Qingdao Qianwan United Container Terminal Co., Ltd.
QQTU	Qingdao Qianwan West Port United Terminal Co., Ltd.
Rainbow	Rainbow Reflection Limited
Register of Members	the register of members of the Company
Remuneration Committee	the remuneration committee of the Company
RMB	Renminbi, the lawful currency of the PRC
RORO	transportation by Roll-on/Roll-off vessel
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shantou Port	Shantou China Merchants Port Group Co., Ltd.
Shareholders	the holder of the ordinary share(s) of the Company
SSHL	Sinotrans Shipping (Holdings) Limited
Sinomarine	Sinomarine Limited

Definitions

SIPG	Shanghai International Port (Group) Co., Ltd., shares of which are listed on the Shanghai Stock Exchange (stock code: 600018)
SMP	Smart Management Platform
subsidiary(ies)	has the meaning ascribed to it under the Listing Rules
TCP	TCP Participações S.A.
TCP Group	TCP and its subsidiaries
Terminal Link	Terminal Link SAS
TEU	twenty-foot equivalent unit
the Company	China Merchants Port Holdings Company Limited, shares of which are listed on the HKSE (stock code: 00144)
the Group	the Company and its subsidiaries
Tianjin Haitian	Tianjin Haitian Bonded Logistics Co., Ltd.
Tianjin Port Container Terminal	Tianjin Port Container Terminal Co., Ltd.
TICT	Tin-Can Island Container Terminal Ltd.
Top Chief	Top Chief Company Limited
USD	United States dollars, the lawful currency of the United States of America
Verise Holdings	Verise Holdings Company Limited
West Shenzhen Port Zone	Mega Shekou Container Terminals Limited; Chiwan Container Terminal Co., Ltd.; Shenzhen Mawan Terminals Co., Ltd.; Shenzhen Mawan Wharf Co., Ltd.; Shenzhen Haixing Harbour Development Company Ltd.; and China Merchants Port Services (Shenzhen) Company Limited
Xia Men Bay Terminals	Xia Men Bay China Merchants Terminals Co., Ltd.
Zhangzhou Port	Zhangzhou China Merchants Port Co., Ltd.
Zhanjiang Port	Zhanjiang Port (Group) Co., Ltd.
%	per cent.

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