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 137.48 million TEUs, up 0.7% (2022: 136.53 million TEUs)
- Throughput of bulk cargoes handled reached 557 million tonnes, up 2.0% (2022: 547 million tonnes)
- Profit attributable to equity holders of the Company amounted to HK$6,233 million, down 19.9% (2022: HK$7,781 million)
- Recurrent profit attributable to equity holders of the Company
  - √ HK$6,159 million, down 24.2% (2022: HK$8,121 million)
  - √ HK$7,347 million, down 21.7%, from ports operation (2022: HK$9,378 million)
- Basic earnings per share totaled 153.22 HK cents, down 24.0% (2022: 201.52 HK cents)
- Final dividend of 48 HK cents per share (2022: 60 HK cents per share)

2023 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 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** *HK$'million*	**2022** *HK$'million*
Revenue	2	11,482	12,545
Cost of sales		(6,327)	(6,977)
Gross profit		5,155	5,568
Other income and other gains/(losses), net	4	498	(635)
Administrative expenses		(1,410)	(1,516)
Finance income	5	444	407
Finance costs	5	(1,774)	(1,861)
Finance costs, net	5	(1,330)	(1,454)
Share of profits less losses of			
Associates		5,269	7,795
Joint ventures		377	317
		5,646	8,112
Profit before taxation		8,559	10,075
Taxation	6	(1,174)	(1,046)
Profit for the year	7	7,385	9,029
Attributable to:			
Equity holders of the Company		6,233	7,781
Holders of perpetual capital securities		191	229
Non-controlling interests		961	1,019
Profit for the year		7,385	9,029
Dividends	8	2,924	3,268
Earnings per share for profit attributable to equity holders of the Company	9		
Basic (HK cents)		153.22	201.52

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	HK$'million	*HK$'million*
Profit for the year	7,385	9,029
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	(1,266)	(9,227)
Release of reserves upon disposal of a subsidiary	109	24
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial gain/(loss) on defined benefit plans of subsidiaries	9	(58)
Surplus on revaluation of an owner occupied property upon change of use to investment property	52	—
Share of other reserves of associates	1,026	(67)
Share of net actuarial loss on defined benefit plans of associates and a joint venture	(16)	(6)
Total other comprehensive expense for the year, net of tax	(86)	(9,334)
Total comprehensive income/(expense) for the year	7,299	(305)
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	6,078	(453)
Holders of perpetual capital securities	191	229
Non-controlling interests	1,030	(81)
	7,299	(305)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	**2023**	**2022**
		HK$'million	*HK$'million*
ASSETS			
Non-current assets			
Goodwill		5,627	5,613
Intangible assets		8,718	8,380
Property, plant and equipment		21,145	24,217
Right-of-use assets		15,398	16,735
Investment properties		8,229	8,265
Interests in associates		79,861	75,656
Interests in joint ventures		8,327	9,319
Other financial assets		6,801	8,860
Other non-current assets		133	258
Deferred tax assets		364	323
		154,603	157,626
Current assets			
Inventories		187	175
Other financial assets		3,338	2,468
Debtors, deposits and prepayments	10	1,849	2,257
Taxation recoverable		6	—
Cash and bank balances		12,331	9,629
		17,711	14,529
Total assets		172,314	172,155

	Note	2023	2022
		HK$'million	*HK$'million*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		48,731	46,668
Reserves		51,409	47,899
Proposed dividend	8	2,015	2,402
		102,155	96,969
Perpetual capital securities		1,522	6,246
Non-controlling interests		17,168	19,361
Total equity		120,845	122,576
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		20,246	17,968
Lease liabilities		1,094	885
Other non-current liabilities		5,231	4,958
Deferred tax liabilities		4,529	4,766
		31,100	28,577
Current liabilities			
Creditors and accruals	11	3,399	3,514
Bank and other borrowings		16,062	16,561
Lease liabilities		88	65
Taxation payable		820	862
		20,369	21,002
Total liabilities		51,469	49,579
Total equity and liabilities		172,314	172,155
Net current liabilities		(2,658)	(6,473)
Total assets less current liabilities		151,945	151,153

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 on the historical cost basis, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and equity instruments at fair value through other comprehensive income, 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 2023 and 2022 included in this preliminary announcement of annual results 2023 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 2022 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 2023 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 HKFRSs issued by the HKICPA for the first time. The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance 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.

	2023	**2022**
	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	10,680	11,833
Warehousing services income, representing temporary storage of cargos and containers, customs clearance services and the auxiliary services	593	522
Revenue from contracts with customers	11,273	12,355
Gross rental income from investment properties	209	190
	11,482	12,545

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 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

(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, 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 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 (2022: one) customer has accounted for over 10% of the Group's total revenue amounting to HK$1,845 million (2022: HK$1,694 million).

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**	
	2023	**2022**	**2023**	**2022**
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Mainland China, Hong Kong and Taiwan	6,348	7,919	102,424	102,221
Brazil	1,977	1,768	9,579	8,695
Other locations	3,157	2,858	35,435	37,527
	11,482	12,545	147,438	148,443

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 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	3,874	621	85	1,011	5,089	10,680	593	209	—	11,482
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	1,372	300	135	46	2,393	4,246	234	109	(346)	4,243
Share of profits less losses of										
– Associates	108	4,239	194	50	311	4,902	9	358	—	5,269
– Joint ventures	1	—	178	5	205	389	1	(13)	—	377
	1,481	4,539	507	101	2,909	9,537	244	454	(346)	9,889
Finance costs, net	(28)	(1)	1	(22)	(65)	(115)	(1)	(19)	(1,195)	(1,330)
Taxation	(312)	(288)	(49)	(28)	(426)	(1,103)	(39)	(32)	—	(1,174)
Profit/(loss) for the year	1,141	4,250	459	51	2,418	8,319	204	403	(1,541)	7,385
Holders of perpetual capital securities	—	—	—	—	—	—	—	—	(191)	(191)
Non-controlling interests	(218)	(94)	—	(30)	(559)	(901)	(62)	2	—	(961)
Profit/(loss) attributable to equity holders of the Company	923	4,156	459	21	1,859	7,418	142	405	(1,732)	6,233
Other information:										
Depreciation and amortisation	668	113	1	312	963	2,057	113	15	24	2,209
Capital expenditure	316	25	—	181	862	1,384	466	22	1	1,873

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 2022									
	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	4,825	1,326	86	1,015	4,581	11,833	522	190	—	12,545
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	1,855	131	22	(191)	2,018	3,835	117	159	(694)	3,417
Share of profits less losses of										
– Associates	242	5,564	181	42	1,050	7,079	9	707	—	7,795
– Joint ventures	2	—	138	5	182	327	(6)	(4)	—	317
	2,099	5,695	341	(144)	3,250	11,241	120	862	(694)	11,529
Finance costs, net	(60)	(1)	1	(23)	(187)	(270)	(14)	(30)	(1,140)	(1,454)
Taxation	(397)	(254)	(22)	(6)	(262)	(941)	(21)	(84)	—	(1,046)
Profit/(loss) for the year	1,642	5,440	320	(173)	2,801	10,030	85	748	(1,834)	9,029
Holders of perpetual capital securities	—	—	—	—	—	—	—	—	(229)	(229)
Non-controlling interests	(311)	(232)	—	50	(503)	(996)	(23)	—	—	(1,019)
Profit/(loss) attributable to equity holders of the Company	1,331	5,208	320	(123)	2,298	9,034	62	748	(2,063)	7,781
Other information:										
Depreciation and amortisation	730	235	1	319	933	2,218	115	11	29	2,373
Capital expenditure	390	270	—	192	498	1,350	36	38	1	1,425

