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

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 00144)

- Throughput of containers handled reached 120.52 million TEUs, up 7.9% (2019: 111.72 million TEUs)
- Throughput of bulk cargoes handled reached 411 million tonnes, down 8.6% (2019: 449 million tonnes)
- Profit attributable to equity holders of the Company amounted to HK$5,151 million, down 38.4% (2019: HK$8,362 million)
- Recurrent profit attributable to equity holders of the Company
  - √ HK$4,158 million, down 0.1% (2019: HK$4,163 million)
  - √ HK$4,673 million, down 16.5%, from ports operation (2019: HK$5,594 million)
- Basic earnings per share totaled 146.25 HK cents, down 41.0% (2019: 247.84 HK cents)
- Final dividend of 51 HK cents per share (2019: 58 HK cents per share)

2020 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of China Merchants Port Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020** *HK$'million*	**2019** *HK$'million*
Revenue	2	8,945	8,898
Cost of sales		(5,201)	(5,182)
Gross profit		3,744	3,716
Other income and other gains, net	4	1,852	6,948
Administrative expenses		(1,371)	(1,421)
Finance income	5	298	214
Finance costs	5	(1,822)	(1,996)
Finance costs, net	5	(1,524)	(1,782)
Share of profits less losses of			
Associates		4,117	3,764
Joint ventures		340	531
		4,457	4,295
Profit before taxation		7,158	11,756
Taxation	6	(1,077)	(2,518)
Profit for the year	7	6,081	9,238
Attributable to:			
Equity holders of the Company		5,151	8,362
Owners of perpetual capital securities		52	—
Non-controlling interests		878	876
Profit for the year		6,081	9,238
Dividends	8	2,516	2,752
Earnings per share for profit attributable to equity holders of the Company	9		
Basic (HK cents)		146.25	247.84

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HK$'million	*HK$'million*
Profit for the year	6,081	9,238
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	4,407	(3,402)
Release of reserves upon obtaining control of a non-wholly owned subsidiary	(87)	—
Share of other reserve of a joint venture	6	(26)
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial gain/(loss) on defined benefit plans of subsidiaries	29	(3)
Share of other reserves of associates	6	47
Share of net actuarial loss on defined benefit plans of associates	(35)	(30)
Total other comprehensive income/(expense) for the year, net of tax	4,326	(3,414)
Total comprehensive income for the year	10,407	5,824
Total comprehensive income attributable to:		
Equity holders of the Company	8,992	5,248
Owners of perpetual capital securities	52	—
Non-controlling interests	1,363	576
	10,407	5,824

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	**2020**	**2019**
		HK$'million	*HK$'million*
ASSETS			
Non-current assets			
Goodwill		5,759	6,931
Intangible assets		9,369	10,244
Property, plant and equipment		26,509	23,870
Right-of-use assets		16,553	15,435
Investment properties		8,918	8,246
Interests in associates		67,426	58,052
Interests in joint ventures		9,091	9,648
Other financial assets		7,258	2,668
Other non-current assets		1,305	1,218
Deferred tax assets		420	260
		152,608	136,572
Current assets			
Inventories		179	125
Other financial assets		81	905
Debtors, deposits and prepayments	10	5,493	3,435
Taxation recoverable		8	35
Cash and bank balances		11,290	7,800
		17,051	12,300
Non-current assets held for sale		405	210
		17,456	12,510
Total assets		170,064	149,082

	Note	2020	2019
		HK$'million	*HK$'million*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		42,521	40,614
Reserves		43,501	37,169
Proposed dividend	8	1,867	2,000
		87,889	79,783
Perpetual capital securities		6,237	—
Non-controlling interests		19,509	14,351
Total equity		113,635	94,134
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		30,240	29,419
Lease liabilities		886	918
Other non-current liabilities		5,229	5,421
Deferred tax liabilities		4,482	3,668
		40,837	39,426
Current liabilities			
Creditors and accruals	11	4,152	4,707
Bank and other borrowings		8,952	8,995
Lease liabilities		76	84
Taxation payable		2,412	1,736
		15,592	15,522
Total liabilities		56,429	54,948
Total equity and liabilities		170,064	149,082
Net current assets/(liabilities)		1,864	(3,012)
Total assets less current liabilities		154,472	133,560

NOTES:

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the Hong Kong Companies Ordinance (Cap. 622) ("**HKCO**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss ("**FVTPL**"), equity instruments at fair value through other comprehensive income and financial liabilities at FVTPL which are carried at fair value at the end of each reporting period.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results 2020 do not constitute the Company's statutory consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the HKCO is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the HKCO and will deliver the consolidated financial statements for the year ended 31 December 2020 in due course.

The Company's auditor has reported on these consolidated financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2), 407(2) or (3) of the HKCO.

During the year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs issued by the HKICPA for the first time. The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in this consolidated financial information.

2 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 year.

	2020	**2019**
	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	8,304	8,243
Warehousing services income, representing temporary storage of cargos and containers, customs clearance services and the auxiliary services	469	467
Revenue from contracts with customers	8,773	8,710
Gross rental income that are fixed from investment properties	172	188
	8,945	8,898

3 Segment information

The key management team of the Company is regarded as the chief operating decision-maker ("**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 reportable 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 reportable segments of the ports operation are as follows:

(a) Mainland China, Hong Kong and Taiwan

- Pearl River Delta
- Yangtze River Delta
- Bohai Rim
- Others

(b) Other locations outside of Mainland China, Hong Kong and Taiwan

(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 associate, 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, each of which is considered as a separate operating segment by the CODM. For the purpose of segment reporting, these individual operating segments have been aggregated into reportable segments on geographic basis in order to present a more systematic and structured segment information. To give details of each of the operating segments, in the opinion of the directors of the Company, would result in particulars of excessive length.

Bonded logistics operation and other operations include a number of different operations, each of which is considered as a separate but insignificant operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated according to the natures of their operations to give rise to more meaningful presentation.

There are no material sales or other transactions between the segments.

During the current year, one (2019: one) customer has accounted for over 10% of the Group's total revenue amounting to HK$1,471 million (2019: HK$1,313 million).

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

	Revenue		**Non-current assets**	
	2020	**2019**	**2020**	**2019**
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Mainland China, Hong Kong and Taiwan	5,009	5,227	98,321	87,513
Other locations	3,936	3,671	46,609	46,131
	8,945	8,898	144,930	133,644

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 year ended 31 December 2020										
	Ports operation						Bonded logistics operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total		Other investments	Corporate function	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*	*HK$'million*
Revenue	3,432	83	70	812	3,907	8,304	469	172	—	172	8,945
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	1,184	1,217	133	1,097	345	3,976	135	193	(79)	114	4,225
Share of profits less losses of											
– Associates	136	2,510	216	74	330	3,266	21	830	—	830	4,117
– Joint ventures	1	125	145	(1)	66	336	1	3	—	3	340
	1,321	3,852	494	1,170	741	7,578	157	1,026	(79)	947	8,682
Finance costs, net	(2)	2	3	(32)	(123)	(152)	(21)	(38)	(1,313)	(1,351)	(1,524)
Taxation	(273)	(192)	(69)	(529)	59	(1,004)	(17)	(56)	—	(56)	(1,077)
Profit/(loss) for the year	1,046	3,662	428	609	677	6,422	119	932	(1,392)	(460)	6,081
Owners of perpetual capital securities	—	—	—	—	—	—	—	—	(52)	(52)	(52)
Non-controlling interests	(176)	(15)	—	(516)	(145)	(852)	(25)	(1)	—	(1)	(878)
Profit/(loss) attributable to equity holders of the Company	870	3,647	428	93	532	5,570	94	931	(1,444)	(513)	5,151
Other information:											
Depreciation and amortisation	612	19	2	317	947	1,897	110	2	24	26	2,033
Capital expenditure	1,185	88	—	377	362	2,012	24	15	10	25	2,061

