



招商局港口控股有限公司

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

Stock Code : 00144

WE CONNECT THE WORLD

2024
ANNUAL REPORT



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	2024 HK\$'million	2023 HK\$'million	Year-on-year changes
Consolidated statement of profit or loss highlights			
Revenue	11,842	11,482	3.1%
Profit attributable to equity holders of the Company	7,919	6,233	27.0%
Non-recurrent gains, net of tax ¹	(369)	(74)	398.6%
Recurrent profit	7,550	6,159	22.6%
Earnings per share (HK Dollars)			
Basic	1.886	1.532	23.1%
Dividend per share (HK Dollars)			
Interim dividend	0.250	0.220	13.6%
Final dividend	0.636	0.480	32.5%
	0.886	0.700	26.6%
Consolidated statement of financial position highlights			
Total assets	169,474	172,314	(1.6%)
Capital and reserves attributable to equity holders of the Company	103,825	102,155	1.6%
Net interest-bearing debts and lease liabilities ²	23,138	25,159	(8.0%)
Consolidated statement of cash flows highlights			
Net cash generated from operating activities	8,547	7,238	18.1%

	2024 HK\$'million	2023 HK\$'million	Year-on-year changes
Revenue			
Ports operation	10,992	10,680	2.9%
Bonded logistics operation	639	593	7.8%
Other operations	211	209	1.0%
Total	11,842	11,482	3.1%
EBITDA³			
Ports operation	6,555	6,141	6.7%
Bonded logistics operation	363	347	4.6%
Other operations	125	119	5.0%
Total	7,043	6,607	6.6%
Share of profits less losses of associates and joint ventures	6,513	5,646	15.4%
Non-recurrent gains	457	167	173.7%
Corporation function	(271)	(322)	(15.8%)
Finance costs, net	(1,319)	(1,330)	(0.8%)
Taxation	(1,197)	(1,174)	2.0%
Depreciation and amortisation	(2,145)	(2,209)	(2.9%)
Non-controlling interests and holders of perpetual capital securities	(1,162)	(1,152)	0.9%
Profit attributable to equity holders of the Company	7,919	6,233	27.0%

- 1 For 2024, include deemed gain from share repurchases of an associate, net of tax of HK\$14 million, impairment loss of interest in a joint venture, net of tax of HK\$9 million, net change in fair value of investment properties, net of tax of HK\$17 million, net change in fair value of financial assets (equity investments) at FVTPL, net of tax of HK\$381 million. For 2023, include gain on disposal of a subsidiary, net of tax of HK\$34 million, net change in fair value of investment properties, net of tax of HK\$1 million, and net change in fair value of financial assets (equity investments) at FVTPL, net of tax of HK\$41 million.
- 2 Total interest-bearing debts and lease liabilities less cash and bank balances.
- 3 Earnings of the Company and its subsidiaries before finance costs, net, taxation, depreciation and amortisation, but excluding share of profits less losses of associates and joint ventures, non-recurrent gains, corporate function, profit attributable to non-controlling interests and holders of perpetual capital securities.

46 Ports *in*

26 Countries
and Regions

on **6** Continents







CORPORATE PROFILE

China Merchants Port Holdings Company Limited is a global leading port developer, investor and operator, with a comprehensive ports network at the hub locations along coastal China, as well as Asia, Africa, Europe, Oceania, South America and North America, amongst others.

The Group's investment strategy focuses on hub ports in regions that attract foreign investments and are economically vibrant with strong growth of import and export trade.

CMPort strives to, as a gateway to China's foreign trade and with its expanding global ports portfolio, provide its customers with timely and efficient port logistics services by pursuing its management style that emphasises determination, discipline and efficiency. In addition, CMPort also invests in bonded logistics operation for the extension of port's value chain. Through synergies achieved by its existing ports network, CMPort brings economic benefits to the regions and enhances the value creation for its stakeholders.

CMPort has earned itself a reputation across the industry with the professional management experience accumulated for years, its self-developed global leading ports operating system and integrated logistics management platform for import and export, its extensive maritime logistics support system, the modern and all-rounded integrated logistics solutions, its quality engineering management, and the outstanding and reliable services it provides.

CMPort's strategic vision is to be a "world-leading port service provider", and takes "High-quality Development" as the main line and "Global Presence", "Lean Management", "Innovative Transformation" as the drivers, CMPort strives to achieve world-class level on various fronts, including global container throughput, market share, comprehensive port development, operation and management capabilities, asset utilisation, labour productivity and brand reputation, etc.

APR

HIPG in Sri Lanka launched the container business which has expanded the business of direct import and export of container goods in southern Sri Lanka.

MAJOR MILESTONES IN 2024

JUN

The Group completed the acquisition of 51% equity interest in NPH in Indonesia. It marked the first time entering Indonesian market, further broadening the port network in Southeast Asia.

OCT

MSCI upgraded the Group's ESG rating from BB to BBB, which is the highest rating among the port companies listed in Mainland China and Hong Kong.



CHAIRMAN'S STATEMENT



It is with great delight that I present the Group's 2024 annual report and its audited annual financial statements as of 31 December 2024.

Based on the new development stage, the Group implemented the new development concept with the construction of a new development pattern to drive high-quality development, with the aim of becoming a "world-leading port service provider". The Group strived for the construction of a port ecosystem with intelligence and diversity by fostering innovative business focusing on its main business of the ports, strengthening technological innovation as a leading supporting role, and building an independent and controllable ports operating system. When actively exploring and participating in global port resource integration opportunities, the Group continued optimizing the port network layout in addition to strengthening external and internal linked interaction with efforts to provide customers with more economical, high-quality and efficient service solutions as well as deeper strategic cooperation. More value and returns were brought to the Group and its shareholders coupled with material contribution to ensuring safety, steadiness and smoothness of the supply chain.

In 2024, though the development of the global economy showed resilience with steady economic growth, global economic recovery experienced pressure from intensifying geopolitical situation, rising trade protectionism and more rapid increase in global debt size. The rising uncertainties brought challenges regarding enterprise daily operation and management. In the face of the complicated external environment, the Group has taken "High-quality Development" as the main line and "Global Presence", "Lean Management", "Innovative Transformation" as the drivers to consolidate its fundamental feature of homebase ports with effective implementation of lean management. It has been breaking new grounds adopting collaborative innovation and upgrade of digital intelligence in contribution to full achievement of all efficiency targets.

REVIEW FOR THE YEAR

In 2024, in the context of significant regional differences in global economic growth, the developed economies have been diverging from emerging markets in terms of performance with relatively weak anticipated growth. According to the "World Economic Outlook" report published by IMF in January 2025, the global economy was expected to increase by 3.2% year-on-year in 2024, representing a decline of 0.1 percentage point year-on-year. Among them, the developed economies were expected to grow by 1.7%, remaining flat year-on-year, while emerging and developing economies were expected to grow by 4.2%, down by 0.2 percentage point year-on-year. In terms of global trade, IMF forecasted that global trade value grew by 3.4% year-on-year in 2024. Despite various challenges, global trade still presents strong resilience.

Facing the complex and severe situation with growing external pressure and internal obstacles, China adhered to the general principle of seeking progress while maintaining stability. High-quality development gained additional improvements thanks to the comprehensive and accurate implementation of new development concept, accelerating construction of a new development pattern and solid promotion of high-quality development. The national economic development remained stable while making progress. In particular, the timely deployment and introduction of a series of incremental policies have boosted the society's confidence and significant economic recovery, which enabled successful accomplishment of the economic and social development major tasks. According to the data from the National Bureau of Statistics of China, China's GDP grew by 5.0% year-on-year in 2024 and the major development targets were successfully achieved. According

to the statistics of the General Administration of Customs of China, the total value of China's export and import amounted to RMB43.85 trillion in 2024, up by 5.0% year-on-year, marking another record high in terms of scale. Among which, the value of total exports grew by 7.1% year-on-year to RMB25.45 trillion, while the value of total imports grew by 2.3% year-on-year to RMB18.39 trillion. The value of total imports and exports to the Belt and Road countries grew by 6.4% year-on-year, accounting for 50.3% of the value of total imports and exports.

In 2024, both the domestic and overseas port container business of the Group showed relatively faster growth. The Group's global port investment achieved a full-year container throughput of 145.75 million TEUs, representing an increase of 6.0% over 2023, and a bulk cargo volume of 559 million tonnes, representing an increase of 0.3% over the previous year. Looking into the regional performance, Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 108.91 million TEUs, representing a year-on-year increase of 5.3%; and overseas operations delivered a container throughput of 36.84 million TEUs, up by 8.1% year-on-year. Among the major ports in the Group's portfolio, container throughput handled by the West Shenzhen Port Zone was 14.69 million TEUs, up by 19.3% year-on-year.

In 2024, the Group adhered to the general principle of seeking progress while maintaining stability, stable yet progressive growth, and breakthrough after revitalization, in response to the opportunities of global economic and trade recovery and the rebound of maritime market. Focusing on the three drivers of "Global Presence", "Lean Management", "Innovative Transformation", the Group

deepened its innovation reform to enhance the quality and sharpen up existing business, developed its global layout to expand incremental capacity at a high level, and to refine its quality of collaborative innovation and upgrade of digital intelligence. The key performance indicators of the Group showed better growth and the Group made significant progress in high-quality development. During the year, the Group focused on the following major aspects: Firstly, the homebase port business improved constantly. Container throughput of the West Shenzhen Port Zone and CICT in Sri Lanka both achieved record highs with steady improvement in operational indicators, achieving milestone results in the progress of building world-leading ports. Secondly, the Group's overseas expansion was solidly promoted, as the completion of the acquisition of 51% equity interest in NPH in Indonesia, the first step in Indonesia market to further expand the layout in Southeast Asia. Existing overseas projects came into bloom everywhere. The business volumes of the controlled terminals, including CICT in Sri Lanka, TCP in Brazil and LCT in Togo respectively reached record highs which highlighted the Group's strengths in global deployment and internationalized operations. Thirdly, the performance of lean management is remarkable. Insisting in "Cost Leadership" to enhance profitability and management quality, the Group established an innovative and integrated working mechanism to realize value empowerment. Fourthly, fruitful results were achieved for digital intelligence. Mawan Smart Port have passed the on-site assessment of "Five-Star Smart Port in China", striving to become the fourth smart port in China to obtain the five star, which is the highest star ranking. "CMCore" CTOS was launched at two container terminals in Italy and accumulated of 27 corporate customers in 8 countries were served. Fifthly, as for the ESG construction, the Group made outstanding achievements again. During the year, MSCI, an international ESG rating agency, upgraded the Group's ESG rating to BBB, being the highest rating among port companies listed in Mainland China and Hong Kong. Both CICT and HIPG in Sri Lanka were honored with the title of "Sri Lanka's Most Significant Foreign Direct Investment Contributors" by the Board of Investment of Sri Lanka.

OPERATING RESULTS

In 2024, the Group's revenue reached HK\$11,842 million, representing an increase of 3.1% year-on-year. If revenue contribution amounted to HK\$621 million for the same period last year of Ningbo Daxie whose equity interests were disposed in August 2023 is excluded, the Group's revenue increased by 9.0% year-on-year, mainly driven by the growth in business volume. Profit attributable to the equity holders of the Company increased to HK\$7,919 million, representing a year-on-year increase of 27.0%. Among which, recurrent profit ^{Note 1} was HK\$7,550 million, representing a year-on-year increase of 22.6%.

DIVIDENDS

The Board has resolved to propose at the forthcoming annual general meeting the payment of a final dividend of HK\$0.636 per ordinary share. Together with the interim dividend of HK\$0.25 per share, the total dividend for the year amounted to HK\$0.886 per ordinary share, representing a full-year payout ratio of 47.0%. Subject to the approval by shareholders at the forthcoming annual general meeting, the final dividend for ordinary shares will be payable on or around 10 July 2025 to shareholders whose names appear on the register of members on 6 June 2025.

FUTURE PROSPECTS

Looking forward to 2025, the global economic landscape continues to undergo profound adjustments. Major international events, such as the Russia-Ukraine conflict, the Palestinian Israeli conflict and the Red Sea crisis are expected to persist. The issue of global divergence has been growing, especially in emerging markets and developing economies, and regional divergence has become increasingly obvious. The stable recovery of global economy is facing challenges amidst of the persistent adjustment cycle. 2025 is the final year of the "14th Five-Year Plan" and also critical for the deepening of comprehensive reform of China. It is expected that the gradual implementation of various economic stabilization policies and the sustained effect of various trade agreement will enhance the momentum of commodity import and export, boosting cross-national trade. As the economy and trade will also operate within a reasonable range, the port industry is expected to evolve steadily.

Note1 Profit attributable to equity holders of the Company net of non-recurrent gains/losses after tax. Non-recurrent gains/losses include: for 2024, net change in fair value of financial assets at FVTPL, net change in fair value of investment properties, impairment loss of interest in a joint venture and deemed gain from share repurchases of an associate; while for 2023, net change in fair value of financial assets at FVTPL, net change in fair value of investment properties and gain on disposal of a subsidiary.

Striving for success with practical actions, the Group will forge ahead to embark on a new journey. 2025 is the first year of the "15th Five-Year Plan". Forced by the three-drivers model of "Global Presence", "Lean Management", "Innovative Transformation", the Group will further reform and innovate to develop new quality productivity and advance high-quality development. Firstly, while capturing new opportunities for enhancing core competitiveness, the Group shall firmly keep developing overseas with global deployment strengthened and lean management deepened so as to continuously empower, discover potentials and promote digital intelligence and green upgrading. Secondly, the Group will build a new engine to boost the radiation driving force. The consolidation of strong port construction, improvement of core functions and strengthening of business collaboration will allow the Group to fully leverage the advantages of resource consolidation. Thirdly, to accelerate augmentation of supporting protection, the Group will establish a professional and efficient headquarter with strong operation and management and continuously cultivate a strong talent pool. Sticking to "Actions" firmly, the Group will stand at the forefront, and take solid steps based on practice towards world-leading standard.

APPRECIATION

In 2024, facing the complex and ever-changing severe external situation and a series of risks and challenges, the Group adhered to strategic leadership, focused on "Global Presence", "Lean Management", "Innovative Transformation", with various key tasks invariably implemented to hit record highs in operating results. All could not be accomplished without the dedication of all staff of the Group and the support from its shareholders and investors, business partners and those in society who have taken to heart the Company's interest. For this, I would like to extend my most sincere appreciation and deepest gratitude.

Chairman

Feng Boming

Hong Kong, 31 March, 2025



MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

GENERAL OVERVIEW

In 2024, the development of the global economy showed steady growth, however, under the situation of intensifying geopolitical situation, rising protectionism and instability of debt market etc, the global economic recovery faced pressure. There were significant differences in regional growth. The developed economies have been diverging from emerging markets in terms of performance with relatively weak anticipated growth, while emerging and developing economies continued to be the drivers of the global economy with relatively strong performance. According to the “World Economic Outlook” report published by the IMF in January 2025, the global economy was expected to increase by 3.2% year-on-year in 2024, representing a decline of 0.1 percentage point year-on-year. Among them, the developed economies were expected to grow by 1.7%, remaining flat year-on-year, while emerging and developing economies were expected to grow by 4.2%, down by 0.2 percentage point year-on-year. In terms of trade, the IMF forecasted that global trade value grew by 3.4% year-on-year in 2024. Despite various challenges, global trade still presents strong resilience.

Under the background of the complex and severe situation, China adhered to the general principle of seeking progress while maintaining stability. The national economic development remained stable and making progress which thanked to comprehensive implementation of new development concept, accelerating construction of a new development pattern and solid promotion of high-quality development. Meanwhile, the timely deployment of a series of incremental policies of China boosted the society’s confidence and significant economic recovery, which enabled successful accomplishment of the economic and social development major tasks. According to the data from the National Bureau of Statistics of China, China’s GDP grew by 5.0% year-on-year in 2024, and the major development targets were successfully achieved. According to the statistics of the General Administration of Customs of China, the total value of import and export trade for the year amounted to RMB43.85 trillion, up by 5.0% year-on-year, marking another record high in terms of scale. Among which, the value of total exports grew by 7.1% year-on-year to RMB25.45 trillion, while the value of total imports grew by 2.3% year-on-year to RMB18.39 trillion.

The global industrial chain and supply chain saw a fragmented and regionalized development. Since the Regional Comprehensive Economic Partnership (RCEP) came into effect three years ago, it effectively stimulated regional co-operation, exemplifying that open development and free trade are conducive to economic growth and market prosperity. According to the data of the General Administration of Customs of China, import and export trade value in RMB denominated between China and member countries including Singapore, Vietnam, Malaysia recorded an increase of 3.9%, 14.6% and 12.7% year-on-year in 2024 respectively. The development of digital intelligence technologies such as big data, artificial intelligence, cloud computing, Internet of Things, and blockchain has brought new directions to the international economy and trade, mitigated the information asymmetry in the trade process, changed the international supply and demand relationship, and had a far-reaching impact on the trade model, trade structure and trade pattern. The gradual advancement and improvement of the platform-based trade ecosystem would further improve the utilization rate of production factors and trade operation efficiency.

The international maritime market environment underwent significant new changes due to multi-interwoven factors. Firstly, under the impact of the global economy and international trade, trade frictions and geopolitical conflicts continuously exposed the vulnerability of the global industrial chain and supply chain, prompting the developed countries to intervene strongly with the aim of transforming towards the industrial supply chain short-chain, nearshoring and friendshoring. Secondly, changes in the situation at key maritime transport nodes also posed serious challenges to the global supply chain. The instability in the Red Sea, a key stronghold in international maritime transport, triggered chain effects such as rerouting and shipping costs/freight rates surge, which affected the benefits of maritime industry of many countries. Thirdly, under the influence of the shipping alliance pattern, there would be significant changes in the container shipping alliance, which would lead to more intense competition in global trade routes and increase the instability of global shipping and supply chain.

In 2024, the imbalance of global demand and supply for container shipping led the downward trend of the overall international freight rates. On the demand side, the container shipping market continued to enjoy a high boom, realizing a double increase in volume and distance. The growth in trade volume was mainly due to the strong demand from North America, which drove Asian exports. The Baltic and International Maritime Council expected cargo volumes to grow by 4% to 5% in 2024. On the supply side, the data from Alphaliner, a shipping agency, showed that the global container fleet capacity grew by 10.2% in 2024 with additional shipping capacity of 2.91 million TEUs, hitting a record high in terms of growth rate. Based on the structure of supply and demand, the shipping capacity supply far outstripped the increase in demand, and on the supply side, there was no longer any marginal impact due to rerouting to the Cape of Good Hope. As such, freight rates sustained the downward momentum. However, freight rates and long-term contractual price recorded substantial increases year-on-year comparing to 2023. In addition, with an aim to meet the increasingly diversified service needs of customers, mainstream shipping companies have actively changed their business strategies and continued to exert efforts in key areas such as extension of the logistics supply chain, shipping finance and digital intelligence, and green and low-carbon services in a bid to provide their customers with services of better efficiency and quality, as well as broader range. Thus, the maritime market has entered a new stage of competition.

Driven by the recovery of the global economy and trade, as well as the upward trend in the international maritime market, throughput at major hub ports increased to varying degrees. According to the forecast of Drewry, excluding the Middle East, ports across regions showed varying degrees of growth in 2024. Among which, the ports in Asia handled a throughput of 514 million TEUs, representing an increase of 5.9% year-on-year; the ports in Southeast Asia handled a throughput of 38.24 million TEUs, representing an increase of 8.9% year-on-year; the ports in Europe and North America handled throughput of 141 million TEUs and 78.19 million TEUs respectively, representing increases of 5.9% and 12.2% year-on-year; the ports in Africa and Latin America handled

throughput of 37.69 million TEUs and 57.13 million TEUs respectively, representing increases of 9.1% and 10.1% year-on-year; and the ports in the Middle East handled a throughput of 37.86 million TEUs, representing a decrease of 12.2% year-on-year. Thanks to the overall upturn in China's economic performance and the continuous economy-driven trade effect, foreign trade imports and exports was steadily improved and the port business in Mainland China maintained its leading position in global growth. According to the data published by the National Bureau of Statistics of China, the accumulated cargo throughput handled by ports in Mainland China reached 17.6 billion tonnes in 2024, representing an increase of 3.7% year-on-year; the accumulated container throughput handled up to 332 million TEUs, representing a year-on-year increase of 7.0%.

BUSINESS STRATEGY DEPLOYMENT

During the year, under the complicated and severe external environment, the Group adhered to the general principle of seeking progress while maintaining stability. Aiming at the goal of achieving "world-class", the Group maintained strategic stability, combined integrity and innovation, strengthened the controlled business, optimized management, refined operations, expanded the layout, and prolonged the new chapter of high-quality development, resulting in all-time high performance and satisfactory results.

As for homebase port construction, the Group strengthened its homebase port infrastructure and enhanced its core competitiveness. The West Shenzhen Port Zone achieved a record high container throughput, and its volume growth of container business higher than the container volume growth of whole Shenzhen ports, and its business performance surpassed the level of whole Shenzhen ports, thus significantly enhancing its homebase port status. CICT in Sri Lanka expanded new quality routes and strengthened cooperation with shipping companies, resulting in container volume growth. HIPG steadily launched its container business. Its port functions have been increasingly strengthened, and the business indicators have steadily improved.

Management Discussion and Analysis

Regarding overseas expansion, the Group's key projects were implemented and the performances of the existing projects were impressive. The Group vigorously promoted global network expansion and successfully completed the acquisition of 51% equity interests in the NPH project in Indonesia at the end of June 2024, representing the first step in Indonesia market to further expand the layout in Southeast Asia. In addition, the existing overseas projects have performed remarkably well. Container throughput of the controlled terminals overseas, including CICT in Sri Lanka, TCP in Brazil and LCT in Togo, hit record highs, underscoring the Group's strengths in global deployment and internationalized operations.

In respect of operation management, the Group deepened lean management and its cost leadership brought tangible results. In terms of lean management, the Group established the COE mechanism in its system and promoted it across the board at the controlled terminals, forming replicable management experience. With the two-level interplay, remarkable results were achieved. Meanwhile, the Group's engineering management capability and business control capability were significantly enhanced through the optimization of its organizational structure and improvement of its policies and mechanisms. In terms of cost leadership, from the meticulous mindset of "Every Little Bit Makes a

Difference" to the concept of "Big Cost Perspective", the Group continuously improved the "Refined Cost Control System" with its own characteristics and also improved its profitability.

In respect of technological innovation, the Group was committed to digital intelligence empowerment and promoted industrial upgrade. Mawan Smart Port passed the on-site assessment of "Five-Star Smart Port in China", striving to become the fourth smart port in China to obtain the five star, which was the highest star ranking. "CMCore" CTOS was deployed again in the European market. CMIT, an associate of the Group, signed a contract for the licensing, implementation and maintenance of CTOS with Mediterranean Intermodal Terminal Operator and Duferco Terminal Mediterraneo in Italy. The Group constructed Internet of Things applications and a "digital base" to realize "total connectivity" of Internet of Things equipment and facilities in terminals. The automatic driving product realized the system scheduling of unmanned vehicles in the pilot port area, and the operational efficiency of the ships in terms of pole efficiency and vehicle efficiency was ahead of the overall level of the industry. In co-operation with AI model manufacturers, "AI+" was launched to provide online equipment operation and maintenance assistants, system passes and port affairs assistants.





In respect of green transformation, the Group accelerated its green transformation and explored new energy bunkering. The Group continued to improve the “Dual Carbon” management mechanism and promoted the use of clean energy and new technologies. The West Shenzhen Port Zone replaced 185 trailers with new energy, and investment was made in the construction of a power swap station. CICT in Sri Lanka carried out electrification transformation for its 54 trailers.

In terms of intensifying reform, the Group promoted the decentralization of ESG management to stimulate corporate vitality. The Group persisted in promoting the decentralization of ESG management and established a vertical and coordinated interoperability mechanism from the headquarters to its subsidiaries. The Group comprehensively

promoted recruitment through competitive examination, strengthened performance appraisal, vigorously implemented the mechanism with six measures of “promotion or demotion, employment or dismissal, and salary increment or decrement”, continued to improve corporate governance, established a value creation benchmarking system, and pushed forward the reduction of hierarchy, which has achieved a series of results and stimulated the vitality of the Group’s development. MSCI, an international ESG rating agency, upgraded the Group’s ESG rating to BBB, being the highest rating among port companies listed in Mainland China and Hong Kong. Both of CICT and HIPG in Sri Lanka were honored with the title of “Sri Lanka’s Most Significant Foreign Direct Investment Contributors” by the Board of Investment of Sri Lanka.



BUSINESS REVIEW

Ports operation

In 2024, both the domestic and overseas container business showed relatively faster growth. The Group's container 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 145.75 million TEUs, up by 6.0% year-on-year. Among them, the Group's ports in Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 108.91 million TEUs,

representing an increase of 5.3% year-on-year, which was mainly benefitted from the growth of container throughput of the West Shenzhen Port Zone, the Yangtze River Delta region and the Bohai Rim region in Mainland China. The total container throughput handled by the Group's overseas ports grew by 8.1% year-on-year to 36.84 million TEUs, which was mainly benefitted from the growth of container throughput of CICT in Sri Lanka, TCP in Brazil, LCT in Togo, PDSA in Djibouti and Terminal Link. Bulk cargo volume handled by the Group's ports increased by 0.3% year-on-year to 559 million tonnes, among which the Group's ports in Mainland China handled a total bulk cargo volume of 550 million tonnes, representing a slight decrease of 0.1% year-on-year.



The gross throughput volume handled by the Group's container terminals for the year ended 31 December 2024 is as below:

Container Terminals	2024 thousand TEUs	2023 thousand TEUs	Year-on- year Changes
Mainland China, Hong Kong and Taiwan	108,910	103,413	5.3%
Pearl River Delta region	19,782	17,345	14.1%
West Shenzhen Port Zone	14,685	12,311	19.3%
CMCS and MTL	4,289	4,155	3.2%
CKRTT	808	879	(8.1%)
Yangtze River Delta region	51,506	50,817	1.4%
SIPG	51,506	49,158	4.8%
Ningbo Daxie	—	1,659	(100.0%)
Bohai Rim region	32,470	30,310	7.1%
Liaoning Port	12,315	11,438	7.7%
QQCTU	11,713	10,650	10.0%
Tianjin Port Container Terminal	8,442	8,222	2.7%
Others	5,152	4,941	4.3%
Shantou Port	1,679	1,644	2.1%
Zhangzhou Port	419	356	17.7%
Zhanjiang Port	1,320	1,271	3.9%
KMCT	1,734	1,670	3.8%
Other locations	36,835	34,064	8.1%
CICT	3,394	3,248	4.5%
HIPG	53	—	—
TCP	1,558	1,253	24.3%
LCT	1,663	1,601	3.9%
NPH	417	—	—
TICT	285	317	(10.1%)
PDSA	1,312	887	47.9%
Kumport	1,260	1,317	(4.3%)
Terminal Link	26,893	25,441	5.7%
Total	145,745	137,477	6.0%

Management Discussion and Analysis

Pearl River Delta region

The West Shenzhen Port Zone handled a container throughput of 14.69 million TEUs, up by 19.3% year-on-year, which was mainly benefitted from the increase in cargo volume in emerging markets such as Southeast Asia; and handled a bulk cargo volume of 8.61 million tonnes, up by 3.4% year-on-year. CMCS and MTL in Hong Kong delivered an aggregate container throughput of 4.29 million TEUs, increased by 3.2% year-on-year. CKRTT handled a total container throughput of 0.81 million TEUs, down by 8.1% year-on-year; and handled a bulk cargo volume of 4.72 million tonnes, up by 18.4% year-on-year, which was mainly driven by the domestic trade business.

Yangtze River Delta region

SIPG handled a container throughput of 51.51 million TEUs, up by 4.8% year-on-year; and handled a bulk cargo volume of 85.52 million tonnes, up by 1.8% year-on-year. After the Group disposed 45% equity interest in Ningbo Daxie to Ningbo Port in August 2023, no more container throughput was contributed from Ningbo Daxie.

Bohai Rim region

Liaoning Port handled a container throughput of 12.32 million TEUs, up by 7.7% year-on-year, which was mainly benefitted from the increase in shipping routes in South America and India; and handled a bulk cargo volume of 252 million tonnes, up by 0.1% year-on-year. Owing to the optimization of shipping routes structure and the growth of import and export laden containers business, QQCTU handled a container throughput of 11.71 million TEUs, representing an increase of 10.0% year-on-year. QQTU handled a bulk cargo volume of 14.99 million tonnes, representing an increase of 7.7% year-on-year. Qingdao Dongjiakou handled a bulk cargo volume of 77.57 million tonnes, up by 3.9% year-on-year. Tianjin Port Container Terminal handled a container throughput of 8.44 million TEUs, representing an increase of 2.7% year-on-year.

South-East region of Mainland China

Shantou Port handled a container throughput of 1.68 million TEUs, representing an increase of 2.1% year-on-year; and handled a bulk cargo volume of 4.06 million tonnes, down by 12.1% year-on-year, which was mainly due to the decrease in the cargo volume of coal. Zhangzhou Port located in the Xiamen Bay Economic Zone handled a container throughput of 0.42 million TEUs, increased by 17.7% year-on-year, mainly attributable to the additional contribution from the customers of import and export laden container business; its bulk cargo volume increased by 2.8% year-on-year to 9.42 million tonnes. Xia Men Bay Terminals handled a bulk cargo volume of 5.46 million tonnes, down by 11.9% year-on-year, mainly due to the decline in the cargo volume of sandstone and bulk grain.

South-West region of Mainland China

Zhanjiang Port handled a container throughput of 1.32 million TEUs, representing an increase of 3.9% year-on-year; and handled a bulk cargo volume of 88.27 million tonnes, representing a decrease of 6.5% year-on-year.

Taiwan

KMCT in Kaohsiung handled a total container throughput of 1.73 million TEUs, representing an increase of 3.8% year-on-year.

Overseas operation

In 2024, overseas port businesses saw a rapid growth as a whole. A total container throughput handled by the Group's overseas projects increased by 8.1% year-on-year to 36.84 million TEUs. CICT in Sri Lanka handled a container throughput of 3.39 million TEUs, up by 4.5% year-on-year, which was mainly benefitted from the increase in import and export cargos. Seizing the window period of business development owing to the Red Sea situation, HIPG in Sri Lanka launched the container business in the first half of 2024 with the accumulative container throughput of 53,000 TEUs; its bulk cargo volume decreased by 4.1% year-on-year to 2.36 million tonnes. TCP in Brazil handled a container



throughput of 1.56 million TEUs, up by 24.3% year-on-year, which was mainly benefitted from the change of business structure, the additional shipping routes and the improvement of the laden container and reefer container businesses. Container throughput handled by LCT in Togo was 1.66 million TEUs, up by 3.9% year-on-year. Container throughput of NPH in Indonesia was included since July 2024, and its accumulated container throughput was 0.42 million TEUs. Container throughput handled by TICT in Nigeria was 0.29 million TEUs, representing a decrease of 10.1% year-on-year, mainly due to the shipping route adjustments. PDSA in Djibouti handled a container throughput of 1.31 million TEUs, up by 47.9% year-on-year, which was mainly benefitted from the significant increase in international transshipment cargoes and the adjustment of regional shipping routes; and the bulk cargo volume handled was 4.58 million tonnes, up by 14.1% year-on-year, mainly due to the increase in demand of grain import in its economic hinterland. Container throughput handled by Kumport in Turkey was 1.26 million TEUs, representing a decrease of 4.3% year-on-year, and a bulk cargo volume of 0.47 million tonnes, up by 5.4% year-on-year. Terminal Link handled a container throughput of 26.89 million TEUs, representing an increase of 5.7% year-on-year, which was mainly benefitted from the growth in container volume of the ports in Europe and Africa.

Bonded logistics operation

In 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 and made every effort to improve the resource utilization rate of existing warehouses and yards. CMBL in Shenzhen has been actively extending its port logistics service chain and laying out various nodes of the logistics chain, with an average utilization rate of the warehouses up to 99%. China Merchants International Terminal (Qingdao) Co., Ltd improved the comprehensive service standard by emphasizing a working mindset of improving cargo quality, capabilities and services, and its average utilization rate of the warehouses reached 98%. Tianjin Haitian Bonded Logistics Co., Ltd, which is an associate of the Group, recorded an average utilization rate of 100% of its warehouses. In the Djibouti International Free Trade Zone, the average utilization rate of the bonded warehouse wholly-owned by the Group was 97%.

In 2024, the total cargo volume handled at the three major air cargo terminals in Hong Kong amounted to 4.05 million tonnes, up by 18.8% year-on-year. Asia Airfreight Terminal Company Limited, which is a joint venture of the Group, handled a total cargo volume of 0.79 million tonnes, representing an increase of 17.9% year-on-year and a market share of 19.5%, down by 0.2 percentage point as compared with last year.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2024 amounted to HK\$11,842 million, a year-on-year increase of 3.1%. If revenue contribution amounted to HK\$621 million for the same period last year of Ningbo Daxie whose equity interests were disposed in August 2023 is excluded, the Group's revenue increased by 9.0% year-on-year, mainly driven by the growth in business volume. Profit attributable to equity holders of the Company increased to HK\$7,919 million, representing a year-on-year increase of 27.0%, including a year-on-year increase in share of profits of associates and joint ventures of HK\$867 million, a year-on-year increase in fair value of financial assets at FVTPL of HK\$412 million, and the reversal of impairment of receivable of HK\$403 million. Recurrent profit^{Note 1} increased to HK\$7,550 million, representing a year-on-year increase of 22.6%.

Total assets of the Group amounted to HK\$169,474 million as at 31 December 2024 which remained basically the same as compared with the beginning of the year. The total liabilities of the Group decreased by 6.7% from HK\$51,469 million as at 31 December 2023 to HK\$48,042 million as at 31 December 2024, mainly due to the impact of repayment of bank loans. As at 31 December 2024, net assets attributable to equity holders of the Company was HK\$103,825 million, which remained basically the same as compared with the beginning of the year.

The financial statements of the Group's foreign investments are expressed in RMB, EURO, USD, BRL, IDR or other currencies and any exchange difference 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 maintain foreign exchange risk at a manageable level.

Note 1 Profit attributable to equity holders of the Company net of non-recurrent gains/losses after tax. Non-recurrent gains/losses include: for 2024, net change in fair value of financial assets at FVTPL, net change in fair value of investment properties, impairment loss of interest in a joint venture and deemed gain from share repurchases of an associate; while for 2023, net change in fair value of financial assets at FVTPL, net change in fair value of investment properties and gain on disposal of a subsidiary.

In general, the Group's ports operation continued to yield stable cash inflow. For the year ended 31 December 2024, the Group's net cash inflow from operating activities amounted to HK\$8,547 million, representing a year-on-year increase of 18.1%. Due to an increase in dividend distribution from certain associates, cash dividends from associates and joint ventures received by the Group for the year amounted to HK\$2,716 million, representing a year-on-year increase of 33.5%. The Group's net cash inflow from investing activities decreased from HK\$2,569 million for last year to HK\$345 million for the year which was mainly impacted by the receipt of repayment of shareholder's loan from an associate last year. Meanwhile, the Group's dividends paid to ordinary shareholders increased over the same period last year, the net cash outflow from financing activities increased from HK\$7,108 million for last year to HK\$9,637 million for the year.

