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 71.77 million TEUs, up 7.9% (2023: 66.50 million TEUs)
- Throughput of bulk cargos handled reached 274 million tonnes, up 1.7% (2023: 270 million tonnes)
- Profit attributable to equity holders of the Company amounted to HK$4,452 million, up 32.9% (2023: HK$3,351 million)
- Recurrent profit attributable to equity holders of the Company
  - √ HK$4,154 million, up 24.9% (2023: HK$3,325 million)
  - √ HK$4,791 million, up 23.1%, from ports operation (2023: HK$3,892 million)
- Basic earnings per share amounted to 106.05 HK cents, up 26.7% (2023: 83.69 HK cents)
- Interim dividend of 25 HK cents per share (2023: 22 HK cents per share)

2024 INTERIM RESULTS ANNOUNCEMENT

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
	Note	**2024**	**2023**
		HK$'million	*HK$'million*
Revenue	2	5,795	5,805
Cost of sales		(3,013)	(3,195)
Gross profit		2,782	2,610
Other income and other gains, net	4	867	123
Administrative expenses		(649)	(624)
Finance income	5	208	228
Finance costs	5	(899)	(894)
Finance costs, net	5	(691)	(666)
Share of profits less losses of			
Associates		3,142	2,909
Joint ventures		193	148
		3,335	3,057
Profit before taxation		5,644	4,500
Taxation	6	(730)	(516)
Profit for the period	7	4,914	3,984
Attributable to:			
Equity holders of the Company		4,452	3,351
Holders of perpetual capital securities		31	114
Non-controlling interests		431	519
Profit for the period		4,914	3,984
Dividends	8	1,050	909
Earnings per share for profit attributable to equity holders of the Company	9		
Basic (HK cents)		106.05	83.69

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

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

	Note	Unaudited 30 June 2024 HK$'million	Audited 31 December 2023 HK$'million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		48,731	48,731
Reserves		53,686	51,409
Proposed dividend	8	1,050	2,015
		103,467	102,155
Perpetual capital securities		1,523	1,522
Non-controlling interests		16,992	17,168
Total equity		121,982	120,845
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		19,784	20,246
Lease liabilities		1,682	1,094
Other non-current liabilities		4,871	5,231
Deferred tax liabilities		4,676	4,529
		31,013	31,100
Current liabilities			
Creditors and accruals	11	3,867	3,399
Dividend payable to Shareholders of the Company		2,015	—
Bank and other borrowings		11,451	16,062
Lease liabilities		88	88
Taxation payable		558	820
		17,979	20,369
Total liabilities		48,992	51,469
Total equity and liabilities		170,974	172,314
Net current liabilities		(2,285)	(2,658)
Total assets less current liabilities		152,995	151,945

NOTES:

1 Basis of preparation

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

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

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

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

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 period.

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

3 Segment information

The key management team of the Company is regarded as the CODM, who reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments. The CODM manages the Group's operations by divisions from both business and geographic perspectives.

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

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

(i) Ports operation includes container terminal operation, bulk and general cargo terminal operation operated by the Group and its associates and joint ventures.

The Group's ports operation are presented as follows:

(a) Mainland China, Hong Kong and Taiwan

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

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

(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, would result in particulars of excessive length.

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

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

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

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

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

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

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

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

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

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

As at 30 June 2024

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

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

	As at 31 December 2023									
	Ports operation						Bonded logistics operation	Other investments	Corporate function	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	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
Taxation recoverable										6
Deferred tax assets										364
Total assets										172,314
LIABILITIES										
Segment liabilities	2,577	—	19	1,648	6,427	10,671	593	490	34,366	46,120
Taxation payable										820
Deferred tax liabilities										4,529
Total liabilities										51,469

4 Other income and other gains, net

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

5 Finance income and costs

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

6 Taxation

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

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

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

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

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

Pillar Two Income Tax

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

7 Profit for the period

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

8 Dividends

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

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

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

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

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:

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

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

10 Debtors, deposits and prepayments

Debtors, deposits and prepayments balance includes trade debtors of HK$1,482 million (31 December 2023: HK$838 million).