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 year ended 31 December 2019										
	Ports operation						Bonded logistics operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total		Other investments	Corporate function	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*	*HK$'million*
Revenue	3,654	—	74	844	3,671	8,243	467	188	—	188	8,898
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	6,075	216	414	1,121	1,520	9,346	161	202	(466)	(264)	9,243
Share of profits less losses of											
– Associates	135	2,748	179	26	380	3,468	26	270	—	270	3,764
– Joint ventures	1	137	215	3	185	541	1	(11)	—	(11)	531
	6,211	3,101	808	1,150	2,085	13,355	188	461	(466)	(5)	13,538
Finance costs, net	18	—	1	(29)	(351)	(361)	(31)	(41)	(1,349)	(1,390)	(1,782)
Taxation	(1,831)	(151)	(104)	(245)	(105)	(2,436)	(36)	(45)	(1)	(46)	(2,518)
Profit/(loss) for the year	4,398	2,950	705	876	1,629	10,558	121	375	(1,816)	(1,441)	9,238
Non-controlling interests	(174)	—	—	(207)	(456)	(837)	(33)	(6)	—	(6)	(876)
Profit/(loss) attributable to equity holders of the Company	4,224	2,950	705	669	1,173	9,721	88	369	(1,816)	(1,447)	8,362
Other information:											
Depreciation and amortisation	649	—	2	313	903	1,867	105	1	23	24	1,996
Capital expenditure	1,130	—	—	624	813	2,567	283	19	20	39	2,889

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 reportable segments, and all liabilities other than taxation payable and deferred tax liabilities are allocated to reportable segments.

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

	As at 31 December 2020										
	Ports operation						Bonded logistics operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total		Other investments	Corporate function	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*	*HK$'million*
ASSETS											
Segment assets (excluding interests in associates and joint ventures)	18,158	6,985	1,153	12,114	36,863	75,273	3,061	8,889	5,491	14,380	92,714
Interests in associates	2,581	30,597	4,437	3,108	10,244	50,967	869	15,590	–	15,590	67,426
Interests in joint ventures	6	–	3,020	360	5,677	9,063	6	22	–	22	9,091
Non-current assets held for sale	–	–	–	405	–	405	–	–	–	–	405
Total segment assets	20,745	37,582	8,610	15,987	52,784	135,708	3,936	24,501	5,491	29,992	169,636
Taxation recoverable											8
Deferred tax assets											420
Total assets											170,064
LIABILITIES											
Segment liabilities	(3,040)	(321)	(38)	(1,934)	(10,525)	(15,858)	(692)	(1,445)	(31,540)	(32,985)	(49,535)
Taxation payable											(2,412)
Deferred tax liabilities											(4,482)
Total liabilities											(56,429)

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

	As at 31 December 2019										
	Ports operation						Bonded logistics operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total		Other investments	Corporate function	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*	*HK$'million*
ASSETS											
Segment assets (excluding interests in associates and joint ventures)	16,916	1,845	1,185	10,964	36,170	67,080	2,870	8,250	2,677	10,927	80,877
Interests in associates	2,446	27,141	3,970	2,848	6,951	43,356	852	13,844	–	13,844	58,052
Interests in joint ventures	4	953	2,816	341	5,511	9,625	6	17	–	17	9,648
Non-current assets held for sale	–	–	–	210	–	210	–	–	–	–	210
Total segment assets	19,366	29,939	7,971	14,363	48,632	120,271	3,728	22,111	2,677	24,788	148,787
Taxation recoverable											35
Deferred tax assets											260
Total assets											149,082
LIABILITIES											
Segment liabilities	(2,410)	–	(38)	(2,264)	(12,392)	(17,104)	(843)	(972)	(30,625)	(31,597)	(49,544)
Taxation payable											(1,736)
Deferred tax liabilities											(3,668)
Total liabilities											(54,948)

4 Other income and other gains, net

	2020	2019
	HK$'million	*HK$'million*
Dividend income from equity investments	87	122
(Loss)/gain on disposal of property, plant and equipment	(120)	17
Gain on resumption of land parcels at Qianhai (Note (a))	—	4,820
Gain on resumption of land parcels at Shantou (Note (b))	1,722	688
Increase in fair value of investment properties	149	105
Gain on discontinuance of equity accounting for a joint venture	960	—
Gain on deemed disposal of interest in a joint venture	—	440
Increase in fair value of financial assets at FVTPL	256	513
Increase in fair value of financial liabilities at FVTPL	(765)	(414)
Impairment loss recognised in respect of goodwill	(621)	—
Net allowance for credit losses of trade debtors and other debtors	(510)	(38)
Net exchange gain/(loss)	446	(29)
Indemnification from related parties (Note (c))	—	554
Government grants (Note (d))	190	116
Others	58	54
	1,852	6,948

Notes:

(a) During the year ended 31 December 2019, certain land parcels held by the Group and certain members of China Merchants Group Limited and its subsidiaries at Qianhai, Shenzhen, the PRC were resumed by Shenzhen Qianhai Shenzhen-Hong Kong Modern Services Commission, an authority established by the government of the PRC. The government compensation for the resumption of the land parcels (excluding a piece of land at Dachan Bay Port Phase II, Shenzhen, the PRC, to be received by the Group as part of the compensation) at Qianhai held by the Group was RMB5,693 million (equivalent to approximately HK$6,457 million), resulting in a gain on the resumption of HK$4,820 million.

(b) Certain non-current assets held for sale as at 31 December 2018, land use rights classified under right-of-use assets and property, plant and equipment at Shantou, Guangdong Province, the PRC were resumed by Shantou Land Reserve Center ("**SLRC**"), an authority established by the government of the PRC during the year ended 31 December 2019. The total compensation for the resumption of the related assets at Shantou held by the Group were RMB976 million (equivalent to approximately HK$1,107 million), resulting in a gain on the resumption of HK$688 million, net of resumption costs amounting to HK$52 million.

Certain non-current assets held for sale as at 31 December 2019, land use rights classified under right-of-use assets and property, plant and equipment at Shantou were resumed by SLRC during the year ended 31 December 2020. The total compensation for the resumption of the related assets at Shantou held by the Group are RMB2,381 million (equivalent to approximately HK$2,655 million) resulting in a gain on the resumption of HK$1,722 million, net of resumption costs amounting to HK$158 million.

(c) Amount being the indemnification from the holding companies of a non-controlling shareholder of a subsidiary in connection with the operation of the relevant subsidiary.

(d) During the year ended 31 December 2020, the Group recognised government grants of HK$7 million in respect of COVID-19-related subsidies, of which HK$6 million relates to Employment Support Scheme provided by the Hong Kong government.

5 Finance income and costs

	2020	2019
	HK$'million	*HK$'million*
Finance income from:		
Interest income from bank and other deposits	80	118
Interest income from advance to a joint venture	69	71
Interest income from advances to associates	149	—
Interest income from amount due from a related party	—	21
Others	—	4
	298	214
Interest expense on:		
Bank loans	(474)	(598)
Listed notes payable	(1,077)	(1,118)
Unlisted notes payable	(138)	(142)
Loans from:		
– a non-controlling equity holder of a subsidiary	(21)	(20)
– fellow subsidiaries	(23)	(33)
– immediate holding company	(22)	(1)
– an associate	—	(8)
Lease liabilities	(54)	(54)
Others	(54)	(44)
Total borrowing costs incurred	(1,863)	(2,018)
Less: amount capitalised on qualifying assets (Note)	41	22
Finance costs	(1,822)	(1,996)
Finance costs, net	(1,524)	(1,782)

Note: Apart from the interest expenses incurred on borrowings specifically for the purposes of obtaining qualifying assets, those incurred from the general borrowing pool used for the purpose of obtaining qualifying assets are also capitalised in the consolidated statement of financial position. Capitalisation rate of 4.21% per annum (2019: 5.03% per annum) was applied, representing the weighted average rate of the costs of borrowings used to finance the qualifying assets.