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 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	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*
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
Tax 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

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

	As at 31 December 2022									
	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*
ASSETS										
Segment assets (excluding interests in associates and joint ventures)	17,677	6,146	991	10,461	34,811	70,086	2,521	8,612	5,638	86,857
Interests in associates	3,015	38,988	4,805	3,012	9,356	59,176	572	15,908	—	75,656
Interests in joint ventures	6	—	2,801	347	5,496	8,650	440	229	—	9,319
Total segment assets	20,698	45,134	8,597	13,820	49,663	137,912	3,533	24,749	5,638	171,832
Deferred tax assets										323
Total assets										172,155
LIABILITIES										
Segment liabilities	2,728	401	4	1,701	7,007	11,841	527	695	30,888	43,951
Taxation payable										862
Deferred tax liabilities										4,766
Total liabilities										49,579

4 Other income and other gains/(losses), net

	2023	2022
	HK$'million	*HK$'million*
Net loss on deemed disposal of partial interest in associates	—	(3)
Net loss on disposal of property, plant and equipment and right-of-use assets	(22)	(86)
Gain on disposal of a subsidiary	115	—
Net change in fair value of financial assets at FVTPL		
– equity investments	59	(380)
– structured deposits	40	22
Net change in fair value of investment properties	(7)	7
Net reversal/(allowance) for credit losses of trade debtors and other debtors	29	(276)
Net exchange losses	(78)	(481)
Operating indemnification (Note)	—	249
Dividend income from equity investments	86	92
Government grants	145	184
Others	131	37
	498	(635)

Note:

Amount being the indemnification from a non-controlling shareholder of a subsidiary in connection with the operation of the relevant subsidiary.

5 Finance income and costs

	2023	2022
	HK$'million	*HK$'million*
Finance income from:		
Interest income from bank and other deposits	227	186
Interest income from advance to a joint venture	62	21
Interest income from advances to associates	155	200
	444	407
Interest expense on:		
Bank loans	(647)	(444)
Notes payable	(782)	(1,022)
Loans from:		
– a non-controlling equity holder of a subsidiary	—	(14)
– fellow subsidiaries	(21)	(11)
– immediate holding company	(12)	(55)
Lease liabilities	(50)	(52)
Others	(262)	(263)
Finance costs	(1,774)	(1,861)
Finance costs, net	(1,330)	(1,454)

6 Taxation

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2022: 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 People's Republic of China ("**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:

	2023	**2022**
	HK$'million	*HK$'million*
Current taxation		
Hong Kong Profits Tax	4	8
PRC corporate income tax	383	450
PRC capital gain tax	143	—
Overseas profits tax	307	158
Withholding income tax	116	174
Deferred taxation		
Origination and reversal of temporary differences	221	256
	1,174	1,046

7 Profit for the year

	2023	2022
	HK$'million	*HK$'million*
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	2,125	2,307
Depreciation of property, plant and equipment	1,418	1,566
Depreciation of right-of-use assets	495	522
Amortisation of intangible assets	296	285
Auditor's remuneration (including fees for non-audit services)	11	10

8 Dividends

	2023	2022
	HK$'million	*HK$'million*
Interim, paid, of 22 HK cents (2022: 22 HK cents) per ordinary share	909	866
Final, proposed, of 48 HK cents (2022: 60 HK cents) per ordinary share	2,015	2,402
	2,924	3,268

At a meeting held on 28 March 2024, the Board of Directors proposed a final cash dividend of 48 HK cents per ordinary share (2022: scrip dividend of 60 HK cents per ordinary share by way of issue of new shares, by way of scrip dividend, with cash alternative). This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

The amount of proposed final dividend for 2023 was based on 4,198,009,186 (2022: 4,003,383,046) shares in issue as at 28 March 2024.

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:

	2023	**2022**
Basic		
Profit attributable to equity holders of the Company (HK$'million)	6,233	7,781
Weighted average number of ordinary shares in issue	4,068,060,286	3,861,103,481

No diluted earnings per share for both 2023 and 2022 were presented as there were no potential dilutive ordinary shares in issue for both 2023 and 2022.

10 Debtors, deposits and prepayments

Debtors, deposits and prepayments balance includes trade debtors of HK$838 million (2022: HK$928 million).

The Group has a credit policy of allowing an average credit period of 90 days (2022: 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:

	2023	**2022**
	HK$'million	*HK$'million*
0 - 90 days	766	871
91 - 180 days	31	33
181 - 365 days	30	15
Over 365 days	11	9
	838	928

11 Creditors and accruals

Creditors and accruals balance includes trade creditors of HK$359 million (2022: HK$475 million). The ageing analysis of the trade creditors, based on invoice date, is as follows:

	2023	**2022**
	HK$'million	*HK$'million*
0 - 90 days	342	419
91 - 180 days	7	18
181 - 365 days	4	7
Over 365 days	6	31
	359	475

PROPOSED FINAL DIVIDEND

In order to reward investors' continuous support of the Group, the directors of the Company (the "**Directors**") have resolved to recommend the payment of a final dividend of 48 HK cents per share, totalling HK$2,015 million for the year ended 31 December 2023 to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company (the "**Register of Members**") on 7 June 2024 (2022: scrip dividend of 60 HK cents per share by way of issue of new shares, by way of scrip dividend, with cash alternative), payable on or around 5 July 2024. The final dividend, if approved, is to be payable in cash in Hong Kong Dollars.

The Company attaches great importance to shareholder returns and seeks to provide stable and sustainable returns to the Shareholders. Under the dividend policy of the Company, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial position and development plans of the Company. Subject to approval by the Shareholders in general meeting, the Company's targets dividend payout ratio is not less than 40% in the coming year. The Board will review the dividend policy as appropriate from time to time.

CLOSURE OF REGISTER

To ascertain Shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "**AGM**") to be held on 27 May 2024, the Register of Members will be closed from 21 May 2024 to 27 May 2024 (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 Monday, 20 May 2024.

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 Friday, 7 June 2024. 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 Friday, 7 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In 2023, the global economy showed some resilience. Extreme situations such as economic recession and deep-seated financial crises that were worried by the international community did not occur, however, the weak economic recovery still plagued most countries. The global economic landscape continued to experience adjustments, with severe geopolitical situations, frequent regional conflicts, rising trend of anti-globalization, significant rise in unilateral and protectionism, price fluctuations in the commodity market, prolonged inflation, and continuous accumulation of risks in the global financial market, which posed risks and challenges to the global economic development. The issue of global divergence has been growing, especially in emerging markets and developing economies, and regional divergence has become more and more obvious, which brought more uncertainties to the global economic development and adversely affected the steady recovery of the world economy. In accordance with the "World Economic Outlook" report published by the International Monetary Fund ("**IMF**") in January 2024, the global economy was expected to grow by 3.1% year-on-year in 2023, representing a decrease of 0.4 percentage point as compared with 2022, of which the developed economies were projected to grow by 1.6%, down 1.0 percentage points year-on-year; and the emerging and developing economies were projected to grow by 4.1%, representing a flat growth year-on-year. With reference to the report of the U.S. Department of Commerce, the gross domestic product ("**GDP**") of the United States increased by 2.5% year-on-year in 2023, up 0.6% over the previous year. According to the data from the Eurostat, due to the impact of the economic and technological recession, the GDP of the Eurozone was expected to increase by 0.5% year-on-year in 2023, of which the GDP of Germany decreased by 0.3% year-on-year; France's GDP posted zero growth in the fourth quarter, up 0.9% for the full year; Japan's third-quarter GDP recorded its first negative quarterly growth since 2023 and was forecast to fall by 0.5% quarter-on-quarter. South Korea's GDP was projected to grow by 0.6% quarter-on-quarter in the fourth quarter of 2023 and 1.4% year-on-year due to exports and local consumption improved. In respect of global trade, it was expected that the global trade growth for 2023 would be 0.8%, far below half of the forecast in April 2023. This was mainly due to signs of a slowdown in trade in developed countries and some regions because of the impact of inflation.