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

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

11 Creditors and accruals

Creditors and accruals balance includes trade creditors of HK$364 million (31 December 2023: HK$359 million). The ageing analysis of the trade creditors, based on invoice date, is as follows:

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER

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

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

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

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

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

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

Driven by the recovery of the global economy and trade, as well as the upward trend in the international shipping market, the global port industry maintained a high growth rate, with container throughput at major hub ports increasing to varying degrees. According to the data from Alphaliner, taking the world's top 20 ports (excluding Port of Tanger Med and Ho Chi Minh Port) as example saw varying degrees of growth across all regions in the first quarter of 2024. Among which, the ports in Greater China achieved a throughput of 56.07 million TEUs, representing an increase of 8.8% year-on-year; the ports in Southeast Asia achieved a throughput of 18.59 million TEUs, representing an increase of 10.8% year-on-year; the ports in Europe and North America achieved throughput of 6.58 million TEUs and 4.38 million TEUs respectively, representing increases of 4.0% and 23.2% year-on-year; the ports in the Middle East (Dubai Port) and Northeast Asia (Busan Port) achieved throughput of 3.63 million TEUs and 6.01 million TEUs respectively, representing increases of 3.5% and 5.9% year-on-year. Thanks to the stable growth of China's foreign trade imports and exports, the container throughput growth rate of the ports in China outperformed comparing to the same period of last year. According to the data published by the Ministry of Transport of China, the accumulated container throughput handled by ports in Mainland China reached 161.84 million TEUs in the first six months of 2024, representing an increase of 8.5% year-on-year, which was 3.7 percentage points higher than the same period of last year. Of which, the accumulated container throughput handled by coastal ports reached 142.13 million TEUs, representing a year-on-year increase of 8.6%, which was an increase of 4.4 percentage points as compared to the same period of last year.

BUSINESS STRATEGY DEPLOYMENT

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

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

In respect of operation management, the Group strengthened business coordination and intensified lean management. With regard to marketing and commerce, the Group enhanced the service quality and strengthened business coordination. It unified the market and commerce management system and established market information sharing and joint marketing plans, and focused on changes in global shipping alliance routes to form agile business strategies. In terms of lean management, the Group leveraged on SMP to build a one-stop integrated management platform to support the business analysis of container, bulk cargo, logistics park, comprehensive development and smart technology. The Group made use of the smart tools to drive the reform of its operation and management methods, models and concepts. In the meantime, the Group continued to implement the COE, lean operation working mechanism plan, aiming to serve the strategy, support the business, and create value. By focusing on business pain points and difficulties, the Group optimized the value tree model of lean operation, further improving the management system and giving impetus to strategic goal achievements.

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

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

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

BUSINESS REVIEW

Ports operation

In the first half of 2024, both the domestic and overseas port markets showed relatively faster growth. The Group's port business outperformed the industry as a whole and increased its market share in major regions. The Group's ports handled a total container throughput of 71.77 million TEUs, up by 7.9% year-on-year. Among which, the Group's ports in Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 53.48 million TEUs, representing an increase of 7.0% year-on-year, which was mainly driven by the Pearl River Delta region and the Bohai Rim region. A total container throughput handled by the Group's overseas ports grew by 10.6% year-on-year to 18.29 million TEUs. Bulk cargo volume handled by the Group's ports increased by 1.7% year-on-year to 274 million tonnes, among which the Group's ports in Mainland China handled a total bulk cargo volume of 269 million tonnes, representing an increase of 1.0% year-on-year.