LIQUIDITY AND TREASURY POLICIES

As at 31 December 2024, the Group had approximately HK\$11,410 million in cash and bank balances, 3.2% of which was denominated in HK Dollars, 22.1% in USD, 66.9% in RMB, 2.9% in BRL and 4.9% in other currencies.

The Group mainly derived its funding sources from its operating activities related to ports operation, bonded logistics operation and property investment, and investment returns received from associates and joint ventures, which amounted to HK\$8,547 million in total.

During the year, the Group incurred capital expenditure amounting to HK\$1,478 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\$13,744 million, does not anticipate any difficulty in refinancing its short-term loans while the pressure for repaying the short-term loans is limited.



Management Discussion and Analysis

SHARE CAPITAL AND FINANCIAL RESOURCES

As at 31 December 2024, the Company had 4,198,009,186 shares in issue.

As at 31 December 2024, the Group's net gearing ratio ^{Note 2} was approximately 19.1%.

The Group had aggregate bank loans, notes payable and perpetual capital securities of HK\$28,005 million as at 31 December 2024 that contain customary cross default provisions.

As at 31 December 2024, the Group's outstanding bank and other borrowings amounted to HK\$32,948 million (2023: HK\$36,308 million). The analysis is as below:

	2024 HK\$'million	2023 HK\$'million
Floating-rate bank loans which are repayable as follows (Note):		
Within 1 year	14,041	15,795
Between 1 and 2 years	364	4,715
Between 2 and 5 years	1,718	1,559
More than 5 years	1,123	1,330
	17,246	23,399
Fixed-rate bank loans which are repayable as follows:		
Within 1 year	1,612	—
Between 1 and 2 years	725	—
Between 2 and 5 years	826	28
	3,163	28
Notes payable which are repayable:		
In 2025	3,879	3,903
In 2027	3,874	3,897
In 2028	4,631	4,656
	12,384	12,456
Loans from a fellow subsidiary which are repayable as follows:		
Within 1 year	10	267
More than 5 years	145	158
	155	425

Note: All loans are unsecured except for the secured loans from banks of HK\$1,342 million (2023: HK\$1,370 million).

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

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

	Bank loans HK\$'million	Notes payable HK\$'million	Loans from a fellow subsidiary HK\$'million	Total HK\$'million
As at 31 December 2024				
HK Dollars & USD	10,470	12,384	—	22,854
RMB	9,878	—	155	10,033
IDR	61	—	—	61
	20,409	12,384	155	32,948
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 31 December 2024, bank loans of HK\$1,342 million (2023: HK\$1,370 million) borrowed by subsidiaries of the Company were secured by right-of-use assets with carrying value of HK\$173 million (2023: HK\$34 million) and property, plant and equipment with carrying value of HK\$167 million (2023: nil).

CONTINGENT LIABILITIES

Save as disclosed in note 39(d) to the consolidated financial statements, the Group did not have any other significant contingent liabilities as at 31 December 2024.

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not hold any significant investments which constitute 5% or more of its total assets.

MATERIAL ACQUISITIONS OR DISPOSALS

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

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

Save as disclosed in this Annual Report, the Group did not have any other plans for material investments or acquisition of capital assets as at 31 December 2024.

EMPLOYEES AND REMUNERATION

As at 31 December 2024, the Group employed 8,713 full time staff, of which 149 worked in Hong Kong, 4,450 worked in Mainland China, and the remaining 4,114 worked overseas. The remuneration paid by the Group during the year amounted to HK\$2,288 million, representing 29.3% of the total operating expenses of the Group.

The Group adhered to the concepts of people-oriented and meritocracy, and took measures to manage talents in the whole process of selection, nurturing, utilization and retention. The Group launched the “Hundred Seedlings Plan” (百苗計劃), which gave full play to the strengths of the headquarters and its subsidiaries in practical training, and innovated a new mode of recruitment and training of graduates. The Group also implemented the “Living Water Plan” (活水計劃), which broke down organizational barriers, activated internal manpower resources mechanism, and guided the orderly flow of talents, thus smoothing out the path of career development. The Group implemented a tiered and categorized talent cultivation system, building talent pools and workshops to empower the development of professional, technological and technical talents. The Group innovated the mode of school-enterprise co-operation and development by establishing joint master’s and doctoral degree program, and joining hands with renowned colleges and universities in the maritime industry to create high-quality engineering and technology talents in the port and shipping sectors. The Group kept on enhancing the brand influence of “C Blue Talent Program” of China Merchants, building a platform for the in-depth integration of professional knowledge and diversified cultures, actively exploring and deepening the new mode of cross-cultural talent cultivation, and thus contributing to the international exchanges and cooperation in the port and shipping sectors.

The Group optimized its remuneration distribution mechanism and explored ways to improve its incentive system to provide important support and strong protection for the achievement of its strategies and human resources planning. The Group improved the work efficiency linkage mechanism, which was market-oriented, matched with economic benefits and linked to input and output effectiveness; optimized the incentive and restraint mechanism, which was in line with the market, consistent with the industry, geographically appropriate and performance-oriented; promoted double matching of performance and remuneration; prioritized scientific and technological innovations; coordinated and improved the honor and recognition system; strengthened the positive incentive effect; and took multiple measures to continuously enhance the efficiency of resource allocation. The Group promoted a caring staff program to provide proper staff welfare protection and enhance staff recognition and sense of belonging, so as to enable the employees and the Group to share their interests and risks, and give attention and support to the Group’s long-term development.

SUSTAINABLE DEVELOPMENT

The Group committed to the concept of sustainable development, actively assumed its responsibilities to various stakeholders, strengthened its compliance management and operation, integrated the concept of sustainable development into its investment, operation and management in a comprehensive manner, and promoted sustainable development in a professional, standardized, transparent and efficient management manner.

The Group strictly complied with relevant laws and regulations on ecological and environmental protection, and continuously strengthened its management in the areas of emission reduction, waste reduction and efficient utilization of resources. The Group attached great importance to and took measures to minimize the negative impacts of

its business operations on the environment and natural resources and its reliance on them. At the same time, the Group actively responded to the call for energy security and green and low-carbon transformation by promoting a series of measures such as upgrading the energy efficiency of equipment and the intelligent control of operations, and improving the digital energy management system, in order to facilitate the achievement of the development goal of “Energy Conservation and Efficiency”, and to continue to explore the opportunities for the development of a green and smart port. Mawan Smart Port passed the on-site assessment of “Five-Star China’s Smart Port”. TCP was awarded the Climate Medal (Selo Clima Paraná) of Paraná state as well as honored with the International Renewable Energy Certificate (I-REC) for two consecutive years. The Group recognized the importance of ecosystem and biodiversity protection and took measures to avoid, mitigate, restore and compensate for the impact of its operations on the marine ecosystem and the communities around its sites. TCP launched a number of regular environmental and social monitoring programs; HIPG continued to promote its “Peace for Humans and Elephants” project; and LCT continued to detect and protect sea turtles along the coastal areas of Togo. Zhangzhou Port conducted regular inspections of air quality and noise operations in the port area in an effort to minimize and even eliminate the impact of its operations on the ecosystem and to promote the vision of a harmonious coexistence between the port and nature.

The Group firmly established the principle of “People-Oriented and Safe Development”, strictly complied with the relevant laws and regulations on health and safety management in the places of operation, continuously improved the occupational health and safety management system, formulated and implemented effective occupational safety objectives, plans and measures, practically enhanced the level of safety management, cultivated the awareness of safety and the sense of responsibility, and promoted the application of science and technology in the field of occupational health and safety in order to provide a safe and healthy working environment for its employees. The Group earnestly protected the legitimate rights and interests of its employees, built a warm and supportive platform for their growth and development, and helped them realize their personal values.

The Group actively promoted the integration and development of the ports and the communities. Relying on the “Global Philanthropic Mission” public welfare program, the Group continued to strengthen communication with the communities in which it operated to promote the joint development of the ports and its neighboring communities, and took forward the implementation of a series of programs, including “Rural Education Public Welfare Project”, the “C Blue Talents Program”, the “China Merchants Silk Road Hope Village” as well as the “Save the Elephants” and the “Coral Gardens Nurturing”. HIPG and CICT were honored with the title of “Sri Lanka’s Most Significant Foreign Direct Investment Contributors” in recognition of their outstanding contributions to the economic growth and social development of Sri Lanka. The Group actively organized and carried out volunteer projects and encourages its employees to participate in public welfare and volunteer services. Through various means, the Group enhanced community openness and exchanges, stimulated community vitality and created value for the community and society.

In the future, the Group will continue to uphold the concept of sustainable development, continue to explore and practice, strive to realize value sharing and win-win situations, and constantly contribute to a greener, smarter and more harmonious port development.

INVESTOR RELATIONS

In 2024, the Group proactively communicated with domestic and overseas investors and conducted more than 20 investor relations activities, including results briefing, roadshows, investor conferences and on-site visit, etc., and interacted with the domestic and overseas capital markets through diversified channels, receiving nearly 440 investor visits. Simultaneously, the investor relations team regularly reported to the Board and management on capital market developments and investor concerns, and continued to adopt the two-way feedback mechanism to fully serve its roles as a communication bridge.

Management Discussion and Analysis

RATINGS

In 2024, international credit rating agencies Standard and Poor's maintained the rating of BBB+ on the Group and the "Stable" outlook, while Moody's maintained the Baa1 investment rating on the Group and the "Stable" outlook.

During the year, MSCI, an international ESG rating agency, upgraded the Group's ESG rating for the second consecutive year to BBB (2023: BB); and the Group received an A grade (2023: A-) in the sustainability performance assessment undertaken by Hong Kong Quality Assurance Agency.

FUTURE PROSPECTS

Looking ahead to 2025, the global economy will rebound, but the momentum of economic growth is insufficient, and the risks of uncertainties will increase owing to the geopolitical tensions, strengthened protectionism and tighter financial environment. IMF estimates that the global economy will grow by 3.3% in 2025, an increase of 0.1 percentage point from 2024; global trade in goods and services will rebound steadily, and is estimated to grow by 3.2% in 2025, a drop of 0.2 percentage point from 2024. Global inflationary pressure will continue to decline, and the global consumer price index (CPI) is estimated to be around 4.2% in 2025, a drop of 1.5 percentage points from 2024.

In 2025, China's economy still faces multiple challenges in the process of recovery. The insufficient domestic effective demand, alongside with operation pressure on some enterprises, the accumulation of potential risks intertwined with internal structural contradictions, as well as the worsening of uncertainties in the international environment, and the overlapping of internal and external pressures, pose challenges to stable growth. At present, China's economy has a solid foundation, with obvious advantages, sufficient resilience to resist risks and abundant endogenous energy, and its long-term positive fundamentals and growth logic have not been fundamentally shaken. Relying on its position as a core hub in the global industrial chain and the resilience of its imports and exports, China is able to systematically integrate multi-dimensional resources, effectively converge

policy and market energies, and continue to anchor itself in the main line of high-quality development, so as to upgrade the quality of its economic structure. In the next stage, China will adhere to the principle of seeking progress while maintaining stability, accelerate the construction of a new development pattern, promote high-quality development, further deepen reforms on all fronts, expand high-level external opening, build a modernized industrial system, better coordinate development and security, implement more proactive macro policies, expand domestic demand, promote the integration of scientific and technological innovations and industrial innovations, and prevent and mitigate the risks of and external shocks in key areas.

Based on the above analysis and judgment, the Group will continue to capitalize on the general principle of seeking progress while maintaining stability. By strengthening strategic confidence and strategic focus, the Group upholds the three-drivers model of "Global Presence", "Lean Management", "Innovative Transformation", and spares no effort to reform, innovate and boost development, so as to complete the target tasks of the "14th Five-Year Plan" in a high-quality manner, and to lay a solid foundation for a good start of the "15th Five-Year Plan". The tactics of "Five Focuses" will be firmly implemented.

Focus on Strategy Execution to Explore Room for Development. The Group will strengthen its strategic control and firm up its global deployment to continuously enhance its core competitiveness. Firstly, in accordance with the requirements of the work focus of "clinging reforms, capturing innovation and boosting development", the Group will make significant efforts in the preparation of the "15th Five-Year Plan", and continue to improve the overall strategic framework of the Group, to optimize the six aspects of "Overseas Strategy", "Homebase Port Strategy", "Lean Management Strategy", "Innovation Strategy", "Digitalization Strategy" and "Low-carbon Strategy", and to regulate strategy execution. Secondly, the Group will focus on the implementation of "Overseas Strategy", and accelerate the pace of internationalization, so as to further build up a competitive edge in the global network and enhance its core competitiveness.

Focus on Efficiency Enhancement to Improve the Quality of Development. The Group will focus on its core business of ports, optimize and strengthen the controlled terminals, and extend the integrated business of ports, so as to promote the high-quality development through quality and efficiency enhancement. Firstly, the Group will undertake the optimization of container business resources in the West Shenzhen Port Zone, and push forward the construction of the Dachan Bay Phase II project in an orderly manner. Secondly, the container business cooperation between CICT and HIPG in Sri Lanka will be strengthened to capitalize on their synergies. TCP in Brazil will keep on upgrading its capacity. Thirdly, the Group will transform the bonded logistics business from resource-driven to competitiveness-driven, enhance its value creation capability, strengthen the port-park collaboration, and realize synergistic development.

Focus on Reform and Innovation to Create Growth Advantages. The Group will deepen reforms, enhance governance, accelerate technological innovation and green transformation to create growth advantages for the Group's development. Firstly, the Group will deepen the reform of the selection and employment mechanism and optimize the remuneration distribution mechanism. Secondly, the Group will enhance the corporate governance standards and promote the establishment of boards of directors of the Company and its subsidiaries. Thirdly, the Group will accelerate the application of digital intelligence empowerment, formulate the digital intelligence strategic planning of the "15th Five-Year Plan", promote the research and development of new-generation CTOS and the launch at pilot terminals, strengthen the application of artificial intelligence, the Internet of Things and other technologies, and enhance the level of data governance and digital transformation. Fourthly, the Group will initiate the green transformation of the terminal's energy structure, as well as promote green power procurement, distributed photovoltaic power generation and other projects so as to increase the proportion of clean energy, strengthen environmental risk management, explore the business of clean energy bunkering, and help the construction of green ports.

Focus on Lean Management to Drive Endogenous Growth. The Group will deepen lean management at a high standard, strengthen synergies and cooperation at a high grade, and promote ESG construction at a high level, so as to add impetus to its endogenous growth. Firstly, the Group will strengthen penetrating control and enhance the capabilities of its operational management, asset management, financial control, engineering construction management and commercial marketing coordination. Secondly, the Group will intensify the efforts to strengthen communication and cooperation with key shipping company customers. Thirdly, the Group will continue to optimize the ESG management system, enhance the corporate governance standards, and deepen the concept of sustainable development. The Group will improve the quality of ESG disclosure, deliver significant results from corporate brand-building and enhance the influence of the brand.

Focus on Support and Protection to Build a Solid Foundation for Development. The Group will continue to strengthen the development of its human resources and improve production safety in order to build a solid foundation for its development. Firstly, the Group will improve its talent database, conduct a good inventory of talents, and cultivate various talents through the "Hundred Seedlings Program" (百苗計劃). Secondly, the Group will keep on enhancing the production safety and emergency management capabilities, promote the three-year campaign to tackle the root causes of accidents, strengthen the investigation and management of hidden dangers, and ensure that major accident hazards are eliminated in a dynamic manner, so as to build a solid foundation for safety.

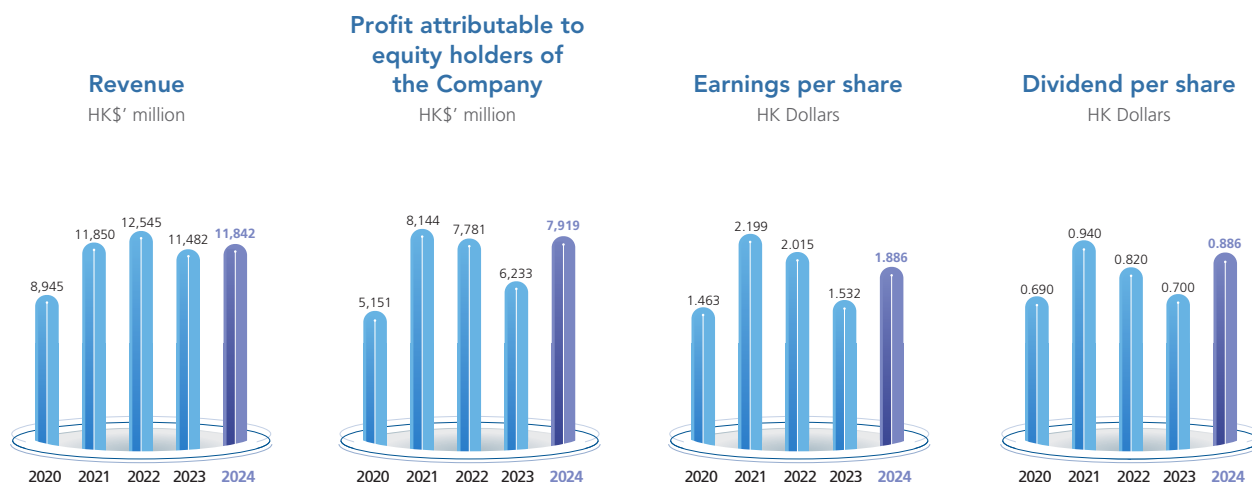
Looking ahead, the Group will continue to promote business model and technological innovation by leveraging the three strategic drivers of "Global Presence", "Lean Management", "Innovative Transformation" to refine and perfect its global network distribution and to build an excellent port service system. At the same time, the Group will continue to move towards world-class standards in terms of container throughput, market share and integrated management. The Group will create higher returns for its Shareholders, support the development of the local economy and industry, and contribute to the healthy development of the port industry.

FIVE-YEAR FINANCIAL SUMMARY



Five-year Financial Summary

	2024 HK\$'million	2023 HK\$'million	2022 HK\$'million	2021 HK\$'million	2020 HK\$'million
RESULTS					
Revenue	11,842	11,482	12,545	11,850	8,945
Profit before taxation	10,278	8,559	10,075	10,626	7,158
Profit for the year	9,081	7,385	9,029	9,385	6,081
Non-controlling interests	1,101	961	1,019	1,014	878
Profit attributable to equity holders of the Company	7,919	6,233	7,781	8,144	5,151
ASSETS AND LIABILITIES					
Non-current assets	152,909	154,603	157,626	162,974	152,608
Net current (liabilities)/assets	(7,496)	(2,658)	(6,473)	(5,473)	1,864
Total assets less current liabilities	145,413	151,945	151,153	157,501	154,472
Non-current liabilities	23,981	31,100	28,577	32,703	40,837
Non-controlling interests	16,084	17,168	19,361	20,295	19,509
Capital and reserves attributable to equity holders of the Company	103,825	102,155	96,969	98,262	87,889
RETURN TO SHAREHOLDERS					
Earnings per share					
– Basic (HK Dollars)	1.886	1.532	2.015	2.199	1.463
Dividend per share (HK Dollars)	0.886	0.700	0.820	0.940	0.690





CORPORATE GOVERNANCE REPORT



Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Annual Report for the year ended 31 December 2024.

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.

During the year, the Board has reviewed and discussed the corporate governance policies of the Group and was satisfied with the effectiveness of such policies.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the requirements under the Companies Ordinance, the SFO for, among other things, the disclosure of information, and 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 year ended 31 December 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 2024 AGM due to business trip. Mr. Yim Kong, a Non-executive Director and the Vice Chairman of the Board, took chair of the 2024 AGM according to the Articles of Association.

In order to ensure effective communication with the Shareholders, the chairman and/or members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and other Board members and the external auditor attended the 2024 AGM to answer Shareholders' questions, in compliance with other parts of the code provision F.2.2 under the Corporate Governance Code.

OBJECTIVE, VALUE, STRATEGY AND CULTURE

The core objective of the Company is to seek more returns for its Shareholders and strive to become a "world-leading port service provider". Staying committed to its mission of leading the development of the industry, the Company adheres to the customer-centric and market-oriented principle to serve as an industry role model. In this regard, the Company actively assumed its responsibilities to the employees, customers, Shareholders, the society and the environment. Such objective and value also determined the Company's strategy to pursue the goal of becoming a "world-leading port service provider", so as to create value for the Shareholders.

The objective, value and strategy of the Company are the foundation of the Company's corporate culture. Centering on high ethical standards and practices, balancing the needs of customers, employees, society and the environment, the Company's corporate culture aims to achieve sustainable development and strives to create greater value for the Group, at the same time seeking more returns for the Shareholders.

BOARD OF DIRECTORS

The Board comprises:

Non-executive Directors	Gender	Ethnicity	Age	Length of service (years)
Feng Boming (Chairman)	Male	Chinese	55	1.69
Yim Kong (Vice Chairman)	Male	Chinese	52	3.41
Yang Guolin (resigned on 13 December 2024)	Male	Chinese	49	2.48

Executive Directors	Gender	Ethnicity	Age	Length of service (years)
Xu Song (Vice Chairman and Chief Executive Officer)	Male	Chinese	53	2.78
Lu Yongxin (Managing Director)	Male	Chinese	55	2.31
Tu Xiaoping*	Male	Chinese	59	2.31

Independent Non-executive Directors	Gender	Ethnicity	Age	Length of service (years)
Chan Hiu Fung Nicholas	Male	Chinese	51	2.31
Chan Yuen Sau Kelly	Female	Chinese	54	2.03
Li Ka Fai David	Male	Chinese	70	17.84
Wong Chi Wing	Male	Chinese	61	1.69
Wong Pui Wah	Female	Chinese	49	2.58

* Mr. Tu Xiaoping resigned as the Chief Financial Officer of the Company on 14 October 2024. Following his resignation as the Chief Financial Officer, he remains as an Executive Director of the Company.

During the year, all Independent Non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, law, technology, electronic commerce and business management. With their experience gained from senior positions held in other companies and organizations, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each Independent Non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules.

During the year, 15 full board meetings were held and the attendance of each Director is set out as follows:

Name of Director	Number of board meetings attended during the Director's term of office in 2024	Attendance rate
Feng Boming	13/15	86.67%
Yim Kong	15/15	100%
Xu Song	14/15	93.33%
Lu Yongxin	14/15	93.33%
Tu Xiaoping * ¹	14/15	93.33%
Chan Hiu Fung Nicholas	15/15	100%
Chan Yuen Sau Kelly	15/15	100%
Li Ka Fai David	15/15	100%
Wong Chi Wing	15/15	100%
Wong Pui Wah	15/15	100%
Yang Guolin * ²	13/13	100%

*¹ Mr. Tu Xiaoping resigned as the Chief Financial Officer of the Company on 14 October 2024. Following his resignation as the Chief Financial Officer, he remains as an Executive Director of the Company.

*² Mr. Yang Guolin resigned as a Non-executive Director of the Company on 13 December 2024.

There was no financial, business, family or other material/ relevant relationship among members of the Board.

To ensure independent views and inputs available to the Board, the Nomination Committee and the Board have assessed the Directors' independence annually with reference to the following factors:

- (i) required character, integrity, expertise, experience to fulfill their roles;
- (ii) time commitment and attention to the Company's affairs;
- (iii) declaration of conflict of interest in their roles as Independent Non-executive Directors;
- (iv) no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- (v) commitment to their independent roles.

In addition, subject to approval by the Chairman of the Board, Directors may seek independent legal, financial or other professional advice from advisors independent of the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively at the Company's expenses. The Board will review the effectiveness of the implementation of such mechanism on an annual basis. The Board is of the view that the above mechanism is effective in ensuring that independent views and opinions are provided to the Board.

The independent non-executive Directors meet with the Chairman of the Board at least once annually without the presence of other Directors and they can interact with management and other Directors including the Chairman of the Board through formal and informal means.

For every Board and Board Committee meeting, each Director is required to declare whether he/she has any conflict of interests in the matters to be considered. If a substantial Shareholder or a Director has a conflict of interests which is considered by the Board as material, the matters should be dealt with by a physical Board meeting rather than a written resolution.

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective supervision over the management. The Board members are fully committed to their roles and have acted in good faith to maximise the Shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

At least fourteen days' notice of all regular board meetings is given to all Directors and they can include matters for discussion in the agenda if necessary. The Company Secretary or his assistant assists the Chairman in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying board papers are sent to all Directors at least three days before the date of every board meeting so that the Directors have the time to review the documents. Minutes of every board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at or before the following board meeting.

TRAINING AND SUPPORT FOR DIRECTORS

Every Board member is entitled to access board papers and related materials and has unrestricted access to the advice and services of the Company Secretary or his assistant, and has the liberty to seek external professional advice if so required. The Company Secretary or his assistant continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practice. Furthermore, all Directors participated in continuous professional development to develop and refresh their knowledge and skills and to ensure that their contribution to the Board remains informed and relevant.

During the year, the Directors participated in the following trainings:

Name of Directors	Type of training
Feng Boming	A,B,C
Yim Kong	A,B,C
Xu Song	A,B,C
Lu Yongxin	A,B,C
Tu Xiaoping ^{*1}	A,B,C
Chan Hiu Fung Nicholas	A,C
Chan Yuen Sau Kelly	A,C
Li Ka Fai David	A,C
Wong Chi Wing	A,C
Wong Pui Wah	A,C
Yang Guolin ^{*2}	N/A

A: attended seminars and/or conferences and/or forums

B: gave talks at seminars and/or conferences and/or forums

C: read journals and updates relating to the economy, general business or director's duties and responsibilities etc.

^{*1} Mr. Tu Xiaoping resigned as the Chief Financial Officer of the Company on 14 October 2024. Following his resignation as the Chief Financial Officer, he remains as an Executive Director of the Company.

^{*2} Mr. Yang Guolin resigned as a Non-executive Director of the Company on 13 December 2024.

DIRECTORS' SECURITIES TRANSACTIONS

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 year.

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

The Chairman of the Board is responsible for the leadership and effective running of the Board and the Chief Executive Officer is delegated with the authority to manage the business of the Group in all aspects effectively, and delegated powers to the Managing Director to manage the operation of the Group. The Chairman of the Board is Mr. Feng Boming while the Chief Executive Officer and the Managing Director of the Company are Mr. Xu Song and Mr. Lu Yongxin respectively.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

According to Article 89 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Company has fixed the term of appointment for Independent Non-executive Directors to a specific term of three years. They are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Article 89 of the Articles of Association.

According to Article 95 of the Articles of Association, the Board has the power to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. In considering the appointment of a Director, the Board will take into account the professional qualifications, experience in relevant industries, management expertise and the potential contribution of such Director to advance the overseas expansion plan and diversity of the Board of the Company.

During the year and up to the date of this report, there is no appointment of directors made by the Board.

NOMINATION COMMITTEE

The Nomination Committee comprises one Executive Director and three Independent Non-executive Directors. One meeting was held in 2024. The attendance of each member is set out as follows:

Name of members	Number of meetings attended in 2024	Attendance rate
Chan Yuen Sau Kelly (Chairman of the Nomination Committee)	1/1	100%
Xu Song	1/1	100%
Chan Hiu Fung Nicholas	1/1	100%
Wong Pui Wah	1/1	100%
Wong Chi Wing (ceased on 13 December 2024)	1/1	100%

During the year, the Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of the Independent Non-executive Directors according to the independence requirements set out in Rule 3.13 of the Listing Rules and made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors after considering their qualifications, management expertise and experience in relevant industries. In addition, the Nomination Committee made recommendations to the Board on the following changes to the senior management:

- (i) Appointment of Mr. Huang Zhenzhou as the Chief Financial Officer of the Company on 14 October 2024.

In light of the amendments made by the HKSE to the Corporate Governance Code which will come into effect on 1 July 2025, the Board has updated the Terms of Reference of the Nomination Committee on 31 March 2025.

The major roles and functions of the Nomination Committee are as follows:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to review the Board Diversity Policy and workforce (including senior management) diversity policy and to review any measurable objectives and the implementation of such policies;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on the HKSE and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience;
- to assess the independence of Independent Non-executive Directors, including length of tenure and any overboarding;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive; and to make recommendations to the Board on the appointment of an Independent Non-executive Director as the lead Independent Non-executive Director (if any);
- to support the Company's regular evaluation of the Board's performance, including but not limited to the continuous professional development and training to be received by the Directors; and
- to consider other topics as defined by the Board.

Board Diversity

The Board Diversity Policy was adopted in August 2013. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee developed measurable objectives to implement the Board Diversity Policy, where selection of candidates will be based on a range of diversity perspectives as set out above, and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In light of the previous amendments made by the HKSE to the Corporate Governance Code which came in effect on 1 January 2019, the Board has further adopted the Nomination Policy on 17 December 2018.

Nomination Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Willingness to devote adequate time to discharge duties as a member of the Board;
- Board Diversity Policy and any measurable objectives adopted for achieving diversity on the Board;
- Requirement for the Board to have Independent Directors in accordance with the Listing Rules applicable to the Company and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; and
- Such other perspectives appropriate to the Company's business or as suggested by the Board.

Nomination Process

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board periodically and makes recommendation on any proposed changes to the Board to complement the Company's corporate strategy. When it is necessary to fill a casual vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates as recommended to the committee, with or without assistance from external agencies or the Company. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The Nomination Committee makes recommendation to the Board, including the terms and conditions of the appointment. The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

Pursuant to the Articles of Association, Mr. Yim Kong, Mr. Lu Yongxin, Mr. Tu Xiaoping and Ms. Chan Yuen Sau Kelly shall retire from office by rotation at the forthcoming annual general meeting and shall be eligible and offer themselves for re-election. The Nomination Committee, in considering the re-election of these Directors, has considered and taken into account the objectives set out in the Board Diversity Policy and the Nomination Policy.

As at the date of this report, the Board comprises ten Directors. Two of the Directors are Non-executive Directors and five of the Directors are Independent Non-executive Directors and they are independent of management and thereby promoting critical review and control of the management process. The Board believes that gender diversity is a representation of board diversity, among all other measurable objectives. During the year and up to the date of this report, the Board has two female Directors in compliance with the gender diversity requirement under Rule 13.92 of the Listing Rules. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills. The Board values gender diversity and will continue to take steps to promote gender diversity at all levels, in particular when recruiting staff at mid to senior level in order to develop a pipeline of potential female successors to the Board.

Workforce Diversity

As at 31 December 2024, the Group employed 8,713 number of employees, including 1,250 female and 7,463 male employees, representing a female-to-male ratio of 1:6. Gender is neutral in the Group's recruitment process as no position requires any particular capability or skill that is regarded as better performed by one gender than another.

REMUNERATION COMMITTEE

The Remuneration Committee comprises five Independent Non-executive Directors. One meeting was held in 2024. The attendance of each member is set out as follows:

Name of members	Number of meetings attended in 2024	Attendance rate
Chan Hiu Fung Nicholas (Chairman of the Remuneration Committee)	1/1	100%
Chan Yuen Sau Kelly	1/1	100%
Li Ka Fai David	1/1	100%
Wong Chi Wing	1/1	100%
Wong Pui Wah (appointed on 13 December 2024)	N/A	N/A
Tu Xiaoping (ceased on 13 December 2024)	0/1	0%

During the year, the Remuneration Committee has assessed the performance of the Executive Directors, and also reviewed and recommended for approval by the Board the remuneration of the Directors and senior management with reference to the nature of their work, complexity of the responsibilities and performance. No Director took part in any discussion about his own remuneration.

According to the Directors' Remuneration Policy, the emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, with reference to their duties and responsibilities within the Company, experience and the prevailing market conditions, and as recommended by the Remuneration Committee. Details of the Directors' remuneration are set out in note 9 to the consolidated financial statements.

The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. either (i) to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. Factors which should be taken into consideration include but not limited to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
6. to make recommendations to the Board on the remuneration of Non-executive Directors and Independent Non-executive Directors;
7. to ensure that no Director or any of his associates is involved in deciding that director's own remuneration;
8. to consult the Chairman and/or the chief executive about their remuneration proposals for other Executive Directors. The Committee should have access to independent professional advice if necessary;
9. to review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules; and
10. to consider other topics as defined by the Board.

Pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration of the members of senior management (excluding Directors) by band for the year ended 31 December 2024 is set out in note 10 to the consolidated financial statements.

ESG COMMITTEE

The ESG Committee comprises two Non-executive Directors, three Executive Directors and one Independent Non-executive Director. One meeting was held in 2024. The attendance of each member is set out as follows:

Name of members	Number of meeting attended in 2024	Attendance rate
Feng Boming (Chairman of the ESG Committee)	0/1	0%
Xu Song	0/1	0%
Yim Kong	1/1	100%
Lu Yongxin	1/1	100%
Tu Xiaoping (appointed on 13 December 2024)	N/A	N/A
Wong Chi Wing (appointed on 13 December 2024)	N/A	N/A
Wong Pui Wah (ceased on 13 December 2024)	1/1	100%

During the year, the ESG Committee has reviewed the Group's ESG performance to ensure compliance with relevant ESG policies and procedures, as well as applicable laws and regulations and international or national standards and to report to the Board. ESG Committee has also reviewed and recommended the Environmental, Social and Governance Report for the year ended 31 December 2023 for approval by the Board.

The major roles and functions of the ESG Committee are as follows:

1. To formulate and review the objectives, strategies and management policies of the Group's ESG matters, review the progress made against related goals and target annually and make recommendations to the Board for approval (if necessary);
2. To review and assess the adequacy and effectiveness of the management framework for ESG matters of the Company and make recommendations to the Board for approval (if necessary);
3. To adopt and update the Group's policies on ESG matters to ensure its compliance with applicable legal and regulatory requirements;
4. To identify, determine and assess ESG risks, issues and opportunities of the Group, advise on those issues that will significantly affect the operation of the Company or the interest of other stakeholders and provide anticipatory and mitigation plans;
5. To review the Group's ESG performance (e.g. KPIs) to ensure compliance with relevant ESG policies and procedures, as well as applicable laws and regulations and international or national standards and to report to the Board;
6. To engage with appropriate internal and external stakeholders in conducting annual materiality assessment procedures and to ensure that effective communications and relationships are in place with such stakeholders;
7. To review and monitor annual "Environmental, Social and Governance Report" of the Company and recommend to the Board for approval;
8. To ensure that the annual "Environmental, Social and Governance Report" of the Company is compliant with, and prepared in accordance with, the "Environmental, Social and Governance Reporting Guide" set out in Appendix C2 to the Listing Rules; and
9. To consider other topics as defined by the Board.

AUDIT COMMITTEE

The Audit Committee comprises all of the five Independent Non-executive Directors. The Audit Committee meets at least twice a year. Eight meetings were held in 2024. The minutes of the Audit Committee meetings were tabled at next Audit Committee meetings for committee members to take note and for action where appropriate. The attendance of each member is set out as follows:

Name of members	Number of meetings attended in 2024	Attendance rate
Li Ka Fai David (Chairman of the Audit Committee)	8/8	100%
Chan Hiu Fung Nicholas	7/8	87.5%
Chan Yuen Sau Kelly	8/8	100%
Wong Chi Wing	8/8	100%
Wong Pui Wah	8/8	100%

During the meetings held in 2024, the Audit Committee had performed the following work:

- (i) reviewed the financial reports for the year ended 31 December 2023 and for the six months ended 30 June 2024;
- (ii) reviewed the connected transactions entered into by the Group for the year ended 31 December 2023;
- (iii) reviewed the management letter from the external auditor in relation to the audit of the Group for the year ended 31 December 2023;
- (iv) reviewed the effectiveness of risk management and internal control systems;
- (v) recommended for approval by the Board the appointment of new external auditor at the annual general meeting;
- (vi) reviewed and recommended for approval by the Board the 2024 audit scope and fees; and
- (vii) reviewed the external auditor's audit plan and engagement letter.