Under the complex international environment, China adhered to the general principle of seeking progress while maintaining stability, solidly promoted high-quality development, boosted the market confidence and expanded domestic demand, optimized structure and prevented risks. Thus the macro-control policies have achieved remarkable results and the market demand kept on improving. According to the data from the National Bureau of Statistics of China, the GDP of China in 2023 increased by 5.2% and economic growth has been ahead of that of major economies around the world. In general, under the downward pressure of the external economic environment, China continued to stablize the scale and optimize the structure, and various domestic policies gave notable results. As positive factors continued to accumulate, the overall development has been heading in a positive direction. According to the statistics published by the General Administration of Customs of the People's Republic of China, total foreign trade of import and export value of China amounted to RMB41.76 trillion in 2023, representing an increase of 0.2% year-on-year, among which the total export value was RMB23.77 trillion, up by 0.6% year-on-year, while the total import value was RMB17.99 trillion, down by 0.3% year-on-year.

The global industrial chain and supply chain saw a fragmented and regionalized development trend. Two years after the Regional Comprehensive Economic Partnership (RCEP) came into effect, the policy benefits have been paying out. The industrial cooperation among member countries was continuously deepened, which promoted the significant reduction of trade costs in the region, brought actual benefits to the parties involved, and helped the stable development of the regional economy in win-win cooperation. In 2023, China, Singapore, Vietnam, Australia and other member countries recorded a year-on-year increase of 2.2%, 5.0% and 9.8% in RMB-denominated import and export value, respectively. The development of digital intelligence technologies such as big data, artificial intelligence, cloud computing, Internet of Things and blockchain has brought new directions to the international economy and trade, reduced the information asymmetry in the trade process, changed the international supply and demand relationship, and had a far-reaching impact on the trade model, trade structure and trade pattern. The gradual advancement and improvement of the platform-based trade ecosystem will further improve the utilization rate of production factors and trade operation efficiency.

The international maritime industry is deeply affected by the reshaping of the global industrial chain and supply chain, and the shipping routes layout in 2023 has been significantly adjusted. To ensure the safety and stability of the supply chain, the developed countries have implemented strong policy interventions for the well-established global industrial chain and supply chain, and accelerated the development trend of short-chain, nearshore and quayside. The number of "black swan" events such as the spillover and spread of the Palestinian-Israeli conflict has increased, and the "Houthis Factor" has triggered chain effects such as routes detour, shipping costs and freight rates surge, which has affected the benefits of maritime transportation in many countries. The flow of global trade goods was disrupted, and the instability of global shipping and global supply chain increased.

In 2023, the uncertainty of the container market increased, which led to the supply-and-demand imbalance in the container shipping market. On the demand side, the Global Purchasing Managers Index (PMI) fell, and the overall demand of container shipping remained weak. The Baltic and International Shipping Association (BIMCO) predicted that the growth rate of global container shipping volume would be -0.5% to 0.5% in 2023. On the supply side, a total of 350 container vessels were delivered by global shipbuilders in 2023, with a total shipping capacity of 2.20 million twenty-foot equivalent unit ("**TEU**"), breaking the record of 1.70 million TEUs in 2015, nearly doubling the delivery volume and total shipping capacity in 2022, and the supply of shipping capacity far outweighs the growth of demand. It is expected that there will be more shipping capacity released in 2024, and the operation of shipping companies will face further pressure, calling for cost control and business diversification to ensure revenue, including optimizing fleet capacity, reducing charter costs, slow sailing, extending to the two ends of the shipping logistics chain, and carrying out investment in the zero-carbon operation area.

Affected by the global economy and trade as well as international maritime industry, the growth of container throughput at the world's major hub ports was sluggish, but the terminal operations of Asian ports showed some resilience. In the second half of 2023, except for the continued decline in ports of Europe and the United States, major ports in other regions regained the growth momentum. According to a forecast report issued by Drewry, a global shipping consulting agency, global container throughput increased by 1.0% year-on-year in 2023. According to Alphaliner, a shipping consulting agency, the world's top 20 ports achieved a total container throughput of 277.99 million TEUs, down by 0.4% year-on-year in the first three quarters of 2023, and container throughput for major regions grew at a different pace. Among them, the ports in the Greater China region achieved throughput of 169.50 million TEUs, up 2.1% year-on-year; ports in Southeast Asia region achieved throughput of 53.54 million TEUs, up 1.9% year-on-year; and ports in Europe and North America regions achieved throughput of 19.70 million TEUs and 18.00 million TEUs respectively, representing year-on-year declines of 7.1% and 20.2%. Benefiting from the overall upturn in China's economic performance, the economy-driven trade effect continued, foreign trade imports and exports improved steadily while improving in quality, and the port business in Mainland China maintained its leading position in global growth. According to the data from the National Bureau of Statistics, the accumulated container throughput of 310.34 million TEUs, representing a year-on-year increase of 4.9% and accumulated cargo throughput of 17 billion tonnes, representing a year-on-year increase of 8.2% handled by ports in Mainland China in 2023.

BUSINESS STRATEGY DEPLOYMENT

In 2023, the Group adhered to the general principle of seeking progress while maintaining stability. It focused on "endogenous growth", accelerated "innovation and upgrade", and steadily improved quality of production and operation, and focused on the eight major aspects, including homebase port construction, overseas business, comprehensive development, innovative development, capital operation, operation and management, marketing and commerce, environmental, social and governance ("**ESG**") construction. During the year, there were four highlights on the Group's business operation. First, the Group's overseas expansion achieved fruitful results. The key project of "cultivation in Southeast Asia" went ahead to acquire 51% equity interest in PT Nusantara Pelabuhan Handal Tbk ("**NPH**") in Indonesia. In addition, the Group invested in the building of South Asia Commercial Logistics Hub to further enhance the core competitiveness of its overseas homebase port. Second, the Group's domestic and overseas homebase ports further consolidated their regional positions with increasing market share, and Hambantota International Port Group (Private) Limited ("**HIPG**")'s RORO and oil and gas business achieved breakthrough growth. Third, smart technology achieved new advancement. The container terminal operating system ("**CTOS**") was upgraded to version 5.0, serving 15 customers in 6 countries, and its influence continued to boost. "CM ePort" achieved full coverage of the Group's controlled port terminals in Mainland China and provided customers with one-stop smart services. The Smart Management Platform ("**SMP**") has successfully won the Grand Prize of the Science and Technology Progress Award in 2023 by China Ports and Harbours Association. Fourth, the Group's ESG rating has been upgraded. MSCI, an international authoritative ESG index institution, upgraded the Group's rating to "BB", which represent a two-notch upgrade. The Group was honored with the "Best Listed Company for ESG Practice" in the 13th Hong Kong International Finance Forum and the Hong Kong ESG List Annual Assessment Ceremony in 2023 and the "Industry Champions of the Year" in the 2023 Asia Corporate Excellence & Sustainability Awards.