6 Taxation

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year.

The Group's operations in Mainland China are subject to corporate income tax law of the PRC ("**PRC corporate income tax**"). 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 the 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 year 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 consolidated statement of profit or loss represents:

	2020	2019
	HK$'million	*HK$'million*
Current taxation		
Hong Kong Profits Tax	4	5
PRC corporate income tax (Note (a))	841	2,021
Overseas profits tax	—	51
Withholding income tax	146	164
Deferred taxation		
Origination and reversal of temporary differences (Note (b))	86	277
	1,077	2,518

Notes:

(a) Included in the amount for the year ended 31 December 2020 was the PRC corporate income tax of HK$431 million levied on the Group for the gain on resumption of land parcels at Shantou. Included in the amount for the year ended 31 December 2019 was the PRC corporate income tax of HK$1,409 million levied on the Group for the gain on resumption of land parcels at Qianhai. Further details are set out in note 4.

(b) Included in the amount for the year ended 31 December 2019 was the net deferred tax arising from the gain on resumption of land parcels at Qianhai amounting to HK$130 million.

7 Profit for the year

	2020	2019
	HK$'million	*HK$'million*
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	1,800	1,777
Depreciation of property, plant and equipment	1,296	1,243
Depreciation of right-of-use assets	478	482
Amortisation of intangible assets	259	271
Auditor's remuneration (including fees for non-audit services)	11	15

8 Dividends

	2020	2019
	HK$'million	*HK$'million*
Interim, paid, of 18 HK cents (2019: 22 HK cents) per ordinary share	649	752
Final, proposed, of 51 HK cents (2019: 58 HK cents) per ordinary share	1,867	2,000
	2,516	2,752

At a meeting held on 30 March 2021, the Board proposed a final dividend of 51 HK cents per ordinary share, which will be satisfied by allotment of new shares of the Company, credited as fully paid, by way of scrip dividend, with an alternative to shareholders to elect to receive such final dividend (or part thereof) in cash in lieu of such allotment. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

The amount of proposed final dividend for 2020 was based on 3,661,088,416 (2019: 3,448,947,770) shares in issue as at 30 March 2021.

9 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:

	2020	2019
Basic		
Profit attributable to equity holders of the Company (HK$'million)	5,151	8,362
Weighted average number of ordinary shares in issue	3,522,492,505	3,374,097,013

No diluted earnings per share for both 2020 and 2019 were presented as there were no potential dilutive ordinary shares in issue for both 2020 and 2019.

10 Debtors, deposits and prepayments

Debtors, deposits and prepayments balance includes trade debtors of HK$1,018 million (2019: HK$918 million).

The Group has a credit policy of allowing an average credit period of 90 days (2019: 90 days) to its trade debtors. The ageing analysis of trade debtors, based on the invoice date, net of allowance for credit losses of trade debtors, is as follows:

	2020	2019
	HK$'million	*HK$'million*
0 - 90 days	996	852
91 - 180 days	8	42
181 - 365 days	4	14
Over 365 days	10	10
	1,018	918

11 Creditors and accruals

Creditors and accruals balance includes trade creditors of HK$312 million (2019: HK$338 million). The ageing analysis of the trade creditors, based on invoice date, is as follows:

	2020	2019
	HK$'million	*HK$'million*
0 - 90 days	260	280
91 - 180 days	15	14
181 - 365 days	—	6
Over 365 days	37	38
	312	338

PROPOSED FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

The Directors have resolved to recommend the payment of a final scrip dividend of 51 HK cents per share, totalling HK$1,867 million for the year ended 31 December 2020 by way of an issue of new shares with an alternative to the shareholders of the Company (the "**Shareholders**") to elect to receive the final dividend (or part thereof) in cash in lieu of such allotment (2019: scrip dividend of 58 HK cents per share by way of issue of new shares equivalent with cash alternative), payable on or around 16 July 2021 to Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on 9 June 2021 (the "**Scrip Dividend Scheme**").

Subject to the approval by the Shareholders at the annual general meeting of the Company (the "**AGM**") to be held on 1 June 2021, a circular containing details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or around 15 June 2021. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") of the listing of and permission to deal in the new shares to be issued pursuant thereto. It is expected that the final dividend warrants and certificates for the new shares will be despatched to Shareholders on or around 16 July 2021.

CLOSURE OF REGISTER

To ascertain Shareholders' entitlement to attend and vote at the AGM, the Register of Members will be closed from 26 May 2021 to 1 June 2021 (both days inclusive), during which no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, 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 Tuesday, 25 May 2021.

Subject to the approval of the Shareholders at the AGM, the proposed final dividend will be despatched to Shareholders whose names appear on the Register of Members after the close of business at 4:30 p.m. on Wednesday, 9 June 2021. In order to qualify for the proposed final dividend, all transfers and the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at the above address not later than 4:30 p.m. on Wednesday, 9 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In 2020, the more complex international environment was characterised by the significant increase in the uncertainties with the far-reaching and unprecedented impact brought by the COVID-19. According to the "World Economic Outlook" update report published by the International Monetary Fund ("**IMF**") in January 2021, the global economy in 2020 was expected to shrink by 3.5% year-on-year. Amongst that, developed economies and emerging economies were expected to decline by 4.9% and 2.4% respectively, while the heavily-hit United States and Euro Area would record a decrease of 3.4% and 7.2% respectively. Total global trade volume (including goods and services) shrank by 9.6%, representing a decrease of 10.6 percentage points as compared to that of 2019.

In the face of the complicated and challenging international environment, China organised and promoted pandemic prevention and control along with economic and social development. Its efforts not only effectively facilitated the restoration of normal production and everyday life, but also yielded significant strategic results in disease prevention and control. In the meantime, China accelerated the establishment of the new development model with internal circulation in the domestic market as the mainstay and the dual circulation in domestic and international market facilitating each other. As a result, the Chinese economy recovered steadily and China recorded year-on-year GDP growth of 2.3% in 2020, making it the only major economy with positive economic growth in the world. In the second half of 2020, driven by the infrastructure, greater support from the fixed asset investment became more obvious, the foreign trade recorded better-than-expected growth driven by regional cooperation in trade, and the consumption demand gradually picked up and the economy showed positive signs of recovery. Overall, the outlook on China's economy of the upward trend in the long-run hasn't changed. To achieve high-quality economic growth, China will continue to deepen the supply-side structural reform and focus on the management on the demand side in the future. According to the statistics published by the General Administration of Customs of China, China's total foreign trade of import and export value amounted to US$4.65 trillion in 2020, representing a year-on-year increase of 1.5%, among which the total export value was US$2.59 trillion, representing an increase of 3.6% year-on-year; while the total import value was US$2.06 trillion, representing a decrease of 1.1% year-on-year.

Under the impact of COVID-19, the global port container throughput slightly declined in 2020, however the container throughput volume in China slightly increased thanks to the effective pandemic prevention and control in China. According to the data published by the Alphaliner, a shipping consultancy, the global container throughput in 2020 was expected to amount to 827 million TEUs, representing a year-on-year decrease of 1.4%. According to the data published by the Ministry of Transport of China, the accumulated container throughput handled by the Chinese ports reached 264 million TEUs in 2020, representing an increase of 1.2% year-on-year.

In 2020, the Group's ports handled a total container throughput of 120.52 million TEUs, up by 7.9% over the previous year, and bulk cargo volume of 411 million tonnes, down by 8.6% over the previous year. For the year ended 31 December 2020, the Group's revenue amounted to HK$8,945 million, representing an increase of 0.5% over the previous year. Profit attributable to equity holders of the Company amounted to HK$5,151 million, representing a decrease of 38.4% over the previous year.

