

CONTENTS

	<i>Pages</i>
Corporate information	2
Management discussion and analysis	3
Condensed consolidated profit and loss account	14
Condensed consolidated balance sheet	15
Condensed consolidated cash flow statement	16
Condensed consolidated statement of changes in equity	17
Notes to condensed interim financial statements	18

CORPORATE INFORMATION

Board of Directors

Dr. Fu Yuning (*Chairman*)
Mr. Zhou Qifang
Mr. Zhao Huxiang (*Vice-Chairman*)
Mr. Li Yi (*Managing Director*)
Mr. To Wing Sing
Mr. Yu Liming
Mr. Li Yinquan
Mr. Meng Xi
Mr. Tsang Kam Lan*
Mr. Kut Ying Hay*
Mr. Koo Kou Hwa*
Mr. Lee Yip Wah Peter*

* *independent non-executive director*

Registered Office

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

Company Secretary

Mr. Leung Chong Shun, Practising Solicitor

Principal Bankers

Bank of China
China Merchants Bank
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of
China (Asia) Limited

Auditors

PricewaterhouseCoopers

Solicitors

Linklaters

Registrars

Computershare Hong Kong Investor
Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Website

<http://www.cmhico.com>

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of China Merchants Holdings (International) Company Limited (the “Company”) is pleased to present the unaudited consolidated interim results and condensed financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2002 (the “Period”). The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30 June 2002, and the consolidated balance sheet as at 30 June 2002 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 14 to 26 of this report.

REVIEW OF OPERATIONS

The Group is currently positioned to develop its transportation and infrastructure business with its focus primarily on port-related business. The Group’s principal businesses comprise port and port-related business, toll road business and industrial manufacturing business.

For the first half of 2002, the Group recorded a consolidated profit after tax and minority interests of HK\$500,000,000, representing a decrease of 11.0% over HK\$561,900,000 in the first half of last year. Turnover for the first half of this year was HK\$682,900,000, representing an increase of 6.5% over HK\$641,400,000 in the first half of last year. Earnings per share for the first half of this year was HK 24.34 cents, representing a decline of 11.10% over HK 27.38 cents for the same period last year.

The decline in the Group’s profit for the same period this year was largely attributable to the exceptional performance in the oil tanker charter market last year. The oil tanker charter industry in last year gave its best performance over the last ten years and as a result, there was a comparative decline in profit from the shipping business. As the Group’s shipping business registered outstanding results during the same period last year, it provided a relatively high basis for comparison this year. Therefore, even though the Group’s shipping business performed adequately over the year, it was still a considerable drop over the same period last year. Two of the Group’s newly acquired ports, China Merchants Port Services (Shenzhen) Co. Limited (招商港務(深圳)有限公司) and China Merchants Container Services Limited, contributed additional turnover for the Group. Whilst such increase in turnover was partly offset by decline in turnover of the shipping business, the consolidated turnover grew by 6.5% over the same period last year.

In the first half of 2002, the overall economy, both domestic and foreign, remained weak; particularly in Hong Kong where economic recovery is slow. Faced with unfavourable market conditions, the Group has adopted active measures by continuing to acquire quality assets and to consolidate existing port resources so as to enhance the quality of its assets. The Group has also strengthened its management on existing projects and at the same time cut back on expenses. It has sought to look into new sources of revenue, as well as to tap its potential resources to increase efficiency. As a result, the Group’s profit surpassed expectations in the first half of the year. In particular, profit derived from the Group’s core port business grew by 27.9% over the same period last year.

Changes occurred in the Group's investment projects during the first eight months of this year are set out as follows:

1. On 4 January 2002, the Group acquired a 100% equity interest in China Merchants Container Services Limited;
2. On 1 April 2002, the Group acquired a 100% equity interest in China Merchants Port Services (Shenzhen) Co. Limited (招商港務(深圳)有限公司);
3. On 26 April 2002, the Group entered into two sale and purchase agreements with a state-owned enterprise under the Zhangzhou Municipal Government, whereby the Group sold a 40% interest in Zhangxia Expressway and a 16.8% interest in Zhangzhou section of 324 National Highway;
4. On 30 June 2002, the Group's associate, Twinbridge Development Corporation, entered into a sale and purchase agreement with a state-owned enterprise under the Shanghai Municipal Government, whereby Twinbridge Development Corporation sold a 100% interest in Shanghai Yixian Road & Bridge Development Company Limited to the state-owned enterprise under the Shanghai Municipal Government, signifying the Group's withdrawal from Shanghai Yixian Road & Bridge Development Company Limited in the second half of the year;
5. On 16 July 2002, the Group entered into an equity joint venture contract, in which the Group will have a 51% interest in the Shekou Container Terminals Phase II whereby both the Group and the joint venture partner will jointly develop and operate a container terminal located in Shekou, Shenzhen; and
6. On 16 July 2002, the Group entered into an agreement with a wholly-owned subsidiary of China Merchants Group to acquire the entire interest of Silverflow Company Limited, through which the Group will increase its interest in China Nanshan Development (Group) Incorporation by 0.496%, making up to an aggregate shareholding of 37.0% in CND.

Details of the operation management of the Group's various businesses are as follows:

Port and port-related business

The turnover of the port and port-related business of the Group for the first half of 2002 was HK\$338,000,000, representing a growth of 24.1% from HK\$272,500,000 in the first half of 2001. Consolidated profit after tax and minority interests for the first half of this year was HK\$283,200,000, representing a decline of 9.0% from HK\$311,400,000 in the first half of 2001.