As for homebase port construction, the business volume of the Group's West Shenzhen homebase port increased steadily. The market share of container throughput in foreign trade in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**") hit a record high, outperforming the overall regional level. In addition, the coordinated ports model in the Greater Bay Area has been continuously promoted to other regions, which efficiently facilitated the coordinated port system of the West Shenzhen Port Zone – inland river terminals, and built the functional integration of the coordinated port blockchain platform and the Pearl River Delta barge dispatch platform, greatly expediting the trade and logistics convenience of the Greater Bay Area. In 2023, the Group set up a total of 30 locations under its coordinated port model, further strengthening the multi-dimensional business synergy alliance with the West Shenzhen homebase port as the core. Sri Lanka homebase port continued to carry out the construction of an international shipping center in South Asia. Colombo International Container Terminals Limited ("**CICT**") continuously optimized its route layout, focusing on the volume of origin and destination containers and consolidating its fundamental feature, and its market share in the origin and destination containers reached a record high. HIPG continued to improve its core competitiveness, consolidated the fundamental feature of the RORO business, actively explored the value-added services for the RORO business, and achieved new breakthroughs in the refueling of ships on the main routes and a record high in the business of RORO and fuel oil.

Regarding overseas business, in the face of the complex and volatile international economic and trade situation, the Group actively seized investment opportunities. In April 2023, the Group entered into a shareholders agreement with Access Engineering PLC and the Sri Lanka Ports Authority in relation to the establishment and governance of the South Asia Commercial and Logistics Hub Project. The project is a harborside multi-storey warehouse and logistics project using the "Build-Operate-Transfer (BOT)" model with a total investment of US$392 million (equivalent to approximately HK$3,077 million). It will carry out import and export devanning and packing, bonded warehouse storage, free port business, warehouse leasing and port trade logistics. The project will not only significantly improve the level of local logistics services, but also attract more business and throughput for overseas homebase ports, further enhancing CICT's position as a hub port in South Asia. In Southeast Asia, the Group entered into an acquisition agreement in November 2023 to acquire 51% equity interest in NPH in Indonesia at a consideration of approximately US$61.20 million (equivalent to approximately

HK$477 million) and will become its controlling shareholder. NPH is a company listed on the Indonesia Stock Exchange. It operates two container terminals in Jakarta and provides container, multi-purpose and general terminal services, as well as port equipment engineering services. The acquisition will be conducive to the Group's important breakthroughs in its presence in Southeast Asia and will allow it to fully leverage its local partners to tap into the Indonesian market.

In pursuit of comprehensive development, the Group's domestic industrial parks have been working at full force, and overseas industrial parks achieved progress under adverse circumstance. China Merchants Bonded Logistics Co., Ltd. ("**CMBL**") realized the effective utilization of additional warehouse resources, and the utilization rate of warehouses exceeded 95%. The new energy vehicle export service platform achieved relatively good results. The bonded logistics operation of China Merchants International Terminal (Qingdao) Co., Ltd. ("**CMITQ**") remained stable. Its self-operated business was diversified, while the volume from warehousing operations doubled year-on-year. HIPG industrial zone deeply explored the market, and the quality of customers has been greatly improved. In 2023, 12 contracted customers moved into the park, and 51 enterprises have signed up to do so. The number of contracted enterprises in the Djibouti International Free Trade Zone reached 351, with a storage utilization rate of 100% and a warehouse occupancy rate of over 96%.

In respect of innovative development, the Group continued to revise and improve its digital planning in accordance with industry development requirements and technology development trends. By promoting the construction of three major platforms, namely "CMCore", "CM ePort" and SMP, as well as a port Internet of Things base, a digital governance system and an establishment of information security protection network, the Group set to improve the relevant implementation plans, enhance the industrial digitalization standard, and keep on advancing the construction of smart ports. CTOS project achieved significant results, while "CM ePort" achieved full coverage of the controlled port area in Mainland China and provided customers with one-stop smart services. In respect of SMP, the Group completed the construction of data architecture, business process platform, data index platform and global monitoring center, which were fully applied to enterprise process management and operation analysis to support management decisions.

Regarding capital operation, the Group explored rooms for profit improvement of its existing assets in an all-round way from three working principles of "asset operation, endogenous growth", "capital operation, optimization of the structure of existing assets" and "value mining of existing assets". It explored short-term, medium-term and long-term measures and goals to advance cost reduction and efficiency improvement. The proceeds from the disposal of 45% equity interest in Ningbo Daxie China Merchants International Terminals Co., Ltd. ("**Ningbo Daxie**") by the Group at a consideration of RMB1,845 million were used as general working capital. As a result, the resources utilization was effectively optimized and the Group's development potential was enhanced.

In respect of operation management, the Group leveraged on SMP to build a one-stop integrated management platform to support the business analysis of container, bulk cargo, logistics parks, comprehensive development and smart technology. With digital technology as the key force, the Group made use of the smart tools to drive the reform of its operation and management methods, models and concepts. At present, the Group has basically realized the collection and management of full life-cycle information of assets, as well as the standardization and online operation of major business processes. In addition, the Group also optimized the engineering management system and strengthened the life-cycle supervision of major projects. The Group kept on optimizing profitability and continuously initiated measures to improve quality and efficiency. The business financial analysis framework was improved and reshaped, while the growth of costs and expenses was strictly controlled. By deepening the cost control to form a normalized mechanism for cost reduction and efficiency enhancement, the Group has achieved phased results in its lean operation.

As for marketing and commerce, the Group is committed to promoting synergy, optimizing products, attaching importance to commercial activities and upgrading the systems. The innovation and upgrading of the digital service platform were completed. With the concept of unified architecture and unified structure, the Group completed the new upgrade of the "CM ePort" comprehensive service platform, and launched it in the Group's controlled terminals in Mainland China to promote the online, paperless and self-service of port-related services, so as to meet the business demand of customers on the mobile and computer ends.

As for the ESG construction, under the guidance of the ESG strategic planning, the Group further improved the comprehensive ESG management system, compiled the ESG work manual, and carried out the ESG upgrade for the overseas projects. Focusing on the main line of port business and industry priorities, the Group fully capitalized on its resources advantages and continuously expanded the characteristic ESG practices. In the meantime, the content of ESG information disclosure and the disclosure channels were improved. The Group was honored with rating upgrade and ESG awards by various ESG rating agencies in 2023.

BUSINESS REVIEW

Ports operation

In 2023, the Group's ports handled a total container throughput of 137.48 million TEUs, up by 0.7% year-on-year. Among which, the Group's ports in Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 103.41 million TEUs, representing an increase of 0.7% year-on-year, which was mainly benefitted from the increase in container volume in West Shenzhen Port Zone, the Yangtze River Delta region and the Bohai Rim region in Mainland China. A total container throughput handled by the Group's overseas ports grew by 0.6% year-on-year to 34.06 million TEUs, which was mainly benefitted from the growth of container throughput of TCP Participações S.A. ("**TCP**") in Brazil, Port de Djibouti S.A. ("**PDSA**") in Djibouti and Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi ("**Kumport**") in Turkey. Bulk cargo volume handled by the Group's ports increased by 2.0% year-on-year to 557 million tonnes, among which the Group's ports in Mainland China handled a total bulk cargo volume of 551 million tonnes, representing an increase of 1.8% year-on-year.