BUSINESS REVIEW

Ports operation

In 2020, the Group's ports handled a total container throughput of 120.52 million TEUs, up by 7.9% year-on-year. Among that, the Group's ports in Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 91.65 million TEUs, representing an increase of 0.8% year-on-year. The continuous recovery of business volume in the second half of the year has offset the impact arising from the pandemic at the beginning of the year. A total container throughput handled by the Group's overseas ports grew by 38.5% year-on-year to 28.88 million TEUs, which was mainly benefitted from the additional throughput contribution from the eight terminals acquired by Terminal Link SAS ("**Terminal Link**") on 26 March 2020, as well as the throughput growth of Lomé Container Terminal S.A. ("**LCT**") in Togo, TCP Participações S.A. ("**TCP**") in Brazil and Colombo International Container Terminals Limited ("**CICT**") in Sri Lanka. Bulk cargo volume handled by the Group's ports decreased by 8.6% year-on-year to 411 million tonnes, of which the Group's ports in Mainland China handled a total bulk cargo volume of 405 million tonnes, representing a decrease of 8.6% year-on-year.

The gross throughput volume handled by the Group's container terminals for the year ended 31 December 2020 is as below:

Container Terminals	**2020** *thousand TEUs*	**2019** *thousand TEUs*	**Year-on-year changes**
Mainland China, Hong Kong and Taiwan	**91,647**	**90,878**	**0.8%**
Pearl River Delta region	**17,604**	**17,171**	**2.5%**
West Shenzhen Port Zone	10,567	10,214	3.5%
China Merchants Container Services Limited and Modern Terminals Limited	5,557	5,570	-0.2%
Chu Kong River Trade Terminal Co., Limited	1,055	1,092	-3.4%
Guangdong Yide Port Limited	425	295	44.1%
Yangtze River Delta region	**46,823**	**46,593**	**0.5%**
Shanghai International Port (Group) Co., Ltd.	43,503	43,303	0.5%
Ningbo Daxie China Merchants International Terminals Co., Ltd.	3,320	3,290	0.9%
Bohai Rim region	**22,498**	**22,613**	**-0.5%**
Liaoning Port Co., Ltd. (formerly known as Dalian Port (PDA) Company Limited)	6,535	10,217	-36.0%
Qingdao Qianwan United Container Terminal Co., Ltd.	8,097	7,922	2.2%
Tianjin Port Container Terminal Co., Ltd.	7,866	4,474	75.8%
Others	**4,722**	**4,501**	**4.9%**
Zhanjiang Port (Group) Co., Ltd.	1,220	1,108	10.1%
Zhangzhou China Merchants Port Co., Ltd.	315	422	-25.4%
Shantou China Merchants Port Group Co., Ltd.	1,588	1,336	18.9%
Kao Ming Container Terminal Corp.	1,599	1,635	-2.2%
Other locations	**28,875**	**20,843**	**38.5%**
Colombo International Container Terminals Limited	2,930	2,875	1.9%
Lomé Container Terminal S.A.	1,364	1,132	20.5%
Tin-Can Island Container Terminal Ltd.	303	468	-35.3%
Port de Djibouti S.A.	859	917	-6.3%
TCP Participações S.A.	983	915	7.4%
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	1,217	1,282	-5.1%
Terminal Link SAS [Note]	21,219	13,254	60.1%
Total	**120,522**	**111,721**	**7.9%**

Note: Terminal Link SAS completed the acquisition of 8 container terminals in various locations in Asia and Europe on 26 March 2020.

Pearl River Delta region

Thanks to the continued recovery of container throughput in the second half of the year, the Group's terminals in the West Shenzhen Port Zone handled a container throughput of 10.57 million TEUs, up by 3.5% year-on-year; and handled a bulk cargo volume of 10.38 million tonnes for the year, up by 32.9% year-on-year, mainly driven by the growth in the import volume of grains. Guangdong Yide Port Limited handled a container throughput of 0.43 million TEUs, up by 44.1% year-on-year, mainly driven by the steady growth of international throughput volume since its commencement of service for foreign trade in July 2019; and handled a bulk cargo volume of 3.95 million tonnes, up by 74.4% year-on-year, which was mainly attributed to the successful exploration of new major customers and maintenance of existing customers base. Chu Kong River Trade Terminal Co., Limited handled a total container throughput of 1.06 million TEUs and a bulk cargo volume of 3.08 million tonnes, down by 3.4% and 12.8% year-on-year respectively, mainly because certain international routes were suspended due to the pandemic. China Merchants Container Services Limited ("**CMCS**") and Modern Terminals Limited in Hong Kong delivered an aggregate container throughput of 5.56 million TEUs, down by 0.2% year-on-year.

Yangtze River Delta region

Shanghai International Port (Group) Co., Ltd. handled a container throughput of 43.50 million TEUs, up by 0.5% year-on-year. Bulk cargo volume handled declined by 34.3% year-on-year to 75.65 million tonnes, mainly due to the proactive adjustment on the structure of dry bulk cargos upon its development plan. Ningbo Daxie China Merchants International Terminals Co., Ltd. ("**Ningbo Daxie**") handled a container throughput of 3.32 million TEUs, representing an increase of 0.9% year-on-year.

Bohai Rim region

Due to the impact of the pandemic and the adjustment on the business model, Liaoning Port Co., Ltd. (formerly known as "Dalian Port (PDA) Company Limited") handled a container throughput of 6.54 million TEUs, down by 36.0% year-on-year; and its bulk cargo volume handled decreased by 0.6% year-on-year to 131 million tonnes. Qingdao Qianwan United Container Terminal Co., Ltd. handled a container throughput of 8.10 million TEUs, representing an increase of 2.2% year-on-year. Qingdao Qianwan West Port United Terminal Co., Ltd. handled a bulk cargo volume of 16.29 million tonnes, representing an increase of 4.5% year-on-year. As rising domestic demand for iron ore led to the increase in the import volume of iron ore, Qingdao Port Dongjiakou Ore Terminal Co., Ltd. handled a bulk cargo volume of 63.15 million tonnes, indicating an increase of 5.4% year-on-year. Since the Group has participated in the merger of container terminals in Tianjin which was completed in August 2019, Tianjin Port Container Terminal Co., Ltd. contributed a container throughput of 7.87 million TEUs in 2020, representing an increase of 75.8% as compared to the total 4.47 million TEUs handled by Tianjin Five Continents International Container Terminals Co., Ltd. held by the Group before the completion of the merger and the volume handled during the remaining 2019 after the merger was completed.

South-East region of Mainland China

Shantou China Merchants Port Group Co., Ltd. ("**Shantou Port**") handled a container throughput of 1.59 million TEUs, up by 18.9% year-on-year, which was mainly due to the growth in the volume of domestic containers; and a bulk cargo volume of 3.14 million tonnes, down by 55.7% year-on-year, affected by the impact of the local environmental policies and the removal of the old port zone. Zhangzhou China Merchants Port Co., Ltd. located in the Xiamen Bay Economic Zone, handled a container throughput of 0.32 million TEUs, decreased by 25.4% year-on-year as affected by the pandemic and environmental policies in the hinterland, while its bulk cargo volume handled decreased by 22.3% year-on-year to 6.33 million tonnes due to the significant decrease in the production volume of sandstone, a major cargo type, as affected by the environmental policies in the hinterland. Xia Men Bay China Merchants Terminals Co., Ltd., which officially commenced operation in May 2019, handled a bulk cargo volume of 0.65 million tonnes for the year, up by 137.7% year-on-year.

South-West region of Mainland China

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

Taiwan

Kao Ming Container Terminal Corp. in Kaohsiung handled a total container throughput of 1.60 million TEUs, representing a decrease of 2.2% year-on-year.