The Group's port and port-related business includes: port service business consisting of container terminal services, bulk and general cargo terminal services, port transportation business and air freight business; and shipping business primarily comprises transportation business undertaken by the Aframax oil tankers. Their respective results are described below.

Port service business

The Group's port service business is mainly operated by Modern Terminals Limited ("MTL"), China Nanshan Development (Group) Incorporation ("CND"), Shekou Container Terminal Limited ("SCTL"), China Merchants Port Services (Shenzhen) Company Limited ("CM Port Services"), Chiwan Container Terminal Company Limited ("Chiwan Container Terminal"), Zhangzhou China Merchants Port Company Limited ("Zhangzhou CM Port"), China Merchants Container Services Limited, Asia Airfreight Terminal Company Limited ("AAT"), etc. Consolidated profit after tax and minority interests in the first half of 2002 was HK\$217,200,000, representing an increase of 27.9% over HK\$169,800,000 of the same period last year. The increase in consolidated profit was primarily attributable to the increase in profit contribution from the newly acquired ports and the growth in profit of the Group's Shenzhen western ports. Overall, the container volume handled by the Group's Shenzhen western ports showed an increase of 39.5% over the same period last year, representing 43% of the market share.

For the six months ended 30 June 2002, the Group is the second largest shareholder of MTL in which it held a 22.1% interest. MTL is principally engaged in the provision of container handling services. During the first half of 2002, MTL handled 1,569,000 TEU of container throughput, a decrease of 7.1% over the same period last year, representing a 28.7% market share of the Kwai Chung Container Terminals in Hong Kong.

For the six months ended 30 June 2002, the Group is the largest shareholder of CND in which it held a 36.5% interest. CND is principally engaged in port loading and unloading services, warehousing and transportation, petroleum services and real estate development. In the first half of the year, the Group handled a container throughput of 664,000 TEU, representing an increase of 81.9% over 365,000 TEU of the same period last year.

For the six months ended 30 June 2002, the Group is the largest shareholder of SCTL in which it held a 32.5% interest. SCTL is principally engaged in container loading and unloading business, freight forwarding business, container land haulage, barges and feeder services. During the first half of the year, SCT handled a container throughput of 347,000 TEU, a decrease of 10.8% below 389,000 TEU of the same period last year.

For the six months ended 30 June 2002, the Group held a 100% interest in CM Port Services. The operation of CM Port Services is located in Shekou Port within the Shenzhen western ports region. It is principally engaged in port unloading and loading, warehousing and transportation services of containers, and bulk and general cargoes. During the first half of 2002, its volume of containers handled was 280,000 TEU, representing a growth of 73% over the same period last year. During the first half of the year, its volume of bulk and general cargoes handled was 5,260,000 tonnes, an increase of 16.2% over the same period last year, representing a 41.7% market share of Shenzhen's bulk and general cargo market, down 1.9% over the same period last year.

For the six months ended 30 June 2002, the Group held a 49% interest in Zhangzhou CM Port and is responsible for the operation and management of the Zhangzhou Port. Being the regional port for export of agricultural products as well as the mainland port located closest to Taiwan for the Three Links, Zhangzhou Port carries significant strategic importance and economic potential. During the first half of the year, the cargo throughput of the port increased considerably over that of last year, reflecting a steady growth trend.

For the six months ended 30 June 2002, the Group held a 20% interest in AAT. AAT is one of the two exclusive licensees appointed by the Hong Kong Airport Authority to provide airfreight cargo terminal services at the Hong Kong International Airport. AAT provides carriers with services including customs management and clearance, physical goods handling, document preparation and special cargo handling services. Cargo handled by AAT during the first half of the year amounted to 191,100 tonnes, representing a growth of 12.9% over that of last year. The airfreight market has gradually shaken off the impact of the "9-11 incident", creating a relatively positive operating environment.

Shipping business

The Group's shipping business is operated through Ming Wah Universal (Bermuda) Co. Limited ("Ming Wah Bermuda"). As at 30 June 2002, the Group held 100% interest in Ming Wah Bermuda, which currently owns 7 Aframax oil tankers with a total tonnage of 660,000 tonnes.

The turnover of the Group's shipping business amounted to HK\$183,200,000 for the first half of this year, representing a decrease of 32.8% below HK\$272,500,000 for the same period last year. Consolidated profit after tax and minority interests amounted to HK\$66,000,000, representing a decrease of 53.4% below HK\$141,600,000 for the first half of last year. Decreases in both turnover and profit for the oil tanker business were primarily attributable to lower charter fees for oil tankers. Vessels built in the nineties, in particular, attracted relatively low charter fees. In addition, market conditions for oil tanker shipping industry during the first half of last year were the best in the last ten years, resulting in an outstanding profit performance of the Group's oil tanker business for the same period last year. This has attributed to a higher basis for comparison between the same periods over the two years.

Toll road business

The turnover of the Group's toll road business was HK\$9,900,000, representing a decrease of 34.8% below HK\$15,200,000 of the same period last year. Consolidated profit after tax and minority interests for the first half of 2002 amounted to HK\$138,500,000, representing an increase of 16.6% over HK\$118,800,000 for the first half of last year. The primary reason for the decline of the turnover was mainly attributable to the cancellation of standard fee payments for Ningzhenluo Expressway, which led to the reduction of traffic flow. Consolidated profit after tax and minority interests during the first half of the year included disposal gains of HK\$22,200,000 which was derived from the sale of Zhangxia Expressway and the Zhangzhou 324 National Highway. Assuming the sale of the abovementioned expressways were not taken into consideration, the consolidated profit was HK\$116,300,000 which was in line with that of the same period last year.