The gross throughput volume handled by the Group's container terminals for the year ended 31 December 2023 is as below:

Container Terminals	**2023 thousand TEUs**	2022 thousand TEUs	Year-on-year changes
Mainland China, Hong Kong and Taiwan	**103,413**	102,653	0.7%
Pearl River Delta region	**17,345**	18,208	(4.7%)
West Shenzhen Port Zone	**12,311**	12,078	1.9%
China Merchants Container Services Limited and Modern Terminals Limited	**4,155**	4,849	(14.3%)
Chu Kong River Trade Terminal Co., Limited	**879**	871	0.9%
Guangdong Yide Port Limited	**0**	410	(100.0%)
Yangtze River Delta region	**50,817**	50,474	0.7%
Shanghai International Port (Group) Co., Ltd.	**49,158**	47,300	3.9%
Ningbo Daxie China Merchants International Terminals Co., Ltd.	**1,659**	3,174	(47.7%)
Bohai Rim region	**30,310**	28,727	5.5%
Liaoning Port Co., Ltd.	**11,438**	10,897	5.0%
Qingdao Qianwan United Container Terminal Co., Ltd.	**10,650**	9,349	13.9%
Tianjin Port Container Terminal Co., Ltd.	**8,222**	8,481	(3.1%)
Others	**4,941**	5,244	(5.8%)
Shantou China Merchants Port Group Co., Ltd.	**1,644**	1,630	0.9%
Zhangzhou China Merchants Port Co., Ltd.	**356**	332	7.2%
Zhanjiang Port (Group) Co., Ltd.	**1,271**	1,234	3.0%
Kao Ming Container Terminal Corp.	**1,670**	2,048	(18.5%)
Other locations	**34,064**	33,877	0.6%
Colombo International Container Terminals Limited	**3,248**	3,215	1.0%
TCP Participações S.A.	**1,253**	1,156	8.4%
Lomé Container Terminal S.A.	**1,601**	1,603	(0.1%)
Tin-Can Island Container Terminal Ltd.	**317**	300	5.7%
Port de Djibouti S.A.	**887**	635	39.7%
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	**1,317**	1,209	8.9%
Terminal Link SAS	**25,441**	25,759	(1.2%)
Total	**137,477**	136,530	0.7%

Pearl River Delta region

The West Shenzhen Port Zone handled a container throughput of 12.31 million TEUs, up by 1.9% year-on-year, and bulk cargo volume of 8.33 million tonnes, down by 21.4% year-on-year, which was mainly affected by the business restructuring in the West Shenzhen Port Zone. Chu Kong River Trade Terminal Co., Limited handled a total container throughput of 0.88 million TEUs, up by 0.9% year-on-year, and handled a bulk cargo volume of 3.99 million tonnes, down by 6.1% year-on-year. Modern Terminals Limited and China Merchants Container Services Limited ("**CMCS**") in Hong Kong delivered an aggregate container throughput of 4.16 million TEUs, decreased by 14.3% year-on-year, which was mainly affected by the gradual decrease in transshipment business in the Hong Kong market and the return of business of good supply from Mainland China to Hong Kong.

Yangtze River Delta region

Shanghai International Port (Group) Co., Ltd. handled a container throughput of 49.16 million TEUs, up by 3.9% year-on-year; and handled a bulk cargo volume of 84.01 million TEUs, up by 7.5% year-on-year, which was mainly due to a lower base of the corresponding period last year. Ningbo Daxie handled a container throughput of 1.66 million TEUs, down by 47.7% year-on-year, which was mainly due to no more container throughput counted from Ningbo Daxie after the Group's disposal of 45% equity interest in Ningbo Daxie to Ningbo Zhoushan Port Company Limited in August 2023.

Bohai Rim region

Liaoning Port Co., Ltd. handled a container throughput of 11.44 million TEUs, up by 5.0% year-on-year, which was mainly benefitted from the recovery of the international shipping routes; and handled a bulk cargo volume of 251 million tonnes, down by 1.2% year-on-year. Owing to the improvement of commercial policy and shipping routes, Qingdao Qianwan United Container Terminal Co., Ltd. handled a container throughput of 10.65 million TEUs, representing an increase of 13.9% year-on-year. Qingdao Qianwan West Port United Terminal Co., Ltd. handled a bulk cargo volume of 13.92 million tonnes, representing an increase of 2.1% year-on-year. Qingdao Port Dongjiakou Ore Terminal Co., Ltd. handled a bulk cargo volume of 74.64 million tonnes, up by 3.4% year-on-year. Tianjin Port Container Terminal Co., Ltd. contributed a container throughput of 8.22 million TEUs, representing a decrease of 3.1% year-on-year.

South-East region of Mainland China

Shantou China Merchants Port Group Co., Ltd. handled a container throughput of 1.64 million TEUs, representing an increase of 0.9% year-on-year, mainly due to the increase in international cargoes; and handled a bulk cargo volume of 4.62 million tonnes, up by 21.0% year-on-year, which was mainly benefitted from the increase in the import of foreign trading coal. Zhangzhou China Merchants Port Co., Ltd. located in the Xiamen Bay Economic Zone handled a container throughput of 0.36 million TEUs, increased by 7.2% year-on-year, mainly attributable to the expansion of laden containers resources of domestic trade in hinterland and newly added shipping routes, as well as the increment of sea-rail combined transport; its bulk cargo volume increased by 9.3% year-on-year to 9.17 million tonnes, which was mainly benefitted from the favorable policy related to the grain and log businesses. Xia Men Bay China Merchants Terminals Co., Ltd. handled a bulk cargo volume of 6.20 million tonnes, up by 2.0% year-on-year.

South-West region of Mainland China

Zhanjiang Port (Group) Co., Ltd. handled a container throughput of 1.27 million TEUs, representing an increase of 3.0% year-on-year, which was mainly due to the expansion of the iron ore, coal and grain business; and handled a bulk cargo volume of 94.45 million tonnes, up by 13.6% year-on-year.

Taiwan

Kao Ming Container Terminal Corp. in Kaohsiung handled a total container throughput of 1.67 million TEUs, representing a decrease of 18.5% year-on-year, which was mainly due to the decrease in transshipment business.

Overseas operation

In 2023, a total container throughput handled by the Group's overseas projects increased by 0.6% year-on-year to 34.06 million TEUs. Among which, CICT in Sri Lanka handled a container throughput of 3.25 million TEUs, up by 1.0% year-on-year, which was conducive to increase its market share and maintain the competitive advantages in the regional market. HIPG's RORO terminal handled 0.70 million vehicles, up by 25% year-on-year, strengthening its status as a regional transshipment hub. Benefitting from the expansion of oil and gas business, the bulk cargo volume handled by HIPG was 2.46 million tonnes, representing an increase of 89.8% year-on-year. TCP in Brazil handled a container throughput of 1.25 million TEUs for the year, up by 8.4% year-on-year, which was mainly attributable to the further improvement of business structure and its market share in laden container and reefer container. Container throughput handled by Lomé Container Terminal S.A. ("**LCT**") in Togo remained flat over the previous year at 1.60 million TEUs, as a result of the improvement in business structure. Container throughput handled by Tin-Can Island Container Terminal Ltd. in Nigeria was 0.32 million TEUs, representing an increase of 5.7% year-on-year. Thanks to the increase in import and transshipment cargoes, PDSA in Djibouti handled a container throughput of 0.89 million TEUs, up by 39.7% year-on-year, and a bulk cargo volume of 4.01 million tonnes, down by 1.8% year-on-year. Container throughput handled by Kumport in Turkey was 1.32 million TEUs, representing an increase of 8.9% year-on-year, mainly due to the additional shipping routes; and the bulk cargo volume handled was 0.45 million tonnes, up by 209.0% year-on-year, which mainly benefitted from the continued increase in export of construction materials. Terminal Link SAS handled a container throughput of 25.44 million TEUs, down by 1.2% year-on-year.