Overseas operation

In 2020, a total container throughput handled by the Group's overseas projects increased by 38.5% year-on-year to 28.88 million TEUs. In Sri Lanka, CICT handled a container throughput of 2.93 million TEUs, up by 1.9% year-on-year. Hambantota International Port Group (Private) Limited ("**HIPG**") handled a bulk cargo volume of 1.24 million tonnes, increased by 145.6% year-on-year, which was mainly due to the resumption of growth in the clinker volume, and its RORO terminal handled 0.388 million vehicles, down by 6.3% year-on-year, mainly because automobile factories in India suspended production and the volume of local import vehicle decreased due to the pandemic. Container throughput handled by LCT in Togo increased by 20.5% year-on-year to 1.36 million TEUs, mainly because shipping companies have moved some transhipment routes to LCT from regions that suffered seriously from the pandemic. Benefitted from the increase in container volume driven by the growth in the export of agricultural and meat products, TCP in Brazil handled a container throughput of 0.98 million TEUs, up by 7.4% year-on-year. Container throughput handled by Tin-Can

Island Container Terminal Ltd. in Nigeria was 0.30 million TEUs, representing a decrease of 35.3% year-on-year, which was mainly due to the decrease of import demand affected by the pandemic and the oil price slump. Given the declining import and export demand in the hinterland as affected by the pandemic, Port de Djibouti S.A. in Djibouti handled a container throughput of 0.86 million TEUs, down by 6.3% year-on-year, and a bulk cargo volume of 4.53 million tonnes, down by 20.2% year-on-year. Container throughput handled by Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi in Turkey was 1.22 million TEUs, representing a decrease of 5.1% year-on-year; while bulk cargo volume handled was 0.07 million tonnes, down by 35.9% year-on-year, which was mainly due to the decline in marble exports as affected by the pandemic. Terminal Link handled a container throughput of 21.22 million TEUs, up by 60.1% year-on-year, mainly benefitted from the contribution of container throughput handled by the eight new terminals, of which the acquisition was completed on 26 March 2020.

Strategic deployments in the ports operation

In 2020, by continuing to adhere to the strategic principle of "leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes", and based on the dual operation model of "market-oriented + digitalisation" and the operation philosophy of "enhancing core capability, insisting on both quality and efficiency, capitalising on opportunities of this era and striving to become a world's leading enterprise", the Group formulated specific implementation plans and made further breakthroughs in seven aspects, namely the development of homebase port, overseas business, comprehensive development, innovative development, capital operation, operation management, and marketing and commerce. Despite the impact of the pandemic and the changes in the economic environment worldwide in 2020, the Group actively implemented various key planned tasks and maintained steady growth in its core ports business.

In terms of the development of homebase ports, the Group accelerated the building of world-class ports in its homebase ports of West Shenzhen Port Zone, and CICT and HIPG in Sri Lanka. Closely followed the development plan of Guangdong-Hong Kong-Macao Greater Bay Area, the West Shenzhen Port Zone has promoted the growth of the high-value-added business by fully utilising the resources of the navigation channel and supply chain, and tried to realise regular night service of the Tonggu Channel, so as to enhance the navigation capacity and competitiveness. As for the Mawan Smart Port, according to the project planning, two berths able to serve ships of 200,000 deadweight tonnage would be in place after the construction is completed. On 26 August 2020, the first berth completed the delivery and acceptance. Overseas homebase ports adopted a market-oriented approach to enhance service capability and expand value-added services, exerted business synergy, and thereby strengthened the strong momentum of development. By attracting more quality routes, CICT has registered a rise in market share and container volume, despite an overall decline in container volume in the Colombo Port.

As for overseas expansion, the Group completed the acquisition of equity interest in eight out of the ten target terminals through Terminal Link on 26 March 2020. As such, the Group's port operations were able to expand to Southeast Asia, the Middle East, Europe and the Caribbean Sea, etc., thereby further complementing its layout of the global ports network.

With respect to comprehensive development, the Group also made a crucial step in the implementation of the "Port-Park-City" model. With focal projects in Djibouti and Sri Lanka, the Group propelled the material realisation of "Port-Park-City", the regional economic and comprehensive development model, with strengthened business synergies in overseas projects. As of the end of 2020, HIPG has contracted and registered 26 enterprises in its industrial parks, and the Djibouti International Free Trade Zone reached 114 enterprises. Positive achievements have been made in the induction of business and investment, and various objectives for the year have been met.

In pursuit of innovative development, the Group proactively pushed forward the construction of smart ports and the building of a port ecosystem. As for port intelligentisation, the first berth of the Mawan Smart Port construction project has completed the delivery and acceptance, and will become the first automated container terminal in China upgraded and transformed from a traditional multi-purpose terminal. The project embodied smart technology, as well as social and economic benefits, incorporating nine major intelligent elements, namely CMCore, CM ePort, artificial intelligence, the application of 5G network, Beidou high precision positioning system, automation, intelligent customs, blockchain, and green and low-carbon development. It was recognised as a key research and development project by the Ministry of Science and Technology and a model for intelligentisation upgrade of traditional terminals at home and abroad. In terms of service extension and expansion, the Group developed the coordinated ports in the Guangdong-Hong Kong-Macao Greater Bay Area in an innovative manner. By combining blockchain, big data, artificial intelligence and cloud computing, the Group established the customs and logistics platform in the Greater Bay Area via technology empowerment, so as to promote the healthy and sustainable growth of cross-border trade in the region. For the incubation of business innovation, the Group took initiative to cooperate with leading Internet and technology companies to explore the establishment of an open platform for port intelligentisation.

In respect of capital operation, the Group has reviewed the existing asset and formulated plans for the capital operation. Centring on the strategic objectives of the Group, and adhering to the innovative work approach of revitalising the existing assets and optimising asset structure, the Group introduced a strategic investor, Fujian Transportation Maritime Silk Road Investment and Management Co. Limited (福建省交通海絲投資管理有限公司), to HIPG with a view to optimising the corporate governance structure while maintaining the Group's control over HIPG. Synergies with HIPG will be realised by leveraging on the advantage of resources of its various shareholders both at home and abroad, thereby achieving sustainable development of HIPG in the long run. In addition, through negotiation with the other shareholders of Ningbo Daxie and by entering into the cooperation agreement with Ningbo Zhoushan Port Company Limited, the Group has successfully recognised Ningbo Daxie, its former joint venture, as a subsidiary, which has therefore been consolidated into the Group's consolidated financial statements.

As for operation management, the Group continued to uphold its strategy and culture, follow the direction of "empowerment, professionalism and value" and centred on the five core elements, namely "management standard, teams of experts, closed-loop procedure, information system and benchmark enhancement", so as to establish an operation management system with sustainable value creation. By gradually formulating standards for all functional modules, it aimed to build a world-class value-oriented headquarters. Taking into account the strategic positioning of its business segments, the Group adhered to the principles of differentiation and manageable risks, and pushed forward the healthy development of subsidiaries through a management system on the entire lifecycle for assets, procurement management and performance evaluation mechanism. Besides, focusing on improving the quality of initiatives, as well as execution and implementation, the Group further intensified the tasks on quality and efficiency improvement and deepened the integration of quality and efficiency enhancement and strategic objectives.

With regard to marketing and commerce, the headquarters continued to coordinate the planning of commerce, promotion and marketing activities with domestic and international customers, and proactively maintained communication with customers during the pandemic to ensure smooth business and service. By fully leveraging on the Group's terminal resources across Northern and Southern China, it further optimised the routes network and launched the boutique shipping routes. It also participated in major events, such as the China International Import Expo and the China Marine Economy Expo, to build the brand image of the Group.

Bonded logistics operation

In 2020, the Group's bonded logistics business continued to pursue the development direction of a diverse integrated services business. The Group has put more efforts into market expansion and proactively conducted businesses such as cross-border e-commerce, devanning and consolidation of international transhipment containers and enhanced the utilisation rate of resources at the existing warehouses and yards so as to respond to market changes. In 2020, the average utilisation rate of the warehouses of China Merchants Bonded Logistics Co., Ltd. in Shenzhen was 93%, as a result of active exploration of new clients and business models. China Merchants International Terminal (Qingdao) Co., Ltd. made full use of its resources to develop the self-operated business and the average utilisation rate of the warehouse was 100%. Tianjin Haitian Bonded Logistics Co., Ltd., which is an associate of the Group, recorded an average utilisation rate of 62% of its warehouses. In Djibouti International Free Trade Zone, the average utilisation rate of the bonded warehouse, which the Group invested in, was 93%. Besides, the wholly-owned bonded warehouse of the Group, which commenced operation in May 2019, recorded an average warehouse utilisation rate of 33% in 2020.