The major roles and functions of the Audit Committee are as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure co-ordination where more than one audit firm is involved;
3. to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
5. regarding to item (4) above:
 - (i) members of the Audit Committee must liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditor; and
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor;
6. to review the Company's financial controls and risk management and internal control systems;
7. to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have an effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
8. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
9. to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
10. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of controls and management's response;
11. to review the Company's statement on risk management and internal control systems (which is included in the annual report) prior to endorsement by the Board;

12. where an internal audit function exists, to review the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
13. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
14. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
15. to act as the key representative body for overseeing the Company's relationship with the external auditor;
16. to report to the Board on the matters of the terms of reference of the Audit Committee;
17. to review the Group's financial and accounting policies and practices;
18. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
19. to review and monitor the training and continuous professional development of Directors and senior management;
20. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, and to review and evaluate the effectiveness of the Company's compliance management policies which enable the Company to achieve its goal in compliance management;
21. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

22. to review the Company's compliance with the Corporate Governance Code and disclosure in the "Corporate Governance Report" set out in Appendix C1 to the Listing Rules; and

23. to consider other topics, as defined by the Board.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial period, which should give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate HKFRS and HKAS which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis.

The statement of the auditor of the Company about the reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 77 to 82.

AUDITOR'S REMUNERATION

During the year under review, the remuneration to the Company's auditor, KPMG, is set out as follows:

Services rendered	Fees paid/payable HK\$'million
Audit and audit related services	11
Non-audit services (Tax, compliance and advisory services)	2
Total	13

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Group maintains sound and effective risk management and internal control systems to safeguard the Shareholders' investment and the Group's assets and to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

The internal control system of the Group comprises a well-established organisational structure and comprehensive policies and standards. Areas of responsibilities of each business and operational unit are clearly defined to ensure effective checks and balances.

The key procedures that the Board established to provide effective internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and control responsibilities;
- A unified and comprehensive auditing and management accounting system for the Group is in place to prepare financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication;
- A centralised management system in respect of external investment, equity transfer and assets disposal is in place. Investment Assessment Committee together with Operations Department and Business Development Department are responsible for the Group's investment exposure analysis at home and abroad, and for monitoring the level of investment exposures faced by the Group. A set of processing procedures for examination and approval is implemented by our headquarter on the acquisitions and disposals of assets by the operating units under the Group;
- Systems and procedures are also in place to identify, measure, manage and control risks including reputation, legal, strategic, financing, guarantee, taxation, market, operational and project construction risks. Exposure to risks of implementation and development of strategies, changes in policies and legal proceedings is monitored by the Group's officer in charge of strategic research together with Strategy and Innovation Department/Technology and Innovation Development Institute, Operations Department and Risk Management and Internal Audit Department/Legal and Compliance Department. Exposure to risks of the Group's financing, guarantee, taxation and use of funds is monitored by the Group's officer in charge of financial management together with the Finance Department/Capital Management Department and other risks management units. Exposure to risks of market, operation and change of operation environment relating to the Group's business is monitored by the Group's officer in charge of business and operation management together with Operations Department, Marketing and Commercial Department, Safety Supervision Management Department and the operating units. Exposure to risks of the Group's project construction, equipment and bulk materials procurement is monitored by the Group's officer in charge of project management together with Safety Supervision Management Department, Operations Department and Risk Management and Internal Audit Department/Legal and Compliance Department. In addition, procedures are designed to ensure compliance with applicable laws, rules and regulations;
- Basic risk management and control system is set up while internal control system and self-assessment system are established according to the Group's actual circumstances;
- Policies and procedures are designed for safeguarding assets against unauthorised use or disposition. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud;

- A Policy on Handling and Dissemination of Inside Information is established, setting out the guiding principles, procedures and internal controls for the handling and dissemination of inside information in a timely manner in such a way that it does not place any person in a privileged dealing position and allows time for the market to price the shares of the Company to reflect the latest available information; and
- The Audit Committee reviews the annual audit report, including the management letter, submitted by the external auditor to the management of the Group, and the internal audit report, the risk management assessment report, the internal control assessment report submitted by the officer(s) in charge of internal control and audit. The scope of functions of Risk Management and Internal Audit Department / Legal and Compliance Department encompasses monitoring the authenticity and compliance of economic activities (e.g. finance, operation and investment), leading and organizing risk management and self-assessment of internal control, and ensuring all operational management activities are under control by assessing, tracking and preventing material risks, as well as establishing risk management and Internal control systems that is scientific and effective.

The Board, the Audit Committee and the ESG Committee assess the effectiveness of the Group's risk management and internal control systems which covers all material controls, including financial, investing, marketing, operation, project construction and regulations compliance and risk management functions and consider the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, as well as those related to the Company's ESG performance and reporting, and their training programmes and budget on an annual basis. The Risk Management and Internal Audit Department / Legal and Compliance Department conducts independent reviews of risks associated with and controls over various operations and activities. Significant findings on internal controls, assessment on risk management and self-assessment on internal control system are reported regularly to the Audit Committee each year.

The Board conducted a review and assessment of the effectiveness of the Group's risk management and internal control systems during the year by way of discussion with members of the Audit Committee, the external independent auditor and the Risk Management and Internal Audit Department/Legal and Compliance Department. The Board considers that the Group's risk management and Internal control systems are effective and adequate.

COMPLIANCE WITH LAWS AND REGULATIONS

Numerous businesses within the Group function in environments with stringent regulations. These regulatory frameworks are thoroughly examined and continuously monitored, leading to the preparation and regular update of internal policies. Throughout the year, the Group has not identified any instances of non-compliance with laws and regulations that could significantly affect the Group in areas such as employment, occupational health and safety, anti-corruption measures, or environmental issues.

WHISTLEBLOWING POLICY

The Group has established an extensive and open whistleblowing channel to clearly specify the scope of acceptance and handling procedures, encouraging whistleblowers to report on any organisations' and individuals' illegal and undisciplined misconduct. Upon receipt of the report, the Supervision Department verifies the problem clues, conducts examinations and investigations for reports that fulfil the case initiation requirements and transfers the suspected non-compliance case to the procuratorate.

ANTI-CORRUPTION POLICY

The Board attaches great importance to business conducts and anti-corruption work. The Group is committed to achieving the highest standards of integrity and ethical behavior in conducting business. The Group has formulated various practical and comprehensive anti-corruption measures which set out an accountability mechanism for non-compliance acts, compliance management policies, and specific behavioural guidelines for the Group's personnel and business partners to follow to combat corruption.

COMPANY SECRETARY

The Company Secretary, Mr. Leung Chong Shun, is a practicing solicitor in Hong Kong. Although he is not a full-time employee of the Company, he reports to the Board and is responsible for advising the Board on governance matters. The primary contact person of the Company with the Company Secretary is Ms. Carol Cheng Pui Wai, General Manager of Office of Board of Directors of the Company. The Company Secretary has confirmed that he has taken no less than fifteen hours of relevant professional training during the year.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders and other stakeholders to ensure that Shareholders' views and concerns are appropriately addressed. These include general meetings, annual and interim reports, notices, announcements and circulars, the Company's website at www.cmport.com.hk and communication through corporate email. The Board reviews and confirms the implementation and effectiveness of these channels annually.

Dividend policy

The Board has approved and adopted the Dividend Policy on 17 December 2018. Under the Dividend Policy, the Company may declare and pay dividends to the Shareholders. Subject to compliance with applicable laws, rules, regulations and the Articles of Association, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings, losses and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company. There can be no assurance that dividends will be paid in any particular amount for any given period.

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

General Meetings with Shareholders

The Board recognises the importance of good communications with all shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the Shareholders. The Chairman of the Board as well as Chairmen of the respective Board Committees (or their duly appointed delegates) together with the external auditor are present to answer Shareholders' questions. Circulars which set out relevant information of the proposed resolutions are distributed to all Shareholders at least fourteen days before the extraordinary general meeting and at least twenty one days before the annual general meeting pursuant to the Article of Association.

At the 2024 AGM, the Chairman of the AGM demanded that all resolutions proposed to be voted by poll. The procedures for conducting a poll were explained at the AGM. The results of the poll were published on the websites of the Company and the HKSE.

The attendance of each Director at the general meetings held in 2024 is set out as follows:

Name of Directors	Number of general meeting attended in 2024
Feng Boming	0/1
Xu Song	0/1
Yim Kong	1/1
Lu Yongxin	0/1
Tu Xiaoping ^{*1}	1/1
Chan Hiu Fung Nicholas	1/1
Chan Yuen Sau Kelly	0/1
Li Ka Fai David	1/1
Wong Chi Wing	1/1
Wong Pui Wah	1/1
Yang Guolin ^{*2}	0/1

*1 Mr. Tu Xiaoping resigned as the chief financial officer of the Company on 14 October 2024. Following his resignation as the chief financial officer, he remains as an executive Director of the Company

*2 Mr. Yang Guolin resigned as a non-executive Director of the Company on 13 December 2024.

The 2025 annual general meeting of the Company will be held at 9:30 a.m. on Tuesday, 3 June 2025 at Granville & Nathan Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Articles of Association.

SHAREHOLDERS' RIGHTS

Pursuant to sections 566 to 568 of the Companies Ordinance, Shareholder(s) representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings can make a requisition to convene a general meeting. Such requisition must state the general nature of

the business to be dealt with at the general meeting, and must be authenticated by the person or persons making it and sent to the Company either in hard copy form or in electronic form. Besides, pursuant to sections 615 to 616 Ordinance, Shareholder(s) can request the Company to give notice of a resolution and move such resolution at an annual general meeting, provided that such a request is made by (i) Shareholder(s) representing at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the annual general meeting to which the request relates or (ii) at least 50 Shareholders who have a right to vote on the resolution at the annual general meeting to which the request relates. Such a request must identify the resolution of which notice is to be given, be either in hard copy form or in electronic form and authenticated by the person or persons making it, and be received by the Company not later than six weeks before the annual general meeting to which the request relates or, if received by the Company later than the time as stated above, the time at which notice is given of that meeting. Procedures for Shareholders to propose a person for election as a director have been uploaded to the Company's website.

COMMUNICATION WITH INVESTORS

The Company considers that a key element of effective communication with investors is the prompt and timely dissemination of information in relation to the Group. In addition, the management personnel responsible for investor relations of the Company hold regular meetings and roadshow with equity research analysts, fund managers and institutional investors so as to update the latest operational situation of the Company. The investor activities conducted by the Group during the year is set out on page 25 of the Annual Report.

Investors may at any time send their enquiries and concerns to the Company by addressing them to the Investor Relations Representative of the Company. The contact details are as follows:

Investor Relations Representative of
China Merchants Port Holdings Company Limited
38th Floor, China Merchants Tower
Shun Tak Centre, 168-200 Connaught Road Central
Hong Kong
Email: relation@cmhk.com
Tel No.: 2102 8888
Fax No.: 2851 2173

DIRECTORS AND SENIOR MANAGEMENT





Directors and Senior Management

DIRECTORS

Mr. Feng Boming

aged 55, is currently the Chairman of the Board and a Non-executive Director of the Company. He is also the Chairman of the ESG Committee. He was appointed as a member of the Board in July 2023, the length of service is 1.69 years.

He holds a Master of Business Administration degree from The University of Hong Kong. He currently serves as the Chairman of the Board of Directors of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange. He also serves as the Deputy General Manager of China Merchants Group Limited, the Chairman of Liaoning Port Group Limited, the Chairman of China Merchants Energy Shipping Co., Ltd., shares of which are listed on the Shanghai Stock Exchange, the Chairman of Sinotrans & CSC Holdings Co., Ltd.. He previously held various positions including the General Manager of COSCO International Freight (Wuhan) Co., Ltd. and COSCO Logistics

(Wuhan) Co., Ltd., the Supervisor of Strategic Management Implementation Office of China Ocean Shipping (Group) Company, the General Manager of Strategic and Corporate Management Department of China COSCO SHIPPING Corporation Limited, an Executive Director and the Chairman of the Board of Directors of COSCO SHIPPING Ports Limited, shares of which are listed on the HKSE, an Executive Director of each of COSCO SHIPPING Holdings Co., Ltd., shares of which are listed on the Shanghai Stock Exchange and the HKSE and Orient Overseas (International) Limited, shares of which are listed on the HKSE, a Non-executive Director of each of COSCO SHIPPING Energy Transportation Co., Ltd., shares of which are listed on the Shanghai Stock Exchange and the HKSE, Qingdao Port International Co., Ltd., shares of which are listed on the Shanghai Stock Exchange and the HKSE and Piraeus Port Authority S.A., shares of which are listed on the Athens Stock Exchange, a Director of each of Hainan Harbour & Shipping Holding Co., Ltd., and COSCO SHIPPING Bulk Co., Ltd., and the Chairman and a Non-executive Director of Sinotrans Limited, shares of which are listed on the Shanghai Stock Exchange and the HKSE.

Directors and Senior Management

Mr. Xu Song

aged 53, is currently the Vice Chairman of the Board, the Chief Executive Officer and an Executive Director of the Company. He is also a member of each of the Nomination Committee and the ESG Committee. He was appointed as a member of the Board in June 2022, the length of service is 2.78 years.

He is the Vice Chairman of the Board of Directors, the Director and Chief Executive Officer of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange, and the Vice Chairman of the Board of Directors of Shanghai International Port (Group) Co., Ltd., shares of which are listed on the Shanghai Stock Exchange. He also serves as a director of various subsidiaries of the Company. He is a Senior Economist, graduated from Huazhong University of Science and Technology majoring in Material Management, and obtained a Bachelor's Degree. He then obtained a Master's Degree from Dongbei University of Finance and Economics majoring in Business Administration, a Master's Degree from Coventry University majoring in International Business, and a PhD from Dalian Maritime University majoring in the Transportation Planning and Management. He successively served as the Deputy General Manager of Dalian Portnet Co., Ltd., the Deputy General Manager and the General Manager of Dalian Jifa Logistics Co., Ltd., the General Manager of Dalian Port Container Co., Ltd., the General Manager of Dalian Port North Yellow Sea Port Cooperation Management Company, the General Manager and a Non-executive Director of Liaoning Port Co., Ltd. (formerly known as Dalian Port (PDA) Company Limited, shares of which are listed on the Shanghai Stock Exchange and the HKSE), a Director, the Deputy General Manager and the General Manager of Dalian Port Corporation Limited, the Deputy General Manager of Liaoning Port Group Co., Ltd., the Deputy General Manager, the General Manager and the Chief Operating Officer of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange, and other positions.

Mr. Yim Kong

aged 52, is currently the Vice Chairman of the Board and a Non-executive Director of the Company. He is also a member of the ESG Committee. He was appointed as a member of the Board in November 2021, the length of service is 3.41 years.

He currently serves as the Vice Chairman of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange. Having graduated from International Trade at Xiamen University with a Bachelor's Degree in Economics, he went on to complete an MBA program cocreated by the Maastricht School of Management (Maastricht, the Netherlands) and Shanghai Maritime University. Mr. Yim has rich managerial experience in the port and logistics industries. He served as the Chief Representative of the representative office of China Merchants Group Limited in Central Asia and the Baltic Sea and the General Manager of China-Belarus Industrial Park. He also served as the Chief Operational Officer, the General Manager and the Deputy General Manager of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange and the Chief Commercial Officer, the Deputy General Manager and the Managing Director of the Company as well as the Commercial Director, the Deputy General Manager, the Standing Deputy General Manager and the General Manager of Shekou Container Terminals Limited, a subsidiary of the Company, and worked for senior logistics management positions in Neptune Orient Lines (NOL) of Singapore and Swire Group of Hong Kong. He currently serves as a Functional Constituency — Commercial (Third) member of the Legislative Council of the Hong Kong Special Administrative Region, the Deputy Chairman of the Panel on Economic Development of the Legislative Council of the Hong Kong Special Administrative Region, a member of the Election Committee of the Hong Kong Special Administrative Region and a member of the Maritime and Port Development Committee of Hong Kong Maritime and Port Board. He was a member of the Pilotage Advisory Committee (PAC) of the Marine Department of the Hong Kong Special Administrative Region and a member of the Logistics Services Advisory Committee of the Hong Kong Trade Development Council.

Mr. Lu Yongxin

aged 55, is currently an Executive Director and the Managing Director of the Company. He is also a member of the ESG Committee. He was appointed as a member of the Board in December 2022, the length of service is 2.31 years.

He joined the Company in 2007 and currently serves as the Director, the Chief Operating Officer and the General Manager of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange. He also serves as a director of various subsidiaries of the Company. Having graduated from Dalian University of Technology with a Bachelor's Degree in English for science and technology, he obtained a Master's degree in Project Management from the Curtin University of Technology in Australia. Mr. Lu has extensive managerial experience in the international portfolio expansion activities of port companies. Prior to joining the Company, he served as Assistant General Manager of Zhen Hua Engineering Co., Ltd. and the Deputy General Manager (in charge) of the General Manager's Office at China Harbor Engineering Co. Ltd.. Before his current role in the Company, he was the Deputy General Manager of the Research & Development Division, the General Manager of the International Division, the Assistant General Manager and the Deputy General Manager of the Company and the Deputy General Manager of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange. Between May 2014 and January 2016, Mr. Lu was seconded to France as the Chief Financial Officer and the Senior Vice President of Terminal Link SAS, an associate of the Company.

Mr. Tu Xiaoping

aged 59, is currently an Executive Director of the Company. He is also a member of the ESG Committee. He was appointed as a member of the Board in December 2022, the length of service is 2.31 years.

He joined the Company in 2021 and currently serves as a director of various subsidiaries of the Company. He is a Senior Accountant, obtained a Bachelor's degree in financial accounting of water economics from the Shanghai Maritime University, and subsequently received a Master's degree in administrative management from Zhongnan University of Economics and Law. Mr. Tu has over 30 years of working experiences in enterprise and financial management. Before joining the Company, he served as the General Manager of China Yangtze Shipping Group Co., Ltd., the Vice General Manager and the Chief Finance Officer of China Merchants Logistics Group Co., Ltd., the General Manager of the Finance Department of China Merchants Shekou Industrial Zone Co., Ltd. and the Vice General Manager and the Chief Finance Officer of Shenzhen Merchants Venture Co. Ltd..

Directors and Senior Management

Mr. Chan Hiu Fung Nicholas

aged 51, BBS, MH, JP, is currently an Independent Non-executive Director of the Company. He is also the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He was appointed as a member of the Board in December 2022, the length of service is 2.31 years.

He is currently a partner of Squire Patton Boggs. Mr. Chan graduated from the University of Melbourne with a degree of Bachelor of Science (Computer Science) and a degree of Bachelor of Laws in March 1997, and he was admitted as a solicitor in the High Court of Hong Kong in May 1999. Mr. Chan has been appointed to serve as a council member of The Chinese University of Hong Kong for a period of three years from 1 June 2022. Since May 2022, he has been appointed to serve as the director of AALCO Hong Kong Regional Arbitration Centre, a regional arbitration centre established by an international intergovernmental legal consultative organisation. He is also the Hong Kong Deputy to the 13th and 14th National People's Congress of the People's Republic of China. From 30 December 2014 to 30 May 2019, Mr. Chan was a council member of the Law Society of Hong Kong, and for six years from 1 April 2016, he served as a council member of the Hong Kong University of Science and Technology. Mr. Chan was awarded with the Medal of Honour (MH) from the Government of the Hong Kong Special Administrative Region in 2016 and was appointed as a Justice of the Peace in July 2021. He was also awarded with the Medal of Bronze Bauhinia Star (BBS) from the Government of the Hong Kong Special Administrative Region on 1 July 2024.

Mr. Chan serves as the elected Vice Chairman of Fu Hong Society for a term of one year from 17 October 2024. He was appointed by the Secretary for Justice to serve as a member of the Expert Advisory Group on Legal and Dispute Resolution Services for a term of three years from 4 October 2024. Mr. Chan was appointed as a member of the Competition Commission for a term of two years from 1 May 2024. He was also re-appointed as a member of the Social Development Expert Group of the Chief Executive's Policy Unit Expert Group for a period of one year from 30 May 2024.

Since 17 May 2024, Mr. Chan was appointed as the Chairman of the Risk Management Subcommittee of The Chinese University of Hong Kong. Since 1 April 2024, Mr. Chan was appointed as the director to the Board of Directors of the Hong Kong Cyberport Management Company Limited and the Chairman of the Knowledge Transfer Committee, an Executive Committee of the Council and a member of the Audit and Risk Management Committee of The Chinese University of Hong Kong respectively, each for a period of two years. Since 16 June 2023, Mr. Chan was appointed as the Chairman of the Advisory Committee of the HKSAR Innovation and Technology Venture Fund for a period of two years. Mr. Chan was appointed as a member of the Communications Authority since 1 April 2023. Mr. Chan is currently an honorary legal advisor of Hong Kong Information Technology Federation, an honorary legal advisor of Hong Kong Internet Service Providers Association, an honorary legal advisor of International Federation of Creativity and Technology and an honorary legal advisor of BEAM Society. Mr. Chan was previously a member of the Hospital Governing Committee of Castle Peak Hospital and Siu Lam Hospital, and a member of Committee on Innovation, Technology and Industry Development of The Government of the Hong Kong Special Administrative Region.

Mr. Chan is also an Independent Non-executive Director and a member of each of the Audit Committee and the Remuneration Committee of Sa Sa International Holdings Limited, an Independent Non-executive Director, the Chairman of the Remuneration Committee, and a member of each of the Audit Committee, Nomination Committee and Risk Management Committee of Q P Group Holdings Limited and an Independent Non-executive Director and a member of the Nomination Committee of Genertec Universal Medical Group Company Limited. Shares of the above three companies are listed on the HKSE.

Mr. Chan has resigned as an Independent Non-executive Director and the Chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of Million Cities Holdings Limited with effect from 1 April 2025. On 18 March 2025, Mr. Chan has resigned as an Independent Non-executive Director and the Chairman of the Nomination Committee and a member of the Audit Committee of Pangaea Connectivity Technology Limited with effect from 1 July 2025. Shares of the above companies are listed on the HKSE.

Ms. Chan Yuen Sau Kelly

aged 54, JP, is currently an Independent Non-executive Director of the Company. She is also the Chairman of the Nomination Committee, and a member of each of the Audit Committee and the Remuneration Committee. She was appointed as a member of the Board in March 2023, the length of service is 2.03 years.

She is currently the managing director of Peony Consulting Services Limited, a company which is principally engaged in provision of business advisory services. Ms. Chan is also an Independent Non-executive Director of Aluminum Corporation of China Limited, the H shares of which are listed on the HKSE and the A shares of which are listed on the Shanghai Stock Exchange, an Independent Non-executive Director of Morimatsu International Holdings Company Limited, the shares of which are listed on the HKSE and an Independent Non-executive Director of Best Mart 360 Holdings Limited, the shares of which are listed on the HKSE.

In October 2020, Ms. Chan was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in recognition of her remarkable public services and contribution to the community. In March 2022, Ms. Chan was awarded with ACCA's Advocacy Award for the China region in recognition of her relentless support for the accountancy profession. Ms. Chan was the president and the council member of ACCA Hong Kong from 2008 to 2009 and 2000 to 2010 respectively and was the president of the Association of Women Accountants (Hong Kong) from 2020 to 2021. She is currently the council member of the Association of Women Accountants (Hong Kong) and the Vice Chairman of Shenzhen Hong Kong Macau Women Directors Alliance.

Ms. Chan obtained a Bachelor's Degree in accountancy from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in 1992. She is a fellow member of HKICPA and ACCA and the Hong Kong Institute of Directors. She has over 30 years of experience in financial and business management. Ms. Chan was previously responsible for management at various multinational corporations including LVMH Moët Hennessy Louis Vuitton and Heineken Group. Ms. Chan has also served at offices of Deloitte Touche Tohmatsu in Hong Kong and the United States.

Ms. Chan was appointed as a member of the Environment & Conservation Fund Committee for a period of two years from October 2024. She was also appointed as a member of the Hong Kong Housing Authority and a member of the Town Planning Board respectively, each for a period of two years from April 2024. Ms. Chan is currently the Chairperson of the Employees' Compensation Insurance Levies Management Board. She also serves on the boards of the Air Transport Licensing Authority and United College Trustees of the Chinese University of Hong Kong. Ms. Chan was previously a member of the Council of the Chinese University of Hong Kong, Education Commission, Quality Education Fund Steering Committee, Harbourfront Commission, Advisory Committee on Arts Development of Hong Kong, the board of the Inland Revenue Department, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of Hong Kong, Hospital Governing Committee of the Buddhist Hospital, Hospital Governing Committee of the Rehabaid Centre, the Kowloon Regional Advisory Committee of the Hospital Authority, Occupational Safety and Health Council, the board of directors of Ocean Park Hong Kong and the council member of Hong Kong Repertory Theatre.

Directors and Senior Management

Mr. Li Ka Fai David

aged 70, MH, is currently an Independent Non-executive Director of the Company. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee. He was appointed as a member of the Board in June 2007, the length of service is 17.84 years.

He is a fellow of ACCA, UK. He is an Independent Non-executive Director and the Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of China-Hongkong Photo Products Holdings Limited, an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of Cosmopolitan International Holdings Limited, an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of Goldlion Holdings Limited, an Independent Non-executive Director and the Chairman of the Audit Committee of Shanghai Industrial Urban Development Group Limited, an Independent Non-executive Director, a member of the Audit Committee and the Remuneration Committee of Continental Aerospace Technologies Holding Limited (formerly known as AVIC International Holding (HK) Limited), and an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of Wai Yuen Tong Medicine Holdings Limited, shares of the above six companies are listed on the HKSE. He previously served as an Independent Non-executive Director of CR Construction Group Holdings Limited from October 2019 to June 2021, the shares of which are listed on the HKSE.

Mr. Wong Chi Wing

aged 61, is currently an Independent Non-executive Director of the Company. He is also a member of each of the Audit Committee, the Remuneration Committee and the ESG Committee. He was appointed as a member of the Board in July 2023, the length of service is 1.69 years.

He is currently serving as a Deputy President and the Chairman of New Economy Committee of The Hong Kong Independent Non-Executive Director Association Limited since October 2019. Mr. Wong is a fellow member of HKICPA since 2000. Mr. Wong obtained a Bachelor's Degree in Science from The Chinese University of Hong Kong in December 1986, a Master's Degree in Business Administration from The City University of Hong Kong in November 1995, a Master's Degree of Science in Electronic Commerce from The City University of Hong Kong in November 2003 and a Doctorate Degree in Business Administration from The City University of Hong Kong in February 2011.

Mr. Wong served as an Assistant Vice President and a Vice President and various positions at PCCW Solutions (formerly known as Unihub Limited). He has also served in Accenture Consulting for Greater China as a Managing Director, Big Data Elite Asia Limited and GCE Consulting Limited as the Managing Partner, and Autotoll Limited as an Independent Non-executive Director.

Mr. Wong was an Independent Non-executive Director of Veson Holdings Limited (formerly known as SCUD Group Limited), Cirtex Holdings Limited and Landsea Green Life Service Company Limited. Shares of the above three companies are listed on the HKSE, and the Financial Information Department Head of Hutchison Telecommunications Hong Kong Holdings Limited.

Ms. Wong Pui Wah

aged 49, is currently an Independent Non-executive Director of the Company. She is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. She was appointed as a member of the Board in September 2022, the length of service is 2.58 years.

She is the Chief Financial Officer and Company Secretary and serves as director of certain subsidiaries of YTO International Express and Supply Chain Technology Limited (formerly known as YTO Express (International) Holdings Limited), shares of which are listed on the HKSE. She was an executive Director of On Time Logistics Holdings Limited (currently known as YTO International Express and Supply Chain Technology Limited) from 20 December 2013 to 1 December 2017. Prior to joining YTO International Express and Supply Chain Technology Limited, Ms. Wong had acquired auditing and accounting experiences by working in various accountancy firms from June 1998 to March 2006. She has over 20 years of experience in auditing, accounting and financial management. Ms. Wong graduated from Lingnan University (formerly known as Lingnan Collage) with a Bachelor's Degree in Business Administration in November 1998. She also obtained a Master's Degree in Professional Accounting from The Hong Kong Polytechnic University in November 2010. She is a non-practising member of HKICPA and a fellow of ACCA.

SENIOR MANAGEMENT

Mr. Huang Zhenzhou

aged 47, was appointed as the Chief Financial Officer of the Company in October 2024, the length of service is 0.46 years.

He is also the Chief Financial Officer of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange, and the Director of Liaoning Port Co., Ltd., shares of which are listed on the Shanghai Stock Exchange and the HKSE. He is a Senior Accountant, graduated from Accounting at Xiamen University with a Bachelor's Degree in Management, and subsequently obtained a Master's Degree in Engineering of Transportation Engineering from the School of Transportation of Wuhan University of Technology. Mr. Huang has over 20 years of working experiences in financial management. He previously served as the Senior Manager of the Finance Department of the Company (formerly known as China Merchants Holdings (International) Company Limited), the Chief Financial Officer of Zhanjiang Port (Group) Co., Ltd., the Assistant Minister of the Capital Operation Department of China Merchants Group Limited, the Chief Financial Officer of Liaoning Port Group Limited and the Chief Financial Officer of China Merchants Industry Holdings Co., Ltd..

Mr. Li Wenbo

aged 45, was appointed as the Deputy General Manager of the Company in August 2023, the length of service is 1.62 years.

He is also the Deputy General Manager of China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange, the Director of Tianjin Port Container Terminal Co., Ltd. and the Director of Ningbo Zhoushan Port Company Limited, shares of which are listed on the Shanghai Stock Exchange. He is an Intermediate Economist and Engineer, graduated from the School of Mechanical and Automotive Engineering, Hefei University of Technology, with a Bachelor's Degree in mechanical design and manufacturing. He has served as the Assistant General Manager and Assistant Minister of the Human Resources Department of Sinotrans Group Co., Ltd., the Deputy Director, the Director of the Personnel Division, the Assistant Minister and concurrently the Director of the Personnel and Cadre Supervision Division, the Assistant Minister and concurrently Director of the Cadre Division, the Deputy minister and concurrently the Director of the Cadre Division of the Human Resources Department of China Merchants Group Limited.



**REPORT
OF THE
DIRECTORS**



Report of the Directors

The Board is pleased to present the Company's annual report together with the audited financial statements for the year ended 31 December 2024. All references in this section "Report of the Directors" to other sections in the Annual Report form part of this section.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The principal activities of its subsidiaries, associates and joint ventures are set out in notes 41 to 43 to the consolidated financial statements, respectively.

An analysis of the Group's performance for the current year by operating segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 83.

The Board had declared an interim dividend of HK\$0.25 per share, totaling HK\$1,050 million, which was paid on 20 November 2024.

The Board have resolved to recommend the payment of a final dividend of HK\$0.636 per share, totalling HK\$2,670 million for the year ended 31 December 2024 to the Shareholders whose names appear on the register of members of the Company on 6 June 2025 (2023: a final dividend of HK\$0.48 per share payable in cash in Hong Kong Dollars), payable on or around 10 July 2025. The final dividend, if approved, is to be payable in cash in Hong Kong Dollars.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's prospects are provided in the "Chairman's Statement" and the "Management Discussion and Analysis" on pages 6 to 10 and pages 11 to 27 of the Annual Report respectively. Description of key risk factors and uncertainties that the Group is facing is provided in the "Management Discussion and Analysis" on pages 11 to 27 of the Annual Report while the financial risk management of the Group can be found in note 35 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in Financial Highlights on inside front cover of the Annual Report. In addition, discussions on the Group's compliance with relevant laws and regulations which have a significant impact on the Group, relationships with its key stakeholders including shareholders, employees, customers and suppliers etc are contained in the "Management Discussion and Analysis", "Corporate Governance Report" on pages 11 to 27 and pages 30 to 45 of the Annual Report and the "Environmental, Social and Governance Report" respectively. Furthermore, the Group recognises environmental protection is of vital importance to the long term development of the Group. The "Environmental, Social and Governance Report" which also contains discussion and review on the environmental policies and performance of the Group will be separately published on the same day of the publication of the annual report. For details, please refer to the Company's website.

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out from pages 28 to 29 of the Annual Report.

PRINCIPAL SUBSIDIARIES

The particulars of the principal subsidiaries of the Company are set out from pages 198 to 201 of the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company are set out in note 16 to the consolidated financial statements.

SHARES ISSUED

Details of the movements in the issued shares of the Company are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in notes 29 and 44 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2024 amounted to HK\$2,739 million (2023: HK\$3,234 million).

DONATIONS

Donation of HK\$11 million was made by the Group during the year (2023: HK\$10 million).

PURCHASE, SALE OR REDEMPTION OF SHARES

Save as disclosed in the "Management Discussion and Analysis" section on pages 11 to 27 of the Annual Report, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the year.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR ENDED 31 DECEMBER 2024

Acquisition of Vast in Brazil

On 28 February 2025, the Company and its wholly-owned subsidiary, Cyber Chic, entered into a share purchase agreement with Prumo, API and Vast, pursuant to which the Company has agreed to conditionally acquire from Prumo and API for the 70% interest of Vast. Upon closing, the Company will indirectly hold 70% of the total capital stock of Vast and the remaining 30% of the total capital stock of Vast will be held by Prumo. Vast will become an indirect subsidiary of the Company and its financial results will be consolidated into the Group. Please refer to the announcements of the Company dated 28 February 2025 and 18 March 2025 for further details of such transaction.

Issue of the First Tranche of Medium-Term Notes for the Year of 2025

On 24 March 2025, the Company completed its issue of the first tranche of medium-term notes for the year 2025 with an aggregate principal amount of RMB2 billion at a coupon rate of 1.98% per annum for a term of three years. Please refer to the announcement of the Company dated 26 March 2025 for further details of such issuance.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this report were:

Non-executive Directors:

Mr. Feng Boming (*Chairman*)

Mr. Yim Kong (*Vice Chairman*)

Mr. Yang Guolin

(resigned on 13 December 2024)

Executive Directors:

Mr. Xu Song (*Vice Chairman and Chief Executive Officer*)

Mr. Lu Yongxin (*Managing Director*)

Mr. Tu Xiaoping

(resigned as the chief financial officer on 14 October 2024)

Independent Non-executive Directors:

Mr. Chan Hiu Fung Nicholas

Ms. Chan Yuen Sau Kelly

Mr. Li Ka Fai David

Mr. Wong Chi Wing

Ms. Wong Pui Wah

Biographical details of each Director and member of senior management of the Company are set out in the "Directors and Senior Management" on pages 46 to 53 of the Annual Report.

Mr. Yang Guolin resigned as a non-executive Director of the Company with effect from 13 December 2024 due to change of work arrangement.