As aforementioned, having disposed of two expressways during the first half of the year and withdrawal from Shanghai Yixian Road & Bridge in the second half of the year, the Group has at present five expressways, namely, Guiliu Expressway, Guihuang Expressway, Zhejiang Yuyao Expressway, Ningzhenluo Expressway and the Luomei section of 324 National Highway, which in total measure up to 332 kilometres. During the first half of 2002, traffic volumes for the five expressways totalled 10,240,000 vehicles, representing an increase of 1.7% over the same period last year. Traffic volumes for Yuyao Expressway, Guiliu Expressway and the Luomei section of 324 National Highway registered double-digit growths. As a result of Ningzhenluo Expressway having cancelled the standard fee payments, it saw a 24% decline in traffic volume. Currently, the Group has essentially resolved the risks of guaranteed returns on its toll road business. The focus at the moment is on strengthening the management of the toll road business and the identification of high quality expressway projects for future investment.

Industrial manufacturing business

The turnover of the Group's industrial manufacturing operations was HK\$322,400,000 for the first half of the year, representing a decrease of 5.1% below HK\$339,900,000 for the same period last year. Consolidated profit after tax and minority interests was HK\$91,900,000, representing a decrease of 16.2% below HK\$109,700,000 for the same period last year.

The industrial manufacturing business of the Group comprises paint manufacturing business and container manufacturing business, which are described below respectively:

Paint manufacturing business

The turnover of the Group's paint manufacturing business for the first half of the year was HK\$322,400,000, representing a decrease of 5.1% below HK\$339,900,000 for the same period last year. Consolidated profit after tax and minority interests for the first half of the year was HK\$33,400,000, representing an increase of 49.1% over HK\$22,400,000 for the same period last year. Decline in turnover was mainly due to the decrease in container production in China, which lowered the demand for container paint. As a result, sales of the Group's subsidiary, Hempel-Hai Hong Coatings Company Limited, declined slightly. Due to the sharp profit growth of the Group's associate, PPG Coatings (Hong Kong) Company Limited, whose principal activities are car paint and industrial paint, the consolidated profit after tax and minority interests during the Period rose substantially over the same period last year.

Container manufacturing business

The Group's container manufacturing business recorded a consolidated profit after tax and minority interests of HK\$58,400,000 for the first half of the year, representing a decrease of 33.0% below HK\$87,300,000 for the first half of the last year.

As at 30 June 2002, the Group held a 27.3% interest in China International Marine Containers (Group) Limited ("CIMC"). CIMC has been ranked as the world's largest container manufacturer for six consecutive years. CIMC sold a total number of 263,000 TEU during the first half of the year, representing a 8.9% decrease below the same period last year. Fall in demand for containers was mainly attributable to the global economic slowdown. However, production of frozen containers and special purpose containers by CIMC grew by 59% and 155% respectively. The surplus in capacity amongst container manufacturers for the first half of the year together with the surges in steel prices and the reduction in container prices (as a result of price competition) caused the decrease in profitability of the container manufacturers. We expect such conditions to improve in the second half of the year. By reducing production costs and increasing the production of high end frozen containers and special purpose containers, CIMC was able to sustain relatively strong profitability. Frozen containers and special purpose containers have become CIMC's new source of profit growth.

OUTLOOKS AND PROSPECTS

Although the Hong Kong economy will remain slow to recover, the economy of China will sustain its economic rise. In particular, its accession to the WTO fosters the integration between China's domestic economy and the world economy. China's foreign import and export trade volume will experience significant growth which has prevailed in the first half of this year with an increase of 12.1% over the same period last year. The Group's various ports in China are poised to reap benefits from the increases in foreign import and export trade and its container manufacturing business will also see a rise in sales.

The Group will increase its investments in the port business. As aforementioned, the Group has entered into an equity joint venture contract with a party on 16 July 2002 to jointly develop and operate a container terminal located in Shekou, Shenzhen. With respect to its port business strategy, the Group's plans are to place its key resources on the Shenzhen western ports and will integrate and strengthen its position in the Western port business so as to enhance the profitability of its existing ports. The Group will also expedite the development of Zhangzhou Port and seek opportunities to invest in the Eastern and Northern part of China. The Board expects that, during the second half of the year, the Group will sustain a growth rate that is in line with last year. The Board also expects the annual results of its port business to be similar to that of last year's performance.

With respect to toll roads, the Group has sold two expressways during the first half of the year as aforementioned. Risks associated with guaranteed returns on expressways were basically eliminated. The toll road business will be heading for steady development. The Group will strengthen the management of its existing toll roads as well as to identify new investments relating to high-quality expressways.

Although the Group's industrial manufacturing business is developing well, its operating environment is susceptible to the fluctuation of the global economy. In the next six months, industrial business will be able to achieve better operating results if the U.S. economy recovers.

The Group's management and entire staff will continue to dedicate their best efforts to leverage on the Group's extensive connections and strong presence in Hong Kong, China and overseas. With a clear business focus, we will continue to enhance the operation and management of its existing projects, whilst at the same time continue to be opportunistic about strategic and quality investment projects to deliver better returns to its shareholders.

WORKING FUND AND TREASURY POLICIES

The Group's sources of funds mainly come from operating activities and returns from associates and joint ventures. During the Period the Group's free cash flow outweighed its investment needs, therefore no external funding was required. Presently, most of the free cash available is placed in fixed deposits with banks. As the present interest rate is low, the Group is preparing to repay bank loans of higher interest rate or to replace it with better interest rate loans in order to reduce the interest expense. During the Period, the Group had not invested in short term listed securities.

The amount of cash and cash equivalent held by the Group as at 30 June 2002 amounted to HK\$1,197,000,000, 42% of which is denominated in US Dollars, 28% in Hong Kong Dollars and 30% in Renminbi and other currencies.