In 2020, the total cargo volume handled at the three major air cargo terminals in Hong Kong amounted to 3.82 million tonnes, down by 10.4% year-on-year. Asia Airfreight Terminal Company Limited, which is an associate of the Group, handled a total cargo volume of 0.768 million tonnes, representing a decrease of 5.1% year-on-year and a market share of 20.1%, decreased by 1.1 percentage points as compared with last year.

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group's recorded revenue of HK$8,945 million, representing a year-on-year increase of 0.5%, which was mainly attributed to the increase in revenue from overseas operations, which offset the decrease in revenue from the Pearl River Delta region due to the pandemic. Profit attributable to equity holders of the Company amounted to HK$5,151 million, representing a year-on-year decrease of 38.4%, which included a net gain of HK$775 million (net of tax) recognised by the Group from the resumption of certain land parcels at Shantou by the government during the year, the gain on discontinuance of equity accounting for a joint venture of HK$912 million (net of tax) and goodwill impairment loss of a subsidiary of HK$621 million, while the amount for the previous year included a total net gain of HK$3,591 million (net of tax) recognised by the Group from the resumption of certain land parcels at Qianhai and Shantou by the government, and the gain on deemed disposal of interest in a joint venture of approximately HK$416 million. The recurring profit [Note 1] of the Group decreased by 0.1% year-on-year to HK$4,158 million.

As at 31 December 2020, total assets of the Group increased by 14.1% from HK$149,082 million as at 31 December 2019 to HK$170,064 million, which was mainly attributed to the subscription of mandatory convertible bonds issued by, and provision of loan to, an associate, and cash amount increased during the year. The total liabilities of the Group slightly increased by 2.7% from HK$54,948 million as at 31 December 2019 to HK$56,429 million as at 31 December 2020. As at 31 December 2020, net assets attributable to equity holders of the Company was HK$87,889 million, up by 10.2% as compared to that as at 31 December 2019. This was mainly attributed to the profit attributable to equity holders and the gains on translation of financial statements denominated in foreign currencies of subsidiaries, associates and joint ventures.

Note 1 Profit attributable to equity holders of the Company net of non-recurrent gains after tax. Non-recurrent gains include: for 2020, change in fair value of financial assets and liabilities at FVTPL, change in fair value of investment properties, net gain on resumption of certain land parcels at Shantou, goodwill impairment loss of a subsidiary and gain on discontinuance of equity accounting for a joint venture; while for 2019, change in fair value of financial assets and liabilities at FVTPL, change in fair value of investment properties, gain on deemed disposal of interest in a joint venture and net gain on resumption of certain land parcels at Qianhai and Shantou.

The financial statements of the Group's foreign investments are in currencies such as Renminbi, Euro, United States dollar or Brazilian Real and any exchange difference so arising from retranslation of these financial statements have been dealt with 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. The Group's total net cash inflow from operating activities for the year ended 31 December 2020 was HK$5,822 million, a decrease of 7.7% as compared with the previous year. For the year ended 31 December 2020, due to the capital expenditure on business acquisitions increased as compared to the previous year, the Group's cash outflow from investment activities increased from HK$2,410 million to HK$6,163 million, including the subscription of mandatory convertible bonds issued by, and provision of loan to, an associate in an aggregate amount of HK$6,358 million during the year. At the same time, as a result of the increase in new loans granted and bonds issued as compared to the previous year, the Group's cash flow from financing activities for the year ended 31 December 2020 increased from a net outflow of HK$2,092 million in the previous year to a net inflow of HK$4,375 million for the current year.

LIQUIDITY AND TREASURY POLICIES

As at 31 December 2020, the Group had approximately HK$11,290 million in cash and bank balances, 21.4% of which was denominated in Hong Kong dollar, 8.5% in United States dollar, 58.9% in Renminbi, 8.1% in Euro, 3.0% in Brazilian Real and 0.1% 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$5,822 million in total.

During the year, the Group incurred capital expenditure amounted to HK$2,061 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$27,806 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

In October 2020, a wholly-owned subsidiary of the Company, issued US$600 million and US$200 million guaranteed perpetual capital securities with issuance interest rates of 3.50% and 3.875%, respectively ("**2020 Perpetual Capital Securities**"), to provide the Group's working capital. The 2020 Perpetual Capital Securities have no fixed maturity and are redeemable at the Company's option on 9 October 2023 and 9 October 2025 or any distributions payment date at their principal amounts.

As at 31 December 2020, the Company had 3,661,088,416 shares in issue. The Company issued 212,140,646 shares under the Company's scrip dividend scheme during the year.

As at 31 December 2020, the Group's net gearing ratio [Note 2] was approximately 25.4%.

The Group had aggregate bank loans, listed notes payable and perpetual capital securities of HK$32,673 million as at 31 December 2020 that contain customary cross default provisions.

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

As at 31 December 2020, the Group's outstanding interest-bearing loans and notes are analysed as below:

	2020	**2019**
	HK$'million	*HK$'million*
Floating-rate bank loans which are repayable as follows (Note (a)):		
Within 1 year	6,916	5,643
Between 1 and 2 years	1,123	1,850
Between 2 and 5 years	3,793	2,737
More than 5 years	987	866
	12,819	11,096
Fixed-rate bank loans which are repayable as follows:		
Within 1 year	772	920
Between 1 and 2 years	—	47
Between 2 and 5 years	796	—
More than 5 years	30	28
	1,598	995

	2020	2019
	HK$'million	*HK$'million*
Floating-rate listed notes payable which are repayable:		
In 2021	182	249
In 2022	439	547
	621	796
Fixed-rate listed notes payable which are repayable:		
In 2020	—	1,557
In 2022	3,865	3,875
In 2023	6,944	6,964
In 2025	3,863	3,877
In 2028	4,602	4,616
	19,274	20,889
Fixed-rate unlisted notes payable which are repayable:		
In 2022	2,971	2,791

	2020	2019
	HK$'million	*HK$'million*
Loans from fellow subsidiaries which are repayable as follows (Note (b)):		
Within 1 year	148	509
Between 1 and 2 years	—	69
Between 2 and 5 years	152	287
More than 5 years	155	162
	455	1,027
Loan from immediate holding company		
Repayable within 1 year	934	366
Loan from a non-controlling equity holder of a subsidiary		
Repayable more than 5 years	520	454

Notes:

(a) All loans are unsecured except for the secured bank loans of HK$2,941 million (2019: HK$3,358 million).

(b) As at 31 December 2019, all loans were unsecured except for the secured loan from a fellow subsidiary of HK$167 million.

The interest-bearing loans and notes are denominated in the following currencies:

	Bank loans	Listed notes payable	Unlisted notes payable	Loans from fellow subsidiaries	Loan from immediate holding company	Loan from a non-controlling equity holder of a subsidiary	Total
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
As at 31 December 2020							
HKD & USD	7,645	19,274	—	—	—	—	26,919
RMB	5,082	—	2,971	455	934	—	9,442
EURO	1,191	—	—	—	—	520	1,711
Brazilian Real	499	621	—	—	—	—	1,120
	14,417	19,895	2,971	455	934	520	39,192
As at 31 December 2019							
HKD & USD	5,068	20,889	—	—	—	—	25,957
RMB	4,703	—	2,791	1,027	366	—	8,887
EURO	1,380	—	—	—	—	454	1,834
Brazilian Real	940	796	—	—	—	—	1,736
	12,091	21,685	2,791	1,027	366	454	38,414

ASSETS CHARGE

As at 31 December 2020, bank loans of HK$536 million (2019: HK$474 million) borrowed by subsidiaries of the Company were secured by property, plant and equipment with carrying value of HK$458 million (2019: HK$417 million) and right-of-use assets with carrying value of HK$230 million (2019: HK$221 million). As at 31 December 2019, loan from a fellow subsidiary borrowed by a subsidiary of the Company amounting to HK$167 million was secured by right-of-use assets with carrying value of HK$135 million. In addition, the entire shareholdings in two subsidiaries owned by the Company and its subsidiary were pledged to various banks for bank loans of HK$2,405 million (2019: HK$2,884 million).