Mr. Tu Xiaoping resigned as the chief financial officer of the Company with effect from 14 October 2024 due to change of work arrangement. Following his resignation as the chief financial officer, he remains as an executive Director of the Company.

In accordance with Article 89 of the Articles of Association, Mr. Yim Kong, Mr. Lu Yongxin, Mr. Tu Xiaoping and Ms. Chan Yuen Sau Kelly will retire from office by rotation at the forthcoming annual general meeting but, being eligible, will offer themselves for re-election.

Each of the Directors has entered into an appointment letter with the Company for a term of three years. The appointment date of each of Directors are as follows:

One Executive Director's appointment commenced on 22 June 2022;

One Independent Non-executive Director's appointment commenced on 1 June 2022;

One Independent Non-executive Director's appointment commenced on 2 September 2022;

Two Executive Directors' and one Independent Non-executive Director's appointments commenced on 8 December 2022;

One Independent Non-executive Director's appointment commenced on 21 March 2023;

One Non-executive Director and one Independent Non-executive Director's appointments commenced on 24 July 2023; and

One non-executive Director's appointments commenced on 3 November 2024.

The appointment of each of the Directors is subject to retirement by rotation in accordance with the Articles of Association.

The Company has received annual confirmations from each of the Independent Non-executive Directors in relation to their independence to the Company and considers that each of the Independent Non-executive Directors is independent of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its holding companies, its fellow subsidiaries or its subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2024, the interests of the Directors in the securities of the Company and its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company under Section 352 of the SFO were as follows:

Shares and Share Options in the Company ⁽¹⁾

Name of Director	Capacity	Nature of interest	Number of shares held in the Company	Number of share options granted	Percentage of aggregate long position in shares held to the issued shares as at 31 December 2024
Mr. Yim Kong	Beneficial owner	Personal interest	7,227	—	0.0002%
Mr. Lu Yongxin	Beneficial owner	Personal interest	13,896	—	0.0003%

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

Name of Director	Capacity	Nature of interest	Number of shares held in the Company's associated corporation	Number of shares options outstanding	Total	Percentage of long position in A Class shares held to the issued shares of the Company's associated corporation as at 31 December 2024
Mr. Xu Song	Beneficial owner	Personal Interest	22,200	120,000 ⁽¹⁾	142,200	0.0057%
Mr. Yim Kong	Beneficial owner	Personal interest	—	51,000 ⁽¹⁾	51,000	0.0020%
Mr. Lu Yongxin	Beneficial owner	Personal Interest	—	72,000 ⁽¹⁾	72,000	0.0029%

Notes:

- (1) As at 31 December 2024, the Company is a subsidiary of CMPG and accordingly, CMPG is an associated corporation of the Company. The interests in CMPG held by each Director are share options granted on 3 February 2020 under the Employee Incentive Scheme of CMPG, which are subject to the terms and conditions of the Employee Incentive Scheme. In accordance with the exercise schedule under the Employee Incentive Scheme, the share options of Mr. Yim Kong and Mr. Lu Yongxin may be exercised in batches from 3 February 2022 to 3 February 2027 while the share options of Mr. Xu Song may be exercised in batches from 29 January 2023 to 29 January 2027. Such share options are conditional upon the satisfaction of certain performance targets specified thereunder. Details of the Employee Incentive Scheme were published on the information website of the Shenzhen Stock Exchange (<http://www.szse.cn/>). The 120,000 share options granted to Mr. Xu Song, the 51,000 share options granted to Mr. Yim Kong and the 72,000 share options granted to Mr. Lu Yongxin have been cancelled on 7 February 2023. None of these share options were exercised, lapsed or cancelled during the reporting period.

Save as disclosed above and based on the register maintained by the Company under section 352 of the SFO, as at 31 December 2024, none of the Directors or chief executive of the Company or any of their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required, pursuant to section 352 of the SFO, to be entered in the register or which are required, pursuant to the Model Code, to be notified to the Company and the HKSE.

DIRECTORS OF SUBSIDIARIES

The Director of the Company who has also served as directors of the subsidiaries of the Company during the year ended 31 December 2024 and up to the date of this report are Mr. Xu Song, Mr. Lu Yongxin and Mr. Tu Xiaoping.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the remuneration for Directors are set out in note 9 to the consolidated financial statements.

PENSION SCHEME

Details of the pension scheme, maintained by the Group, contributions made and forfeiture utilised during the year are set out on pages 119 to 121 of the Annual Report.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the following persons, other than a Director or chief executive of the Company, had interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO or as notified to the Company and the HKSE pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long Positions

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

Notes:

1. Each of CMSN, CMSIZ and CMITG is a subsidiary of CMG. CMG is deemed to be interested in 3,029,009,132 shares, which represents the aggregate of 3,002,405,132 shares deemed to be interested by CMSN (see Note 2 below), 3,000,000 shares deemed to be interested by CMSIZ (see Note 3 below) and 23,604,000 shares deemed to be interested by CMITG (see Note 4 below).
2. CMHK is wholly-owned by CMSN, Rainbow is 74.66%-owned by CMHK and 25.34%-owned by CMU, which is in turn 50%-owned by CMHK. CMPID is in turn wholly-owned by Rainbow. CMPG is 45.92%-owned by CMPID.

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

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

Short Positions

Nil

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

As at 31 December 2024, save as disclosed in the Annual Report, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the Annual Report, at no time during the year was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that subject to the provisions of the Companies Ordinance, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director shall be indemnified out of the assets of the Company against any liability, loss or expenditure incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done by him as Director and in which judgment is given in his favour or in which he is acquitted, or incurred in connection with any application in which relief is granted to him by the court from liability in respect of any such act or omission.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors.

EQUITY-LINKED AGREEMENTS

Save as disclosed above, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group entered into the following transactions, which constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules:

- (a) Details of connected transactions are set out below:
- (i) Reference is made to the announcement of the Company dated 23 August 2024. On 23 August 2024, Ansuje (an indirect wholly-owned subsidiary of the Company), China Communications Institute and Wuhan Changjiang entered into a container terminal design agreement (the “**Container Terminal Design Agreement**”). Pursuant to the Container Terminal Design Agreement, China Communications Institute and Wuhan Changjiang shall provide engineering design services to Ansuje for the construction of the Shenzhen Dachan Bay Port Phase II container terminal project (Southern Section) for 100 calendar days, which should comprise preliminary design, construction drawing design, and on-site project coordination services. The consideration for providing engineering design services under the Container Terminal Design Agreement is RMB 31.89 million (equivalent to approximately HK\$35.43 million). Wuhan Changjiang is an indirect subsidiary of CMG, the ultimate holding company of the Company. Accordingly, Wuhan Changjiang is a connected person of the Company and the transaction contemplated under the Container Terminal Design Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.
- (ii) Reference is made to the announcement of the Company dated 27 September 2024. On 27 September 2024, CICT (an indirect subsidiary of the Company) entered into an equipment modification agreement (the “**Equipment Modification (Empty Stackers) Agreement**”) with Hoi Tung, pursuant to which Hoi Tung shall be responsible for the production, supply, installation and testing of equipment for the modification of 2 diesel driven empty stackers to electric driven empty stackers at the Colombo International Container Terminal. The Equipment Modification (Empty Stackers) Agreement shall be valid for a period of 12 months with effect from 1 October 2024 and could be extended mutually in writing by the parties, and the total consideration is RMB1.50 million (equivalent to approximately HK\$1.67 million). On the same day, CICT entered into another equipment modification agreement with Hoi Tung (the “**Equipment Modification (Terminal Tractors) Agreement**”; together with the Equipment Modification (Empty Stackers) Agreement, the “**Equipment Modification Agreements**”), pursuant to which Hoi Tung shall be responsible for the production, supply and installation of equipment for the modification of 54 diesel driven terminal tractors to fully electric driven terminal tractors at the Colombo International Container Terminal, and the provision of on-site guidance and quality monitoring of the disassembly, installation, commissioning and testing of the relevant equipment. The Equipment Modification (Terminal Tractors) Agreement shall be valid for a period of 24 months with effect from 1 October 2024 and could be extended mutually in writing by the parties, and the total consideration of

RMB27.94 million (equivalent to approximately HK\$31.04 million) to Hoi Tung. Hoi Tung is an indirect subsidiary of CMG, the ultimate holding company of the Company. Accordingly, Hoi Tung is a connected person of the Company and the transactions contemplated under the Equipment Modification Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

- (iii) Reference is made to the announcement of the Company dated 27 September 2024. On 27 September 2024, HIPG (an indirect subsidiary of the Company) entered into an equipment sales agreement with DTBP and DUKP (the **"Equipment Sales (4 Quay Cranes and 8 Yard Cranes) Agreement"**). Pursuant to the Equipment Sales (4 Quay Cranes and 8 Yard Cranes) Agreement, DTBP shall sell 4 quay cranes, 8 yard cranes, related spare parts, warranties, personnel training, and other services provided by the original equipment manufacturer, located at berths 203 and 204 of the Taiping Bay Port Container Terminal in Dalian City, PRC to HIPG. HIPG shall pay a total consideration of USD26.74 million (equivalent to approximately HK\$209 million) to DTBP. On the same day, HIPG entered into another equipment sales agreement with

DCT and DUKP (the **"Equipment Sales (5 Yard Cranes) Agreement"**; together with **"Equipment Sales (4 Quay Cranes and 8 Yard Cranes) Agreement"**, the **"Equipment Sales Agreements"**). Pursuant to the Equipment Sales (5 Yard Cranes) Agreement, DCT shall sell 5 NOELL branded yard cranes located at the Container Terminal Dayaowan Port in Dalian City, PRC to HIPG. HIPG shall pay a total consideration of USD1.45 million (equivalent to approximately HK\$11.31 million) to DCT. Under the Equipment Sales (4 Quay Cranes and 8 Yard Cranes) Agreement and the Equipment Sales (5 Yard Cranes) Agreement, DUKP shall be responsible for receiving payment of the consideration from HIPG on behalf of DTBP and DCT respectively and handling export customs clearance for the export of the equipment from PRC to Sri Lanka. DTBP, DCT and DUKP are indirect subsidiaries of CMG, the ultimate holding company of the Company. Accordingly, DTBP, DCT and DUKP are connected persons of the Company and the transactions contemplated under the Equipment Sales Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Report of the Directors

- (b) Details of the continuing connected transactions of the Group for the year ended 31 December 2024 that are subject to the reporting and annual review requirements under the Listing Rules are set out below:

Name of party	Nature of transaction	Note	Total Consideration for the year ended 31 December 2024 (HK\$' million)	Annual Caps for the year ended 31 December 2024 (HK\$' million)
Shenzhen Nanyou	Provision of warehouse services charged to the Group	(i)	(40.19)	(51.11)*
China Merchants Finance	Placing of deposits	(ii)	2,062.62**	2,100.00**
China Merchants Finance	Interest income arising from the depositing of money	(ii)	25.58	81.00
CMIT Group	Provision of technology consulting services, system maintenance, software development and information systems integration services charged to the Group	(iii)	(128.52)	(330.00)*
Yiu Lian Shekou, CM Property Management, Shenzhen West Security, CMPG, Chiwan Container Terminal, Chiwan Port, CMBL, CMIT, CM Chuangrong, and Shenzhen Gangteng	Rental income from the leasing of residential housing received by the Group	(iv)	10.23	15.36*

Name of party	Nature of transaction	Note	Total Consideration for the year ended 31 December 2024 (HK\$' million)	Annual Caps for the year ended 31 December 2024 (HK\$' million)
Sinotrans & CSC Group	Provision of port-related services charged by the Group	(v)	56.01	66.67*
Sinotrans & CSC Group	Provision of cargo transportation and related agency services charged to the Group	(v)	(10.45)	(14.67)*
CMPG Group	Provision of port and port-related comprehensive services charged by the Group	(vi)	21.77	35.56*
CMPG Group	Provision of port and port-related comprehensive services charged to the Group	(vi)	(9.68)	(18.89)*
Chiwan Port, Chiwan Container Terminal, Shenzhen Mawan, and Shenzhen Chiwan	Rental income from the leasing of office units received by the Group	(vii)	14.08	15.02*
Shenzhen Gangteng	Provision of transportation, warehouse and comprehensive logistics services charged to the Group	(viii)	(0.48)	(16.67)*
Euroasia	Rental fee from the lease of land charged to the Group	(ix)	(16.30)	(16.50)

Report of the Directors

Name of party	Nature of transaction	Note	Total Consideration for the year ended 31 December 2024 (HK\$' million)	Annual Caps for the year ended 31 December 2024 (HK\$' million)
China Merchants Finance, Haitong Shenzhen, Haitong Haihui, China Merchants Food, China Communications, and CMS	Rental income from the leasing of office units received by the Group	(x)	17.10	17.58*
CIAO International	Provisions of customs clearance, warehousing and related logistics services charged by the Group	(xi)	6.86	12.96*
CIAO International	Provision of Shenzhen-Hong Kong land transportation services and other related ancillary services charged by the Group	(xii)	2.87	5.69*

* The respective annual caps for these transactions are denominated in other currencies and are converted to HK\$ using the exchange rates prevailing on the dates of the announcements on which the annual caps were disclosed.

** These figures represent the maximum amount of deposit actually placed by the Group and the cap in respect of the aggregate amount of deposit that may be placed by the Group at any point of time during the year ended 31 December 2024, respectively.

Notes:

- (i) Reference is made to the announcement of the Company dated 29 September 2022. On 29 September 2022, CMBL, a 60%-owned subsidiary of the Company, and Shenzhen Nanyou entered into a warehouse service agreement in relation to the warehouse services to be provided by Shenzhen Nanyou to CMBL in Qianhai, Shenzhen for a term of three years commencing on the closing date which was within 10 business days after Shenzhen Nanyou had obtained the project completion acceptance report and the written completion records from the fire protection department (the **"Warehouse Service Agreement"**). The fees payable to Shenzhen Nanyou consist of service fees and management fees, and CMBL shall also provide security deposits to Shenzhen Nanyou in cash and bank guarantee. The Directors resolved to set the annual caps in respect of the total fees payable to Shenzhen Nanyou under the Warehouse Service Agreement for each of the years ended/ending 31 December 2022, 2023, 2024 and 2025 at RMB11.00 million (equivalent to approximately HK\$12.22 million), RMB45.00 million (equivalent to approximately HK\$50.00 million), RMB46.00 million (equivalent to approximately HK\$51.11 million) and RMB36.00 million (equivalent to approximately HK\$40.00 million). The total fees paid and payable by CMBL to Shenzhen Nanyou under the Warehouse Service Agreement in the year ended 31 December 2024 were RMB36.68 million (equivalent to approximately HK\$40.19 million). Shenzhen Nanyou is a subsidiary of CMG, the ultimate holding company of the Company, and accordingly, a connected person of the Company.
- (ii) Reference is made to the announcement of the Company dated 29 September 2022. On 29 September 2022, the Company and China Merchants Finance entered into a financial services agreement to set out the framework for future transactions in relation to (i) the depositing of money by the Group with China Merchants Finance; (ii) the provision of clearing and settlement services by China Merchants Finance; (iii) the provision of loans and other credit services by China Merchants Finance; (iv) the provision of foreign exchange clearance and settlement services; and (v) the provision of other financial services (including wealth management, securities underwriting and financial consultancy services), for a term of three years commencing on 23 December 2022 and ending on 22 December 2025 (the **"2023 Financial Services Agreement"**). With respect to (i) the depositing of money by the Group with China Merchants Finance, the Directors had resolved to set the maximum amount of deposit at HK\$2,100.00 million at any point of time during the term of the 2023 Financial Services Agreement.

With respect to (ii) the fees payable by the Group for the provision of clearing and settlement services; (iii) the fees payable by the Group for the provision of foreign exchange clearance and settlement services; (iv) the fees payable by the Group for the provision of other financial services; and (v) the interest income arising from the depositing of money by the Group under the 2023 Financial Services Agreement, the Directors resolved to set the annual caps at HK\$10.00 million, HK\$10.00 million, HK\$10.00 million and HK\$81.00 million, for each of the years ended/ending 31 December 2023, 2024 and 2025. The annual caps for the fees payable for the (i) provision of clearing and settlement services; (ii) provision of foreign exchange clearance and settlement services; and (iii) provision of other financial services are less than 0.1% of the applicable percentage ratios and are therefore de minimis continuing connected transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. With respect to the depositing of money by the Group with China Merchants Finance, the maximum amount of deposit placed by the Group during the year ended 31 December 2024 was HK\$2,062.62 million. The total interest income received and receivable by the Company under the 2023 Financial Services Agreement in the year ended 31 December 2024 was HK\$25.58 million. China Merchants Finance is a subsidiary of CMG, the ultimate holding company of the Company, and accordingly, a connected person of the Company.

- (iii) Reference is made to the announcement of the Company dated 29 December 2022. On 29 December 2022, the Company and CMIT entered into a comprehensive services framework agreement to set out the framework for future transactions in relation to the provision of technology consulting services, software development and information systems integration services by CMIT Group to members of the Group for a term of two years commencing on 1 January 2023 and ended on 31 December 2024 (the **"2023 CMIT Comprehensive Services Framework Agreement"**). The Directors resolved to set the annual cap in respect of the aggregate service fees payable by the Group under the 2023 CMIT Comprehensive Services Framework Agreement for each of the two years ended 31 December 2023 and 31 December 2024 at RMB300.00 million (equivalent to approximately HK\$330.00 million). The aggregate service fees paid and payable by the Group to CMIT Group under the comprehensive services framework agreement in connection with the service period in the year ended 31 December 2024 were RMB117.31 million (equivalent to approximately HK\$128.52 million). CMIT is a subsidiary of CMPG, a substantial shareholder of the Company, and accordingly, a connected person of the Company.

Report of the Directors

(iv) Reference is made to the announcements of the Company dated 28 September 2023, 22 March 2024 and 27 September 2024. Between 1 April 2023 and 30 November 2023, Qianhai Bay Property, an indirect wholly-owned subsidiary of the Company, entered into a series of lease agreements (together, the **"Existing Qianhai Bay Garden Lease Agreements"**) with (i) Yiu Lian Shekou, (ii) CM Property Management, (iii) Shenzhen West Security, (iv) CMPG, (v) Chiwan Container Terminal, (vi) Chiwan Port, (vii) CMBL, (viii) CMIT, (ix) CM Chuangrong and (x) Shenzhen Gangteng (together, the **"Existing Lessees"**), respectively, to lease numerous residential units located at Qianhai Bay Garden (前海灣花園), a residential building located in Shenzhen, PRC as staff quarters for their respective employees for the period commencing on dates between 1 April 2023 to 1 December 2023 and ended on dates between 30 April 2024 to 30 November 2024. On 28 September 2023, the Directors resolved to set aggregate annual cap in respect of the rental income receivable by the Group under the Existing Qianhai Bay Garden Lease Agreements for the year ended 31 December 2024 at RMB10.43 million (equivalent to approximately HK\$11.46 million). On 22 March 2024, Qianhai Bay Property renewed one of the Existing Qianhai Bay Garden Lease Agreements with Yiu Lian Shekou, in view of its expiry, to lease several residential units located at Qianhai Bay Garden as staff quarters for Yiu Lian Shekou's employees. On the same day, the Directors resolved to revise the aggregate annual cap in respect of the rental income receivable by the Group under the Existing Qianhai Bay Garden Lease Agreements for the year ended 31 December 2024 upwards to RMB11.95 million (equivalent to approximately HK\$13.28 million). On 27 September 2024, in view of the expiry of some of the Existing Qianhai Bay Garden Lease Agreements and the need to cater for additional needs for employee housing, Qianhai Bay Property entered into a series of lease agreements (together, the **"2024 Qianhai Bay Garden Lease Agreements"**) with (i) CM Property Management, (ii) Chiwan Container Terminal, (iii) CMPG, (iv) Chiwan Port, (v) CMBL, (vi) CMIT, (vii) CM Chuangrong and (viii) Shenzhen Gangteng (together with Yiu Lian Shekou, the **"New Lessees"**) respectively to lease numerous residential units located at Qianhai Bay Garden as staff quarters for their respective employees for the period commencing on dates between 1 November 2024 to 1 December 2024 and ending on dates between 31 May 2025 to 31 December 2025. The Directors resolved to revise the aggregate annual cap in respect of the rental income receivable by the Group under the Existing Qianhai Bay Garden Lease Agreements and the 2024 Qianhai Bay Garden Lease Agreements upwards to RMB13.82 million (equivalent to approximately HK\$15.36 million) for the year ended 31 December 2024. The aggregate rental income received and receivable by the Group under the Existing Qianhai Bay Garden Lease Agreements and the 2024 Qianhai Bay Garden Lease Agreements in the year ended 31 December 2024 was RMB9.34 million (equivalent to approximately HK\$10.23 million). Each of the Existing Lessees and New Lessees is an indirect subsidiary of CMG or CMPG, the ultimate holding company of the Company, or is a substantial shareholder of the Company and accordingly each of them is a connected person of the Company.

(v) Reference is made to the announcements of the Company dated 24 December 2021, 29 December 2022 and 18 December 2023. On 24 December 2021, the Company and Sinotrans & CSC entered into a comprehensive services framework agreement which sets out the framework for the provision of port-related services by members of the Group to members of the Sinotrans & CSC Group and the provision of cargo transportation and related agency services by members of the Sinotrans & CSC Group to members of the Group for a term of three years commencing on 1 January 2022 and ended on 31 December 2024 (the **"2022 Sinotrans Services Framework Agreement"**). The annual caps in respect of the service fees for port-related services receivable by the Group from the Sinotrans & CSC Group for each of the three years ended 31 December 2022, 2023 and 2024 were RMB26.00 million (equivalent to approximately HK\$28.89 million), RMB34.00 million (equivalent to approximately HK\$37.78 million) and RMB45.00 million (equivalent to approximately HK\$50.00 million). On 29 December 2022, the Directors resolved to revise the annual caps in respect of the service fees for port-related services receivable by the Group from the Sinotrans & CSC Group under the 2022 Sinotrans Services Framework Agreement upwards to RMB35.00 million (equivalent to approximately HK\$38.89 million), RMB50.00 million (equivalent to approximately HK\$55.56 million) and RMB60.00 million (equivalent to approximately HK\$66.67 million) for each of the three years ended 31 December 2022, 2023 and 2024, with terms of the 2022 Sinotrans Services Framework Agreement unchanged. The Directors expected that the annual cap in respect of the service fees for port-related services receivable by the Group from the Sinotrans & CSC Group under the 2022 Sinotrans Services Framework Agreement would not be sufficient for the year ended 31 December 2023. Accordingly, on 18 December 2023, the Directors resolved to revise the annual caps upwards to RMB55.00 million (equivalent to approximately HK\$61.11 million) for the year ended 31 December 2023. The Directors also expected that the annual caps in respect of the services fees for cargo transportation and related agency services payable by the Group to the Sinotrans & CSC Group under the 2022 Sinotrans Services Framework Agreement would not be sufficient for the years ended 31 December 2023 and 31 December 2024. Accordingly, on 18 December 2023, the Directors resolved to revise the annual caps upwards to RMB12.00 million (equivalent to approximately HK\$13.33 million) and RMB13.20 million (equivalent to approximately HK\$14.67 million) for each of the two years ended 31 December 2023 and 2024. The aggregate service fees received and receivable by the Group for port-related services, in the year ended 31 December 2024 were RMB51.12 million (equivalent to approximately HK\$56.01 million), and the aggregate service fees paid and payable by the Group for cargo transportation and related agency services in the year ended 31 December 2024 were RMB9.54 million (equivalent to approximately HK\$10.45 million). Sinotrans & CSC is a wholly-owned subsidiary of CMG, the ultimate holding company of the Company, and accordingly, a connected person of the Company.

- (vi) Reference is made to the announcement of the Company dated 18 December 2023. On 18 December 2023, CMPG and the Company entered into a service framework agreement (the “**2024 CMPG Services Framework Agreement**”) which sets out the framework for future transactions in relation to (i) the provision of port and port-related comprehensive services by members of the Group to members of CMPG Group and (ii) the provision of port and port-related comprehensive services by members of CMPG Group to members of the Group for a term of three years commencing on 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 CMPG Services Framework Agreement, the prices for the provision of port and port-related comprehensive services by members of the Group to members of the CMPG Group and the provision of port and port-related comprehensive services by members of the CMPG Group to members of the Group should be fair and reasonable and shall be at terms not less than those provided to independent third parties. The Directors resolved to set the annual caps in respect of the service fees for port and port-related comprehensive services receivable by the Group from CMPG Group at RMB32.00 million (equivalent to approximately HK\$35.56 million), RMB35.20 million (equivalent to approximately HK\$39.11 million) and RMB38.72 million (equivalent to approximately HK\$43.02 million) for the three years ended/ending 31 December 2024, 2025 and 2026, respectively, and the annual caps in respect of the service fees for the port and port-related comprehensive services payable by the Group to CMPG Group at RMB17.00 million (equivalent to approximately HK\$18.89 million), RMB18.70 million (equivalent to approximately HK\$20.78 million) and RMB20.57 million (equivalent to approximately HK\$22.86 million) for the three years ended/ending 31 December 2024, 2025 and 2026, respectively. The aggregate service fees for the provision of port and port-related comprehensive services received and receivable by the Group from CMPG Group and the service fees for port and port-related comprehensive services paid and payable by the Group to CMPG Group in the year ended 31 December 2024 were RMB19.87 million (equivalent to approximately HK\$21.77 million) and RMB8.84 million (equivalent to approximately HK\$9.68 million), respectively. CMPG is a substantial shareholder of the Company, and accordingly, CMPG is a connected person of the Company.
- (vii) Reference is made to the announcement of the Company dated 18 December 2023. On 18 December 2023, Malai entered into a series of lease agreements (together, the “**Maritime Center Lease Agreements**”) with Chiwan Port, Chiwan Container Terminal, Shenzhen Mawan and Shenzhen Chiwan to lease numerous office units located at Maritime Center Port Building, a commercial property located at 59 Linhai Avenue, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, PRC (深圳市前海深港合作區臨海大道 59號海運中心口岸樓) for the lessees’ commercial use for a period commencing on 1 January 2024 and ending on 31 December 2026. The Directors resolved to set aggregate annual caps in respect of the annual aggregate maximum amount of rental income receivable by the Group under the Maritime Center Lease Agreements at RMB13.52 million (equivalent to approximately HK\$15.02 million), RMB13.89 million (equivalent to approximately HK\$15.43 million) and RMB13.89 million (equivalent to approximately HK\$15.43 million) for the three years ended/ending 31 December 2024, 2025 and 2026 respectively. The aggregate rental income received and receivable by the Group under the Maritime Center Lease Agreements in the year ended 31 December 2024 was RMB12.85 million (equivalent to approximately HK\$14.08 million). Each of the lessees is a subsidiary of CMPG, a substantial shareholder of the Company. Accordingly, each of the lessees is a connected person of the Company.
- (viii) Reference is made to the announcement of the Company dated 18 December 2023. On 18 December 2023, CMQHW and Shenzhen Gangteng entered into a framework agreement in relation to the provision of transportation, warehouse and comprehensive logistics services by Shenzhen Gangteng to CMQHW for a term from 10 January 2024 to 30 September 2026 (the “**Logistics Supply Chain Framework Agreement**”). The Directors resolved to set annual caps in respect of the service fees payable by the Group under the Logistics Supply Chain Framework Agreement at RMB15.00 million (equivalent to approximately HK\$16.67 million), RMB15.00 million (equivalent to approximately HK\$16.67 million) and RMB11.25 million (equivalent to approximately HK\$12.50 million) for the year ended 31 December 2024, the year ending 31 December 2025 and the nine months ending 30 September 2026, respectively. The aggregate service fees for the provision of transportation, warehouse and comprehensive logistics services paid and payable by the Group to Shenzhen Gangteng in the year ended 31 December 2024 under the Logistics Supply Chain Framework Agreement were RMB0.44 million (equivalent to approximately HK\$0.48 million). Shenzhen Gangteng is a 40%-owned joint venture of CMPG, a substantial shareholder of the Company. Accordingly, Shenzhen Gangteng is a connected person of the Company.

Report of the Directors

- (ix) Reference is made to the announcement of the Company dated 18 December 2023. On 18 December 2023, CMCS entered into a cooperation agreement with Euroasia to lease a piece of land in Tsing Yi from Euroasia with a total area of 679,704 square metres to be used for its container business for a term of one year commencing on 1 January 2024 and ending on 31 December 2024 (the “**Euroasia Cooperation Agreement**”). The Directors resolved to set the annual cap in respect of the rental fees to be paid by CMCS to Euroasia under the Euroasia Cooperation Agreement at HK\$16.50 million for the year ended 31 December 2024. The rent paid and payable by CMCS to Euroasia in the year ended 31 December 2024 under the Euroasia Cooperation Agreement was HK\$16.30 million. Euroasia is an indirect wholly-owned subsidiary of CMG, the ultimate holding company of the Company. Accordingly, Euroasia is a connected person of the Company.
- (x) Reference is made to the announcements of the Company dated 18 December 2023, 22 March 2024 and 23 December 2024. Between 10 July 2023 and 18 December 2023, JYRT (as lessor) entered into a series of lease agreements (hereinafter referred to as each the “**CMPort Building Lease Agreement**”, together, the “**CMPort Building Lease Agreements**”). On 10 July 2023, JYRT (as lessor) entered into the the CMPort Building Lease Agreement with China Merchants Finance (as lessee) to lease numerous office units located at CMPort Building (former name: Nanhai Yiku Dream Factory Building), a commercial property located at Gongye Third Road, Nanshan District, Shenzhen, PRC (深圳市南山區工業三路招商局港口大廈(前稱:南海意庫夢工廠大廈)) (the “**CMPort Building**”) for the lessee’s commercial use for a period that commenced on 25 July 2023 and ending on 24 July 2026. On 18 December 2023, JYRT (as lessor) entered into the CMPort Building Lease Agreements with Haitong Shenzhen, Haitong Haihui, China Merchants Food and China Communications (as lessees) to lease numerous office units located at CMPort Building for the lessees’ commercial use for a period commencing on 1 January 2024 and ended on 31 December 2024. The Directors resolved to set an annual cap in respect of aggregate rental income receivable by the Group under the CMPort Building Lease Agreements at RMB13.80 million (equivalent to approximately HK\$15.16 million) for the year ended 31 December 2024. Between 22 March 2024 and 1 October 2024, JYRT (as lessor) entered into a series of lease agreements (hereinafter referred to as each the “**2024 CMPort Building Lease Agreement**”, together, the “**2024 CMPort Building Lease Agreements**”). On 22 March 2024, JYRT (as lessor) entered into the 2024 CMPort Building Lease Agreement with CMS to lease numerous office units located at CMPort Building for the lessee’s commercial use for a period from 1 April 2024 to 31 March 2027. The Directors resolved to revise the aggregate annual cap in respect of the rental income receivable by the Group under the CMPort Building Lease Agreements and the 2024 CMPort Building Lease Agreements upwards to RMB16.00 million (equivalent to approximately HK\$17.58 million) for the year ended 31 December 2024. On 1 October 2024, JYRT (as lessor) also entered into the 2024 CMPort Building Lease Agreement with China Merchants Food (as lessee) to lease a portion of the basement located at CMPort Building for the lessee’s commercial use for a period from 1 October 2024 to 30 September 2027. When JYRT and China Merchants Food entered into the 2024 CMPort Building Lease Agreement on 1 October 2024, the annual cap for the year ended 31 December 2024 under the 2024 CMPort Building Lease Agreements was not exceeded. No announcement was made in respect of the 2024 CMPort Building Lease Agreement with China Merchants Food. The aggregate rental income received and receivable by the Group under the CMPort Building Lease Agreement and the 2024 CMPort Building Lease Agreements in the year ended 31 December 2024 was RMB15.60 million (equivalent to approximately HK\$17.10 million). China Merchants Finance, Haitong Shenzhen, Haitong Haihui, China Merchants Food, China Communications and CMS are subsidiaries of CMG, the ultimate holding company of the Company. Accordingly, they are connected persons of the Company.
- (xi) Reference is made to the announcement of the Company dated 12 April 2024. On 12 April 2024, CMBL and CIAO International entered into a logistics services framework agreement in relation to the provisions of customs clearance, warehousing and related logistics services by CMBL to CIAO International for its goods for a term commencing on 12 April 2024 and ending on 31 December 2026 (the “**CMBL Logistics Services Framework Agreement**”). The Directors resolved to set the annual cap in respect of the CMBL Logistics Services Framework Agreement for the nine months ended 31 December 2024 at RMB11.79 million (equivalent to approximately HK\$12.96 million) and the two years ending 31 December of 2025 and 2026 at RMB20.50 million (equivalent to approximately HK\$22.53 million) and RMB20.50 million (equivalent to approximately HK\$22.53 million), respectively. The aggregate service fees for the provision of customs clearance, warehousing and related logistics services received and receivable by CMBL from CIAO International in the year ended 31 December 2024 under the CMBL Logistics Services Framework Agreement were RMB6.26 million (equivalent to approximately HK\$6.86 million). CIAO International is an indirect wholly-owned subsidiary of Best Mart 360, which is indirectly owned as to 49% by CMG, the ultimate holding company of the Company. Accordingly, both CIAO International and Best Mart 360 are connected persons of the Company.
- (xii) Reference is made to the announcement of the Company dated 12 April 2024. On 12 April 2024, CMQHW and CIAO International entered into a transportation framework agreement in relation to the provision of Shenzhen-Hong Kong land transportation services and other related ancillary services by CMQHW to CIAO International for a term commencing on 12 April 2024 and ending on 31 December 2026 (the “**CMQHW Transportation Framework Agreement**”). The Directors resolved to set the annual cap in respect of the CMQHW Transportation Framework Agreement for the nine months ended 31 December 2024 at RMB5.18 million (equivalent to approximately HK\$5.69 million) and the two years ending 31 December of 2025 and 2026 at RMB6.90 million (equivalent to approximately HK\$7.58 million) and RMB6.90 million (equivalent to approximately HK\$7.58 million), respectively. The aggregate service fees for the provision of Shenzhen-Hong Kong land transportation services and other related ancillary services received and receivable by CMQHW from CIAO International in the year ended 31 December 2024 under the CMQHW Transportation Framework Agreement were RMB2.62 million (equivalent to approximately HK\$2.87 million). CIAO International is an indirect wholly-owned subsidiary of Best Mart 360, which is indirectly owned as to 49% by CMG, the ultimate holding company of the Company. Accordingly, both CIAO International and Best Mart 360 are connected persons of the Company.