Given the level of cash on hand and working capital, the Board believes that the Group has sufficient internal funds to satisfy daily operational needs and to repay loans on schedule.

SHARE CAPITAL AND FINANCIAL RESOURCES

As at 30 June 2002, the Company had issued a total of 2,056,185,388 shares. During the six months ended 30 June 2002, the Group received notifications for the exercise of 2,713,000 share options and received an aggregate sum of HK\$14,000,000 for the issue of shares pursuant to such exercise.

As at 30 June 2002, the Group carried outstanding bank loans in the amount of HK\$380,000,000, of which bank loans and short-term credit facility of a term less than one year amounted to HK\$110,000,000. The amount of bank loans has reduced by HK\$180,000,000 from the end of 2001 due to the repayment of loans during the six months ended 30 June 2002. With regard to the bank loans, HK\$210,000,000 was secured by one of the Group's vessels and the income derived from the vessel including insurance, while the remaining HK\$170,000,000 was unsecured and non-guaranteed.

In addition, the balance of the convertible bonds amounted to HK\$310,000,000 are due in 2004 and carry a fixed interest rate of 7% per annum. There was no conversion of the bonds during the six months ended 30 June 2002.

The interest rate for convertible bonds is fixed and the bank loans' interest rates are floating.

The Group maintained a net cash position in the six months ended 30 June 2002, being the same as at the end of last year, with a gross debt ratio (total interest bearing debt divided by net assets of the Group as at 30 June 2002) of 6.2%, representing an improvement from the ratio of 8.0% of last year.

All bank loans and convertible bonds are denominated in US dollars. The Company does not employ any financial instrument to hedge the said loans and bonds.

Major assets of the Group are denominated in HK dollars, US dollars and Renminbi. The Board considers that HK dollars and US dollars are stable currencies and the likelihood of Renminbi to depreciate is remote in the near future, hence no hedging instruments are used by the Group for foreign currency net investments.

ASSETS PLEDGE

As at 30 June 2002, a vessel with a net book value of HK\$290,000,000 was pledged as security for the Group's banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2002, the Company had given guarantees for bank loans and overdrafts of subsidiaries, associates, an investee and convertible bonds in the amount of HK\$420,000,000.

EMPLOYEES AND REMUNERATION

As at 30 June 2002, the Group had 1,846 full-time employees, of which 223 were working in Hong Kong and 1,623 were in the PRC. Personnel expenses amounted to HK\$66,000,000 for the six months ended 30 June 2002, representing 11.4% of the total operating expenses of the Group as at 30 June 2002. The Group undertakes review of salaries and the extent of salary increment annually, with close reference to the relevant labour market and economic situation.

The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Company. This acts as an incentive for motivating employees to provide greater contribution to the Group. The Group has a share option scheme whereby employees of the Group may be granted options to acquire shares in the Company.

PAYMENT OF INTERIM DIVIDEND

The Board has declared an interim dividend of HK7.0 cents per share (2001: HK7.0 cents per share) for the six months ended 30 June 2002, payable on 16 October 2002 to shareholders whose names appear on the Register of Members of the Company on 11 October 2002.

CLOSURE OF REGISTER

The Register of Members will be closed from 7 October 2002 to 11 October 2002 (both days inclusive), during which no transfer of shares 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 Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 4 October 2002.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2002, the interests of the directors of the Company in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance were as follows:

- (a) The following director hold ordinary shares of HK\$0.10 each in the Company:

	Number of Shares
Mr. Lee Yip Wah Peter	60,000

- (b) The following directors hold options to subscribe for shares in the Company pursuant to the share option scheme adopted by the Company on 26 June 1992:

Name of director	Date of grant	Exercise price	Options held at 1 January 2002	Options granted during the Period	Options exercised during the Period ⁽¹⁾	Options held at 30 June 2002
Dr. Fu Yuning	1 March 2000	5.054	2,000,000	–	250,000	1,750,000
Mr. Zhou Qifang	19 September 2000	5.615	350,000	–	–	350,000
Mr. Zhao Huxiang	1 March 2000	5.054	1,470,000	–	250,000	1,220,000
Mr. To Wing Sing	1 March 2000	5.054	320,000	–	320,000	–
Mr. Yu Liming	1 March 2000	5.054	350,000	–	–	350,000
Continuous contract employees						
(I)	1 March 2000	5.054	4,269,000	–	1,855,000	2,414,000
(II)	19 September 2000	5.615	1,002,000	–	–	1,002,000
(III)	24 May 2001	5.630	738,000	–	38,000	700,000
(IV)	6 July 2001	5.610	700,000	–	–	700,000

The above outstanding share options can be exercised at any time during a period of 6 years commencing on the date of grant of the options.

Notes:

1. The weighted average closing market price per share immediately before the dates on which the share options were exercised was HK\$6.11.