EMPLOYEES AND REMUNERATION

As at 31 December 2020, the Group employed 8,592 full-time staff, of which 200 worked in Hong Kong, 5,776 worked in Mainland China, and the remaining 2,616 worked overseas. The remuneration paid by the Group for the year amounted to HK$1,800 million, representing 27.4% of the total operating expenses of the Group. The Group at all times strives to maintain good relationships with its employees and is committed to complying with the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to the occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

Upholding the principle of prioritising efficiency while ensuring fairness, the Group optimised its remuneration and incentive mechanism which is market-oriented, aligned with the operation and results of the Group and linked with labour productivity, with an aim to rejuvenating stronger vitality and impetus for the Group. The Group has effectively enhanced the market competitiveness of its remuneration system with such improvement. It also explored the innovation of its incentive mechanism with performance assessment being the key basis for allocating performance bonus, which compared the performance with its own in the corresponding period vertically and against the benchmarking peer companies horizontally. This not only reflected the actual results more comprehensively and objectively, but also brought the linkage between results and bonus closer. Through the three-year strategic assessment mechanism, the Group introduced the combination of mid-to-long term incentives with short-term incentives. Part of the bonus of the senior management of the Company will be delayed for distribution upon the three-year strategic assessment results, thereby guiding the attention on the Group's development throughout the short-term, mid-term and long-term, and hence supporting the balanced and sustainable development of the Group. Meanwhile, taking the opportunities for building an intelligent human resources management platform, the Group optimised and streamlined its human resources management system comprehensively. By establishing standardised procedures for goals setting, communication, review, feedback and improvement via the intelligent performance assessment system, the Group has strengthened the linkage between performance assessment and incentives in an effective manner. As a result, the Group was able to fully mobilise the enthusiasm of mid-to-senior management and core technical talents, which helped attract and retain outstanding managerial talents and key staff and ultimately realise enhancement of the Group's performance. The remuneration of directors has been determined with reference to the individual's duties and responsibilities in the Company, experience and the prevailing market conditions.

In 2020, facing the adverse environment with the worldwide spread of the COVID-19 pandemic, the Group focused on increasing its competitiveness. In addition to effective measures adopted in practice, by conducting an in-depth study of relevant indicators such as labour costs and profit ratio, the Group has promoted the enhancement of both quality and efficiency, as well as improvement of per capita performance. During the special period of pandemic prevention and control, while facilitating the resumption of work and production in an orderly manner, the Group also made dedicated efforts to assume its corporate social responsibilities, and as always put the health and personal safety of its employees as the priority, caring for their physical and mental well-being. The Group provided care and psychological health counselling for the employees and their family members through video guidance, online streaming, remote diagnosis and psychological counselling services via HR-Max, a comprehensive human resources management platform. The Group also utilised special funds to support pandemic prevention and control measures to minimise the impact of the pandemic. More merit-based incentives have been granted to frontline employees who participated in the prevention and control of the pandemic to recognise the outstanding performance of frontline employees in terms of pandemic control. Furthermore, the Group has formulated subsidy plans amid pandemic to show care for staff in real practice.

In 2020, the HKSAR Government has launched the "Employment Support Scheme" under the second round of the "Anti-epidemic Fund" to provide financial support to employers on salary payment to the employees, with an aim to achieve "employment security". CMCS, a wholly-owned subsidiary of the Company, which was eligible for the application under the relevant scheme, lodged applications to the HKSAR Government in June and August 2020 respectively and was granted a total subsidy amounting to approximately HK$6 million. In compliance with its undertakings, CMCS did not implement redundancies during the subsidised period and used all the subsidies on paying salary to the employees, thereby supporting the stability in the operation and employees of CMCS and securing employment as well as the rights and interests of the employees.

CORPORATE SOCIAL RESPONSIBILITY

While striving to improve its operating results and generating returns for shareholders, the Group also actively undertook its social responsibilities towards its employees, the society and the environment to facilitate sustainable development of the business and society.

The Group strictly abided by the relevant laws and regulations regarding environmental protection in the regions where operations are located, and regularly monitored and lawfully handled, among other things, air pollutants, water pollution, hazardous and non-hazardous waste, and noise pollution. In order to improve the results of energy conservation and emission reduction, as well as environmental management capabilities, the Group continued to optimise its environmental management system. In addition, energy conservation and environmental protection indicators were incorporated into the scope of annual assessment by formulating the assessment management system on energy conservation and environmental protection, aiming to facilitate a long-term mechanism for energy conservation and environmental protection.

The Group actively pushed its subsidiaries to adopt new energy conservation technologies and products, such as "Substitution of Fuel Powered Equipment with Electricity-Powered Equipment (油改電)" and "Shore-Powered Supply for Vessels (船舶岸基供電)". During the year, Shantou Port commenced the transformation project of "substitution of fuel-powered equipment with electricity-powered equipment (油改電)" for its rubber-tyred gantry cranes, which replaced fuel with clean and low-carbon electricity, thereby achieving zero emission of waste gas from the equipment and enhancing energy utilisation rate. The construction of the Shore-Powered Supply Project at its Guang'ao Port Zone Phase I was completed, with a view to reducing waste gas emission from berthing of vessels. The Group encouraged to give priority to environmental-friendly equipment during procurement, aiming to establish a green supply chain and strengthening climate risks management, pursuing the vision of building green ports. Moreover, by launching an online promotional campaign related to environmental protection, the Group has fully embedded the concept of energy conservation and emission reduction into daily office work.

Upholding the belief in mutual benefits, the Group placed great emphasis on building a relationship of mutual trust and support with the local community where operations are located. It is fully committed to giving back to the community by engaging in charity projects, such as the construction of infrastructure, cultivation of talents and assistance in education and health care. During the COVID-19 pandemic, the Group took the constructive initiative as a port operator on the transportation of supplies for pandemic prevention and containment by opening green paths for vessels loading with these supplies and offering fee reduction and waiver for laden containers carrying those supplies for using the warehouses and yards. Furthermore, the Group donated funding for procuring nucleic acid testing device and diagnostic kit to the government of Sri Lanka, as well as food and daily necessities to the local community. Donations of living essentials and supplies for pandemic prevention were also made to countries like Djibouti and Bangladesh, etc.

In 2020, the Group further developed the "Shaping Blue Dreams Together (C-Blue)" charity brand and established the "Global Care Walk" (全球關愛行) charity project system. It also continued to hold the "Shaping Blue Dreams Together — 21st Century C Blue Training Programme" (共鑄藍色夢想—21世紀海上絲綢之路優才計劃), with which the Group offered advanced online training courses related to port and shipping for 25 local postgraduate students from the port and shipping industry in Djibouti. This programme not only served as a learning and communication platform for young people from countries along the Belt and Road, but also contributed to enriching the talent pool for the Group and the global port and shipping industry. Besides, the Group carried out works regarding, amongst others, caring for the left-behind children and rural poverty alleviation with continuous effort. During the year, the newly upgraded "C-Blue Children Development Camp" (C-Blue兒童成長營) has been launched, through which the Group organised activities for and offered learning equipment and tailored courses to 135 students in Qiling Town, Wuhua County of Meizhou City in Guangdong Province. The Group also continued to push forward the "China Merchants Silk Road Hope Village" (招商絲路愛心村) project in Sri Lanka and facilitated the construction of a community activity centre in the Pannia Village to improve the living conditions of villagers, so as to give back to the local community.