(c) The Independent Non-executive Directors have reviewed the continuing connected transactions set out in paragraph (b) of this section above. In their opinion, these transactions were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Independent Non-executive Directors further opined that:

- (i) in respect of the provision of warehouse services by Shenzhen Nanyou to CMBL, details of which are set out in note (i) to paragraph (b) of this section, the aggregate service fees have not exceeded RMB46.00 million, the annual cap for the year ended 31 December 2024;
- (ii) in respect of the placing of deposits with China Merchants Finance and interest income arising from the depositing of money, details of which are set out in note (ii) to paragraph (b) of this section, the amount of deposit that was made by the Group with China Merchants Finance during the year ended 31 December 2024 has not exceeded HK\$2,100.00 million, the annual cap for the year ended 31 December 2024 and the amount of interest income from the depositing of money during the year ended 31 December 2024 has not exceeded HK\$81.00 million, the annual cap for the year ended 31 December 2024;

(iii) in respect of the provision of technology consulting services, system maintenance, software development and information systems integration services by CMIT Group to members of the Group, details of which are set out in note (iii) to paragraph (b) of this section, the aggregate service fees paid have not exceeded RMB300.00 million, the annual cap for the year ended 31 December 2024;

(iv) in respect of the leasing of the residential units under the Existing Qianhai Bay Garden Lease Agreements and the 2024 Qianhai Bay Garden Lease Agreements, details of which are set out in note (iv) to paragraph (b) of this section, the aggregate amount of rental income received by the Group for the year ended 31 December 2024 has not exceeded RMB13.82 million, the annual cap for the aggregate rental income for the year ended 31 December 2024;

(v) in respect of the provision of port-related services by members of the Group to members of the Sinotrans & CSC Group and the provision of cargo transportation and related agency services by members of the Sinotrans & CSC Group to members of the Group, details of which are set out in note (v) to paragraph (b) of this section, the aggregate service fees for port-related services received by the Group for the year ended 31 December 2024 have not exceeded RMB60.00 million, the annual caps for the service fees for port-related services for the year ended 31 December 2024, and the aggregate service fees paid by the Group for cargo transportation and related agency services in the year ended 31 December 2024 have not exceeded RMB13.20 million, the annual cap for the service fees for cargo transportation and related agency services for the year ended 31 December 2024;

- (vi) in respect of the provision of port and port-related comprehensive services to, and the receipt of port and port-related comprehensive services from, the CMPG Group, details of which are set out in note (vi) to paragraph (b) of this section, the aggregate service fees received by the Group from CMPG Group and paid by the Group to CMPG Group for the year ended 31 December 2024 have not exceeded RMB32.00 million and RMB17.00 million, the aggregate annual caps for the year ended 31 December 2024, respectively;
 - (vii) in respect of the lease of numerous office units under the Maritime Center Lease Agreements, details of which are set out in note (vii) to paragraph (b) of this section, the aggregate amount of rental income received by the Group for the year ended 31 December 2024 has not exceeded RMB13.52 million, the annual cap for the aggregate rental income for the year ended 31 December 2024;
 - (viii) in respect of the provision of transportation, warehouse and comprehensive logistics services to CMQHW under the Logistics Supply Chain Framework Agreement, details of which are set out in note (viii) to paragraph (b) of this section, the aggregate service fees paid by the Group for the year ended 31 December 2024 have not exceeded RMB15.00 million, the annual cap for the year ended 31 December 2024;
 - (ix) in respect of the lease of a piece of land in Tsing Yi from Euroasia under the Euroasia Cooperation Agreement, details of which are set out in note (ix) to paragraph (b) of this section, the aggregate amount of rent paid by the Group for the year ended 31 December 2024 has not exceeded HK\$16.50 million, the annual cap for the aggregate rental income for the year ended 31 December 2024;
 - (x) in respect of the lease of numerous office units under the CMPort Building Lease Agreements and the 2024 CMPort Building Lease Agreements, details of which are set out in note (x) to paragraph (b) of this section, the aggregate amount of rental income received by the Group for the year ended 31 December 2024 has not exceeded RMB16.00 million, the annual cap for the aggregate rental income for the year ended 31 December 2024;
 - (xi) in respect of the provisions of customs clearance, warehousing and related logistics services by CMBL to CIAO International under the CMBL Logistics Services Framework Agreement, details of which are set out in note (xi) to paragraph (b) of this section, the aggregate service fees received by the Group for the nine months ended 31 December 2024 have not exceeded RMB11.79 million, the annual cap for the nine months ended 31 December 2024; and
 - (xii) in respect of the provision of Shenzhen-Hong Kong land transportation services and other related ancillary services by CMQHW to CIAO International under the CMQHW Transportation Framework Agreement, details of which are set out in note (xii) to paragraph (b) of this section, the aggregate service fees received by the Group for the nine months ended 31 December 2024 have not exceeded RMB5.18 million, the annual cap for the nine months ended 31 December 2024.
- The Company has followed the pricing terms and policies set out in the respective announcements for each of the continuing connected transactions listed in paragraph (b) of this section.
- In particular, the Company has adequate internal controls in place to ensure that the respective pricing bases are complied with and that individual transactions are indeed conducted within the framework of the relevant agreements, for example:
- (i) the finance department of the Company performs half-yearly reporting of the actual transaction amounts;
 - (ii) the Company specifically designates personnel from the relevant departments to monitor the actual transaction amounts and report to the management team on a quarterly basis to ensure that the respective annual caps are not exceeded; and
 - (iii) the Company conducts internal control reviews on a continuous basis, including of its financial, operational and compliance controls.

- (d) Reference is made to the announcement of the Company dated 23 December 2024. On 23 December 2024, in view of the expiry of the 2023 CMIT Comprehensive Services Framework Agreement on 31 December 2024, the Company and CMIT entered into a comprehensive services agreement (the “**2025 CMIT Comprehensive Services Framework Agreement**”) in relation to the provision of information services by CMIT Group to members of the Group for a term of three years commencing on 1 January 2025 and ending on 31 December 2027. On the same day, in view of the expiry of the 2022 Sinotrans Services Framework Agreement on 31 December 2024, the Company and Sinotrans & CSC entered into a comprehensive services framework agreement which sets out the framework for the provision of port-related services by members of the Group to members of the Sinotrans & CSC Group and the provision of cargo transportation and related agency services by members of the Sinotrans & CSC Group to members of the Group (the “**2025 Sinotrans Services Framework Agreement**”). Further information regarding the basis of determining the annual caps of the 2025 CMIT Comprehensive Services Framework Agreement and the 2025 Sinotrans Services Framework Agreement is set out here:

(i) Basis for determining the annual caps of 2025 CMIT Comprehensive Services Framework Agreement

The annual caps in respect of the service fees payable by the Group to CMIT Group for each of the three years ending 31 December 2025, 2026 and 2027 have been determined with reference to the following factors:

1. the historical service fees paid by the Group to CMIT Group for such comprehensive information technology services, which are as follows:

Year ended 31 December		Nine months ended	Year ended
2022	2023	30 September 2024	31 December 2024
RMB118.27 million (approximately HK\$131.41 million as disclosed in 2022 Annual Report)	RMB80.59 million (approximately HK\$89.54 million as disclosed in 2023 Annual Report)	RMB46.48million (equivalent to approximately HK\$51.06 million)	RMB117.31million (equivalent to approximately HK\$128.52 million)

2. the Group’s expected volume of services required from CMIT Group, which is estimated based on the Group’s strategic plans and expected business growth for the three years ending 31 December 2025, 2026 and 2027; and
3. the expected amount of service fees payable by the Group to CMIT Group for the three years ending 31 December 2025, 2026 and 2027.

Report of the Directors

The Group regularly update and enhance its digital planning to align with industry development requirements and emerging technology trends. To provide customers with comprehensive smart services, it is expected that additional information technology services are required from CMIT Group for the implementation of “CM ePort”. This initiative aims to achieve full coverage of the Group’s controlled port areas in Mainland China and overseas. The Group also expects operation in Dachan Bay Port Phase II to commence in the near future. Consequently, it is expected that the Group will require more information technology services from CMIT Group.

As disclosed in the announcement of the Company dated on 23 December 2024, the fees charged by CMIT Group for the information technology services will be determined after arm’s length negotiation between the parties on normal commercial terms, with reference to the expected costs to be incurred in the course of provision of the services, volume and duration of the services required, and the prevailing market prices of the same or similar services offered by independent third parties.

(ii) Basis for determining the annual caps of 2025 Sinotrans Services Framework Agreement (Fee receivable)

The annual caps in respect of the service fees to be received by the Group from Sinotrans & CSC Group for each of the three years ending 31 December 2025, 2026 and 2027 have been determined based on the following factors:

1. the historical aggregate amount of fees for port-related services received by the Group from Sinotrans & CSC Group, which are as follows:

Year ended 31 December		Nine months ended	Year ended
2022	2023	30 September 2024	31 December 2024
RMB34.27 million (approximately HK\$38.08 million as disclosed in 2022 Annual Report)	RMB47.12 million (approximately HK\$52.36 million as disclosed in 2023 Annual Report)	RMB42.90million (equivalent to approximately HK\$47.14 million)	RMB51.12million (equivalent to approximately HK\$56.01 million)

2. the estimated demand from Sinotrans & CSC Group for the Group’s port-related services for the years ending 31 December 2025, 2026 and 2027.

(iii) **Basis for determining the annual caps of 2025 Sinotrans Services Framework Agreement (Fee payable)**

The annual caps in respect of the service fees payable by the Group to Sinotrans & CSC Group have been determined based on the following factors:

1. the historical aggregate amount of fees for cargo transportation and related agency services paid by the Group to Sinotrans & CSC Group, which are as follows:

Year ended 31 December		Nine months ended	Year ended
2022	2023	30 September 2024	31 December 2024
RMB9.75 million (approximately HK\$10.83 million as disclosed in 2022 Annual Report)	RMB7.58 million (approximately HK\$8.42 million as disclosed in 2023 Annual Report)	RMB3.66 million (equivalent to approximately HK\$4.02 million)	RMB9.54 million (equivalent to approximately HK\$10.45 million)

2. the estimated demand from the Group for cargo transportation and related agency services (which are part of the Group's value-added services provided to its customers) for the years ending 31 December 2025, 2026 and 2027.

As disclosed in the announcement of the Company dated on 23 December 2024, it is contemplated that specific agreements will be entered into between the relevant members of the Group and relevant members of the Sinotrans & CSC Group in respect of each transaction within the scope of the 2025 Sinotrans Services Framework Agreement. The specific price for each transaction will be negotiated at arm's length between the respective relevant member of the Group and the Sinotrans & CSC Group at the time when the transaction is entered into.

Save as disclosed above and in the section headed "Related Party Transactions" in note 40 to the consolidated financial statements, there are no other contracts of significance between the Company or any of its subsidiaries, and its controlling shareholders or any of its subsidiaries, at the end of the year or at any time during the year.

The Company confirms that save and except for those connected transactions or continuing connected transactions under the Listing Rules set out in this section headed "Connected Transactions" of the Report of the Directors, the other transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. The connected transactions and continuing connected transactions as disclosed in this section headed "Connected Transactions" of the Report of the Directors have complied with the requirements of Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by HKICPA. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in paragraph (b) of this section in pages 64 to 70 of the Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Report of the Directors

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company had been entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The revenue from sales attributable to the Group's largest customer represented 17.1% of the Group's total revenue in 2024.

The aggregate amount of revenue from sales attributable to the Group's five largest customers combined represented 38.7% of the Group's total revenue in 2024.

The aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases in 2024.

At no time during the year had the Directors, their close associates or any shareholder (whom to the knowledge of the Directors own(s) more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

EMPLOYEES

The Group's key relationships with its employees are set out in the Management Discussion and Analysis on pages 11 to 27 of the Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under Rule 8.08 of the Listing Rules.

AUDITOR

The financial statements have been audited by KPMG who would retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Having regard to the length of Deloitte's tenure, the Board considers that the rotation of the auditor of the Company after an appropriate period of time is a good corporate governance practice. Therefore, Deloitte retired as the auditor of the Company with effect from the conclusion of the 2024 AGM and KPMG was appointed as the new auditor of the Company at the 2024 AGM after Shareholders' approval.

On behalf of the Board

Feng Boming

Chairman

Hong Kong, 31 March 2025



Independent Auditor's Report



TO THE MEMBERS OF

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

招商局港口控股有限公司

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Merchants Port Holdings Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 83 to 205, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the Group's interests in associates

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group invested in a number of associates of which principal activities include ports and other relevant operations.</p> <p>The Group's share of profits of associates for the year ended 31 December 2024 was HK\$6,132 million, representing approximately 68% of the profit for the year of the Group, and the Group's interests in associates was HK\$81,527 million as at 31 December 2024, representing approximately 67% of the net assets of the Group.</p> <p>We identified the accounting for Group's interests in associates as a key audit matter because of the material impact that these entities have on the consolidated financial statements.</p>	<p>Our audit procedures to assess the accounting for the Group's interests in associates included:</p> <ul style="list-style-type: none">evaluating the independence and competence of the auditors of the components that further procedures to be performed ("component auditors");participating in the risk assessment process undertaken by component auditors in respect of their audits of components that further procedures to be performed, and assessing their responses to address those identified risks;understanding and discussing with component auditors on their procedures performed to address the risks identified and their conclusions reached; and assessing the appropriateness of the procedures performed for the purpose of the audit of the consolidated financial statements;discussing with component auditors matters of significance in their audits which could impact the consolidated financial statements, the procedures they performed thereon and their conclusions reached;evaluating management's consolidation adjustments made in respect of associates outside Hong Kong to convert their financial information into HKFRSs by comparing the adjustments to underlying supporting documents or by re-performing the calculations on which the adjustments were based; andassessing whether the financial information of associates after the adjustments made by management was prepared in accordance with the Group's accounting policies and HKFRSs.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of goodwill attributable to ports operation in Mega Shekou Container Terminals Limited ("MSCT") and TCP Participações S.A. ("TCP")

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the Group had goodwill with carrying amount of HK\$4,565 million attributable to the ports operation in MSCT and TCP, which accounted for 93% of the total goodwill of the Group's consolidated financial statements.</p> <p>Management performed annual goodwill impairment test by comparing the recoverable amounts of the respective cash generating units ("CGU") against the carrying amount. Management determines the recoverable amounts of the CGU determined based on value in use ("VIU"), which is the present value of the discounted cash flow forecasts expected to be derived from the Group's respective CGU.</p> <p>Significant management's judgements and assumptions is involved in the preparation of the discounted cash flow forecasts. The key assumptions adopted by management included the revenue growth rates and discount rates.</p> <p>We identified the impairment assessment of goodwill attributable to ports operation in MSCT and TCP as a key audit matter as the goodwill impairment assessments prepared by management involve significant judgement and assumptions which could be subject to management bias.</p>	<p>Our audit procedures to assess the impairment assessment of goodwill of the Group's ports operation in MSCT and TCP included:</p> <ul style="list-style-type: none">• understanding and assessing the design and implementation of key controls of the goodwill impairment assessment, including the identification of CGU, the preparation of discounted cash flow forecasts, and assumptions used in the calculation of VIU;• assessing the historical reliability of management's forecasting process by comparing the actual results for the current year with management's forecast prepared in the previous year;• evaluating the reasonableness of the key assumptions used in the cash flow forecasts, such as revenue growth rates, taking into consideration the industry forecasts and market developments, the Group's management approved budgets, plans and the historical performance;• with assistance from our internal valuation specialists, assessing the methodology applied by management in its discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards, and assessing whether the discount rates adopted in the discounted cash flow forecasts were comparable with those of companies in the same industry;

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of goodwill attributable to ports operation in Mega Shekou Container Terminals Limited ("MSCT") and TCP Participações S.A. ("TCP") (continued)

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">performing sensitivity analyses on the key assumptions, including revenue growth rates and the discount rates adopted by management to assess the impact of changes on the conclusion reached in management's impairment assessments and considering whether there were any indicators of management bias in the key assumptions adopted; andassessing the reasonableness of the disclosures on the impairment assessment of goodwill attributable to ports operation in MSCT and TCP with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Ling Tak.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Note	2024 HK\$'million	2023 HK\$'million
Revenue	4	11,842	11,482
Cost of sales		(6,346)	(6,327)
Gross profit		5,496	5,155
Other income and other gains, net	7	1,045	498
Administrative expenses		(1,457)	(1,410)
Finance income	11	399	444
Finance costs	11	(1,718)	(1,774)
Finance costs, net	11	(1,319)	(1,330)
Share of profits less losses of			
Associates		6,132	5,269
Joint ventures		381	377
		6,513	5,646
Profit before taxation		10,278	8,559
Taxation	12	(1,197)	(1,174)
Profit for the year	6	9,081	7,385
Attributable to:			
Equity holders of the Company		7,919	6,233
Holders of perpetual capital securities		61	191
Non-controlling interests		1,101	961
Profit for the year		9,081	7,385
Earnings per share for profit attributable to equity holders of the Company	14		
Basic (HK dollars)		1.886	1.532

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 HK\$'million	2023 HK\$'million
Profit for the year	9,081	7,385
Other comprehensive (expense)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	(3,997)	(1,266)
Release of reserves upon disposal of a subsidiary	—	109
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net actuarial (loss)/gain on defined benefit plans of subsidiaries	(62)	9
Surplus on revaluation of an owner occupied property upon change of use to investment property	—	52
Share of other reserves of associates	242	1,026
Share of net actuarial loss on defined benefit plans of associates and a joint venture	(5)	(16)
Total other comprehensive expense for the year, net of tax	(3,822)	(86)
Total comprehensive income for the year	5,259	7,299
Total comprehensive income attributable to:		
Equity holders of the Company	4,772	6,078
Holders of perpetual capital securities	61	191
Non-controlling interests	426	1,030
	5,259	7,299

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK\$'million	2023 HK\$'million
ASSETS			
Non-current assets			
Goodwill	15	4,908	5,627
Intangible assets	15	7,964	8,718
Property, plant and equipment	16	22,467	21,145
Right-of-use assets	17	15,464	15,398
Investment properties	18	5,818	8,229
Interests in associates	20	81,527	79,861
Interests in joint ventures	21	8,514	8,327
Other financial assets	22	5,785	6,801
Other non-current assets	23	147	133
Deferred tax assets	33	315	364
		152,909	154,603
Current assets			
Inventories	24	234	187
Other financial assets	22	2,772	3,338
Debtors, deposits and prepayments	25	2,142	1,849
Taxation recoverable		7	6
Cash and bank balances	26	11,410	12,331
		16,565	17,711
Total assets		169,474	172,314

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK\$'million	2023 HK\$'million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	48,731	48,731
Reserves		52,424	51,409
Proposed dividend	13	2,670	2,015
		103,825	102,155
Perpetual capital securities	28	1,523	1,522
Non-controlling interests	19(b)	16,084	17,168
Total equity		121,432	120,845
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	30	13,406	20,246
Lease liabilities	31	1,494	1,094
Other non-current liabilities	32	4,471	5,231
Deferred tax liabilities	33	4,610	4,529
		23,981	31,100
Current liabilities			
Creditors and accruals	34	3,826	3,399
Bank and other borrowings	30	19,542	16,062
Lease liabilities	31	106	88
Taxation payable		587	820
		24,061	20,369
Total liabilities		48,042	51,469
Total equity and liabilities		169,474	172,314
Net current liabilities		(7,496)	(2,658)
Total assets less current liabilities		145,413	151,945

The consolidated financial statements on pages 83 to 205 were approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

Mr. Feng Boming
DIRECTOR

Mr. Xu Song
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company				Perpetual capital securities	Non-controlling interests	Total
		Share capital HK\$'million	Other reserves HK\$'million (note 29)	Retained earnings HK\$'million	Total HK\$'million	HK\$'million	HK\$'million	HK\$'million
As at 1 January 2024		48,731	695	52,729	102,155	1,522	17,168	120,845
Comprehensive income								
Profit for the year		—	—	7,919	7,919	61	1,101	9,081
Other comprehensive (expense)/income								
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures		—	(3,347)	—	(3,347)	—	(650)	(3,997)
Net actuarial loss on defined benefit plans of subsidiaries		—	—	(37)	(37)	—	(25)	(62)
Share of other reserves of associates		—	242	—	242	—	—	242
Share of net actuarial loss on defined benefit plans of associates and a joint venture		—	—	(5)	(5)	—	—	(5)
Total other comprehensive expense for the year, net of tax		—	(3,105)	(42)	(3,147)	—	(675)	(3,822)
Total comprehensive (expense)/income for the year		—	(3,105)	7,877	4,772	61	426	5,259
Transactions with owners								
Transfer to statutory reserve		—	127	(127)	—	—	—	—
Acquisition of subsidiaries		—	—	—	—	—	418	418
Share of other changes in equity attributable to equity holders of associates and joint ventures		—	(37)	—	(37)	—	—	(37)
Distribution to holders of perpetual capital securities	28	—	—	—	—	(60)	—	(60)
Dividends		—	—	(3,065)	(3,065)	—	(1,928)	(4,993)
Total transactions with owners for the year		—	90	(3,192)	(3,102)	(60)	(1,510)	(4,672)
As at 31 December 2024		48,731	(2,320)	57,414	103,825	1,523	16,084	121,432

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company				Perpetual capital securities	Non-controlling interests	Total
		Share capital HK\$'million	Other reserves HK\$'million (note 29)	Retained earnings HK\$'million	Total HK\$'million	HK\$'million	HK\$'million	HK\$'million
As at 1 January 2023		46,668	474	49,827	96,969	6,246	19,361	122,576
Adjustments for adoption of amendments to HKAS 12		—	—	53	53	—	9	62
As at 1 January 2023 (adjusted)		46,668	474	49,880	97,022	6,246	19,370	122,638
Comprehensive income								
Profit for the year		—	—	6,233	6,233	191	961	7,385
Other comprehensive (expense)/income								
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures		—	(1,324)	—	(1,324)	—	58	(1,266)
Release of reserve upon disposal of a subsidiary	37	—	57	52	109	—	—	109
Net actuarial (loss)/gain on defined benefit plans of subsidiaries		—	—	(2)	(2)	—	11	9
Surplus on revaluation of an owner occupied property upon change of use to investment property		—	52	—	52	—	—	52
Share of other reserves of associates		—	1,026	—	1,026	—	—	1,026
Share of net actuarial loss on defined benefit plans of associates and joint ventures		—	—	(16)	(16)	—	—	(16)
Total other comprehensive (expense)/income for the year, net of tax		—	(189)	34	(155)	—	69	(86)
Total comprehensive (expense)/income for the year		—	(189)	6,267	6,078	191	1,030	7,299
Transactions with owners								
Issue of shares in lieu of dividends	27	2,063	—	—	2,063	—	—	2,063
Transfer to statutory reserve		—	107	(107)	—	—	—	—
Acquisition of additional interest in a subsidiary	19 (e)	—	1	—	1	—	(878)	(877)
Disposal of a subsidiary	37	—	—	—	—	—	(1,941)	(1,941)
Contribution from immediate holding company		—	1	—	1	—	—	1
Share of other changes in equity attributable to equity holders of associates and joint ventures		—	301	—	301	—	—	301
Capital injection to a subsidiary		—	—	—	—	—	89	89
Distribution to holders of perpetual capital securities	28	—	—	—	—	(225)	—	(225)
Redemption of the perpetual capital securities		—	—	—	—	(4,690)	—	(4,690)
Dividends		—	—	(3,311)	(3,311)	—	(502)	(3,813)
Total transactions with owners for the year		2,063	410	(3,418)	(945)	(4,915)	(3,232)	(9,092)
As at 31 December 2023		48,731	695	52,729	102,155	1,522	17,168	120,845

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK\$'million	2023 HK\$'million
Cash flows from operating activities			
Net cash inflow from operations	36(a)	6,759	6,064
Hong Kong Profits Tax paid		(2)	(11)
PRC corporate income tax paid		(407)	(449)
Overseas profits tax paid		(358)	(223)
Withholding tax paid on dividends received		(161)	(177)
Dividends received from associates and joint ventures		2,716	2,034
Net cash generated from operating activities		8,547	7,238
Cash flows from investing activities			
Proceeds from withdrawal of other deposits and structured deposits		16,892	18,569
Repayment from an associate		18	3,295
Proceeds from disposal of a subsidiary (net of cash and bank balances disposed of, tax paid, and payment of costs attributable to the disposal)	37	—	1,841
Interest income received		252	442
Payment for acquisition of subsidiaries (net of cash and cash equivalents acquired)	38	(321)	—
Proceeds from disposal of a subsidiary in prior year		—	146
Proceeds from disposal of property, plant and equipment		62	9
Proceeds from disposal of financial assets at FVTPL		1,219	2
Placement of other deposits and structured deposits		(16,160)	(20,425)
Purchase of property, plant and equipment, investment properties, intangible assets and right-of-use assets		(1,199)	(1,309)
Investments in associates and joint ventures		(176)	(1)
Tax payments relating to resumption of land parcels in previous years		(246)	—
Proceeds from disposal of interests of an associate		4	—
Net cash generated from investing activities		345	2,569
Net cash inflow before financing activities carried forward		8,892	9,807

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$'million	2023 HK\$'million
Net cash inflow before financing activities brought forward	8,892	9,807
Cash flows from financing activities		
Proceeds from bank loans	11,523	22,634
Loans from fellow subsidiaries	—	535
Advances from associates	68	179
Capital contribution from non-controlling equity holders of a subsidiary	—	89
Repayment of bank loans	(14,341)	(12,463)
Repayment of notes payable	—	(7,033)
Redemption of perpetual capital securities	—	(4,690)
Interests paid	(1,431)	(1,700)
Repayment of loan from immediate holding company	—	(1,324)
Dividends paid to ordinary shareholders	(3,065)	(1,248)
Acquisition of additional interests in a subsidiary	—	(877)
Dividends paid to non-controlling equity holders of subsidiaries	(1,884)	(434)
Repayment of loans from a fellow subsidiary	(264)	(388)
Distribution paid to holders of perpetual capital securities	(60)	(225)
Repayment of lease liabilities	(150)	(96)
Repayment of advance from an associate	(33)	(67)
Net cash used in financing activities	(9,637)	(7,108)
(Decrease)/increase in cash and cash equivalents	(745)	2,699
Cash and cash equivalents at 1 January	12,283	9,625
Effect of foreign exchange rate changes	(175)	(41)
Cash and cash equivalents at 31 December, represented by cash and bank balances	11,363	12,283



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

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

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

As at 31 December 2024, CMPG, a company established in PRC and whose shares are listed on the Shenzhen Stock Exchange. CMPG Group directly and indirectly held 49.67% of the total issued share capital of the Company. Pursuant to an entrustment agreement with CMHK, a company incorporated in Hong Kong and an indirect subsidiary of CMG (the "Acting in Concert Agreement"), CMPG has the power to direct the voting right over approximately 21.85% of the total issued share capital of the Company held by CMU, a company incorporated in the British Virgin Islands held as to 50% by CMG, and accordingly, has the power to direct the voting right over 71.13% of the total issued share capital of the Company. The directors of the Company regard therefore CMPG as immediate holding company.

CMG, directly and indirectly, including through CMPG Group as described above, and its other subsidiaries held an effective interest of approximately 37.82% of the issued share capital of the Company. CMG therefore, directly and indirectly, including through CMPG and its subsidiaries, and CMU, has the power to direct voting right over approximately 71.76% of the total issued share capital of the Company. Accordingly, the directors of the Company regard CMG as being the ultimate holding company.

CMG is a state-owned enterprise registered in PRC and regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council, PRC government.

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

The consolidated financial statements are presented in HK\$ which is the Company's functional currency.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA and Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by Listing Rules.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of investment properties, financial assets at FVTPL and equity instruments at FVTOCI, which are carried at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the result of the valuation technique equals the transaction price.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(i) *Amendments to HKFRS that are mandatorily effective for the current year*

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of amendments to HKFRS in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

- (ii) *New and amendments to HKFRS in issue but are not yet effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group*

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note
Amendments to HKAS 21 and HKFRS 1	The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Financial instruments and Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and disclosure in financial statements	1 January 2027
HKFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027

Note: Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of the new and amendments to HKFRS will have no material impact on the consolidated financial statements in the foreseeable future.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at 31 December.

(i) *Subsidiaries*

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect the returns of the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it the power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(i) Subsidiaries (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full on consolidation.

Non-controlling interests represent the portion of the net assets of the relevant subsidiaries attributable to interests that are not owned by the Company upon liquidation, whether directly or indirectly and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

(a) Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(i) Subsidiaries (continued)

(a) Business combinations (continued)

The Group applies the acquisition method of account for business combinations, other than business combination under common control. The consideration transferred for the acquisition of a subsidiary is the aggregate fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or ("HK(IFRIC)-Int 21 "Levies"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities and contingent liabilities assumed are initially recognised at their fair values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(i) Subsidiaries (continued)

(a) Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisition-related costs are expensed as incurred.

When a business combination is achieved in stages, the acquirer’s previously held interest in the acquiree is remeasured to fair value at the latest acquisition date and the resulting gain or loss, if any, is recognised in the profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 “Financial Instruments” would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of net assets attributable to non-controlling interests over the net identifiable assets acquired and liabilities assumed as at acquisition date. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of profit or loss as a bargain purchase gain after reassessment of all identifiable assets and liabilities.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(i) *Subsidiaries (continued)*

(b) *Asset acquisitions*

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(c) *Optional concentration test*

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

(d) *Changes in ownership interests in existing subsidiaries without change of control*

Transactions with non-controlling interests that do not result in change of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interest's proportional interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(i) *Subsidiaries (continued)*

(e) *Disposal of subsidiaries or cash-generating units ("CGU")*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or a financial asset. Difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary attributable to the owners of the Company is recognised in the consolidated statement of profit or loss. In addition, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss, or transferred to another category of equity as specified/ permitted by applicable HKFRS.

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

(ii) *Associates and joint ventures*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating party has unilateral control over the economic activity.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(ii) *Associates and joint ventures (continued)*

The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. For associates and joint ventures using accounting policies that differ from those of the Group for like transactions and events in similar circumstances, appropriate adjustments have been made to conform the accounting policies of the associates and/or the joint ventures to those of the Group. Under the equity method, an investment is initially recognised at cost from the date on which the investee becomes an associate or a joint venture, and the carrying amount is increased or decreased to adjust for the post-acquisition changes in the investor's share of the net assets of the investee after the date of acquisition. The Group's interests in associates and joint ventures include goodwill identified on acquisition.

The Group's share of profits or losses of associates and joint ventures is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in that associate or joint venture, including any long-term interests that in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its shares of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates or joint ventures are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Consolidation (continued)

(ii) *Associates and joint ventures (continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retain an interest of the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to the consolidated statement of profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

If the ownership interest in an associate or a joint venture is reduced but the Group continues to use the equity method, the difference between the carrying amount of the underlying assets and liabilities attributable to the interests disposed of and the consideration received, if any, is credited or charged to the profit or loss as gain/loss on disposal of interest in associates and/or joint ventures. In addition, the proportionate share of the amounts relating to that reduction in ownership interest previously recognised in other comprehensive income is reclassified to profit or loss if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Company that makes strategic decisions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated statement of profit or loss, except for exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets and are regarded as an adjustment to interest costs on those foreign currency borrowings.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other income and other gains, net".

Translation differences on non-monetary financial assets, such as equity investments classified as FVTOCI, are included in other comprehensive income.

(iii) *Group companies*

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the year end exchange rate;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the year end exchange rate. Exchange differences arising therefrom are recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Foreign currency translation (continued)

(iv) *Disposal and partial disposal of foreign operation*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to consolidated statement of profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to consolidated statement of profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly leasehold land and buildings, harbour works, buildings and dockyard, plant, machinery, furniture and equipment, vessels and ships, motor vehicles and leasehold improvements. All property, plant and equipment other than assets under construction are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the period in which they are incurred.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.5 Property, plant and equipment (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Leasehold land commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land and depreciation of other assets is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Shorter of remaining lease term of 50 years or useful life
Buildings	Shorter of the lease term or 30 years
Harbour works, buildings and dockyard	8 to 50 years
Plant and machinery	3 to 20 years
Furniture and equipment	3 to 20 years
Vessels and ships	10 to 25 years
Motor vehicles	5 to 10 years
Leasehold improvements	Shorter of the lease term or 5 to 20 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other income and other gains, net” in the consolidated statement of profit or loss.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in equity. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained earnings.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose. Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the consolidated statement of profit or loss as part of a valuation gain or loss in "other income and other gains, net".

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

An investment property is transferred to property, plant and equipment at the fair value when there is a change of use, as evidenced by commencement of owner-occupation of the relevant properties.

2.7 Goodwill and intangible assets

(i) Goodwill

Goodwill arising on the acquisition of a business represents the excess of the aggregate of the consideration transferred and the fair value of net assets attributable to non-controlling interest (note 2.2) over the net identifiable assets acquired and, liabilities and contingent liabilities assumed as at acquisition date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Goodwill and intangible assets (continued)

(ii) *Port operating rights*

Port operating right primarily resulted from the entering of agreement for the right to construct, operate, manage and develop container terminals. Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using an economic usage basis which is based on the ratio of minimum guaranteed output volume compared to the total minimum guaranteed output volume over the periods which the Group is granted the operating rights on the relevant container terminals. When the pattern of consumption of future economic benefits of the asset cannot be determined reliably, the straight-line method over the period in which the Group operates the relevant terminals is used. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) *Other intangible assets*

Other intangible assets acquired are recognised at fair value at the acquisition date. For those items having finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over the expected life of 5 to 50 years. Those with indefinite useful lives that are acquired in a business combination are carried at cost less any subsequent accumulated impairment losses.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss in the period when the asset is derecognised.

2.8 Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

Property, plant and equipment, right-of-use assets and intangible assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the recoverable amount of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs. In addition, corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss. Property, plant and equipment, right-of-use assets and intangible assets other than goodwill that suffered from an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Financial assets

(i) Classification

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Financial assets (continued)

(ii) Recognition and measurement

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

At the date of initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income and other gains, net" line item in the consolidated statement of profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other income and other gains, net" line item in the consolidated statement of profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Financial assets (continued)

(iii) *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.11 Impairment of financial assets and financial guarantee contracts

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets and financial guarantee contracts which are subject to impairment assessment under HKFRS 9 (including trade debtors, other debtors and other financial assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the trade debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors. The ECL on these assets are assessed individually for trade debtors with significant balances and collectively for others based on internal credit rating with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Impairment of financial assets and financial guarantee contracts (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Impairment of financial assets and financial guarantee contracts (continued)

Definition of default

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Impairment of financial assets and financial guarantee contracts (continued)

Measurement and recognition of ECL (continued)

For financial guarantee contracts, the Group is required to make payments only in the event of a default by the debtors in accordance with the terms of the instruments that are guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the holders, the debtors or any other parties.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade debtors and other debtors are assessed as a separate group. Amounts due from/advances to intermediate holding company/immediate holding company/fellow subsidiaries/associates/joint ventures, compensation receivable from SLRC and dividend receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors where the corresponding adjustment is recognised through a loss allowance account.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.13 Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection from debtors are expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.14 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

2.15 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Financial liabilities including bank and other borrowings and creditors and accruals are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10%.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), is held primarily for trading, or the Group has no unconditional right to defer the settlement for at least 12 months after the end of the reporting period. If not, they are presented as non-current liabilities.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(i) *Current income tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 Current and deferred income tax (continued)

(ii) *Deferred tax*

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the economic benefits embodied in the properties will be recovered).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 Current and deferred income tax (continued)

(ii) *Deferred tax (continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is provided on temporary differences arising on interests in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(iii) *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2.19 Employee benefits

(i) *Pension obligations*

Group companies operate various pension schemes contribution. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Employee benefits (continued)

(i) Pension obligations (continued)

The Group contributes to defined contribution provident funds, including the scheme set up under MPF Scheme, which are available to all employees in Hong Kong. In accordance with the terms of the provident funds, contributions to the schemes by the Group and the employees are calculated as a percentage of the employees' basic salaries. For the MPF Scheme, both the employees and the employer are required to contribute 5% of the employees' monthly salaries up to a specified maximum amount ("mandatory contribution") and employees can choose to make additional contributions. The employees are entitled to 100% of the employer's mandatory contributions upon their retirement age of 65 years old, death or total incapacity. For the schemes other than the MPF Scheme, the unvested benefits of employees forfeited upon termination of employment can be utilised by the Group to reduce future levels of contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service), until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Employee benefits (continued)

(i) Pension obligations (continued)

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Employee benefits (continued)

(ii) *Other post-employment obligations*

The Group also participates in the employee retirement benefits plan of the respective governments in various jurisdiction where the Group operates. The Group is required to make monthly contributions calculated as a percentage of the monthly payroll costs and the respective municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group.