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

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

Pearl River Delta region

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

Yangtze River Delta region

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

Bohai Rim region

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

South-East region of Mainland China

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

South-West region of Mainland China

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

Taiwan

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

Overseas operation

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

Bonded logistics operation

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

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

FINANCIAL REVIEW

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

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

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

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

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

LIQUIDITY AND TREASURY POLICIES

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

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

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

SHARE CAPITAL AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

	30 June 2024	31 December 2023
	HK$'million	*HK$'million*
Loans from a fellow subsidiary which are repayable as follows:		
Within 1 year	10	267
More than 5 years	152	158
	162	425

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

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

ASSETS CHARGE

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

EMPLOYEES AND REMUNERATION

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

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

The Group attached great importance to the construction of talent pool and the cultivation of outstanding young talents. The Group provided various practical opportunities to help them grow rapidly through a series of targeted measures. Emphasizing the cultivation of cross-cultural talents was a major highlight. The 12th China Merchants C Blue Training Program in 2024 successfully attracted 34 young talents from 21 countries around the world to participate, which broadened international vision while deepened the connotation of cross-cultural talent exchange and training model. Under the background of globalization strategy, the Group focused on the introduction and cultivation of outstanding international talents following the principles of internationalization, localization and marketization, and built a differentiated overseas remuneration and benefits system and comprehensive security measures to attract and retain international talents. The Group vigorously promoted the internal talent exchange and job rotation mechanisms, strengthened the cultivation and construction of an international talent team, and provided solid talent support for the Group's overseas business expansion.

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

SUSTAINABLE DEVELOPMENT

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

Firstly, the Group improved the level of environmental management. The Group continued to promote the goals of carbon peak and carbon neutrality. The Group optimized the internal environmental management system and continued to promote the completion of ISO 50001 energy management system certification and ISO 14001 environmental management system certification for its subsidiaries, in which worked on responding to climate change, conserving energy and reducing emission, and preventing and controlling pollution properly in both domestic and overseas terminal construction, production and operation. In terms of climate change response, the Group coordinated and strengthened key measures to respond to climate change and ecological environment protection from the aspects of strategic planning, policy system, pilot demonstration and industry cooperation, formulated indicators, goals and transformation plans related to dual carbon, strengthened climate risk adaptation and mitigation measures to explore climate opportunities. The Group insisted on using and handling resources in a sustainable and responsible manner, actively promoted energy-saving measures such as "electricity substitution" and "oil-to-electricity conversion of equipment", effectively promoted the improvement of water resource utilization through projects such as the condensate water recycling system for quay crane air conditioning and the remote water consumption monitoring platform, and fully integrated the green concept into all aspects of daily operations. In respect of waste management, the Group reduced waste generation at the source, improved the reuse of resources through intensive production, increased recycling, and adopted more circular approaches to optimize resource utilization. With regard to ecological protection, the Group aimed to minimize or eliminate any disturbance to the ecological environment caused by its operations in the long run, implemented the approach to biodiversity conservation of "avoidance - mitigation - compensation - protection" at its operating sites, and strictly evaluated the site selection and environmental impact of new projects in accordance with relevant requirements.

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

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

FUTURE PROSPECTS

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

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

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

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

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

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

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

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

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

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

REVIEW OF FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE HKSE

The 2024 interim report will be despatched to the 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"AAT"	Asia Airfreight Terminal Company Limited
"Alphaliner"	a shipping consulting agency
"Audit Committee"	the audit committee of the Company
"Board"	the board of directors of the Company
"**BRL**"	Brazilian Real dollars, the lawful currency of Brazil
"BTOS"	Bulk Cargo Terminal Operation System
"CICT"	Colombo International Container Terminals Limited
"CKRTT"	Chu Kong River Trade Terminal Co., Limited
"CMBL"	China Merchants Bonded Logistics Co., Ltd.
"CMCS"	China Merchants Container Services Limited
"CMIT"	China Merchants International Technology Company Limited
"CMITQ"	China Merchants International Terminal (Qingdao) Co., Ltd.
"COE"	Center of Excellence
"CODM"	chief operating decision-maker
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules

"CTOS"	Container Terminal Operating System
"DIFTZ"	Djibouti International Free Trade Zone
"Directors"	the directors of the Company
"ESG"	the Environmental, Social and Governance
"EU"	the European Union
"**EURO**"	Euro, the lawful currency of the members states of the EU
"Europe and the US"	Europe and the United States
"FVTPL"	fair value through profit or loss
"GDP"	gross domestic product
"Greater Bay Area"	Guangdong-Hong Kong-Macao Greater Bay Area
"HKAS"	Hong Kong Accounting Standard
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HIPG"	Hambantota International Port Group (Private) Limited
"HK Dollars/HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSE"	The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IMF"	International Monetary Fund
"IDR"	Indonesian Rupiah, the lawful currency of Indonesia

"KMCT"	Kao Ming Container Terminal Corp.
"Kumport"	Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi
"LCT"	Lomé Container Terminal S.A.
"Liaoning Port"	Liaoning Port Co., Ltd., shares of which are listed on the Shanghai Stock Exchange (stock code: 601880) and the HKSE (stock code: 2880)
"Listing Rules"	the Rules Governing the Listing of Securities on the HKSE
"LPOS"	Logistic Park Operation System
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MTL"	Modern Terminals Limited
"Ningbo Daxie"	Ningbo Daxie China Merchants International Terminals Co., Ltd.
"Ningbo Port"	Ningbo Zhoushan Port Company Limited, shares of which are listed on the Shanghai Stock Exchange (stock code: 601018)
"NPH"	PT Nusantara Pelabuhan Handal Tbk, shares of which are listed on the Indonesia Stock Exchange (stock code: PORT)
"PDSA"	Port de Djibouti S.A.
"PRC"	the People's Republic of China
"Qingdao Dongjiakou"	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.
"QQCTU"	Qingdao Qianwan United Container Terminal Co., Ltd.
"QQTU"	Qingdao Qianwan West Port United Terminal Co., Ltd.

"Register of Members"	the register of members of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"RORO"	transportation by Roll-on/Roll-off vessel
"Shantou Port"	Shantou China Merchants Port Group Co., Ltd.
"Shareholders"	the holder of the ordinary shares(s) of the Company
"SIPG"	Shanghai International Port (Group) Co., Ltd., shares of which are listed on the Shanghai Stock Exchange (stock code: 600018)
"SMP"	Smart Management Platform
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"TCP"	TCP Participações S.A.
"Terminal Link"	Terminal Link SAS
"TEU"	twenty-foot equivalent unit
"the Company"	China Merchants Port Holdings Company Limited, shares of which are listed on the HKSE (stock code: 00144)
"the Group"	the Company and its subsidiaries
"Tianjin Haitian"	Tianjin Haitian Bonded Logistics Co., Ltd.
"Tianjin Port Container Terminal"	Tianjin Port Container Terminal Co., Ltd.
"TICT"	Tin-Can Island Container Terminal Ltd.
"USD"	United States dollars, the lawful currency of the United States of America

"West Shenzhen Port Zone"	Mega Shekou Container Terminals Limited; Chiwan Container Terminal Co., Ltd.; Shenzhen Mawan Terminals Co., Ltd.; Shenzhen Mawan Wharf Co., Ltd.; Shenzhen Haixing Harbour Development Company Ltd.; and China Merchants Port Services (Shenzhen) Company Limited
"Xia Men Bay Terminals"	Xia Men Bay China Merchants Terminals Co., Ltd.
"Zhangzhou Port"	Zhangzhou China Merchants Port Co., Ltd.
"Zhanjiang Port"	Zhanjiang Port (Group) Co., Ltd.
"%"	per cent.

By Order of the Board
China Merchants Port Holdings Company Limited
Feng Boming
Chairman

Hong Kong, 30 August 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.