FUTURE PROSPECTS

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

The year 2021 follows China's conclusion of building a moderately prosperous society in 2020 and marks the first year of the execution of the "14th Five-Year" Plan and 2035 Vision. China will proactively adapt to the new environment and new challenges. Adhering to the new development philosophy, it will promote high-quality economic and social development by intensifying the supply-side structural reform, paying attention to the management on the demand side and establishing the new dual circulation development model. As the first country swiftly restored its economy from the pandemic, China will continue to lead global economic recovery in 2021. According to the IMF's latest report, China's economic growth rate will rebound to 8.1% this year, probably making it one of the fastest-growing major economies.

In 2021, the global container shipping market continues to face uncertainties to some degree. Supply and demand imbalance of global shipping capacity, container shortage and port congestion will continue to support the strong container shipping market and result in a chain reaction to freight rates and shipping schedule reliability. If the COVID-19 pandemic is brought under control over time, shipping routes, shipping capacity and supply of containers may be normalised gradually and the freight rates of containers may retreat. Global economic recovery, among other positive factors, is expected to drive the shipping demand on all fronts.

Looking ahead to 2021, China will further open up its economy and implement policies and measures that favour foreign trade. Through broader, more extensive and in-depth opening up, it will establish the new dual circulation development model with circulations in the international and domestic markets facilitating each other. With further effects from innovation on the regulation in the pilot free trade zone, customs tariffs and institutional costs are expected to keep falling, and trade and investment facilitation will be further improved. Besides, the signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement and the China International Import Expo will strengthen the cooperation between China and its trading partners and help drive the growth momentum of merchandise import and export, which will benefit the port industry for sure. Ongoing progress in the construction of intelligent ports and green ports will also rejuvenate the development of the port industry.

Based on the analysis and judgement above, in 2021, the Group will remain committed to the overall operation philosophy of making progress amid stability. It will firmly adhere to the strategic principle of "leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes". It will improve the quality and efficiency by pushing the quality and efficiency improvement project and implement risk prevention with a focus on system development. In pursuit of high-quality growth, it will accelerate technology-led and innovation-driven development, striving to realise its strategic goal of becoming a "world-class comprehensive port service provider" by 2022.

In terms of the construction of homebase ports, the Group will press ahead at full steam with the development of world-class leading ports. It will refine and optimise the future development goals and action plans for the West Shenzhen Port Zone and boost the overall capabilities in line with the development plan of the Guangdong-Hong Kong-Macao Greater Bay Area. Through optimising resources allocation, enhancing the foundation of the management system, expanding ancillary and value-added services, and improving the standards of service, it will develop a port ecosystem for win-win outcomes. At the same time, the Group will give its best efforts to incorporate more intelligence elements into Mawan Smart Port to transform the West Shenzhen Port Zone into a leading smart port in the Guangdong-Hong Kong-Macao Greater Bay Area and the world with business innovation and enhanced regional influence. In terms of overseas homebase ports, the Group will continue to build them into international shipping hubs in South Asia with the focus on both the ports operation by strengthening the cooperation with shipping companies and the revitalisation of HIPG's existing assets to satisfy the demand of the projects in its industrial parks within the port zone.

In respect of the overseas business, the Group will continue to enhance the overall development plans for projects abroad in line with the overseas layout of "East-West routes, South-North routes, regions along the Belt and Road Initiative", and push the completion of acquisition for the remaining two terminals from CMA CGM SA in full swing by trying to finish the procedures as early as possible. The Group will complete the establishment of the management and control system for the overseas projects and continuously improve the operating effectiveness and efficiency of newly acquired overseas projects by optimising their management systems and leveraging on the competitive advantages of the overseas terminals in the region. Meanwhile, in the face of the current complex context of international affairs, it will keep abreast of changes in the trade environment and continuously monitor the investment opportunities of ports in high growth regions.

Regarding comprehensive development, the Group will closely adapt to the changes in the trade environment, seize opportunities brought by the adjustment of the global industrial chain and tap into favourable policies to expand the market. By fully integrating the resources from the port industrial chain, value chain, logistics chain and innovation chain, it will explore the comprehensive development model of "Port-Park-City" and seek for sustainable business development through "investment introduction to the industrial parks and comprehensive development for the land".

As for innovative development, the Group will focus on innovation-driven and technology-empowered industrial transformation and upgrade. Leveraging on the "Research Institute of CMPort for Technological Innovation and Development", it will develop the Group's ecosystem for technology and innovation, and output innovative solutions with technology for ports, with an aim to building the integrated platform for industry, education and research. Centring on the "CMCore" platform, it will develop three major leading products for the industry, including CTOS (Container Terminal Operation System), BTOS (Bulk Cargo Terminal Operation System) and LPOS (Logistic Park Operation System), striving to intelligentise the operation within the terminals. The "CM ePort" platform will innovate the service models by improving the information service system and adopting the "Port+Internet" approach for the port, so as to explore and develop an open platform for intelligent ports.

In respect of capital operation, adhering to its strategy and objectives, the Group will timely seize market opportunities to execute various projects and optimise its asset portfolio in accordance with the established capital operation plan. With the dual-wheel-driven model of "asset operation + capital operation", the Group will work diligently to achieve sustainable and high-quality development and enhance the return on shareholders' equity.

In terms of operation management, the Group, continuing with its strategy, will further carry out the optimisation of management and control and lay down the foundation for the normalisation of such work. The Group will gradually establish a management system on the entire lifecycle for its assets and satisfy the requirements on quality and progress of major construction projects. By the ongoing improvement of management standards for operation and the application scope of regulation systems, the Group will develop a world-class operation and management system that sustainably creates value, as well as a value-oriented management headquarters.

With regard to marketing and commerce, the Group will deepen the cooperation with the senior management of shipping companies and various customs, enhance interaction with end-customers, provide value-added services, strengthen customer loyalty and increase direct control and influence over cargo sources, so as to further promote the development of its foreign trade business and boost its market competitiveness. Meanwhile, it will actively explore development opportunities for domestic trade business in line with China's dual circulation model. With the establishment of the interconnected system for terminals in Northern and Southern China, the Group will expand its service of shipping routes to boost the business growth of ports within the areas where cargo originates.

In 2021, the uncertainties and risks arising from the COVID-19 pandemic and the US-China economic and trade frictions will linger on the global trade activities and merchandise volume of import and export. However, the gradual recovery of economic and trading activities around the world is expected to drive the total shipping demand. The further high-quality opening-up of the Chinese economy will increase the growth momentum for merchandise import and export and inject vitality into and bring about opportunities for ports business. The new digitalisation technology will also provide a new driver for the Group to build world-class ports. The Group will seize the opportunities of this era, enhance its core capability, continue to pursue its strategic focus and endeavour to maximise shareholder value as always. At the same time of striving to deliver better returns for its shareholders, the Group will also create values for its various stakeholders.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") comprises all of the four 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, risk management and financial report matters including the review of the audited financial statements for the year ended 31 December 2020 and the 2020 annual results.

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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") 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 year.

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules which set out the corporate governance principles and the code provisions with which the listed issuers are expected to follow and comply throughout the year ended 31 December 2020.

In order to ensure effective communication with the shareholders, chairmen of the Audit, Remuneration and Nomination Committees and the external auditor were present at the annual general meeting of the Company held on 15 June 2020 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.

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 year.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2020 annual report will be despatched to Shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cmport.com.hk in due course.

By order of the Board
China Merchants Port Holdings Company Limited
Deng Renjie
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises Mr. Deng Renjie, Mr. Liu Weiwu, Mr. Xiong Xianliang, Mr. Bai Jingtao, Mr. Ge Lefu, Mr. Wang Zhixian and Mr. Zheng Shaoping as executive directors; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Ka Fai David and Mr. Bong Shu Ying Francis as independent non-executive directors.