The Group's contributions to the schemes are expensed as incurred.

(iii) *Termination obligations*

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise provision for assets relocation and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering all similar obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting period using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as contingent liability of the Group and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group’s performance in transferring control of services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group’s performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Revenue from contracts with customers (continued)

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

2.23 Leases

(i) *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) *The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Leases (continued)

(ii) The Group as a lessee (continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of plant, machinery, furniture and equipment, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase option, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Leases (continued)

(ii) The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Leases (continued)

(ii) *The Group as a lessee (continued)*

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(iii) *The Group as a lessor*

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Leases (continued)

(iii) *The Group as a lessor (continued)*

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements of the Company in the period in which the dividends are authorised by the Company's shareholders.

Dividends proposed before the consolidated financial statements were authorised for issue but not yet authorised by the Company's shareholders during the period is presented separately as proposed dividend under equity.

2.25 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income and other gains, net".

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over investees accounted for as subsidiaries

Certain entities are considered to be subsidiaries of the Company despite the interests therein are not more than 50% of the issued share capital/registered capital of the relevant entities. Based on the contractual power pursuant to the relevant shareholders' agreements between the Group and the other shareholders, the Group has voting rights in the respective investees sufficient to give it the practical ability to direct the relevant activities of each of these investees unilaterally, and hence has control over these investees. Accordingly, those entities are accounted for as subsidiaries of the Company. Further details are set out in note 41.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests, at least annually, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7. The recoverable amounts of CGUs (or group of CGUs) have been determined based on value in use calculations, where the key input parameters include future growth rates and discount rates which are determined based on the valuation performed by independent professional valuer. These calculations require the use of estimates. Where the actual future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, an impairment loss may arise. Details of the impairment assessment are set out in note 15(b).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

Deferred tax asset

As at 31 December 2024, a deferred tax asset of HK\$6 million (2023: HK\$6 million) in relation to unused tax losses has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the unused tax losses of HK\$682 million (2023: HK\$1,072 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and expected actions by competitors or potential competitors in response to changes in market demands. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write down or write off technically obsolete or non-strategic assets that have been abandoned or sold.

4. REVENUE

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

	2024 HK\$'million	2023 HK\$'million
Terminal handling charge, representing loading of cargos and containers on and off vessels at the Group's port terminals, stevedoring and the auxiliary services	10,992	10,680
Warehousing services income, representing temporary storage of cargos and containers, customs clearance services and the auxiliary services	639	593
Revenue from contracts with customers	11,631	11,273
Gross rental income from investment properties (Note)	211	209
	11,842	11,482

Note: Direct operating expenses incurred for gross rental income from investment properties amounted to HK\$66 million (2023: HK\$47 million) during the year ended 31 December 2024.



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4. REVENUE (CONTINUED)

Performance obligations for contracts with customers and revenue recognition policies

Terminal handling services

The Group provides terminal handling services as described above. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these services based on the contract prices, net of discounts, if any. Refund liabilities are recognised at the end of each reporting period for expected discounts payable to customers in relation to sales.

Warehousing services

The Group provides warehousing services as described above. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these services based on the contract prices.

5. 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

5. SEGMENT INFORMATION (CONTINUED)

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

During the current year, one (2023: one) customer has accounted for over 10% of the Group's total revenue amounting to HK\$2,028 million (2023: HK\$1,845 million).

The Group's revenue by geographical areas of operations and information about its non-current assets other than other financial assets set out in note 22 and deferred tax assets presented based on the geographical areas in which the assets are located are as follows:

	Revenue		Non-current assets	
	2024 HK\$'million	2023 HK\$'million	2024 HK\$'million	2023 HK\$'million
Mainland China, Hong Kong and Taiwan	6,004	6,348	102,995	102,424
Brazil	2,237	1,977	7,351	9,579
Other locations	3,601	3,157	36,463	35,435
	11,842	11,482	146,809	147,438

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5. SEGMENT INFORMATION (CONTINUED)

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

	For the year ended 31 December 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	4,178	—	39	1,002	5,773	10,992	639	211	—	11,842
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	1,529	133	437	29	2,909	5,037	259	83	(295)	5,084
Share of profits less losses of										
– Associates	554	4,663	162	465	479	6,323	7	(198)	—	6,132
– Joint ventures	1	—	171	5	180	357	31	(7)	—	381
	2,084	4,796	770	499	3,568	11,717	297	(122)	(295)	11,597
Finance costs, net	(20)	—	—	(23)	(111)	(154)	(3)	(12)	(1,150)	(1,319)
Taxation	(272)	(220)	(102)	(18)	(546)	(1,158)	(45)	6	—	(1,197)
Profit/(loss) for the year	1,792	4,576	668	458	2,911	10,405	249	(128)	(1,445)	9,081
Holders of perpetual capital securities	—	—	—	—	—	—	—	—	(61)	(61)
Non-controlling interests	(307)	—	—	(199)	(533)	(1,039)	(65)	3	—	(1,101)
Profit/(loss) attributable to equity holders of the Company	1,485	4,576	668	259	2,378	9,366	184	(125)	(1,506)	7,919
Other information:										
Depreciation and amortisation	655	—	1	307	1,043	2,006	104	11	24	2,145
Capital expenditure	429	—	—	51	884	1,364	95	11	8	1,478

5. SEGMENT INFORMATION (CONTINUED)

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

For the year ended 31 December 2023										
	Ports operation						Bonded logistics operation	Other investments	Corporate function	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta HK\$'million	Yangtze River Delta HK\$'million	Bohai Rim HK\$'million	Others HK\$'million	HK\$'million	HK\$'million				
Revenue	3,874	621	85	1,011	5,089	10,680	593	209	—	11,482
Earnings/(losses) before finance costs, net, taxation and share of profits less losses of associates and joint ventures	1,372	300	135	46	2,393	4,246	234	109	(346)	4,243
Share of profits less losses of										
– Associates	108	4,239	194	50	311	4,902	9	358	—	5,269
– Joint ventures	1	—	178	5	205	389	1	(13)	—	377
	1,481	4,539	507	101	2,909	9,537	244	454	(346)	9,889
Finance costs, net	(28)	(1)	1	(22)	(65)	(115)	(1)	(19)	(1,195)	(1,330)
Taxation	(312)	(288)	(49)	(28)	(426)	(1,103)	(39)	(32)	—	(1,174)
Profit/(loss) for the year	1,141	4,250	459	51	2,418	8,319	204	403	(1,541)	7,385
Holders of perpetual capital securities	—	—	—	—	—	—	—	—	(191)	(191)
Non-controlling interests	(218)	(94)	—	(30)	(559)	(901)	(62)	2	—	(961)
Profit/(loss) attributable to equity holders of the Company	923	4,156	459	21	1,859	7,418	142	405	(1,732)	6,233
Other information:										
Depreciation and amortisation	668	113	1	312	963	2,057	113	15	24	2,209
Capital expenditure	316	25	—	181	862	1,384	466	22	1	1,873

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5. SEGMENT INFORMATION (CONTINUED)

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

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

	As at 31 December 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)	17,544	2,257	59	10,004	31,226	61,090	3,173	8,180	6,668	79,111
Interests in associates	4,292	44,227	4,895	2,719	8,864	64,997	584	15,946	—	81,527
Interests in joint ventures	8	—	2,891	292	4,650	7,841	301	372	—	8,514
Total segment assets	21,844	46,484	7,845	13,015	44,740	133,928	4,058	24,498	6,668	169,152
Tax recoverable										7
Deferred tax assets										315
Total assets										169,474
LIABILITIES										
Segment liabilities	2,308	—	20	1,576	6,246	10,150	562	339	31,794	42,845
Taxation payable										587
Deferred tax liabilities										4,610
Total liabilities										48,042

5. SEGMENT INFORMATION (CONTINUED)

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

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

6. PROFIT FOR THE YEAR

	2024 HK\$'million	2023 HK\$'million
Profit for the year has been arrived at after charging:		
Staff costs (including directors' emoluments) (note 8)	2,288	2,125
Depreciation of property, plant and equipment	1,336	1,418
Depreciation of right-of-use assets	496	495
Amortisation of intangible assets	313	296
Auditor's remuneration		
– Audit and audit related services	11	10
– Non-audit services	2	1

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7. OTHER INCOME AND OTHER GAINS, NET

	2024 HK\$'million	2023 HK\$'million
Net loss on disposal of property, plant and equipment and right-of-use assets	(13)	(22)
Gain on disposal of a subsidiary (note 37)	—	115
Net change in fair value of financial assets at FVTPL		
– equity investments	475	59
– structured deposits	36	40
Net change in fair value of investment properties (note 18)	(25)	(7)
Net reversal for credit losses of trade debtors and other debtors	403	29
Net exchange losses	(135)	(78)
Dividend income from equity investments	80	86
Government grants	135	145
Impairment loss of interest in a joint venture	(9)	—
Deemed gain from share repurchases of an associate	16	—
Others	82	131
	1,045	498

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK\$'million	2023 HK\$'million
Wages, salaries and bonus	1,993	1,808
Equity-settled share based payment	—	1
Retirement benefit scheme contributions	295	316
	2,288	2,125

9. DIRECTORS' EMOLUMENTS

Directors' emoluments comprise payments to the following directors by the Group in connection with their service to and management of the affairs of the Group. The amount paid to each director was as follows:

Name of Director	Fees HK\$'million	Salary HK\$'million	Discretionary bonus HK\$'million (Note (i))	Employer's contribution to pension scheme HK\$'million	2024 Total HK\$'million	2023 Total HK\$'million
<i>Executive Directors:</i>						
Xu Song (Note (ii))	—	1.33	1.08	0.40	2.81	2.69
Lu Yongxin (Note (iii))	—	1.20	1.00	0.39	2.59	2.37
Tu Xiaoping	—	1.27	1.04	0.31	2.62	2.64
Wang Xiufeng (Note (iv))	N/A	N/A	N/A	N/A	N/A	1.83
<i>Non-executive Directors:</i>						
Feng Boming (Note (v))	—	—	—	—	—	—
Yim Kong	—	1.20	1.16	0.02	2.38	2.58
Yang Guolin (Note (vi))	—	0.98	0.85	0.34	2.17	2.44
<i>Independent non-executive Directors:</i>						
Chan Hiu Fung Nicholas	0.30	—	—	—	0.30	0.30
Chan Yuen Sau Kelly (Note (vii))	0.30	—	—	—	0.30	0.24
Li Ka Fai David	0.30	—	—	—	0.30	0.30
Wong Chi Wing (Note (viii))	0.30	—	—	—	0.30	0.13
Wong Pui Wah	0.30	—	—	—	0.30	0.30
Total for the year ended 31 December 2024	1.50	5.98	5.13	1.46	14.07	
Total for the year ended 31 December 2023	1.27	6.35	6.67	1.53		15.82

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

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9. DIRECTORS' EMOLUMENTS (CONTINUED)

Notes:

- (i) Bonus is recommended by the Remuneration Committee and is approved by the Board of Directors, having regard to the Group's operating results, individual performance and comparable market statistics.
- (ii) Mr. Xu Song has been redesignated from the Managing Director of the Company to the Vice Chairman of the Board of Directors and the Chief Executive Officer of the Company on 24 July 2023.
- (iii) Mr. Lu Yongxin has been appointed as the Managing Director of the Company on 24 July 2023.
- (iv) Mr. Wang Xiufeng resigned as the Vice Chairman of the Board of Director, the Chief Executive Officer and an executive director of the Company on 24 July 2023.
- (v) Mr. Feng Boming has been appointed as the Chairman of the Board of Directors and a non-executive director of the Company on 24 July 2023.
- (vi) Mr. Yang Guolin has resigned as a non-executive director of the Company on 13 December 2024.
- (vii) Ms. Chan Yuen Sau Kelly was appointed as an independent non-executive director of the Company on 21 March 2023.
- (viii) Mr. Wong Chi Wing has been appointed as an independent non-executive director of the Company on 24 July 2023.
- (ix) There was no arrangement under which a director agreed to waive any remuneration during the year. No remuneration or director's fee from the Company were paid to the executive directors who had not entered into employment contract with the Company.

10. EMPLOYEES' EMOLUMENTS

(a) Emoluments of key management

Of the ten (2023: ten) key management of the Company for the year ended 31 December 2024, five (2023: six) of them are directors of the Company and their remuneration has been disclosed in note 9. The total emoluments of the remaining five (2023: four) key management is as follows:

	2024 HK\$'million	2023 HK\$'million
Salaries, other allowances and benefit-in-kinds	4	4
Performance related incentive payments	3	3
	<u>7</u>	<u>7</u>

The emoluments fell within the following bands:

	Number of key management	
	2024	2023
Below HK\$1,500,000	2	1
HK\$1,500,001 - HK\$2,000,000	3	2
HK\$2,000,001 - HK\$2,500,000	—	1
	<u>5</u>	<u>4</u>

10. EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, five are Directors (2023: five are Directors) whose emoluments are included in note 9.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the Directors or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or the chief executive of the Group waived any emoluments during the years ended 31 December 2024 and 2023.

11. FINANCE INCOME AND COSTS

	2024 HK\$'million	2023 HK\$'million
Finance income from:		
Interest income from bank and other deposits	302	227
Interest income from advance to a joint venture	82	62
Interest income from advances to associates	15	155
	399	444
Interest expense on:		
Bank loans	(792)	(647)
Notes payable	(588)	(782)
Loans from:		
– a fellow subsidiary	(6)	(21)
– immediate holding company	—	(12)
Lease liabilities	(72)	(50)
Others	(260)	(262)
Finance costs	(1,718)	(1,774)
Finance costs, net	(1,319)	(1,330)

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12. 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 year.

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

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

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

	2024 HK\$'million	2023 HK\$'million
Current taxation		
Hong Kong Profits Tax	5	4
PRC corporate income tax	443	383
PRC capital gain tax	—	143
Overseas profits tax	395	307
Withholding income tax	129	116
Deferred taxation		
Origination and reversal of temporary differences	225	221
	1,197	1,174

12. TAXATION (CONTINUED)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	2024 HK\$'million	2023 HK\$'million
Profit before taxation (excluding share of profits less losses of associates and joint ventures)	3,765	2,913
Expected tax calculated at the weighted average applicable tax rate	1,193	950
Income not subject to tax	(712)	(532)
Expenses not deductible for tax purposes	238	230
Tax losses and other temporary differences not recognised	24	38
Utilisation of previously unrecognised tax losses	(7)	(15)
Withholding tax on earnings of subsidiaries, associates and joint ventures	461	503
Tax charge	1,197	1,174

The weighted average applicable tax rate was 31.7% (2023: 32.6%).

Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on 1 January 2024.

Consequently, the Group has become liable to Pillar Two income tax for the first time. The management of the Group assessed that there would be no material impact. No related top-up tax expense was recognised for the year ended 31 December 2024. Nonetheless, the impact is dependent upon the ongoing evolution of rules and guidance.

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13. DIVIDENDS

	2024 HK\$'million	2023 HK\$'million
Interim, paid, of HK\$0.25 (2023: HK\$0.22) per ordinary share	1,050	909
Final, proposed, of HK\$0.636 (2023: HK\$0.48) per ordinary share	2,670	2,015
	3,720	2,924

At a meeting held on 31 March 2025, the Board proposed a final cash dividend of HK\$0.636 per ordinary share (2023: HK\$0.48). This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

The amount of proposed final dividend for 2024 was based on 4,198,009,186 (2023: 4,198,009,186) shares in issue as at 31 March 2025.

Details of scrip dividends are set out in note 27.

14. 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:

	2024	2023
Basic		
Profit attributable to equity holders of the Company (HK\$'million)	7,919	6,233
Weighted average number of ordinary shares in issue	4,198,009,186	4,068,060,286

No diluted earnings per share for both 2024 and 2023 were presented as there were no potential dilutive ordinary shares in issue for both 2024 and 2023.

15. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Intangible assets		
	HK\$'million (Note (b))	Port operating rights HK\$'million (Note (c))	Others HK\$'million (Note (d))	Total HK\$'million
Year ended 31 December 2024				
As at 1 January 2024	5,627	8,193	525	8,718
Exchange adjustments	(780)	(968)	(78)	(1,046)
Additions	—	113	—	113
Acquisition of subsidiaries (note 38)	61	492	—	492
Amortisation (Note (a))	—	(311)	(2)	(313)
As at 31 December 2024	4,908	7,519	445	7,964
As at 31 December 2024				
Cost	5,504	10,064	455	10,519
Accumulated amortisation and impairment	(596)	(2,545)	(10)	(2,555)
Net book value	4,908	7,519	445	7,964
Year ended 31 December 2023				
As at 1 January 2023	5,613	7,989	391	8,380
Exchange adjustments	220	420	23	443
Addition	—	79	112	191
Disposal of a subsidiary (note 37)	(206)	—	—	—
Amortisation (Note (a))	—	(295)	(1)	(296)
As at 31 December 2023	5,627	8,193	525	8,718
As at 31 December 2023				
Cost	6,237	10,725	534	11,259
Accumulated amortisation and impairment	(610)	(2,532)	(9)	(2,541)
Net book value	5,627	8,193	525	8,718

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For the year ended 31 December 2024

15. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Notes:

- (a) Amortisation expenses charged for the year are included in cost of sales in the consolidated statement of profit or loss.
- (b) Goodwill is allocated to 7 (2023: 6) groups of CGUs identified according to location of operation and business segment. The goodwill analysed by operating segment is as follows:

	2024 HK\$'million	2023 HK\$'million
Ports operation		
– Mainland China, Hong Kong and Taiwan		
– Pearl River Delta (comprising 4 groups of CGUs)	2,277	2,321
– Others (comprising 1 group of CGU)	10	9
	2,287	2,330
– Brazil	2,560	3,297
– Indonesia	61	—
	4,908	5,627

Included in the ports operation in Pearl River Delta and Brazil as at 31 December 2024 are the goodwill attributable to Mega SCT and TCP amounting to HK\$2,005 million (2023: HK\$2,049 million) and HK\$2,560 million (2023: HK\$3,297 million), respectively.

In addition to goodwill and intangible assets above, property, plant and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill and intangible assets are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amount of a CGU is determined based on the higher of fair value less costs of disposal and value in use calculations. The value in use calculations use pre-tax cash flow projections based on financial forecasts approved by management covering periods ranging from 5 years (2023: 5 years) for ports operation in Mainland China, Hong Kong and Taiwan and 24 years (2023: 25 years) for ports operation in Brazil, and discounted by rates specific to the relevant CGUs taking into consideration of the operating period of concession right and development plans. Management determines the financial forecasts based on past performance and its expectations for market development, including the expected economic growth in developed and emerging economies in the short-term and medium-term, prospective GDP growth rates of respective regions, future developments of the ports, among others. The cash flow projections, terminal growth rates and discount rates have been reassessed as at 31 December 2024 taking into consideration higher degree of estimation uncertainties in the current year due to volatility in financial markets. Cash flows beyond the forecasted period are extrapolated using the estimated terminal growth rates stated below.

The Group engages an independent qualified valuer, Greater China Appraisal Limited, to determine the terminal growth rates and discount rates used in the value in use calculations prepared by the management of the Group.

15. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Notes: (continued)

(b) (continued)

The key assumptions used for value in use calculations are as follows:

	Terminal growth rate (Note (i))		Discount rate (Note (ii))	
	2024	2023	2024	2023
Ports operation				
– Mainland China, Hong Kong and Taiwan				
– Pearl River Delta	2.00% - 2.50%	2.20% - 2.50%	9.61% - 10.48%	8.93% - 12.23%
– Others	2.00%	2.20%	9.93%	11.91%
– Brazil	N/A	3.02%	23.55%	21.99%
– Indonesia	2.52%	N/A	15.11%	N/A

Notes:

- (i) Weighted average terminal growth rates are used to extrapolate cash flows beyond the forecasted period which do not exceed the historical trend of the respective CGUs nor the industry terminal growth rate.
- (ii) Pre-tax discount rate has been applied to the cash flow projections. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

In addition to impairment testing using the base case assumption, separate sensitivity analyses were performed. The sensitivity analysis using a higher/lower discount rate of 0.3% (2023: 0.3%) indicated that the recoverable amount of ports operation in Mainland China, Hong Kong and Taiwan, and Brazil would have been decreased/increased by approximately HK\$479 million (2023: HK\$391 million) and HK\$128 million (2023: HK\$197 million) respectively.

The sensitivity analysis using a higher/lower terminal growth rate of 0.1% (2023: 0.1%) indicated that the recoverable amount of ports operation in Mainland China, Hong Kong and Taiwan would have been increased/decreased by approximately HK\$131 million (2023: HK\$131 million).

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15. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Notes: (continued)

- (c) Included in port operating rights as at 31 December 2024 is an amount of HK\$3,560 million (2023: HK\$3,844 million) related to the concession for operation of a terminal in the Port of Lomé in Togo for a concession period of 35 years commencing from 2011 granted by the government of Togolese Republic. The carrying amount of the concession represents the aggregate of the fair value as at the date of the business combination under which the Group acquired the concession and the fair value of the construction services carried out to-date less their accumulated amortisation. Amortisation is provided for over the period in which the Group operates the relevant terminals on a straight-line basis.

Included in port operating rights as at 31 December 2024 is also an amount of HK\$2,587 million (2023: HK\$3,410 million) related to the concession for operation of a terminal in Brazil for a concession period of 50 years commencing from 1998 granted by the Brazilian Federal Government. The carrying amount of the concession represents the fair value as at the date of the business combination under which the Group acquired the concession less its accumulated amortisation. Amortisation is provided for over the period in which the Group operates the relevant terminals on an economic usage basis.

Included in port operating rights as at 31 December 2024 is also an amount of HK\$474 million (2023: Nil) related to the concession for operation of two terminals in Indonesia for concession periods of 20 years and 25 years commencing from 2015 and 2024 granted by the government of Indonesia. The carrying amount of the concession represents the fair value as at the date of the business combination under which the Group acquired the concession less its accumulated amortisation. Amortisation is provided for over the period in which the Group operates the relevant terminals on an economic usage basis.

The remaining amount of port operating rights amounting to HK\$898 million (2023: HK\$939 million) relates to the concession for operation of a terminal built in Colombo of Sri Lanka for a concession period of 35 years commencing from 2011 granted by the government of the Republic of Sri Lanka. The carrying amount of the concession represents the fair value as at the date of the entering into a BOT agreement by the Group less its accumulated amortisation, which is calculated using the economic usage basis.

- (d) Included in others as at 31 December 2024 is an amount of HK\$107 million (2023: HK\$110 million) relates to the concession for development and operation of a logistics centre in the Port of Colombo for a concession period of 50 years commencing from 2023 granted by the government of the Republic of Sri Lanka. The carrying amount of the concession represents the fair value as at the date of the entering into a BOT agreement by the Group acquired the concession less its accumulated amortisation, which is calculated using the economic usage basis.

The remaining amount of others mainly represents trademark used in Brazil port operation having an indefinite useful life.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'million	Harbour works, buildings and dockyard HK\$'million	Plant machinery, furniture and equipment, HK\$'million	Others HK\$'million (Note (a))	Assets under construction HK\$'million	Total HK\$'million
Year ended 31 December 2024						
As at 1 January 2024	1,015	13,180	4,522	940	1,488	21,145
Exchange adjustments	(51)	(627)	(173)	(23)	(49)	(923)
Additions	—	96	135	26	808	1,065
Acquisition of subsidiaries (note 38)	4	—	294	5	—	303
Disposals	—	(4)	(14)	(1)	—	(19)
Transfer	—	321	223	11	(555)	—
Transfer from investment properties	2,233	—	—	—	—	2,233
Depreciation (Note (b))	(45)	(618)	(594)	(79)	—	(1,336)
Impairment	—	—	—	—	(1)	(1)
As at 31 December 2024	3,156	12,348	4,393	879	1,691	22,467
As at 31 December 2024						
Cost	3,711	19,791	12,032	1,688	1,692	38,914
Accumulated depreciation and impairment	(555)	(7,443)	(7,639)	(809)	(1)	(16,447)
Net book value	3,156	12,348	4,393	879	1,691	22,467
Year ended 31 December 2023						
As at 1 January 2023	1,215	15,495	5,260	984	1,263	24,217
Exchange adjustments	(22)	28	—	1	(30)	(23)
Additions	—	105	279	28	632	1,044
Disposal of a subsidiary (note 37)	(175)	(1,840)	(617)	(2)	—	(2,634)
Disposals	(1)	(11)	(16)	—	—	(28)
Transfer	61	78	226	12	(377)	—
Transfer to investment properties	(11)	—	—	—	—	(11)
Depreciation (Note (b))	(51)	(675)	(609)	(83)	—	(1,418)
Impairment	(1)	—	(1)	—	—	(2)
As at 31 December 2023	1,015	13,180	4,522	940	1,488	21,145
As at 31 December 2023						
Cost	1,525	20,005	11,567	1,670	1,488	36,255
Accumulated depreciation and impairment	(510)	(6,825)	(7,045)	(730)	—	(15,110)
Net book value	1,015	13,180	4,522	940	1,488	21,145

Notes to the Consolidated Financial Statements

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16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

- (a) Others comprise vessels and ships, motor vehicles and leasehold improvements with net book values of HK\$622 million (2023: HK\$677 million), HK\$72 million (2023: HK\$61 million) and HK\$185 million (2023: HK\$202 million) respectively as at 31 December 2024.
- (b) Depreciation charged for the year are included in the consolidated statement of profit or loss as follows:

	2024 HK\$'million	2023 HK\$'million
Cost of sales	1,289	1,368
Administrative expenses	47	50
	1,336	1,418

- (c) As at 31 December 2024, property, plant and equipment with a net book value of HK\$167 million (2023: Nil) were pledged as security for the Group's bank borrowings (note 30(a)).

17. RIGHT-OF-USE ASSETS

	Land use rights HK\$'million	Leasehold land and buildings HK\$'million	Harbour works, buildings and dockyard HK\$'million	Plant, machinery, furniture and equipment HK\$'million	Others HK\$'million	Total HK\$'million
As at 31 December 2024						
Carrying amount	8,069	123	6,011	—	1,261	15,464
As at 31 December 2023						
Carrying amount	8,208	141	6,233	—	816	15,398
For the year ended 31 December 2024						
Depreciation charge	219	18	198	—	61	496
For the year ended 31 December 2023						
Depreciation charge	245	20	195	1	34	495

	2024 HK\$'million	2023 HK\$'million
Expenses relating to short-term leases	37	58
Total cash outflow for the leases	187	254
Additions to right-of-use assets	283	527

17. RIGHT-OF-USE ASSETS (CONTINUED)

Lease terms are negotiated by the Group on an individual basis and contain a wide range of different terms and conditions. The terms are fixed with various period, from 12 months to 99 years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases mainly for plant, machinery, furniture and equipment. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

As at 31 December 2024, right-of-use assets with a net book value of HK\$173 million (2023: HK\$34 million) were pledged as security for the Group's bank borrowings (note 30(a)).

18. INVESTMENT PROPERTIES

The Group leases out various offices, residential and other commercial properties under operating leases with rentals payable monthly. Lease contracts run for an initial period of 1 month to 15 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2024 HK\$'million	2023 HK\$'million
As at 1 January	8,229	8,265
Exchange adjustments	(143)	(118)
Decrease in fair value (note 7)	(25)	(7)
Additions	1	1
Disposals	(11)	—
Transfer from right-of-use assets	—	7
Transfer (to)/from property, plant and equipment	(2,233)	81
As at 31 December	5,818	8,229

The investment properties were revalued at the end of each reporting period by independent and professional qualified valuers not connected to the Group. In determining the fair value of the relevant properties, the management of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

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18. INVESTMENT PROPERTIES (CONTINUED)

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique or level of fair value hierarchy during the year.

The fair value measurements for all of the Group's investment properties are categorised as level 3 (see note 2.1). The valuation techniques and inputs used of the Group's significant investment properties are set out below.

Description	Valuation techniques	Significant unobservable inputs	Relationship of non-observable inputs to fair value
Commercial and residential complex in Shenzhen, the PRC 2024: HK\$1,323 million 2023: HK\$3,141 million	Income approach	Monthly market rent, taking into account the growth rate and rent of comparables, at a weighted average of RMB79 (2023: RMB77) per square metre ("sqm") per month. Capitalisation rate, at an average of 6.5% (2023: 6.5%).	A significant increase in the monthly market rent would result in a significant increase in the fair value, and vice versa. A significant increase in the capitalisation rate would result in a significant decrease in the fair value, and vice versa.
Commercial properties in Shenzhen, the PRC 2024: HK\$4,313 million 2023: HK\$4,609 million	Market comparison approach	Market unit rate, taking into account the transaction dates, floor areas, locations and conditions of the property, which ranged from RMB66,055 to RMB67,431 (2023: RMB68,807 to RMB69,725) per sqm.	A significant increase in the market unit rate used would result in a significant increase in the fair value, and vice versa.

19. INTERESTS IN SUBSIDIARIES

(a) Composition of the Group

Particulars of the Company's principal subsidiaries at 31 December 2024 are set out in note 41.

(b) Non-wholly-owned subsidiaries of the Group that have material non-controlling interests

The table below shows non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Proportion of effective ownership interests held by non-controlling interests		Proportion of effective voting rights held by non-controlling interests		Accumulated non-controlling interests	
	2024	2023	2024	2023	2024	2023
					HK\$'million	HK\$'million
Shantou Port	40.00%	40.00%	40.00%	40.00%	3,501	4,221
Gainpro	35.00%	35.00%	35.00%	35.00%	4,701	4,777
Individually immaterial subsidiaries with non-controlling interests					7,882	8,170
					16,084	17,168

The summarised financial information of Shantou Port Group and the Gainpro Group is prepared in accordance with the significant accounting policies of the Group.

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19. INTERESTS IN SUBSIDIARIES (CONTINUED)

- (b) Non-wholly-owned subsidiaries of the Group that have material non-controlling interests (continued)

Summarised financial information of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows in respect of the Shantou Port Group and the Gainpro Group is set out below:

	2024	
	Shantou Port Group HK\$'million	Gainpro Group HK\$'million
<i>Financial information of the consolidated statement of profit or loss and other comprehensive income/(expense)</i>		
Revenue	460	304
Other income and other gains	535	8
Expenses and taxation	(565)	(393)
Profit/(loss) and other comprehensive income/(expense) for the year	430	(81)
Profit/(loss) and other comprehensive expense for the year, attributable to:		
Equity holders of the Company	258	(37)
Non-controlling interests	172	(44)
	430	(81)
Dividends paid to non-controlling interests	(787)	—
<i>Financial information of the consolidated statement of cash flows</i>		
Net cash inflow from operating activities	58	114
Net cash inflow/(outflow) from investing activities	1,953	(252)
Net cash outflow from financing activities	(1,967)	—
Net cash inflow/(outflow)	44	(138)

19. INTERESTS IN SUBSIDIARIES (CONTINUED)

(b) Non-wholly-owned subsidiaries of the Group that have material non-controlling interests (continued)

	2023	
	Shantou Port Group HK\$'million	Gainpro Group HK\$'million
<i>Financial information of the consolidated statement of profit or loss and other comprehensive income</i>		
Revenue	467	275
Other income and other gains	89	7
Expenses and taxation	(723)	(353)
Loss and other comprehensive expense for the year	(167)	(71)
Loss and other comprehensive expense for the year, attributable to:		
Equity holders of the Company	(166)	(30)
Non-controlling interests	(1)	(41)
	(167)	(71)
Dividends paid to non-controlling interests	—	—
<i>Financial information of the consolidated statement of cash flows</i>		
Net cash inflow from operating activities	97	158
Net cash outflow from investing activities	(114)	(75)
Net cash (outflow)/inflow	(17)	83

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19. INTERESTS IN SUBSIDIARIES (CONTINUED)

- (b) Non-wholly-owned subsidiaries of the Group that have material non-controlling interests (continued)

Summarised financial information of the consolidated statement of financial position of the Shantou Port Group and the Gainpro Group is set out below:

	2024		2023	
	Shantou Port Group HK\$'million	Gainpro Group HK\$'million	Shantou Port Group HK\$'million	Gainpro Group HK\$'million
Non-current assets	7,443	10,203	7,979	10,060
Current assets	2,737	161	4,068	279
Current liabilities	(581)	(293)	(651)	(118)
Non-current liabilities	(938)	(2)	(937)	(2)
	8,661	10,069	10,459	10,219
Equity attributable to:				
Equity holders of the Company	5,160	5,368	6,238	5,442
Non-controlling interests	3,501	4,701	4,221	4,777
	8,661	10,069	10,459	10,219

- (c) At no time had there been any significant restriction imposed on the Group on its ability to access or use the assets or settle the liabilities of any entities of the Group.
- (d) During the year ended 31 December 2023, Fortune Centre Group Limited, a wholly-owned subsidiary of the Company, entered into a shareholders agreement (the "Shareholders Agreement") with Access Engineering PLC and Sri Lanka Ports Authority, in relation to the establishment and governance of SACL for the implementation of South Asia Commercial and Logistics Hub Project ("SACLH Project"), a logistics centre in the Port of Colombo, which is located at the Western coast of Sri Lanka. SACL will be responsible for the financing, design, construction, development, operation, management and maintenance of the SACLH Project as a public private partnership on a "Build-Operate-Transfer" basis.
- Pursuant to the Shareholders Agreement, the Group shall have 70% interest in SACL. SACL is a subsidiary of the Group as the Group has the right to appoint the majority of board members of the board of directors, which is the authority to have power to direct the relevant activities of SACL.
- (e) During the year ended 31 December 2023, Peak Goal International Limited, a wholly-owned subsidiary of the Company entered into a repurchase agreement ("repurchase agreement") with West Sea Port Management Limited, in relation to repurchase the 30% shareholding of OKIL, originally a non-wholly-owned subsidiary of the Company. The consideration of 30% shareholding amounts to Euro105 million (approximately HK\$877 million), which was fully settled on 30 October 2023. The shareholding of OKIL is 100% after the repurchasing.

20. INTERESTS IN ASSOCIATES

	2024 HK\$'million	2023 HK\$'million
Share of net assets of associates, net of impairment:		
Listed associates	48,396	43,636
Unlisted associates	28,001	31,022
	76,397	74,658
Goodwill:		
Listed associates	2,693	2,752
Unlisted associates	2,437	2,451
	5,130	5,203
Total	81,527	79,861
Fair value of the listed associates owned by the Group (Note)	45,119	36,998

Note: The fair value of the listed associates is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

The management of the Group carried out an assessment as at 31 December 2024 and 2023 for whether there is any impairment required or any indication that the impairment loss recognised in prior years for the listed associates may no longer exist or may be decreased. Based on the assessment performed for these listed associates, no impairment/reversal of impairment recognised during both years. The cumulative impairment loss recognised as at 31 December 2024 is HK\$351 million (31 December 2023: HK\$397 million).