Bonded logistics operation

In 2023, with a direction to building a platform for the harborside logistics supply chain, the Group's bonded logistics business took 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 96%, as a result of active exploration of resources and comprehensive service development models. Amidst the overall economic downturn and the unfavorable situation of large vacant warehouses in the vicinity, CMITQ improved the comprehensive service standard by emphasizing a working mindset of improving operations, capabilities and services, and managed to maintain its average utilization rate of the warehouses by more than 80%. Tianjin Haitian Bonded Logistics Co., Ltd., which is an associate of the Group, recorded an average utilization rate of 100% of its warehouses. In the Djibouti International Free Trade Zone, the average utilization rate of the bonded warehouse wholly-owned by the Group was 100%, and the average utilization rate of the bonded warehouse, which the Group invested in, was 100%.

In 2023, the total cargo volume handled at the three major air cargo terminals in Hong Kong amounted to 3.41 million tonnes, down by 3.4% as compared with the previous year. Asia Airfreight Terminal Company Limited, which is a joint venture of the Group, handled a total cargo volume of 0.67 million tonnes, representing a decrease of 5.6% year-on-year and a market share of 19.7%, down by 0.3 percentage point as compared with last year.

FINANCIAL REVIEW

The operating results of the Group were affected by the translation effect arising from the depreciation of Renminbi, which was mainly reflected in items such as revenue, costs and share of profits of associates and joint ventures. Coupled with the completion of the disposal of equity interest in Ningbo Daxie in August 2023, the Group's revenue for the year ended 31 December 2023 amounted to HK$11,482 million, a year-on-year decrease of 8.5%. In addition, due to a year-on-year decrease in share of profits of associates and joint ventures, profit attributable to equity holders of the Company and recurrent profit[Note 1] decreased to HK$6,233 million and HK$6,159 million respectively, representing year-on-year decreases of 19.9% and 24.2%.

Total assets of the Group amounted to HK$172,314 million as at 31 December 2023, which remained basically the same as compared with the beginning of the year. The total liabilities of the Group increased by 3.8% from HK$49,579 million as at 31 December 2022 to HK$51,469 million as at 31 December 2023. As at 31 December 2023, net assets attributable to equity holders of the Company was HK$102,155 million, increased by 5.3% as compared to that as at 31 December 2022, mainly due to the increase in the retained earnings.

The financial statements of the Group's foreign investments are in Renminbi, Euro, United States dollar, Brazilian Real 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.

Note 1 Profit attributable to equity holders of the Company net of non-recurrent gains/losses after tax. Non-recurrent gains/losses include: for 2023, net change in fair value of financial assets at fair value through profit or loss, net change in fair value of investment properties and gain on disposal of a subsidiary; while for 2022, net change in fair value of financial assets at fair value through profit or loss, net change in fair value of investment properties and net loss on deemed disposal of partial interest in an associate.

In general, the Group's ports operation continued to yield stable cash inflow. For the year ended 31 December 2023, the Group's net cash inflow from operating activities amounted to HK$7,238 million, representing a decrease of 17.6% year-on-year, among which, the receipt of cash dividends from associates and joint ventures were HK$2,034 million, a decrease of 21.5% year-on-year. Due to the decrease in capital expenditure on associates and joint ventures year-on-year and receipt of repayment of shareholder's loan from an associate during the year, the Group's cash flow from investing activities changed from a net outflow of HK$3,824 million for last year to a net inflow of HK$2,569 million for the year. At the same time, the Group repaid perpetual capital securities of US$600 million and notes payable of US$900 million during the year, the net cash outflow from financing activities increased from HK$4,904 million for last year to HK$7,108 million for the year.

LIQUIDITY AND TREASURY POLICIES

As at 31 December 2023, the Group had approximately HK$12,331 million in cash and bank balances, 10.1% of which was denominated in Hong Kong dollar, 28.4% in United States dollar, 49.3% in Renminbi, 5.8% in Euro, 2.5% in Brazilian Real and 3.9% 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$7,238 million in total.

During the year, the Group incurred capital expenditure amounting to HK$1,873 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$19,418 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 ("**Perpetual Capital Securities**"), to provide the Group's working capital. The 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. On 10 October 2023, the Company exercised its right to redeem and repay US$600 million at 3.50% of Perpetual Capital Securities. The Stock Exchange of Hong Kong Limited (the "**HKSE**") approved the withdrawal of the listing of those Perpetual Capital Securities, effective from 18 October 2023.

As at 31 December 2023, the Company had 4,198,009,186 shares in issue. During the year, the Company issued 194,626,140 shares under the Company's scrip dividend scheme.

As at 31 December 2023, the Group's net gearing ratio[Note 2] was approximately 20.8%.

The Group had aggregate bank loans, notes payable and perpetual capital securities of HK$27,101 million as at 31 December 2023 that contain customary cross default provisions.

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

As at 31 December 2023, the Group's outstanding bank and other borrowings amounted to HK$36,308 million (as at 31 December 2022: HK$34,529 million). The analysis is as below:

	2023	**2022**
	HK$'million	*HK$'million*
Floating-rate bank loans which are repayable as follows (Note):		
Within 1 year	15,795	7,867
Between 1 and 2 years	4,715	592
Between 2 and 5 years	1,559	4,043
More than 5 years	1,330	627
	23,399	13,129
Fixed-rate bank loans which are repayable as follows:		
Within 1 year	—	224
Between 2 and 5 years	28	28
	28	252

	2023	2022
	HK$'million	*HK$'million*
Notes payable which are repayable:		
In 2023	—	7,008
In 2025	3,903	3,890
In 2027	3,897	3,885
In 2028	4,656	4,638
	12,456	19,421
Loans from a fellow subsidiary which are repayable as follows:		
Within 1 year	267	4
Between 1 and 2 years	—	217
More than 5 years	158	48
	425	269
Loan from immediate holding company		
Repayable within 1 year	—	1,458

Note: All loans are unsecured except for the secured loans from banks of HK$1,370 million (2022: HK$1,241 million).

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

	Bank loans	Notes payable	Loans from a fellow subsidiary	Loan from immediate holding company	Total
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
As at 31 December 2023					
HKD & USD	12,019	12,456	—	—	24,475
RMB	11,182	—	425	—	11,607
Brazilian Real	226	—	—	—	226
	23,427	12,456	425	—	36,308
As at 31 December 2022					
HKD & USD	1,721	19,421	—	—	21,142
RMB	10,950	—	269	1,458	12,677
EURO	381	—	—	—	381
Brazilian Real	329	—	—	—	329
	13,381	19,421	269	1,458	34,529

ASSETS CHARGE

As at 31 December 2023, loans from banks of HK$1,370 million (2022: HK$313 million) borrowed by subsidiaries of the Company were secured by right-of-use assets with carrying value of HK$34 million (2022: HK$37 million). In addition, as at 31 December 2022, the entire shareholdings in two subsidiaries respectively owned by the Company and its subsidiary were pledged to various banks for bank loans of HK$928 million.

EMPLOYEES AND REMUNERATION

As at 31 December 2023, the Group employed 7,749 fulltime staff, of which 155 worked in Hong Kong, 4,532 worked in Mainland China, and the remaining 3,062 worked overseas. The remuneration paid by the Group during the year amounted to HK$2,125 million, representing 27.5% of the total operating expenses of the Group.

In 2023, in the face of the sluggish recovery of the global economy, increasing uncertainties in economic and commerce or other macroeconomic environments, the Group persisted on seeking progress while maintaining stability and managed to capture opportunities under the complex situation. By fully implementing various development measures and continuously optimizing the salary incentive mechanism, it facilitated in-depth integration of personnel efficiency improvement and business development which in turn promoted the high-quality development of the Group.