Other than the shares and the share options set out above, none of the directors or the chief executive of the Company had any interest in the securities of the Company or any associated corporation (within the meaning of the SDI Ordinance) which (i) would be required to be entered in the register kept by the Company pursuant to Section 29 of the SDI Ordinance; or (ii) would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the interests of every person, other than a director of the Company, in the issued shares of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

	Ordinary Shares held	Percentage of total issued shares
Cheer Far Development Limited	510,513,584	24.83%
China Merchants Holdings (Hong Kong) Company Limited	1,045,177,584 *	50.83%
China Merchants Steam Navigation Company Limited	1,045,177,584 **	50.83%
China Merchants Group Limited	1,091,337,351 ***	53.08%

* The 1,045,177,584 shares beneficially held by China Merchants Holdings (Hong Kong) Company Limited ("CMHK") represent the aggregate of 510,513,584 shares held by Cheer Far Development Limited ("Cheer Far"), 153,533,590 shares held by Blue Sky International Investments Limited ("Blue Sky"), 161,130,410 shares held by China Merchant Union (BVI) Limited ("CMU"), 120,000,000 shares held by Shinning Hope Limited ("Shinning Hope") and 100,000,000 shares held by Bluewater International Investments Limited ("Bluewater"). Cheer Far, CMU, Blue Sky, Shinning Hope and Bluewater are all wholly-owned subsidiaries of CMHK. By virtue of the SDI Ordinance, CMHK was deemed to be interested in 1,045,177,584 shares of the Company.

** CMHK is a wholly-owned subsidiary of China Merchants Steam Navigation Company Limited ("CMSN"). By virtue of the SDI Ordinance, CMSN was deemed to be interested in 1,045,177,584 shares of the Company.

*** The 1,091,337,351 shares in which China Merchants Holdings Company Limited ("CMH") had an interest represent the aggregate of 1,045,177,584 shares in which CMSN had an interest and 46,159,767 shares held by Orienture Holdings Company Limited ("Orienture"). CMSN and Orienture are both wholly-owned subsidiaries of CMH. By virtue of the SDI Ordinance, CMH was deemed to be interested in 1,091,337,351 shares of the Company.

Apart from the foregoing, as at 30 June 2002, no person or corporation had any interest in the shares of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance as having an interest in 10 per cent. or more of the issued shares of the Company.

PRACTICE NOTE 19 TO THE LISTING RULES

The Group has certain bank loan facilities, throughout the continuance of which, CMH, the controlling shareholder of the Company holding 53.08% of the issued shares of the Company as at 30 June 2002, is required to maintain directly or indirectly a particular percentage of the issued voting shares of the Company. Details of the bank loan facilities utilised as at 30 June 2002 and the performance obligation of CMH are disclosed below in accordance with paragraph 3.9 of Practice Note 19 to the Listing Rules:

Bank loan facility	Percentage of the issued voting share capital of the Company required to be held by CMH
1. US\$110,000,000 undrawn amount	At least 35%
2. US\$13,725,000 repayable by 6 equal semi-annual instalments until 7 June 2005	Being the largest single shareholder

Save as disclosed above, there is no other disclosure required to be made by the Company pursuant to Practice Note 19.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors is aware of information which would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30 June 2002, in compliance with the Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except that non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation at the annual general meeting in accordance with the Articles of Association of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four independent non-executive directors. The Audit Committee has reviewed and confirmed the unaudited interim results announcement and report for the six months ended 30 June 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2002, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's securities.

On behalf of the Board

Dr. Fu Yuning

Chairman

Hong Kong, 5 September 2002

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2002

		Unaudited	
		Six months ended	
		30 June	
	<i>Note</i>	2002	2001
		HK\$'000	HK\$'000
Turnover	2	682,954	641,386
Cost of sales		(464,833)	(381,291)
Gross profit		218,121	260,095
Other revenues		60,044	96,982
Gain on disposal of infrastructure JVs		22,147	–
Gain on disposal of associates		–	5,165
Write back of dry-docking provision		–	27,166
Distribution, administrative and other operating expenses		(113,996)	(103,276)
Operating profit	3	186,316	286,132
Finance costs		(19,690)	(40,264)
Share of profits less losses of Associates		337,544	327,226
Jointly controlled entities		72,736	78,970
Profit before taxation		576,906	652,064
Taxation	5	(54,626)	(51,444)
Profit after taxation		522,280	600,620
Minority interests		(22,258)	(38,767)
Profit attributable to shareholders		500,022	561,853
Interim dividend	6	143,933	143,792
Basic earnings per share	7	HK 24.34 cents	HK 27.38 cents
Fully diluted earnings per share	7	HK 24.14 cents	HK 27.09 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2002 AND 31 DECEMBER 2001

	<i>Note</i>	Unaudited 30 June 2002 HK\$'000	Audited 31 December 2001 HK\$'000
Property, plant and equipment	8	3,185,222	2,705,660
Intangible assets	9	464,265	167,536
Interests in associates		3,197,750	3,166,361
Interests in jointly controlled entities		3,242,757	3,322,334
Investments in infrastructure joint ventures		85,553	454,575
Investments in securities		39,914	31,327
Loans to an investee		363,152	340,662
Current assets			
Inventories		158,783	105,007
Debtors, deposits and prepayments	10	803,954	399,502
Other investments		10,443	10,443
Amounts due from holding companies and fellow subsidiaries		41,310	23,842
Amounts due from associates		111,859	70,107
Bank balances and cash		1,197,602	1,491,919
		2,323,951	2,100,820
Current liabilities			
Creditors and accruals	11	426,680	241,903
Amounts due to holding companies and fellow subsidiaries		30,922	–
Dividend payable		185,019	–
Taxation		7,554	2,121
Bank loans – due within one year	12	110,469	265,978
		760,644	510,002
Net current assets		1,563,307	1,590,818
Total assets less current liabilities		12,141,920	11,779,273
Financed by:			
Share capital	13	205,618	205,347
Retained earnings		2,873,175	2,517,292
Reserves		7,979,333	7,965,484
Proposed dividend	6	143,933	184,813
Shareholders' funds		11,202,059	10,872,936
Minority interests		157,098	132,374
Non-current liabilities			
Long-term bank loans	12	268,825	293,094
Convertible bonds		313,101	311,910
Rental receipt in advance		33,518	–
Loans from minority shareholders		167,319	168,959
		12,141,920	11,779,273