Particulars of the Group's principal associates at 31 December 2024 are set out in note 42.

All of the Group's associates are accounted for using equity method in the consolidated financial statements.

The Group's material associate at the end of the reporting period is SIPG. Summarised financial information in respect of SIPG Group is set out below. Other associates invested by the Group are not individually material. The summarised financial information below represents the financial information of the SIPG Group prepared in accordance with the significant accounting policies of the Group.

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20. INTERESTS IN ASSOCIATES (CONTINUED)

(a) Material associate

	SIPG Group	
	2024 HK\$'million	2023 HK\$'million
<i>Financial information of the consolidated statement of profit or loss and other comprehensive income</i>		
Revenue	41,761	41,716
Profit for the year, attributable to equity holders of the associate	16,623	15,112
Other comprehensive expense for the year, attributable to equity holders of the associate	(77)	(636)
Total comprehensive income for the year, attributable to equity holders of the associate	16,546	14,476
Dividends received from the associate by the Group	1,238	1,015
<i>Financial information of consolidated statement of financial position</i>		
Non-current assets	181,300	169,753
Current assets	52,557	58,457
Current liabilities	(24,915)	(25,203)
Non-current liabilities	(45,621)	(49,514)
Net assets of the associate	163,321	153,493
<i>Reconciliation to the carrying amounts of interests in the associate</i>		
Net assets of the associate	163,321	153,493
Less: non-controlling interests	(15,237)	(14,367)
Net assets attributable to equity holders of the associate	148,084	139,126
Proportion of the Group's interests in the associate	28.05%	28.05%
Net assets attributable to the Group's interests in the associate	41,537	39,025
Goodwill	2,690	2,749
Carrying amount of the Group's interests in the associate	44,227	41,774
Market value of the listed associate, valued based on the quoted prices in active market for the identical asset directly, and categorised as level 1 of the fair value hierarchy of the Group's interests in the associate	43,164	35,315

20. INTERESTS IN ASSOCIATES (CONTINUED)

(b) Aggregate of other associates that are not individually material

	2024 HK\$'million	2023 HK\$'million
The Group's share of:		
Profit for the year	1,470	1,030
Other comprehensive (expense)/income	(244)	1,266
Total comprehensive income	1,226	2,296
Aggregate carrying amount of the Group's interests in these associates	37,300	38,087

21. INTERESTS IN JOINT VENTURES

	2024 HK\$'million	2023 HK\$'million
Share of net assets of joint ventures	8,514	8,327

Particulars of the Group's principal joint ventures at 31 December 2024 are set out in note 43.

As at 31 December 2024 and 2023, in the opinion of the Directors, the Group has no individually material joint venture and no financial information of individually material joint venture is disclosed. All of the Group's joint ventures are accounted for using equity method in the consolidated financial statements.

Summarised financial information in respect of the aggregate of the Group's joint ventures, each of which is not individually material, is set out below:

	2024 HK\$'million	2023 HK\$'million
The Group's share of:		
Profit for the year	381	377
Other comprehensive income/(expense)	202	(969)
Total comprehensive income/(expense)	583	(592)

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22. OTHER FINANCIAL ASSETS

	2024 HK\$'million	2023 HK\$'million
Financial assets at FVTPL (Note (a))	4,431	5,870
Equity instruments at FVTOCI (Note (b))	10	10
Advances to associates (Note (c))	269	272
Advance to a joint venture (Note (d))	994	1,016
Compensation receivable from SLRC	2,853	2,971
	8,557	10,139
Analysed as:		
Non-current	5,785	6,801
Current	2,772	3,338
	8,557	10,139

Notes:

(a) Financial assets at FVTPL

	2024 HK\$'million	2023 HK\$'million
Listed equity investment in Hong Kong	—	174
Listed equity investments in Mainland China	1,695	2,365
Structured deposits	2,735	3,330
Other unlisted equity investments	1	1
	4,431	5,870

(b) Equity instruments at FVTOCI

	2024 HK\$'million	2023 HK\$'million
Unlisted equity investments in Mainland China	10	10

(c) Included in the amount of an advance to an associate of EURO 26 million (equivalent to approximately HK\$211 million) (2023: EURO 26 million (equivalent to approximately HK\$225 million)) for the year ended 31 December 2024 is interest-bearing at a rate of 6.15% per annum and repayable in 2028.

Included in the amount of an advance to another associate of RMB34 million (equivalent to approximately HK\$37 million) (2023: RMB34 million (equivalent to approximately HK\$38 million)) for the year ended 31 December 2024 is interest-bearing at 1-year loan prime rate (adjust annually) of 3.65% per annum and repayable in 2025.

(d) The amount is denominated in Australian dollar, unsecured, interest-bearing at a rate of 0.5% plus the weighted average of the interest rates applicable under certain facilities provided to the joint venture per annum and repayable in 2034.

23. OTHER NON-CURRENT ASSETS

	2024 HK\$'million	2023 HK\$'million
Prepayments and deposits for purchase of other non-current assets	109	93
Others	38	40
	147	133

24. INVENTORIES

	2024 HK\$'million	2023 HK\$'million
Raw materials	234	187

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2024 HK\$'million	2023 HK\$'million
Trade debtors from contracts with customers	953	928
Less: allowance for credit losses (Note (a))	(89)	(90)
Trade debtors, net (Notes (b), (c) and (d))	864	838
Amounts due from fellow subsidiaries (Notes (c) and (e))	74	60
Amount due from immediate holding company (Notes (c) and (e))	6	4
Amounts due from associates (Notes (c) and (e))	76	89
Amount due from an intermediate holding company (Notes (c) and (e))	2	—
Dividend receivables (Note (c))	540	249
	1,562	1,240
Other debtors, deposits and prepayments	580	609
	2,142	1,849

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25. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Notes:

- (a) Movements in the allowance for credit losses of trade debtors are as follows:

	2024 HK\$'million	2023 HK\$'million
As at 1 January	90	77
Allowance for credit losses	8	20
Reversal of allowance	(2)	(1)
Written-off	—	(7)
Exchange adjustments	(7)	1
As at 31 December	89	90

The allowance for credit losses have been included in other income and other gains, net in the consolidated statement of profit or loss.

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

	2024 HK\$'million	2023 HK\$'million
0 - 90 days	816	766
91 - 180 days	27	31
181 - 365 days	11	30
Over 365 days	10	11
	864	838

- (c) As at 31 December 2024, trade debtors of HK\$722 million (2023: HK\$700 million) and other financial assets of HK\$698 million (2023: HK\$402 million) are neither past due nor impaired.
- (d) As at 31 December 2024, included in the Group's trade debtors balance are debtors with aggregate carrying amount (before any allowance for credit losses) of HK\$231 million (2023: HK\$228 million) which are past due as at the reporting date. Out of the past due balances, HK\$39 million (2023: HK\$52 million) has been past due 90 days or more and is not considered as in default as these are related to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.
- (e) The balances are unsecured, interest-free and recoverable in accordance with the credit term.

26. CASH AND BANK BALANCES

	2024 HK\$'million	2023 HK\$'million
Cash at bank and in hand	6,377	7,884
Short-term time and other deposits (Note (a))	4,986	4,399
Cash and cash equivalents	11,363	12,283
Other deposits (Note (b))	47	48
	11,410	12,331

Notes:

- (a) The weighted average effective interest rate on the balances as at the end of the reporting period is approximately 3.30% (2023: 4.52%) per annum. These deposits can be readily convertible to cash before maturity.
- (b) The weighted average effective interest rate on the balances as at 31 December 2024 was approximately 2.30% (2023: 2.30%) per annum. These deposits are not convertible to cash until maturity.

27. SHARE CAPITAL

	The Company			
	Number of shares		Share capital	
	2024	2023	2024 HK\$'million	2023 HK\$'million
Issued and fully paid:				
As at 1 January	4,198,009,186	4,003,383,046	48,731	46,668
Issue of scrip dividend shares (Note)	—	194,626,140	—	2,063
As at 31 December	4,198,009,186	4,198,009,186	48,731	48,731

Note: The Company distributed dividends to its shareholders by way of scrip dividends, with a cash alternative to shareholders for 2022 final dividend and 2023 interim dividend.

28. PERPETUAL CAPITAL SECURITIES

In October 2020, CMFBVI, a wholly-owned subsidiary of the Company, issued US\$600 million 3.5% and US\$200 million 3.875% guaranteed perpetual capital securities ("2020 Perpetual Capital Securities"). Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company. Distribution on 2020 Perpetual Capital Securities are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of CMFBVI and is not subject to any limit as to the number of times distributions. The 2020 Perpetual Capital Securities have no fixed maturity. US\$600 million 3.5% guaranteed perpetual capital securities are redeemable at CMFBVI's option on 9 October 2023 or any Distributions Payment Date at their principal amounts, and US\$200 million 3.875% guaranteed perpetual capital securities are redeemable at CMFBVI's option on 9 October 2025 or any Distributions Payment Date at their principal amounts. While any distributions are unpaid or deferred, the Company and CMFBVI cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company and CMFBVI.

The 2020 Perpetual Capital Securities are classified as equity instrument. Any distributions made by CMFBVI to the holders are recognised in equity in the consolidated financial statements of the Company. During the year ended 31 December 2020, a net proceeds amounted to US\$799 million (equivalent to approximately HK\$6,185 million) was received.

During the year, distributions amounted to HK\$60 million (2023: HK\$225 million), representing 3.875% (2023: 3.6%) of the perpetual capital securities issued, was paid to the holders of the perpetual capital securities. The Group has redeemed US\$600 million of the 2020 Perpetual Capital Securities in October 2023.

29. OTHER RESERVES

	Capital reserve HK\$'million	Investment revaluation reserve HK\$'million	Translation reserve HK\$'million	Statutory reserve HK\$'million (Note)	Total HK\$'million
As at 1 January 2024	1,274	1,720	(5,835)	3,536	695
OTHER COMPREHENSIVE INCOME/(EXPENSE)					
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	—	—	(3,347)	—	(3,347)
Share of other reserves of associates	—	242	—	—	242
Other comprehensive income/(expense) for the year, net of tax	—	242	(3,347)	—	(3,105)
TRANSACTIONS WITH OWNERS					
Transfer from retained earnings	—	—	—	127	127
Share of other changes in equity attributable to equity holders of associates and joint ventures	(37)	—	—	—	(37)
Total transactions with owners for the year	(37)	—	—	127	90
As at 31 December 2024	1,237	1,962	(9,182)	3,663	(2,320)

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29. OTHER RESERVES (CONTINUED)

	Capital reserve HK\$'million	Investment revaluation reserve HK\$'million	Translation reserve HK\$'million	Statutory reserve HK\$'million (Note)	Total HK\$'million
As at 1 January 2023	971	642	(4,620)	3,481	474
OTHER COMPREHENSIVE INCOME/(EXPENSE)					
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	—	—	(1,324)	—	(1,324)
Release of reserves upon disposal of a subsidiary	—	—	109	(52)	57
Surplus on revaluation of an owner occupied property upon change of use to investment property	—	52	—	—	52
Share of other reserves of associates	—	1,026	—	—	1,026
Other comprehensive income/(expense) for the year, net of tax	—	1,078	(1,215)	(52)	(189)
TRANSACTIONS WITH OWNERS					
Transfer from retained earnings	—	—	—	107	107
Acquisition of additional interest in a subsidiary	1	—	—	—	1
Contribution from immediate holding company	1	—	—	—	1
Share of other changes in equity attributable to equity holders of associates and joint ventures	301	—	—	—	301
Total transactions with owners for the year	303	—	—	107	410
As at 31 December 2023	1,274	1,720	(5,835)	3,536	695

Note: Amount mainly represents statutory reserve of the Group's subsidiaries in the PRC. According to the relevant laws in the PRC, the Group's subsidiaries established in the PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

30. BANK AND OTHER BORROWINGS

	2024 HK\$'million	2023 HK\$'million
Bank loans		
Unsecured short-term bank loans		
– variable rate	11,540	15,469
– fixed rate	1,609	—
Unsecured long-term fixed rate bank loans	1,554	28
Long-term variable rate bank loans		
– unsecured	4,364	6,560
– secured (Note (a))	1,342	1,370
	20,409	23,427
Loans from a fellow subsidiary (Note (b))	155	425
Notes payable (Note (c))		
– US\$500 million, 4.75% guaranteed listed notes maturing in 2025	3,879	3,903
– US\$500 million, 4% guaranteed listed notes maturing in 2027	3,874	3,897
– US\$600 million, 5% guaranteed listed notes maturing in 2028	4,631	4,656
	12,384	12,456
Total	32,948	36,308
Less: amounts due within one year included under current liabilities	(19,542)	(16,062)
Non-current portion	13,406	20,246

Notes:

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

	2024 HK\$'million	2023 HK\$'million
Property, plant and equipment (note 16)	167	—
Right-of-use assets (note 17)	173	34
	340	34

- (b) The amount as at 31 December 2024 and 2023 are loans from a fellow subsidiary which is a financial institution approved and regulated by the People's Bank of China and the China Banking Regulatory Commission. These amounts are unsecured, interest-bearing at 2.35% (2023: 1.20% to 3.00%) per annum.

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30. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

- (c) Listed notes issued by subsidiaries of the Company amounting to HK\$12,384 million (2023: HK\$12,456 million) are secured by corporate guarantees provided by the Company.

The effective interest rates of the Group's notes payable are as follows:

	2024	2023
US\$500 million, 4.75% guaranteed listed notes maturing in 2025	4.83%	4.83%
US\$500 million, 4% guaranteed listed notes maturing in 2027	4.09%	4.09%
US\$600 million, 5% guaranteed listed notes maturing in 2028	5.18%	5.18%

The fair value of the listed notes payable as at 31 December 2024 was HK\$12,360 million (2023: HK\$12,461 million). The fair value of the listed notes payable was determined with reference to quoted market price. Other than the listed notes payable, the carrying amounts of the bank and other borrowings approximate their fair values as at 31 December 2024 and 2023.

- (d) The Group is required to comply with certain financial covenants and non-financial covenants throughout the continuance of the relevant loans. The Group has complied with the covenants throughout the reporting period.
- (e) As at 31 December 2024, the Group has undrawn facilities of bank loan and other debt financing instruments amounting to HK\$13,744 million (2023: HK\$19,418 million), of which HK\$3,392 million (2023: HK\$6,690 million) and HK\$10,352 million (2023: HK\$12,728 million) are committed and uncommitted credit facilities respectively.
- (f) The bank and other borrowings as at 31 December 2024 and 2023 are repayable as follows:

	Bank loans		Loans from a fellow subsidiary		Notes payable		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Within 1 year	15,653	15,795	10	267	3,879	—	19,542	16,062
Between 1 and 2 years	1,089	4,715	—	—	—	3,903	1,089	8,618
Between 2 and 5 years	2,544	1,587	—	—	8,505	8,553	11,049	10,140
Within 5 years	19,286	22,097	10	267	12,384	12,456	31,680	34,820
More than 5 years	1,123	1,330	145	158	—	—	1,268	1,488
Total	20,409	23,427	155	425	12,384	12,456	32,948	36,308

30. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(g) The effective interest rates of bank loans at the end of the reporting period are as follows:

	2024	2023
HK Dollars	4.63% - 4.90%	5.57% to 6.18%
RMB	1.90% - 3.00%	1.20% to 3.60%
USD	N/A	5.84% to 5.85%
BRL	N/A	12.45% to 12.90%
IDR	8.50%	N/A

31. LEASE LIABILITIES

	2024 HK\$'million	2023 HK\$'million
Lease liabilities payable:		
Within 1 year	106	88
Between 1 and 2 years	88	50
Between 2 and 5 years	165	68
More than 5 years	1,241	976
Total	1,600	1,182
Less: Amount due for settlement within one year included under current liabilities	(106)	(88)
Non-current portion	1,494	1,094

The lease liabilities ranged from 1 to 50 years, depending on the classes of assets rented. The Group does not have a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The Group's weighted average incremental borrowing rate for lease liabilities as at 31 December 2024 is 6.32% (2023: 5.09%).

Lease liabilities of HK\$1,600 million (2023: HK\$1,182 million) are recognised with related right-of-use assets of HK\$1,380 million (2023: HK\$978 million) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of the Group's lease liabilities are set out in note 35.1 (iii).

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32. OTHER NON-CURRENT LIABILITIES

	2024 HK\$'million	2023 HK\$'million
Concession liabilities (Note (a))	2,561	3,292
Royalty provision (Note (b))	858	883
Net deferred benefit obligations (Note (c))	586	551
Deferred income	361	382
Others	105	123
	4,471	5,231

Notes:

- (a) Amount represents the liabilities arising from the concession arrangements for a port located in Brazil with the local port authority due by TCP Group (the "TCP Concession Liabilities"). The relevant concession arrangement allows for operations in the relevant port for up to 2048. Pursuant to the said concession arrangements including the amendments thereto, with the relevant authority, concession payment is payable on a monthly basis and is adjusted from time to time, among other conditions, with reference to an official inflation index in Brazil.

The current portion of the TCP Concession Liabilities amounting to HK\$85 million (2023: HK\$109 million) is included in creditors and accruals under current liabilities.

- (b) Amount represents the minimum guaranteed royalty and premium provision (the "Royalty Provision") under a BOT Agreement with Sri Lanka Ports Authority due by a non-wholly-owned subsidiary, CICT, to Sri Lanka Ports Authority.

The BOT Agreement was entered into in 2011 for the right to construct, operate, manage and develop Colombo South Container Terminal for 35 years.

The current portion of the Royalty Provision amounting to HK\$94 million (2023: HK\$86 million) is included in creditors and accruals under current liabilities. The initial recognition of the Royalty Provision is determined by discounting the future annual guaranteed cash flows.

- (c) Amount represents the net defined benefit obligations for defined benefit plans.

The present value of the defined benefit plan liabilities is calculated by reference to the best estimate of the mortality rate of plan participants both during and after their employment and future salaries of plan participants. An increase in the life expectancy and future salaries of the plan participants will both increase the plan's liability.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out as at 31 December 2024 by an independent qualified professional valuer. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Of the expense for the year, HK\$24 million (2023: HK\$26 million) has been included in administrative expenses.

The remeasurement of the net defined benefit liabilities is included in other comprehensive income.

33. DEFERRED TAXATION

The movement in the net deferred tax liabilities is as follows:

	2024 HK\$'million	2023 HK\$'million
As at 1 January	4,165	4,443
Adjustments for adoption of amendments to HKAS 12	—	(62)
As at 1 January (adjusted)	4,165	4,381
Exchange adjustments	(99)	(13)
Acquisition of subsidiaries (note 38)	102	—
Disposal of a subsidiary (note 37)	—	(424)
Disposal of financial assets	(98)	—
Charged to consolidated statement of profit or loss (note 12)	225	221
As at 31 December	4,295	4,165

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$682 million (2023: HK\$1,072 million) to be carried forward against future taxable income. These amounts expire in the following years:

	2024 HK\$'million	2023 HK\$'million
2024	—	408
2025	306	313
2026	84	91
2027	207	211
2028	48	49
2029	37	—
	682	1,072

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33. DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Withholding tax relating to unremitted earnings		Accelerated tax depreciation allowance		Fair value gains and others		Total	
	2024 HK\$'million	2023 HK\$'million	2024 HK\$'million	2023 HK\$'million	2024 HK\$'million	2023 HK\$'million	2024 HK\$'million	2023 HK\$'million
As at 1 January	(2,573)	(2,277)	(1,304)	(1,757)	(652)	(732)	(4,529)	(4,766)
Adjustments for adoption of amendments to HKAS 12	—	—	—	—	—	(2)	—	(2)
As at 1 January (adjusted)	(2,573)	(2,277)	(1,304)	(1,757)	(652)	(734)	(4,529)	(4,768)
Exchange adjustments (Charged)/credited to profit or loss	(36)	29	138	(9)	12	12	114	32
Acquisition of subsidiaries (note 38)	(272)	(387)	87	100	1	70	(184)	(217)
Disposal of a subsidiary (note 37)	—	—	(109)	—	—	—	(109)	—
Disposal of financial assets	—	62	—	362	—	—	—	424
As at 31 December	—	—	—	—	98	—	98	—
As at 31 December	(2,881)	(2,573)	(1,188)	(1,304)	(541)	(652)	(4,610)	(4,529)

Deferred tax assets

	Provision		Others		Total	
	2024 HK\$'million	2023 HK\$'million	2024 HK\$'million	2023 HK\$'million	2024 HK\$'million	2023 HK\$'million
As at 1 January	35	30	329	293	364	323
Adjustments for adoption of amendments to HKAS 12	—	—	—	64	—	64
As at 1 January (adjusted)	35	30	329	357	364	387
Exchange adjustments (Charged)/credited to profit or loss	(2)	—	(13)	(19)	(15)	(19)
Acquisition of subsidiaries (note 38)	(13)	5	(28)	(9)	(41)	(4)
As at 31 December	7	—	—	—	7	—
As at 31 December	27	35	288	329	315	364

As at 31 December 2024, the Group has unrecognised deductible temporary difference of HK\$652 million (2023: HK\$667 million). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

34. CREDITORS AND ACCRUALS

	2024 HK\$'million	2023 HK\$'million
Trade creditors (Note (a))	370	359
Contract liabilities	226	100
Amounts due to fellow subsidiaries (Note (b))	48	53
Amounts due to immediate holding company (Note (b))	—	4
Amounts due to associates (Note (b))	401	357
Amounts due to related parties (Note (b))	5	5
Other payables and accruals	2,776	2,521
	3,826	3,399

Notes:

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

	2024 HK\$'million	2023 HK\$'million
0 - 90 days	308	342
91 - 180 days	33	7
181 - 365 days	6	4
Over 365 days	23	6
	370	359

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

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The Group's principal activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. Risk management is carried out by senior management of the Group under policies approved by the directors of the Company.

(i) *Market risk*

(a) *Foreign exchange risk*

Majority of the subsidiaries of the Company operate in Mainland China and most of their transactions are denominated in RMB, Hong Kong dollars or USD. The Group is exposed to foreign exchange risk primarily through sales and purchases, capital expenditure and expenses transactions that are denominated in currencies other than the functional currency of the subsidiaries.

The Group considers its foreign currency exposure is mainly arising from the exposure of Hong Kong dollar against RMB, USD, EURO and BRL.

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group is presently not using forward exchange contracts to hedge foreign exchange risk arising from sales and purchase, capital expenditure and expenses transactions.

The Group also regularly monitors its portfolio of local and international customers and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign exchange risk.

As at 31 December 2024, 38% (2023: 46%) of the Group's borrowings are denominated in USD, 30% (2023: 32%) are denominated in RMB, 0% (2023: 1%) are denominated in BRL and 32% (2023: 21%) are denominated in Hong Kong dollars. Majority of the Group's operating subsidiaries draw loans in their functional currencies to finance their funding requirements and no significant foreign exchange risk is expected to arise from these borrowings. The Group also utilised its USD denominated notes payable to finance its capital investments and working capital.

At 31 December 2024, if RMB had strengthened/weakened against the other currencies by 3% (2023: 3%) with all other variables held constant, profit before taxation would have been approximately HK\$175 million (2023: HK\$98 million) lower/higher mainly as a result of increase/decrease (2023: increase/decrease) in net foreign exchange losses on translation of cash and cash equivalents, debtors, creditors and bank and other borrowings denominated in non-functional currencies of the relevant group companies.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

At 31 December 2024, if USD had strengthened/weakened against the other currencies by 0.5% (2023: 0.5%) with all other variables held constant, profit before taxation would have been approximately HK\$56 million (2023: HK\$74 million) lower/higher mainly as a result of increase/decrease (2023: increase/decrease) in net foreign exchange losses on translation of cash and cash equivalents, debtors, creditors and bank and other borrowings denominated in non-functional currencies of the relevant group companies.

(b) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group that are classified on the consolidated statement of financial position as financial assets at FVTPL and equity instruments at FVTOCI. At 31 December 2024, if there had been a 10% (2023: 10%) increase/decrease in the prices of the respective equity instruments with all other variables held constant, (i) profit before taxation would increase/decrease by HK\$170 million (2023: HK\$254 million) as a result of the changes in fair value of the financial assets at FVTPL and (ii) other comprehensive income for the year ended 31 December 2024 would increase/decrease by HK\$1 million (2023: HK\$1 million) as a result of the changes in fair value of the equity instruments at FVTOCI. The Group is not exposed to commodity price risks and has not entered into any derivatives to manage exposures of price risk.

(c) Fair value interest rate risk and cash flow interest rate risk

The Group's interest rate risk mainly arises from interest-bearing borrowings. Financial assets and financial liabilities issued at variable rates expose the Group to cash flow interest rate risk whilst borrowings issued and lease liabilities at fixed rates expose the Group to fair value interest rate risk.

The Group adopts a policy of maintaining an appropriate mix of fixed and floating rate borrowings which is achieved primarily through the contractual terms of borrowings. The position is regularly monitored and evaluated by reference of anticipated changes in market interest rate. The Group did not use any interest rate swap to hedge its interest rate risk during the year.

Other than advances to associates and a joint venture and bank deposits as at 31 December 2024, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, management does not anticipate any significant impact resulting from changes in interest rates on interest-bearing assets.

At 31 December 2024, if interest rates on borrowings had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, profit before taxation would have been HK\$174 million (2023: HK\$236 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(ii) Credit risk and impairment assessment

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. As at 31 December 2024, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in note 39(d).

Credit risk on trade debtors is managed by the management of the individual business units and monitored by the Group's management on a group basis. The Group's trade debtors are mainly contributed by ports operation where their customers are mainly sizable and renowned international liners or market leaders in their industries with manageable credit risk. Management assesses, reviews and updates credit profile of the Group's trade debtors by considering its financial position, past experience and other relevant factors, in order to identify if any are of higher risks of default. For trade debtors spotted as of higher credit risks, management of the Group also implemented measures such as tightened credit terms and closer monitoring of the settlement patterns. Debtors with overdue balances will be requested to settle their outstanding balance. In addition, the Group performs impairment assessment under ECL model on trade balances individually for trade debtors with significant balances and collectively for others based on appropriate groupings. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Regarding amounts due from fellow subsidiaries, immediate holding company and intermediate holding company, and amounts due from/advance to associates and joint ventures, the management of the Group assesses the recoverability by reviewing the financial position and results of the related parties periodically and considers the credit risk to be insignificant.

The Group accounts for its credit risk on other debtors and compensation receivable from SLRC by performing credit evaluation and appropriately providing expected credit losses on a timely basis. The credit evaluations focus on the historical loss rates and adjusts for information specific to the other debtors and forward looking information.

Regarding financial guarantee contracts, the management of the Group performs impairment assessments by reviewing the financial position and results of the related parties periodically and considers the credit risk to be insignificant.

The Group has policies that limit the amount of credit exposure to any financial institutions. The Group's bank deposits are all deposited in reputable banks or financial institutions. Management considers that the credit risk associated with the deposits with these banks and financial institutions is low.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(ii) Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade debtors	Financial assets other than trade debtors
A	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
B	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
C	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
D	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(ii) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts which are subject to ECL assessment:

		External credit rating	Internal credit rating	12m or lifetime ECL	2024		2023	
	Note				Gross carrying amount		Gross carrying amount	
					HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial assets at amortised cost								
Trade debtors (Note (a))	25	N/A	A	Lifetime ECL (not credit-impaired)	572		497	
			B	Lifetime ECL (not credit-impaired)	205		306	
			C	Lifetime ECL (not credit-impaired)	87		38	
			D	Lifetime ECL (credit-impaired)	89	953	87	928
Amounts due from fellow subsidiaries (Note (b))	25	N/A	B	12m ECL	74	74	60	60
Amount due from immediate holding company (Note (b))	25	N/A	B	12m ECL	6	6	4	4
Amounts due from associates (Note (b))	25	N/A	B	12m ECL	76	76	89	89
Amount due from an intermediate holding company (Notes (b))	25	N/A	B	12m ECL	2	2	—	—
Advances to associates (Note (b))	22	N/A	B	12m ECL	269	269*	272	272*
Advance to a joint venture (Note (b))	22	N/A	B	12m ECL	994	994*	1,016	1,016*
Dividend receivables (Note (b))	25	N/A	A	12m ECL	540	540	249	249
Compensation receivable from SLRC (Note (b))	22	N/A	B	12m ECL	2,853	2,853	2,971	2,971
Other debtors (Note (b))	25	N/A	B	12m ECL	396		425	
			D	Lifetime ECL (credit-impaired)	599	995	1,055	1,480
Cash and bank balances (Note (b))	26	Aa3 to Ba2	N/A	12m ECL	11,410	11,410	12,331	12,331
Other item								
Financial guarantee contracts (Note (c))	39(d)	N/A	A	12m ECL	412	412	436	436

* The gross carrying amounts disclosed above include the relevant interest receivables which are also included in note 22.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(ii) Credit risk and impairment assessment (continued)

Notes:

- (a) For the trade debtors, the Group applied the simplified approach in HKFRS 9 to measure loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the expected credit losses on these items by internal credit rating with appropriate groupings.
- (b) For the purposes of internal credit risk management, the Group uses past due information and relevant credit information to assess whether credit risk has increased significantly since initial recognition.

	Past due HK\$'million	Not past due/ no fixed repayment terms HK\$'million	Total HK\$'million
2024			
Amounts due from fellow subsidiaries	—	74	74
Amount due from immediate holding company	—	6	6
Amounts due from associates	—	76	76
Amounts due from an intermediate holding company	—	2	2
Advances to associates	—	269	269
Advance to a joint venture	—	994	994
Dividend receivables	—	540	540
Compensation receivable from SLRC	—	2,853	2,853
Other debtors	599	396	995
Cash and bank balances	—	11,410	11,410
2023			
Amounts due from fellow subsidiaries	—	60	60
Amounts due from immediate holding company	—	4	4
Amounts due from associates	—	89	89
Advances to associates	—	272	272
Advance to a joint venture	—	1,016	1,016
Dividend receivables	—	249	249
Compensation receivable from SLRC	—	2,971	2,971
Other debtors	1,055	425	1,480
Cash and bank balances	—	12,331	12,331

- (c) For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(ii) Credit risk and impairment assessment (continued)

The following table summarises average loss rates of each internal credit rating of trade debtors:

Internal credit rating	Average loss rate	
	2024	2023
A	0.06%	0.10%
B	0.33%	0.20%
C	1.85%	5.92%
D	96.76%	99.90%

The estimated loss rates are estimated based on historical observed default rates over the expected life of trade debtors and background check results are adjusted for forward-looking information that is available without undue cost or effort. The internal credit rating of trade debtors is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade debtors.

	Lifetime ECL (not credit- impaired) HK\$'million	Lifetime ECL (credit- impaired) HK\$'million	Total HK\$'million
As at 1 January 2023	3	74	77
Impairment losses recognised	1	19	20
Impairment losses reversed	—	(1)	(1)
Written-off	—	(7)	(7)
Exchange adjustments	(1)	2	1
As at 31 December 2023	3	87	90
Impairment losses recognised	2	6	8
Impairment losses reversed	(2)	—	(2)
Exchange adjustments	(2)	(5)	(7)
As at 31 December 2024	1	88	89

The Group makes full provision for a trade debtor when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(ii) Credit risk and impairment assessment (continued)

The following table shows reconciliation of loss allowances that has been recognised for other debtors.

	Lifetime ECL (credit- impaired) HK\$'million
As at 1 January 2023	1,122
Impairment losses recognised	4
Impairment loss reversed	(52)
Exchange adjustments	(19)
As at 31 December 2023	1,055
Impairment losses recognised	7
Impairment loss reversed	(416)
Exchange adjustments	(47)
As at 31 December 2024	599

The Group makes full impairment for other debtors when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, or in dispute whichever occurs earlier.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK\$412 million as at 31 December 2024 (2023: HK\$436 million). As at 31 December 2024 and 2023, the Directors have performed impairment assessment, and concluded that the loss allowance for financial guarantee contracts, if any, should not be material to these consolidated financial statements.

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.1 Financial risk factors (continued)

(iii) Liquidity risk

Cash flow forecasts are prepared by management. Management monitors rolling forecasts on the Group's liquidity requirements to ensure the Group maintains sufficient liquidity reserve to support sustainability and growth of the Group's business. Currently, the Group and the Company finance the working capital requirements through a combination of funds generated from operations and borrowings.

The rolling forecasts of the Group's liquidity reserve comprise undrawn facilities of bank loans and other debt financing instruments (note 30(e)) and cash and bank balances (note 26) on the basis of expected cash flow. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available.

In preparing the consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$7,496 million as at 31 December 2024. In the opinion of the directors of the Company, the Group will be able to continue as a going concern at least in the coming twelve months taking into consideration the working capital estimated to be generated from operating activities and the undrawn facilities of bank loans and other debt financing instruments. Based on this, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Company consider that it is appropriate to prepare these consolidated financial statements on a going concern basis.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management also monitors the utilisation of bank borrowings, ensures compliance with loan covenants and renews bank borrowings, if necessary.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including both interest and principal.

	Within 1 year		Between 1 and 2 years		Between 2 and 5 years		More than 5 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Interest-bearing debts	20,722	17,486	1,583	9,375	11,647	11,257	1,382	1,685	35,334	39,803
Other financial liabilities	3,601	3,299	183	204	578	629	4,927	5,703	9,289	9,835
Lease liabilities	192	141	170	97	454	203	2,837	2,430	3,653	2,871
Financial guarantee contracts	—	—	—	—	—	—	412	436	412	436

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital.

The Group prepares a five-year rolling forecast on its capital requirement in anticipation of funding requirement of new capital investments, capital expenditures of existing projects and repayment of borrowings. In order to maintain or adjust the capital structure, the Group may raise additional short-term or long-term borrowings, issue new shares or sell assets of non-core operations to reduce debts.

The Group monitors capital with reference to, inter alia, the net gearing ratios. These ratios are calculated as the aggregate of net interest-bearing debts and lease liabilities divided by equity attributable to the Company's equity holders and total equity.

During the year, the Group's strategy was to maintain desired levels of net gearing ratios and based on which the Group's credit ratings had, inter alia, been reaffirmed at Baa1 by Moody's Asia Pacific Limited and BBB+ by Standard and Poor's. The net gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 HK\$'million	2023 HK\$'million
Total interest-bearing debts and lease liabilities (notes 30 and 31)	34,548	37,490
Less: cash and bank balances (note 26)	(11,410)	(12,331)
Net interest-bearing debts and lease liabilities	23,138	25,159
Net gearing ratio:		
Net interest-bearing debts and lease liabilities divided by total equity	19.1%	20.8%

35.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value on a recurring basis by valuation method. The different levels have been defined as follows:

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management engaged qualified external valuers to establish the appropriate valuation techniques and inputs to the models. Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed below.