The Group improved the income distribution mechanism, implemented the double benchmarking of performance-based remuneration, optimized the remuneration strategy, in a timely manner and improved the efficiency of resource allocation. The Group kept on exploring and setting up the diversified and internationalised incentive system, combining short-term and medium-and long-term incentives, as well as equity incentives and cash incentives to form a mechanism for benefits sharing and risks bearing between employees and the Group. Upholding the principle of the performance-oriented and market-oriented income distribution concept, the Group implemented precise incentives by levels and categories with sound performance assessment and incentive mechanism and made every effort to strengthen the performance assessment. Through the formation of a dynamic salary adjustment mechanism linked with assessment, the Group continued to reap effective results from salary incentives. The salary distribution was tilted to outstanding teams and staff who would create value, to front-line talents who had made outstanding contributions, and to scientific and technological innovation talents and value creators.

In compliance with the principles of internationalization, localization and marketization, the Group has built an international talent incentive system that combines differentiated management and all-round security to ensure the effective operation of the management model of "long-term expatriate specialization, short-term expatriate institutionalization and young backup talents". The Group explored the construction of incentive mechanism for technology-based enterprises, formulated and introduced special incentive measures for scientific and technological innovation talents, strengthened the incentive orientation of value creation of innovative elements such as knowledge and technology, and provided policy support and protection system for encouraging scientific and technological innovation. The Group paid attention to the establishment of a long-term incentive mechanism and studied the feasibility of phased implementation of the equity incentive plan. It explored the applicability of medium and long-term incentive tools, and actively promoted medium and long-term incentive plans for senior management and core backbone employees, so as to effectively mobilize enthusiasm and creativity and stimulate corporate vitality.

INVESTOR RELATIONS

In 2023, the Group actively communicated with investors and analysts from all over the world, participated in more than 20 investor conferences and roadshows, and flexibly adopted online and offline communication methods in response to the needs of the capital market. A number of company research and management meetings were arranged to ensure regular communication with shareholders and investors, timely delivery of company value, in order to allow the capital market to fully understanding its operating performance and financial results. In addition, in response to the hot topics of the industry concerned by the capital market, the Group gave feedback in a timely manner to further improve the information transparency as a listed company. During the year, the Group communicated with more than 340 investors and analysts around the world.

SUSTAINABLE DEVELOPMENT

Upholding the concept of sustainable development, the Group actively undertook the corporate responsibilities towards stakeholders such as shareholders, employees, society and the environment, strengthened corporate compliance management and operation, and fully integrated the concept of sustainable development into operation management and investment in order to promote sustainable development in a professional, standardized and transparent manner.

With the goal of innovative development, green and low-carbon, safe and reliable, and humanistic care, the Group continued to improve the ESG strategy and management policy, promoted the implementation and application of the ESG closed-loop management system, enhanced the internal ESG management level, and strengthened the external ESG information disclosure, in order to show all stakeholders its determination to facilitate sustainable development strategies, and continuously promote the construction of a world leading green and smart port.

The Group supported energy security and low-carbon transformation. With the goal of building a green ecological port enterprise, the Group strictly complied with relevant laws and regulations on environmental protection, implemented the main responsibility of energy conservation and environmental protection, established the sound incentive and restraint mechanism for energy conservation and environmental protection, strengthened the management of energy conservation and emission reduction in construction, production and operation at doemestic and abroad, explored green transportation services and investment opportunities, and continuously reduced the impact and dependence of business operations on the environment and natural resources. In order to achieve the development goal of "energy conservation and efficiency enhancement", the Group continued to expand the application scope of new energy-saving technologies and products, gave priority to the use of environmentally friendly and efficient equipment, gradually increased the proportion of renewable energy applications, and implemented the strategic plan of energy conservation and environmental protection. Some terminals were awarded the 4-star "China Green Port", honoring their green and low-carbon development feature.

The Group attached great importance to the protection of biodiversity and was committed to minimizing the impact of port operations on the ecosystem of the project location and its surrounding areas, utilizing land resources and protecting natural habitats on a rational manner. The Group adopted avoidance, mitigation, compensation and protection measures to control the disturbance caused by operational activities to neighboring communities and marine ecology. In overseas, TCP implemented various environmental and social regular monitoring programs. HIPG continued to promote the "Human-Elephant Co-existence" project and cooperated with the Department of Wildlife Conservation in Sri Lanka on the elephant conservation of "Save Little Elephant". LCT was committed to monitoring and protecting the sea turtle on the coast of Togo and has carried out a number of training activities. Zhangzhou terminals in China regularly tested the air quality and noise operations in the port area, so as to reduce or even eliminate the disturbance of business to the ecological environment in the long run and realize the beautiful vision of harmonious coexistence between the port and nature.

Adhering to the concept of "Safety and prevention as Priorities with Comprehensive Governance", the Group strictly abided by the laws, regulations and management measures related to health and safety management in the places where it operated, and continuously improved the safety management system. The Group continued to learn, develop and adopt advanced occupational health and safety management practices including technological means to provide a safe workplace for employees, contractors, customers, port visitors and other stakeholders.

The Group actively created a workplace environment with equality and respect, diversity and inclusiveness, and unleashing potential. While protecting the basic rights and interests of employees and optimizing the employee welfare system, the Group improved the talent training mechanism, and provided employees with multi-level and multi-form communication and appeal channels, including employee representative meetings, employee appeal mechanism, grass-roots research, etc., to actively listen to employees' voices and respond to their needs and opinions in a timely manner.

Relying on its public welfare system of "C Blue", known as the "C Blue Global Philanthropic Misson", the Group continued to focus on talent training, value sharing, child care, environmental protection, education and medical care and livelihood assistance and so forth, and actively communicated with the communities and the public in the regions where it operated to identify the priority issues of community services, so as to further improve the systematic and comprehensive issues of community development and community investment, and assist the sustainable development of local communities. The Group continued to explore new paths for sustainable development of its projects, transforming C Blue Family Summer Camp and C Blue Children Growth Camp into a professional, high-level and systematic C Blue Rural Education Public Welfare project. The "China Merchants Silk Road Hope Village" project continued to advance deeply, and a series of infrastructures such as community activity centers, medical and health centers, crop cultivation bases, and poultry breeding bases were built for the villages where the project is located, benefiting more than 6,000 villagers. The Group further formulated skills cultivation plans to improve the self-restoration ability of local communities. The Group continued to implement a number of volunteer programs to drive and cultivate more employees to participate in volunteer services and adopted various means to strengthen community openness and exchanges and stimulate community vitality.

RATINGS

In 2023, international credit rating agencies Standard and Poor's upgraded the rating on the Group to BBB+ and affirmed the "stable" outlook; while Moody's maintained the Baa1 investment rating on the Group and the "stable" outlook. During the year, the Group was rated A- in the 2023 Sustainability Performance Assessment conducted by the Hong Kong Quality Assurance Agency (2022: A-). The Group's ESG rating was upgraded to BB by MSCI (2022: CCC).

FUTURE PROSPECTS

Looking ahead to 2024, the global political and economic situation will become more complicated due to the uncertainties brought by macro systemic risks, coupled with more uncertainties brought by large-scale elections to be taken place around the world. The growth of the global economy remains at a slow recovery pace. If there are more "black swan" events such as the spillover and spread of Palestinian-Israeli conflict, it may trigger another strong and unpredictable movement in inflation and commodities, which will disrupt the economic growth of countries. The global industrial chain and supply chain showed a fragmented and regionalized development trend. The international maritime industry was deeply affected by the reshaping of the global industrial chain and supply chain. The interruptions in global trade and freight movements will increase the uncertainties in maritime transport and supply chain. Although the continuous accumulation of risks in the global financial market has brought a series of risks and challenges to the development of the global economy, the recovery of the service industry and the declining core inflation will provide favorable support for economic growth in 2024. IMF expects the global economic growth of 3.1% in 2024, with developed economies, emerging and developing economies increasing by 1.5% and 4.1%, respectively.