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2002

	Unaudited	
	Six months ended	
	30 June	
	2002	2001
	HK\$'000	HK\$'000
Net cash inflow from operating activities	179,071	200,560
Net cash used in investing activities	(287,228)	(168,532)
Net cash used in financing activities	(186,324)	(241,158)
Decrease in cash and cash equivalents	(294,481)	(209,130)
Cash and cash equivalents at 1 January	1,491,919	1,506,555
Effect of foreign exchange rate changes	164	(10)
Cash and cash equivalents at 30 June	1,197,602	1,297,415
Analysis of balances of cash and cash equivalents		
Bank balances and cash	1,197,602	1,297,415

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2002

	Unaudited							
	Share capital	Share premium	Capital reserve (goodwill)	Capital redemption reserve	Translation reserve	Statutory reserves	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2002	205,347	8,043,033	(197,635)	70	(3,925)	123,941	2,702,105	10,872,936
Exchange differences not recognised in the profit and loss account					416			416
Profit for the period							500,022	500,022
Dividends							(185,019)	(185,019)
Issue of shares	271	13,462						13,733
Share issue expenses		(29)						(29)
At 30 June 2002	205,618	8,056,466	(197,635)	70	(3,509)	123,941	3,017,108	11,202,059

	Unaudited							
	Share capital	Share premium	Capital reserve (goodwill)	Capital redemption reserve	Translation reserve	Statutory reserves	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2001	205,002	8,022,461	(197,635)	-	(2,294)	93,366	2,243,740	10,364,640
Exchange differences not recognised in the profit and loss account					(531)			(531)
Profit for the period							561,853	561,853
Dividends							(164,002)	(164,002)
Issue of shares	415	20,593						21,008
Share issue expenses		(20)						(20)
At 30 June 2001	205,417	8,043,034	(197,635)	-	(2,825)	93,366	2,641,591	10,782,948

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants.

These condensed interim financial statements should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2001 except that the Group has changed certain of its accounting policies following the adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 34:	Employee benefits

The changes to the Group's accounting policies and the effects of adopting these new policies are set out below:

(a) *SSAP 11 (revised): Foreign currency translation*

The balance sheet of subsidiaries, jointly controlled entities and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

In prior periods, the profit and loss of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of foreign enterprises in prior periods has not been restated as the effect of this changes is not material to the current and prior periods.

(b) *SSAP 34: Employee benefits*

(1) Bonus plans

Provisions for bonus plans due wholly within twelve months after balance sheet date are recognised when the group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(2) Pension obligations

The Group contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the profit and loss account represents contributions payable by the company to the fund.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. When the contributions do not fall due wholly within twelve months after the end of period in which the employees render the related service, the contributions should be discounted using the discount rate determined by reference to market yields at the balance sheet date on high quality investments.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

1. Basis of preparation and accounting policies (Continued)

(3) Share option scheme

When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

2. Segment information
Business segment for the period ended 30 June 2002

The Group is principally engaged in port and port-related business, infrastructure business and industrial manufacturing business.

An analysis of the Group's revenue and results for the Period by business segments is as follows:

	Port and port-related		Infrastructure		Industrial manufacturing		Others		Group	
	6 months ended 30 June		6 months ended 30 June		6 months ended 30 June		6 months ended 30 June		6 months ended 30 June	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	338,065	272,501	9,900	15,182	322,434	339,856	12,555	13,847	682,954	641,386
Segment results	91,211	141,804	44,121	43,499	38,241	36,212	(471)	29,398	173,102	250,913
Unallocated income less expenses									(8,933)	2,888
Gain on disposal of infrastructure JVs									22,147	-
Gain on disposal of associates									-	5,165
Write back of dry-docking provision									-	27,166
Operating profit									186,316	286,132
Finance costs									(19,690)	(40,264)
Share of profits less losses of										
Associates	256,246	221,123	-	-	81,298	106,103	-	-	337,544	327,226
Jointly controlled entities	(1,138)	(885)	75,475	79,855	-	-	(1,601)	-	72,736	78,970
Profit before taxation									576,906	652,064
Taxation									(54,626)	(51,444)
Profit after taxation									522,280	600,620
Minority Interests									(22,258)	(38,767)
Profit attributable to shareholders									500,022	561,853

2. Segment information (Continued)

The Group is organised into three main business segments:

- | | |
|---------------------------------|---|
| Port and port-related operation | – shipping operation by the Group; and port business comprising container terminal operation, bulk and general cargo terminal operation, port transportation and airport cargo handling operation carried out by the Group and its associates |
| Infrastructure operation | – toll road operation |
| Industrial manufacturing | – paint manufacturing by the Group; and container manufacturing by the Group's associates |

Geographical segment for the period ended 30 June 2002

The Group's three business operations are managed mainly in Hong Kong and mainland China:

- | | |
|----------------|---|
| Hong Kong | – port service operation, industrial manufacturing and properties holding |
| Mainland China | – port service operation, infrastructure operation and industrial manufacturing |
| Others | – industrial manufacturing |

An analysis of the Group's turnover and contribution to operating profit for the Period by geographical segment is as follows:

	Turnover 6 months ended 30 June		Operating profit 6 months ended 30 June	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Operations other than shipping business:				
Hong Kong	123,808	33,151	(2,105)	37,698
Mainland China	346,794	303,817	115,791	72,762
Others	29,099	31,917	3,451	3,402
Shipping business	183,253	272,501	69,179	172,270
	682,954	641,386	186,316	286,132

3. Operating profit

Operating profit is stated after crediting and charging the following:

	6 months ended 30 June	
	2002 HK\$'000	2001 HK\$'000
Crediting		
Gain on disposal of other investments	–	29,051
Unrealised holding gain on listed and other investments	–	1,801
Amortisation of negative goodwill	7,803	–
Charging		
Staff costs	65,942	37,220
Cost of inventories sold	211,645	229,791
Depreciation and amortisation on:		
Property, plant and equipment	78,901	64,906
Goodwill	8,548	3,635
Toll highway operation rights	3,295	3,038
Loss on disposal of fixed assets	54	528

4. Staff cost

	6 months ended 30 June	
	2002 HK\$'000	2001 HK\$'000
Wages and salaries	51,243	25,692
Bonus and allowances	3,791	3,945
Pension costs – defined contribution plans	3,632	1,496
Other staff benefits	7,276	6,087
	65,942	37,220

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profit for the Period (2001: 16%). Taxation on profits arising from mainland China has been calculated based on the estimated assessable profit for the Period at the rates of taxation prevailing in the area in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	6 months ended 30 June	
	2002 HK\$'000	2001 HK\$'000
Hong Kong profits tax	1,138	–
PRC Enterprise Income Tax	11,263	5,578
Over provisions in prior periods	–	(517)
	12,401	5,061
Share of taxation attributable to:		
Associates	41,327	45,468
Jointly controlled entities	898	915
	54,626	51,444

6. Interim dividend

	6 months ended 30 June	
	2002 HK\$'000	2001 HK\$'000
2002 interim dividend of HK7.0 cents (2001: HK7.0 cents) per ordinary share	<u>143,933</u>	<u>143,792</u>

7. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$500,022,000 (2001: HK\$561,853,000). The diluted earnings per share is based on adjusted earnings of HK\$511,204,000 (2001: HK\$573,036,000).

The basic earnings per share is based on the weighted average of 2,054,733,631 (2001: 2,052,392,620) ordinary shares in issue during the period. The diluted earnings per share is based on 2,117,758,876 (2001: 2,115,593,759) ordinary shares which is the weighted average number of ordinary shares in issue during the Period plus the weighted average of 63,025,245 (2001: 63,201,139) ordinary shares deemed to be issued at no consideration if all outstanding convertible bonds and share options had been exercised.

8. Property, plant and equipment

	HK\$'000
6 months ended 30 June 2002	
Opening net book amount	2,705,660
Purchase	9,754
Addition on acquisition of subsidiaries	548,366
Disposals	(54)
Depreciation and amortisation	(78,901)
Exchange difference	397
Closing net book amount	<u>3,185,222</u>

9. Intangible assets

	Toll highway operating rights HK\$'000	Goodwill HK\$'000	Negative goodwill HK\$'000	Total HK'000
6 months ended 30 June 2002				
Opening net book amount	326,353	–	(158,817)	167,536
Acquisition of subsidiaries	–	298,175	–	298,175
Amortisation charge	(3,295)	(4,420)	6,269	(1,446)
Closing net book amount	<u>323,058</u>	<u>293,755</u>	<u>(152,548)</u>	<u>464,265</u>
At 30 June 2002				
Cost	349,963	298,175	(165,085)	483,053
Accumulated amortisation	(26,905)	(4,420)	12,537	(18,788)
Net book amount	<u>323,058</u>	<u>293,755</u>	<u>(152,548)</u>	<u>464,265</u>
At 31 December 2001				
Cost	349,963	–	(165,085)	184,878
Accumulated amortisation	(23,610)	–	6,268	(17,342)
Net book amount	<u>326,353</u>	<u>–</u>	<u>(158,817)</u>	<u>167,536</u>

10. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors and their ageing analysis is as follows:

	0-30 days <i>HK\$'000</i>	31-60 days <i>HK\$'000</i>	61-120 days <i>HK\$'000</i>	Over 120 days <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 30 June 2002	118,519	54,996	59,013	85,565	318,093
Balance at 31 December 2001	97,817	29,480	35,765	33,104	196,166

The group has a credit policy of allowing an average credit period of 60 days to its customers.

11. Creditors and accruals

Included in creditors and accruals are trade payables and their ageing analysis is as follows:

	0-30 days <i>HK\$'000</i>	31-60 days <i>HK\$'000</i>	61-120 days <i>HK\$'000</i>	Over 120 days <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 30 June 2002	158,286	17,147	25,539	2,136	203,108
Balance at 31 December 2001	58,018	22,236	8,678	142	89,074

12. Bank borrowings

	30 June 2002 <i>HK\$'000</i>	31 December 2001 <i>HK\$'000</i>
Bank loans and overdraft		
Unsecured	169,053	342,847
Secured	210,241	216,225
	379,294	559,072
Current portion of long-term liabilities	(110,469)	(265,978)
	268,825	293,094

At 30 June 2002, the Group's bank loans and overdraft were repayable as follows:

	Bank loans and overdrafts	
	30 June 2002 <i>HK\$'000</i>	31 December 2001 <i>HK\$'000</i>
Within one year	110,469	265,978
In the second year	49,366	48,902
In the third to fifth year	83,005	99,221
After the fifth year	136,454	144,971
	379,294	559,072

13. Share capital

	Authorised	
	Ordinary shares of HK\$0.1 each	
	No. of shares	HK\$'000
At 1 January and 30 June 2002	3,000,000,000	300,000
	Issued and fully paid	
	Ordinary shares of HK\$0.1 each	
	No. of shares	HK\$'000
At 1 January 2002	2,053,472,388	205,347
Issue of shares on exercise of share options	2,713,000	271
At 30 June 2002	2,056,185,388	205,618