In 2024, in order for China to promote economic recovery, it is necessary for China to overcome certain difficulties and challenges, which mainly include insufficient effective demand, overcapacity in some industries, weak social expectations, and a number of hidden risks. Bottlenecks in the domestic circulation and rising complexity, severity and uncertainty of the external environment, have put pressure on the economic growth. However, relying on the production advantages of a mature and complete industrial chain supply chain and the advantages of a large-scale market, China's imports and exports still maintain important positions in the international market. In coordination with the synergistic development of the digital economy and the green economy, it lays a good foundation for accelerating the construction of a modern industrial system. In the next stage, China will continue to speed up the construction of a new development pattern with the domestic circulation as the main body and the domestic-international dual circulation reinforcing each other. The open and huge Chinese market will continue to play a supporting role for the economy through imports and exports.

Due to factors such as macro-economy, supply-demand imbalance, geopolitics, situation in the Red Sea region and the extreme weather, as well as changes by the factors of shipping capacity control, cost reduction measures and alliance cooperation of shipping companies, the container shipping market will witness the "short peak and long tail" cycle feature in 2024 and will continue to grow at a low level. The imbalance between supply and demand in the container shipping market is expected to continue to weaken the freight rate and the market will enter a new normal of complex, changing and low-speed growth. As the main carrier and node of international trade flows, the ports occupy an important position in the global trade and transportation systems. The global port operators will seize the opportunities of the times, strive to improve the quality of port services, continuously expand the coverage of the port hinterland, strengthen the synergy with other logistics participants, with a view to provide a better quality and comprehensive logistics solutions for customers. The competition for cargo sources among international ports will continue, bringing new opportunities and challenges to the port industry.

Based on the above analysis and judgment, the Group will continue to capitalize on the general principle of seeking progress while maintaining stability, follow the general working direction of "seeking progress while maintaining stability, stable yet progressive growth, and breakthrough after revitalization", take the development measures of "endogenous growth", "innovation and upgrade" and "global layout", and focus on "improving the core competitiveness and enhancing core functions of the enterprise", in order to create a lean operation and management system for high-quality development, promote business models and technological empowerment innovation and continuously improve the global network layout. The Group will continue to promote comprehensive and high-quality development so as to accelerate the building of a world-leading enterprise.

Adhere to strategic leadership and get on the construction of a strong port. 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 homebase port will get on the construction of a strong port, optimize the collection and distribution infrastructure, expand the supporting resources outside the port, strengthen regional collaborative development, and implement green and low-carbon development, so as to further enhance the competitiveness of the homebase port. With an aim to build a world leading benchmark enterprise, CICT actively responds to competition from surrounding areas, gives full play to its advantages, consolidates and improves the main business capacity of container ports, and accelerates the building 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 aims to speed up the construction of "six centers" of HIPG.

Intensify lean management and facilitate endogenous growth. Based on the concept of lean management, the Group will adhere to the principle of driving internal development and reducing costs and increasing efficiency. First, the Group will improve its financial management capabilities to build a world-class financial management system, establish a lean operation team, and explore new measures for cost reduction. Second, the Group will improve its capital operation capability to optimize the action plan for quality and efficiency improvement, and to continuously improve the efficiency and effectiveness of capital operation, as well as the cash return of investment projects. Third, the Group will improve its operation and management capabilities and take measures to establish a professional and efficient strong operation and management headquarters, while fully implementing lean management; strengthening cost control, cost reduction and efficiency improvement; deepening reform; and reinforcing the headquarters control. Fourthly, the Group will improve its asset management capabilities and further enrich the project life cycle management system, and gradually form the terminal operation capability, cost control and operation management model.

Insist on innovation-driven development and empower industrial upgrading. The Group will adhere to innovation-driven development and technology-enabled industrial transformation and upgrading. Focusing on "CMCore", the Group will forge its three industry-leading products, including CTOS a bulk cargo terminal operation system "BTOS", and a park intelligent management system "LPOS", striving to build up the intelligent production and operation features within the terminals. Relying on the key project of the Ministry of Transport, the CTOS successfully completed the new architecture design and achieved milestone results. "CM ePort" will explore the creation of an open platform for smart ports by improving the information service system of the port area and innovating the service model through "port + Internet". SMP will combine data governance, management downward and artificial intelligence large model research and application to improve the intelligent empowerment ability of business and management.

Explore global presence and open up development space. The Group will further improve its global presence and resource integration capabilities, and steadily open up new space for development. First, the Group will assist in promoting domestic port integration and achieving incremental growth. Second, the Group will make new achievements in the strategy of "deepening the commitment in Hong Kong". The Group will advance the implementation plan for business model innovation and transformation and upgrading of units such as CMCS and CMBL, and continue to pay attention and follow up on cooperation opportunities for port and logistics related assets in the Hong Kong region. Third, we will focus on "cultivation in Southeast Asia" and achieving new breakthroughs. The Group will drive the completion of the NPH project in Indonesia and follow up on investment opportunities for port projects in the Southeast Asia region. Fourth, the Group will focus on "exploration in Middle East and Latin America" and achieving new progress. On the basis of market changes, the Group will update the regional investment strategy and continue to follow up on potential project information.

Continuously intensify reform and promote high-quality development. Taking advantage of the intensifying reform of state-owned enterprises, the Group will process the reform of its systems and mechanism, and facilitate the high-quality development of the company. First, the Group will continue to improve the high-quality development level of its listed companies. Second, the Group will deepen the reform of talent and mechanism, improve the talent introduction mechanism, and strengthen the employer's brand building. Third, the Group will deeply implement the ESG concept, continuously improve the ESG management system, make good disclosure of ESG information, enhance investor communication and build the C-Blue public welfare brand, while constantly promoting the green and low-carbon development of the Group.

Looking ahead, based on the new development stage, the Group will comprehensively and accurately implement the new development concept with high-quality development as its aim. 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 strive to become a "world's leading comprehensive port service provider with high quality". The Group will seek more returns for shareholders, support the local economic and industrial development and make contribution to the promising development of the port industry.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (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, risk management and financial report matters including the review of the audited financial statements for the year ended 31 December 2023 and the 2023 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 C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the HKSE 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 Board, the Company has complied with the code provisions ("**Code Provision**") set out in Part 2 of the Corporate Governance Code ("**Corporate Governance Code**") contained in Appendix C1 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 2023, except the following:-

In respect of Code Provision F.2.2 under the Corporate Governance Code. Mr. Deng Renjie, the then chairman of the Board, did not attend the annual general meeting of the Company held on 2 June 2023 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 Company's articles of association.

In order to ensure effective communication with the Shareholders, the chairmen of the Audit Committee, Nomination Committee and Remuneration Committee of the Company, other members of the Board and Board committees and the external auditor were present at the annual general meeting of the Company held on 2 June 2023 to answer Shareholders' questions, in compliance with other parts of the Code Provision F.2.2.

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

Save as disclosed in the "Management Discussion and Analysis" section of this announcement, 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 HKSE

The 2023 annual report will be despatched to Shareholders and published on the website of the HKSE 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
Feng Boming
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Feng Boming (Chairman), Mr. Yim Kong and Mr. Yang Guolin as Non-Executive Directors; Mr. Xu Song, Mr. Lu Yongxin and Mr. Tu Xiaoping as Executive Directors; and Mr. Chan Hiu Fung Nicholas, Ms. Chan Yuen Sau Kelly, Mr. Li Ka Fai David, Mr. Wong Chi Wing and Ms. Wong Pui Wah as Independent Non-Executive Directors.