During the period, the Company has issued shares as follows:

Date of issue	No. of shares issued	Exercise price per share HK\$	Nominal value of shares issued HK\$'000	Premium on shares issued HK\$'000	Total consideration HK\$'000
29 January 2002	50,000	5.054	5	248	253
31 January 2002	150,000	5.054	15	743	758
7 February 2002	120,000	5.054	12	594	606
22 February 2002	10,000	5.63	1	55	56
25 February 2002	150,000	5.054	15	743	758
27 February 2002	150,000	5.054	15	743	758
28 February 2002	175,000	5.054	18	867	885
7 March 2002	122,000	5.054	12	605	617
13 March 2002	100,000	5.054	10	495	505
14 March 2002	134,000	5.054	13	664	677
20 March 2002	122,000	5.054	12	605	617
20 March 2002	2,000	5.63	0	11	11
21 March 2002	20,000	5.054	2	99	101
3 April 2002	50,000	5.054	5	248	253
17 April 2002	50,000	5.054	5	248	253
2 May 2002	50,000	5.054	5	248	253
8 May 2002	820,000	5.054	82	4,062	4,144
27 May 2002	16,000	5.63	2	88	90
6 June 2002	70,000	5.054	7	347	354
7 June 2002	242,000	5.054	24	1,199	1,223
17 June 2002	10,000	5.63	1	55	56
26 June 2002	100,000	5.054	10	495	505
	<u>2,713,000</u>				

During the period, no ordinary shares were repurchased and cancelled.

The Share Option Scheme (the "Terminated Scheme") was approved and adopted at an Extraordinary General Meeting of the Company held on 26 June 1992 and was terminated at an Extraordinary General Meeting of the Company held on 20 December 2001. A new share option scheme (the "Existing Scheme") was approved and adopted by the shareholders at the same meeting. During the Period, no options to subscribe for ordinary shares of the Company was granted under the Existing Scheme. At 30 June 2002 there were 8,486,000 options outstanding which are exercisable subject to the terms of the Terminated Scheme.

14. Acquisition

In January 2002 and April 2002, the Group completed the acquisition of 100% interest in China Merchants Container Services Limited ("CMCS") and China Merchants Port Services (Shenzhen) Company Limited ("CMPS"). Both the companies are engaged in port and port-related services. CMCS and CMPS are incorporated in Hong Kong and PRC respectively. Total consideration of HK\$869 million was settled in cash. The fair value of the net identifiable assets of the companies at the date of acquisition was HK\$571 million. The resulting goodwill of HK\$298 million will be amortised on a straight-line basis over 20 years. The acquired business contributed revenues of HK\$151 million and net profit of HK\$20 million to the Group.

14. Acquisition (Continued)

The assets and liabilities arising from the acquisition are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	548,365
Other assets less liabilities	23,010
Fair value of net assets	571,375
Goodwill	298,175
Total purchase consideration	<u>869,550</u>

15. Contingent liabilities

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Guarantees for bank loans and overdrafts of subsidiaries	39,680	39,680
Guarantees for bank loans of associates	60,812	59,938
Guarantees for bank loans of an investee	6,630	3,900
Guarantees for convertible bonds issued by a subsidiary	317,435	317,435
	<u>424,557</u>	<u>420,953</u>

16. Commitments

(a) *Capital commitments for property, plant and equipment*

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Contracted but not provided for	<u>10,946</u>	<u>753</u>

(b) *Capital commitments for investment in jointly controlled entities*

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Contracted but not provided for	<u>170,842</u>	<u>191,251</u>

(c) *Commitments under operating leases*

At 30 June 2002, the Group had total future aggregate minimum lease payments under non-cancellable operating leases for land and buildings and fixed assets as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Within one year	44,796	4,951
In the second to fifth year inclusive	88,579	750
	<u>133,375</u>	<u>5,701</u>

17. Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	6 months ended	
	30 June	
	2002	2001
	HK\$'000	HK\$'000
Holding companies and fellow subsidiaries		
Rental received	12,556	13,855
Rental paid	15,673	1,224
Transportation services fee paid	557	595
Warehouse services fee paid	1,710	–
Cargo handling fee received	3,977	–
Sales of paints	–	3,049
Management fees paid	5,569	6,677
Associates and other related parties		
Sales of paints	90,969	112,957
Rental received	214	214
Rental paid	2,502	–
Deposits by the Group	9,861	53,426
Interest on deposits	27	706
Management fees received	468	234
Other connected parties		
Royalties paid	10,504	11,143
Sales of paints	34,959	31,917
Interest paid	288	549

The above transactions were entered into on the following bases:

- (i) Transportation services fee, warehouse services fee, cargo handling fee, royalties and sales were charged at negotiated prices by reference to market rates.
- (ii) Management fee was charged at cost plus a percentage mark-up and by reference to turnover.
- (iii) Rental for land and building charged by the Group were based on independent property valuation reports and in accordance with the tenancy agreements commencing in February 2002 and March 2002.
- (iv) Rental charged to the Group was based on mutual agreement.
- (v) Interest paid and received was based on market rates.

18. Subsequent events

1. On 16 July 2002, the Group entered into an equity joint venture contract, in which the Group will have a 51% interest, in the Shekou Container Terminals Phase II whereby both the Group and the joint venture partner will jointly develop and operate a container terminal located in Shekou, Shenzhen; and
2. On 16 July 2002, the Group entered into an agreement with a wholly-owned subsidiary of China Merchants Group to acquire the entire interest of Silverflow Company Limited, through which the Group will increase its interest in CND by 0.496%, making up to an aggregate shareholding of 37.0% in CND.