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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.3 Fair value estimation (continued)

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

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

	Level 1 HK\$'million	Level 2 HK\$'million	Level 3 HK\$'million	Total HK\$'million
Financial assets				
At 31 December 2024				
Financial assets at FVTPL	1,695	2,735	1	4,431
Equity instruments at FVTOCI	—	—	10	10
	1,695	2,735	11	4,441
At 31 December 2023				
Financial assets at FVTPL	2,539	3,330	1	5,870
Equity instruments at FVTOCI	—	—	10	10
	2,539	3,330	11	5,880

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

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

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

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

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

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

35.3 Fair value estimation (continued)

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

The following table presents the changes in level 3 instruments for the years ended 31 December 2024 and 2023:

	Financial assets at FVTPL HK\$'million	Equity instruments at FVTOCI HK\$'million
Year ended 31 December 2024		
As at 1 January and 31 December 2024	1	10
Year ended 31 December 2023		
As at 1 January 2023	3	30
Disposal of a subsidiary	—	(20)
Disposal	(2)	—
As at 31 December 2023	1	10

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

Except for notes payable stated in note 30, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

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36. INFORMATION OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash inflow from operations:

	2024 HK\$'million	2023 HK\$'million
Earnings before finance costs, net, taxation and share of profits less losses of associates and joint ventures	5,084	4,243
<i>Adjustments for:</i>		
Depreciation and amortisation	2,145	2,209
Net change in fair value of investment properties	25	7
Impairment loss of interest in a joint venture	9	—
Deemed gain from share repurchases of an associate	(16)	—
Net change in fair value of financial assets at FVTPL	(511)	(99)
Net reversal for credit losses of trade debtors and other debtors	(403)	(29)
Net exchange losses	135	78
Net loss on disposal of property, plant and equipment and right-of-use assets	13	22
Gain on disposal of a subsidiary	—	(115)
Operating profit before working capital changes	6,481	6,316
Increase in inventories	(10)	(18)
Decrease/(increase) in debtors, deposits and prepayments	473	(199)
Decrease in creditors and accruals	(185)	(35)
Net cash inflow from operations	6,759	6,064

36. INFORMATION OF THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows used in financing activities.

	Bank and other borrowings					Creditors and accruals					Total
	Bank loans	Loans from a fellow subsidiary	Loan from immediate holding company	Notes payable	Lease liabilities	Interest payable	Amounts due to associates	Dividend payable to non-controlling equity holders of subsidiaries	Dividend payable to equity holders of the Company	Distribution payable to holders of perpetual capital securities	
	HK\$'million (note 30)	HK\$'million (note 30)	HK\$'million	HK\$'million (note 30)	HK\$'million (note 31)	HK\$'million	HK\$'million (note 34)	HK\$'million	HK\$'million	HK\$'million	HK\$'million
At 1 January 2024	23,427	425	—	12,456	1,182	241	357	89	—	—	38,177
Financing cash flows	(2,818)	(264)	—	—	(222)	(1,359)	35	(1,884)	(3,065)	(60)	(9,637)
<i>Non-cash change</i>											
Acquisition of subsidiaries (note 38)	80	—	—	—	438	—	—	—	—	—	518
Exchange adjustments	(280)	(12)	—	(72)	34	(317)	9	(47)	—	—	(685)
Interest expense	—	6	—	—	72	1,640	—	—	—	—	1,718
New leases entered/lease modified	—	—	—	—	96	—	—	—	—	—	96
Declaration of distribution	—	—	—	—	—	—	—	—	—	60	60
Declaration of dividend	—	—	—	—	—	—	—	1,928	3,065	—	4,993
At 31 December 2024	20,409	155	—	12,384	1,600	205	401	86	—	—	35,240

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36. INFORMATION OF THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other borrowings					Creditors and accruals					Total
	Bank loans	Loans from a fellow subsidiary	Loan from immediate holding company	Notes payable	Lease liabilities	Interest payable	Amounts due to associates	Dividend payable to non-controlling equity holders of subsidiaries	Dividend payable to equity holders of the Company	Distribution payable to holders of perpetual capital securities	
	HK\$'million (note 30)	HK\$'million (note 30)	HK\$'million	HK\$'million (note 30)	HK\$'million (note 31)	HK\$'million	HK\$'million (note 34)	HK\$'million	HK\$'million	HK\$'million	HK\$'million
At 1 January 2023	13,381	269	1,458	19,421	950	351	280	34	—	—	36,144
Financing cash flows	10,171	147	(1,324)	(7,033)	(146)	(1,650)	112	(434)	(1,248)	(225)	(1,630)
<i>Non-cash changes</i>											
Exchange adjustments	(125)	(12)	(146)	68	28	(151)	(35)	(13)	—	—	(386)
Issue of shares in lieu of dividends	—	—	—	—	—	—	—	—	(2,063)	—	(2,063)
Interest expense	—	21	12	—	50	1,691	—	—	—	—	1,774
New leases entered/lease modified	—	—	—	—	300	—	—	—	—	—	300
Declaration of distribution	—	—	—	—	—	—	—	—	—	225	225
Declaration of dividend	—	—	—	—	—	—	—	502	3,311	—	3,813
At 31 December 2023	23,427	425	—	12,456	1,182	241	357	89	—	—	38,177

37. DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2023

In August 2023, the Group completed the disposal of its entire 45% equity interest in Ningbo Daxie, a non-wholly-owned subsidiary of the Company, to Ningbo Port for a total cash consideration of approximately RMB1,845 million (equivalent to approximately HK\$2,021 million (the "Disposal"). Upon completion of the Disposal, Ningbo Daxie ceased to be a subsidiary of the Company. The net assets of Ningbo Daxie at the date of disposal were as follows:

	HK\$'million
Analysis of assets and liabilities of Ningbo Daxie over which control was lost:	
Property, plant and equipment (note 16)	2,634
Right-of-use assets	1,233
Debtors, deposits and prepayments	167
Cash and bank balances	35
Other financial assets	20
Inventories	10
Deferred tax liabilities (note 33)	(424)
Creditors and accruals	(110)
Other non-current liabilities	(28)
Taxation payable	(7)
Net assets disposed of	3,530
Gain on disposal:	
Consideration received	2,021
Net assets disposed of	(3,530)
Non-controlling interests	1,941
Goodwill (note 15)	(206)
Cumulative reserves reclassified from equity to profit or loss upon disposal	(109)
Costs directly attributable to the disposal	(2)
Gain on disposal	115
Net cash inflow arising on disposal:	
Cash consideration received during the year	2,021
Less: Cash and bank balances disposed of	(35)
Payment of tax arising on disposal	(143)
Payment of costs attributable to the disposal	(2)
	1,841

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

37. DISPOSAL OF A SUBSIDIARY (CONTINUED)

For the year ended 31 December 2023 (continued)

The cash flows arose from Ningbo Daxie prior to the Disposal is set out below:

	2023 HK\$'million
Net cash inflow from operating activities	207
Net cash outflow from investing activities	(31)
Net cash outflow from financing activities	(230)
Net cash outflow	(54)

38. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2024

On 20 November 2023, the Company entered into a share purchase agreement with PT Episenta Utama Investasi (the "Seller") for the acquisition of 1,435,110,412 shares of NPH which represents 51% equity interest in NPH. The cash consideration for the acquisition in the initial sales and purchase agreement is US\$58.4 million (equivalent to approximately HK\$456 million). The additional consideration of US\$1.7 million (equivalent to approximately HK\$14 million) was agreed by the Seller and the Group in finalisation of the acquisition as at 31 December 2024. NPH is listed on Indonesia Stock Exchange, and NPH Group are principally engaged in container terminal services in Indonesia.

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

38. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2024 (continued)

Further details of the NPH Group are set out below:

	2024 HK\$'million
Consideration	
Cash	470
Fair value of identifiable assets acquired and liabilities assumed:	
Intangible assets (note 15)	492
Property, plant and equipment (note 16)	303
Right-of-use assets	475
Deferred tax assets (note 33)	7
Other non-current assets	17
Debtors, deposits and prepayments	69
Inventories	46
Other financial assets	2
Cash and bank balances	135
Bank and other borrowings	(80)
Contract liabilities	(35)
Tax payables	(2)
Creditors and accruals	(38)
Lease liabilities	(438)
Other non-current liabilities	(17)
Deferred tax liabilities (note 33)	(109)
	827
Non-controlling interest	(25)
	802

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2024 (continued)

The fair value of the identifiable assets and liabilities arising from the acquisition of NPH Group as at 28 June 2024. Fair values of the identifiable assets acquired and liabilities assumed are determined by reference to valuations performed by valuation specialist based on asset-based approach. Significant assumptions of the valuations include the growth rates, discount rates and expected future cash inflows/outflows of NPH Group.

	2024 HK\$'million
Net cash outflow arising from the acquisition of NPH Group:	
Cash consideration	470
Amount included in other payables	(14)
Less: Cash and bank balances acquired	(135)
Net cash outflow during the year ended 31 December 2024	321

The fair value of trade and other receivables at the date of acquisition amounted to HK\$35 million which is also the gross contractual amounts and best estimate contractual cash flows at the date of acquisition.

The non-controlling interests in NPH Group recognised were measured by reference to the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill arising on the acquisition of NPH Group:

	2024 HK\$'million
Cash consideration	470
Add: Non-controlling interests	393
Less: Fair values of identifiable net assets acquired	(802)
Goodwill arising on acquisition	61

Goodwill arose in the acquisition of NPH Group because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies as a result of the new presence in Indonesia region which will further strengthen the Group's South Asia region port network. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in the profit and revenue of the Group for the year ended 31 December 2024 are net profit of HK\$32 million and revenue of HK\$227 million generated by NPH Group.

39. COMMITMENTS AND CONTINGENT LIABILITIES

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

	2024 HK\$'million	2023 HK\$'million
Group		
Property, plant and equipment and intangible assets	751	936
Joint ventures		
Property, plant and equipment	75	6
	826	942

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

	2024 HK\$'million	2023 HK\$'million
Group		
Ports projects (Note)	—	478
Joint ventures		
Land development project	1	12
	1	490

Note: On 20 November 2023, the Group entered into a share purchase agreement with PT Episenta Utama Investasi, an independent third party, for the acquisition of 51% equity interest in NPH, at a provisional consideration of US\$61.2 million (approximately HK\$469 million) subject to fulfilment of the condition precedents under the share purchase agreement. The acquisition was completed on 28 June 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Future operating lease receivables where the Group as lessor

The Group has future aggregate lease receivables under non-cancellable operating leases for investment properties and property, plant and equipment as follows:

	2024 HK\$'million	2023 HK\$'million
Within one year	216	228
In the second year	132	154
In the third year	97	126
In the fourth year	57	76
In the fifth year	36	34
After the fifth year	11	42
	549	660

(d) Contingent liabilities

- (i) As at 31 December 2024, TCP Group has significant contingent liabilities arising from pending legal proceedings in Brazil in respect of disputes with local tax authorities, employees or former employees of TCP Group and other parties, amounting to HK\$869 million (2023: HK\$1,044 million), which, based on the latest estimates of the management of the Group, is not probable that outflows of resources embodying economic benefits will be required to settle these obligations. Accordingly, no provision for litigation claims in respect of the above cases has been made in the consolidated financial statements. A counter indemnity in favour of the Group is executed by the sellers pursuant to which the latter indemnify to the Group for the above contingent liabilities for and up to predetermined amounts and specified length of time.

39. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(d) Contingent liabilities (continued)

- (ii) As at 31 December 2024 and 2023, the other shareholder of an associate of which the Group held as to 49% of its issued share capital provided corporate guarantees to the full amount for certain loan facilities granted by banks to and other obligations borne by the relevant associate. A counter indemnity in favour of the other shareholder of the associate is executed pursuant to which the Group undertakes to indemnify the other shareholder 49% of the liabilities in the aggregate amount of HK\$63 million (2023: HK\$85 million) arising from the above loan facilities and other obligations.

The Company and the other shareholder of the above associate also provided guarantees for certain loan facilities granted by banks to and other obligations borne by the relevant associate in proportion to the shareholdings. The total amount guaranteed by the Company is HK\$125 million (2023: HK\$126 million).

In addition to above, the Group also provides guarantees for banking facilities granted to and other obligations borne by an associate of CMG. The total amount guaranteed by the Group is HK\$224 million (2023: HK\$225 million) and the aggregate amount utilised by the relevant related party amounted to HK\$181 million (2023: HK\$172 million).

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

40. RELATED PARTY TRANSACTIONS

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

Related parties refer to entities in which CMG has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or directors or officers of the Company and its subsidiaries. Other than as disclosed elsewhere in these consolidated financial statements, a summary of significant related party transactions entered into in the normal course of business between the Group and its related parties during the year and balances arising from related transactions as at 31 December 2024 are as follows:

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

	Note	2024 HK\$'million	2023 HK\$'million
Rental income from	(i)		
– fellow subsidiaries		58	58
– joint ventures		4	23
Interest expenses on lease liabilities	(i)		
– fellow subsidiaries		4	3
Expenses relating to short-term leases	(i)		
– fellow subsidiaries		6	7
Service income from	(ii)		
– fellow subsidiaries		124	110
– associates		26	36
– joint ventures		53	86
– related parties		112	59
Service fees paid to	(iii)		
– fellow subsidiaries		129	112
– associates		163	107
– joint ventures		23	21
– related parties		12	36
Interest income from			
– a fellow subsidiary	(iv)	23	19
– associates	(v)	15	155
– a joint venture	(v)	82	62
– a related party	(vi)	11	17
Interest expenses and upfront fees paid to	(vii)		
– immediate holding company		—	12
– a fellow subsidiary		6	21
– a related party		2	—
Bank and other borrowings from			
– a fellow subsidiary	(viii)	155	425
– a related party	(ix)	2,214	1,126

40. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes:

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

During the year ended 31 December 2024, the Group has recognised an addition of right-of-use-assets of HK\$15 million (2023: HK\$139 million) and lease liabilities of HK\$15 million (2023: HK\$139 million) in relation to these leases.

- (ii) The ports, logistics and information technology service fees were charged with reference to market rates.
- (iii) These related parties provided barges to bring cargos into terminals operated by the Group and provided cargo management and information technology services to the Group. The service fees were charged with reference to market rates.
- (iv) As at 31 December 2024, the Group placed deposits of HK\$5,072 million (2023: HK\$1,472 million) with China Merchants Finance, a subsidiary of CMG, which is a financial institution approved and regulated by the People's Bank of China and the China Banking Regulatory Commission. The amounts are included in cash and bank balances.
- Interest income was charged at interest rates ranging from 1.55% to 2.10% (2023: 1.61% to 2.10%) per annum.
- (v) Interest income was charged at interest rates as specified in note 22 on the outstanding advances to associates and a joint venture.
- (vi) As at 31 December 2024, the Group placed deposits of HK\$2,042 million (2023: HK\$2,958 million) with China Merchants Bank Co., Ltd., an associate of CMG.
- (vii) Interest expenses were charged at interest rates as specified in note 30 on the outstanding loans from immediate holding company and fellow subsidiaries.
- (viii) As at 31 December 2024, long term other borrowings from China Merchants Finance amounted to HK\$155 million and total unutilised credit facilities amounted to HK\$165 million.
- (ix) As at 31 December 2024, short and long term bank loans from China Merchants Bank Co., Ltd. in total amounted to HK\$2,214 million and total unutilised credit facilities amounted to HK\$1,295 million.
- (x) In previous years, a subsidiary of the Company entered into a transaction with a related party for leasing of a parcel of land located in Djibouti. At inception of the lease, the Group had recognised a right-of-use asset amounting to HK\$217 million. Lease payment of HK\$217 million had been made by the Group during the previous years. As at 31 December 2024, the corresponding carrying amount of the right-of-use asset was HK\$306 million (2023: HK\$313 million).
- (xi) During the year ended 31 December 2023, the Group acquired property, plant and equipment of HK\$1 million from an associate.

The balances with entities within CMG Group as at 31 December 2024 and 31 December 2023 are disclosed in notes 22, 25, 30 and 34.

Save and except for those connected transactions or continuing connected transactions under the Listing Rules set out under "Connected Transactions" in the section "Report of the Directors" in this annual report, the other transactions as set out in this note 40(a) were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

(b) Transactions with other PRC state-controlled entities

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

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40. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	2024 HK\$'million	2023 HK\$'million
Salaries and other short-term employee benefits	19	21

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The table below lists only those subsidiaries of the Company which, in the opinion of the Directors, principally affect the results for the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued share capital/registered capital	Proportion of effective ownership interest held by the Company				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
CMBL (Note (b))	PRC	RMB700,000,000	—	—	60.00	60.00	Provision of container related logistics services
CMCS	Hong Kong	HK\$500,000	—	—	100.00	100.00	Provision of container terminal services and ports transportation
China Merchants Finance Company Limited (Note (e))	British Virgin Islands	US\$1	100.00	100.00	—	—	Provision of financial services
China Merchants International Container Terminal (Qingdao) Co., Ltd. (Note (a))	PRC	US\$206,300,000	—	—	100.00	100.00	Provision of container terminal services and ports transportation
China Merchants International Ports (Ningbo) Limited	Hong Kong	HK\$1	100.00	100.00	—	—	Investment holding
China Merchants International Terminal (Qingdao) Company Ltd. (Note (b))	PRC	US\$44,000,000	—	—	90.10	90.10	Provision of container related logistics services
China Merchants Port Services (Shenzhen) Company Limited (Note (a))	PRC	RMB550,000,000	—	—	100.00	100.00	Provision of terminal services and ports transportation

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration and operation	Issued share capital/registered capital	Proportion of effective ownership interest held by the Company				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
CMH International (China) Investment Co., Ltd. (Note (a))	PRC	US\$67,400,000	100.00	100.00	—	—	Investment holding
CMFBVI (Note (f))	British Virgin Islands	US\$1	100.00	100.00	—	—	Provision of financial services
CICT	Republic of Sri Lanka	US\$150,000,088	—	—	85.00	85.00	Provision of container terminal services in Colombo, Sri Lanka
HIPG	Republic of Sri Lanka	US\$1,145,480,000	—	—	65.00	65.00	Port development, management and operation
Hambantota International Port Services Company (Private) Limited (Note (d))	Republic of Sri Lanka	US\$606,000,000	—	—	37.70	37.70	Port management
LCT (Note (c))	Togolese Republic	XOF200,000,000	—	—	50.00	50.00	Provision of container terminal services in Lomé, Togo
Mega SCT	British Virgin Islands	US\$120	80.00	80.00	—	—	Investment holding
NPH	Indonesia	IDR281,394,199,000	—	—	51.00	—	Investment holding
PT Mustika Alam Lestari	Indonesia	IDR50,000,000,000	—	—	50.99	—	Handling and Stevedoring Container Services
PT PBM Adipurusa	Indonesia	IDR149,700,000,000	—	—	42.50	—	Loading and Unloading Goods
PT Parvi Indah Persada	Indonesia	IDR747,500,000,000	—	—	51.00	—	Trading, Terminal Operation and Repair and Maintenance Service
Shantou Port	PRC	RMB125,000,000	—	—	60.00	60.00	Provision of terminal services in Shantou, Guangdong Province, China
Shekou Container Terminals Ltd. (Note (a))	PRC	HK\$618,201,150	—	—	80.00	80.00	Operation of berths No. 1 & 2 in Shekou, China
Shekou Container Terminals (Phase II) Company Limited (Note (a))	PRC	RMB608,549,000	—	—	80.00	80.00	Operation of berths No. 3 & 4 in Shekou, China

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration and operation	Issued share capital/registered capital	Proportion of effective ownership interest held by the Company				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
Shekou Container Terminals (Phase III) Company Limited (Note (a))	PRC	RMB1,276,000,000	—	—	80.00	80.00	Operation of berths No. 5 to 9 in Shekou, China
Shenzhen China Merchants Qianhaiwan Property Company Limited	PRC	RMB200,000,000	—	—	100.00	100.00	Property holding
Shenzhen Haiqin Engineering Supervision& Management Co., Ltd. (Note (a))	PRC	RMB10,000,000	100.00	100.00	—	—	Provision of services on ports construction
Shenzhen Haixing Harbour Development Company Ltd. (Note (b))	PRC	RMB530,729,167	—	—	67.00	67.00	Provision of container terminal services in Mawan Port Zone, Shenzhen, China
JYRT	PRC	RMB800,000,000	—	—	100.00	100.00	Property holding
Shenzhen Mawan (Note (b))	PRC	RMB335,000,000	—	—	70.00	70.00	Operation of berths No. 5 to 7 in Mawan Port Zone Shenzhen, China
Shenzhen Mawan Wharf Co., Ltd. (Note (b))	PRC	RMB200,000,000	—	—	—	70.00	Operation of berth No. 0 in Mawan Port Zone, Shenzhen, China
SACL (Note (g))	Republic of Sri Lanka	US\$37,142,858	—	—	70.00	70.00	Provision of port related logistics services in Colombo, Sri Lanka
TCP	Brazil	BRL68,851,561	—	—	77.45	77.45	Provision for container terminal services in Paranaguá, Brazil
Xia Men Bay Terminals (Notes (b) and (d))	PRC	RMB444,500,000	—	—	31.00	31.00	Provision of terminal services and ports transportation
Zhangzhou Port (Note (b))	PRC	RMB1,167,000,000	—	—	60.00	60.00	Operation of berths No. 3 to 6 in the Zhangzhou Economic Development Zone, Fujian Province, China
Zhangzhou China Merchants Tugboat Company Limited (Note (b))	PRC	RMB15,000,000	—	—	70.00	70.00	Operation of tugboats in the Zhangzhou Economic Development Zone, Fujian Province, China
安運捷碼頭倉儲服務(深圳)有限公司 (Note (a))	PRC	RMB60,600,000	—	—	80.00	80.00	Holding of certain pieces of land in Shekou, China

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Notes:

- (a) Foreign investment enterprises.
- (b) Sino-foreign joint ventures.
- (c) This entity is considered to be a subsidiary of the Company despite that the Group holds effective equity interest of 50% therein as the Group has the power to appoint and remove the majority of the executive committee of the entity, which is empowered to direct the relevant activities of control of the investee by virtue of the shareholders' agreement.
- (d) These entities are considered to be subsidiaries of the Company despite that the Group holds less than half of the equity interest therein as the Group has the power to appoint and remove the majority of the Board of Directors of the relevant entities and holds more than half of the voting rights at the relevant Board of Directors' and shareholders' meetings of the respective entities by virtue of agreements with other investors.
- (e) This entity has issued HK\$3,879 million (2023: HK\$3,903 million) of listed notes at the end of the year.
- (f) This entity has issued HK\$8,505 million (2023: HK\$8,553 million) of listed notes and HK\$1,523 million (2023: HK\$1,522 million) of listed perpetual capital securities at the end of the year.
- (g) Further details are set out in note 19(d).

42. PARTICULARS OF PRINCIPAL ASSOCIATES

Name of associate	Place of incorporation/ registration and operation	Proportion of effective ownership interest held by the Company		Principal activities
		2024 %	2023 %	
CMIT	PRC	43.74	43.74	Provision of computer network services
China Nanshan Development (Group) Incorporation (Note (a))	PRC	37.01	37.01	Investment holding
Chiwan Container Terminal (Notes (a) and (b))	PRC	14.16	14.16	Ports and container terminal business
CKRTT	British Virgin Islands	20.00	20.00	Provision of shuttle-barge ports services
Liaoning Port (Notes (a) and (b))	PRC	11.36	11.32	Provision of terminal and logistics services
MTL	Hong Kong	27.01	27.01	Provision of container terminal services and warehouse services

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42. PARTICULARS OF PRINCIPAL ASSOCIATES (CONTINUED)

Name of associate	Place of incorporation/ registration and operation	Proportion of effective ownership interest held by the Company		Principal activities
		2024 %	2023 %	
PDSA	Republic of Djibouti	23.50	23.50	Operations of seaports and terminals and port related business in Djibouti
SIPG (Note (a))	PRC	28.05	28.05	Ports and container terminal business and related services
Shenzhen China Merchants Qianhai Assets Development Co., Ltd. (Note (b))	PRC	14.00	14.00	Property development and management in Qianhai trade zone
Terminal Link	French Republic	49.00	49.00	Operations of container terminals in Europe, Mediterranean, Africa, Americas and Asia
Tianjin Haitian Bonded Logistics (Note (a))	PRC	49.00	49.00	Provision of container terminal services and warehouse services
Tianjin Port Container Terminal (Note (b))	PRC	7.31	7.31	Ports and container terminal business
TICT	Federal Republic of Nigeria	28.50	28.50	Provision of container terminal services
Zhanjiang Port (Note (a))	PRC	27.58	27.58	Ports and container terminal business

Notes:

(a) Sino-foreign joint ventures.

(b) These entities are considered to be associates of the Company despite that the Group holds less than 20% of the equity interest therein, as the Group has significant influence to appoint and remove the executive committee of the relevant entities, which is empowered to direct the relevant activities of influence of the investees by virtue of agreements.

43. PARTICULARS OF PRINCIPAL JOINT VENTURES

Name of joint venture	Place of incorporation/ registration and operation	Proportion of effective ownership interest held by the Company		Principal activities
		2024 %	2023 %	
Asia Airfreight Terminal Company Limited	Hong Kong	34.60	34.60	Airfreight services
Euro-Asia Oceangate S.à.r.l.	Luxembourg	40.00	40.00	Ports and container terminal business
Port of Newcastle Investments (Holdings) Trust	Australia	50.00	50.00	Management of port operation and port development
Qingdao Port Dongjiakou (Note)	PRC	25.00	25.00	Ports and bulk cargo terminal business
QQCTU	PRC	50.00	50.00	Ports and container terminal business
QQTU	PRC	49.00	49.00	Ports and bulk cargo terminal business
Red Sea World S.A.	Republic of Djibouti	23.50	23.50	Land development

Note: Sino-foreign joint ventures.

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44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$'million	2023 HK\$'million
ASSETS		
Non-current assets		
Property, plant and equipment	351	359
Interests in subsidiaries	77,582	79,628
Interests in associates	632	632
Prepayment	—	6
	78,565	80,625
Current assets		
Debtors, deposits and prepayments	13	23
Advances to subsidiaries	772	403
Amount due from associates	41	42
Cash and bank balances	3,139	4,134
	3,965	4,602
Total assets	82,530	85,227
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	48,731	48,731
Reserves (Note)	2,417	3,567
Proposed dividend (Note)	2,670	2,015
Total equity	53,818	54,313
LIABILITIES		
Non-current liability		
Bank and other borrowings	2,549	6,241
Current liabilities		
Advances from subsidiaries	10,507	10,107
Creditors and accruals	368	351
Bank and other borrowings	15,288	14,215
	26,163	24,673
Total liabilities	28,712	30,914
Total equity and liabilities	82,530	85,227
Net current liabilities	(22,198)	(20,071)
Total assets less current liabilities	56,367	60,554

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

Mr. Feng Boming
DIRECTOR

Mr. Xu Song
DIRECTOR

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note: The reserves of the Company at 31 December 2024 and 2023 are as follows:

	Capital reserve HK\$'million (Note)	Retained earnings HK\$'million	Total HK\$'million
As at 1 January 2024	2,348	3,234	5,582
Profit and total comprehensive income for the year	—	2,570	2,570
Dividends	—	(3,065)	(3,065)
As at 31 December 2024	2,348	2,739	5,087
Retained earnings as at 31 December 2024 representing:			
Reserves		69	
Proposed dividend		2,670	
		2,739	
As at 1 January 2023	2,347	3,480	5,827
Profit and total comprehensive income for the year	—	3,065	3,065
Contribution from immediate holding company	1	—	1
Dividends	—	(3,311)	(3,311)
As at 31 December 2023	2,348	3,234	5,582
Retained earnings as at 31 December 2023 representing:			
Reserves		1,219	
Proposed dividend		2,015	
		3,234	

Note: The Company's capital reserve, which arose in 1998 upon reduction of share premium as confirmed by the order of the High Court of the Hong Kong Special Administrative Region, is a non-distributable reserve and may be applied by the Company in paying up its unissued shares to be allotted to members of the company as fully paid bonus shares.

45. EVENT AFTER THE REPORTING PERIOD

(i) Acquisition of Vast in Brazil

On 28 February 2025, the Company and Cyber Chic entered into the share purchase agreement with the Prumo, API (the "Sellers") and Vast, pursuant to which Cyber Chic has agreed to conditionally purchase from the Sellers the Sale Shares, representing 70% of the total capital stock of Vast.

The purchase price payable by Cyber Chic at the closing of the transaction shall be an amount in BRL equal to USD448 million (equivalent to approximately HK\$3,494 million), and subject to adjustments based on the actual amounts of the balances of cash, outstanding debt, customary debt-like liabilities and working capital of Vast as at the closing date. The final purchase price after the adjustments shall in any event not exceed USD714 million (equivalent to approximately HK\$5,569 million).

Upon closing, the Group will, through Cyber Chic, hold 70% of the total capital stock of Vast and the remaining 30% of the total capital stock of Vast will be held by Prumo. Vast will become an indirect subsidiary of the Company and its financial results will be consolidated into the Group.

(ii) Issue of the First Tranche of Medium-Term Notes for the Year of 2025

On 24 March 2025, the Company completed its issue of the first tranche of medium-term notes for the year of 2025 with an aggregate principal amount of RMB2 billion at a coupon rate of 1.98% per annum for a term of three years.

Corporate Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

ESG COMMITTEE

Mr. Feng Boming² (*Chairman*)
Mr. Xu Song¹
Mr. Yim Kong²
Mr. Lu Yongxin¹
Mr. Tu Xiaoping¹
Mr. Wong Chi Wing³

REGISTERED OFFICE

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

COMPANY SECRETARY

Mr. Leung Chong Shun, Practising Solicitor

PRINCIPAL BANKERS

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

AUDITOR

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

LEGAL ADVISER

Allen Overy Shearman Sterling

STOCK CODE

00144

REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

WEBSITE

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

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

Definitions

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

2024 AGM	the annual general meeting of the Company held on 20 June 2024
ACCA	the Association of Chartered Certified Accountants
Ansujie	Ansujie Port and Warehouse Services (Shenzhen) Company Limited
Annual Report	the annual report of the Company for the year of 2024
API	Açu Petróleo Investimentos S.A.
Articles of Association	the articles of association of the Company, as amended from time to time
Audit Committee	the audit committee of the Company
Best Mart 360	Best Mart 360 Holdings Limited, shares of which are listed on the HKSE (stock code: 2360)
Board	the board of directors of the Company
Board Diversity Policy	the board diversity policy of the Company
BOT agreement	Build-Operate-Transfer agreement
Brazil	Federative Republic of Brazil
BRL	Brazilian Real dollars, the lawful currency of Brazil
China Communications	China Communications Import and Export Company Limited
China Communications Institute	China Communications Water Transportation Planning and Design Institute Co., Ltd.
China Merchants Finance	China Merchants Group Finance Company Limited
China Merchants Food	China Merchants Food (China) Company Limited
Chiwan Container Terminal	Chiwan Container Terminal Co., Ltd.
Chiwan Port	Shenzhen Chiwan Port Development Co., Ltd.
CIAO International	CIAO International Limited
CICT	Colombo International Container Terminals Limited
CKRTT	Chu Kong River Trade Terminal Co., Limited
CM Chuangrong	China Merchants Chuangrong (Shenzhen) Technology Co., Ltd.
CM Property Management	Shenzhen China Merchants Property Management Co., Ltd.

Definitions

CMBL	China Merchants Bonded Logistics Co., Ltd.
CMCS	China Merchants Container Services Limited
CMFBVI	CMHI Finance (BVI) Co., Ltd
CMG/CMG Group	China Merchants Group Limited, and its subsidiaries, associates and joint ventures
CMHK	China Merchants Holdings (Hong Kong) Company Limited
CMID	China Merchants Investment Development Company Limited (招商局投資發展有限公司)
CMIT/CMIT Group	China Merchants International Technology Company Limited, and its subsidiaries
CMITG	China Merchants Innovation and Technology (Group) Co., Limited (招商局創新科技(集團)有限公司)
CMITHK	China Merchants Innovation and Technology (Hong Kong) Co., Limited
CMPG/CMPG Group	China Merchants Port Group Co., Ltd., shares of which are listed on the Shenzhen Stock Exchange (stock code: 001872/201872), and its subsidiaries
CMPID	China Merchants Port Investment Development Company Limited
CMS	China Merchants Securities Co., Ltd.
CMSIZ	China Merchants Shekou Industrial Zone Holdings Company Limited
CMSN	China Merchants Steam Navigation Company Limited
CMQHW	China Merchants Qian Hai Wan (Shenzhen) Supply Chain Management Co., Ltd.
CMU	China Merchants Union (BVI) Limited
CNIC Corporation	CNIC Corporation Limited
COE	Center of Excellence
CODM	chief operating decision-maker
Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Compass Investment	Compass Investment Company Limited
Corporate Governance Code	the Corporate Governance Code contained in Appendix C1 to the Listing Rules

CTOS	Container Terminal Operating System
Cyber Chic	Cyber Chic Company Limited
DCT	Dalian Container Terminal Co., Ltd.
Deloitte	Deloitte Touche Tohmatsu
Director(s)	the director(s) of the Company
Dividend Policy	the dividend policy of the Company
DTBP	Dalian Taiping Bay Port Co., Ltd.
DUKP	Dalian United King Port Auto Trade Co., Ltd.
Employee Incentive Scheme	the employee incentive scheme of CMPG
ESG	the Environmental, Social and Governance
ESG Committee	the environmental, social and governance committee of the Company
EURO	Euro, the lawful currency of the members states of the EU
Euroasia	Euroasia Dockyard Enterprise and Development Limited
FVTOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
Gainpro/Gainpro Group	Gainpro Resources Limited, and its subsidiaries
GDP	gross domestic product
Haitong Haihui	Haitong Haihui (Shanghai) Technology Co., Ltd.
Haitong Shenzhen	Haitong (Shenzhen) Trading Company Limited
HKAS	Hong Kong Accounting Standard(s)
HKFRS	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HIPG	Hambantota International Port Group (Private) Limited
HKSE	The Stock Exchange of Hong Kong Limited
Hoi Tung	Hoi Tung Innotek (HongKong) Co., Limited
Hong Kong	the Hong Kong Special Administrative Region of the PRC

Definitions

Hong Kong Dollars/HK Dollars/HK\$	Hong Kong dollars, the lawful currency of Hong Kong
IMF	International Monetary Fund
IDR	Indonesian Rupiah, the lawful currency of Indonesia
Indonesia	Republic of Indonesia
JYRT	Shenzhen Jinyu Rongtai Investment Development Company Limited
KMCT	Kao Ming Container Terminal Corp.
KPMG	KPMG
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
Malai	Shenzhen Malai Storage Company Limited (now renamed as 招商局港口現代物流科技有限公司)
Mawan Smart Port	the automated container port zone at Mawan, Shenzhen
Mega SCT	Mega SheKou Container Terminals Limited
MPF Scheme	Hong Kong Mandatory Provident Fund Schemes Ordinance
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
MTL	Modern Terminals Limited
Ningbo Daxie	Ningbo Daxie China Merchants International Terminals Co., Ltd.
Ningbo Port	Ningbo Zhoushan Port Company Limited, shares of which are listed on the Shanghai Stock Exchange (stock code: 601018)
Nomination Committee	the nomination committee of the Company
Nomination Policy	the nomination policy of the Company
NPH/NPH Group	PT Nusantara Pelabuhan Handal Tbk, shares of which are listed on the Indonesia Stock Exchange (stock code: PORT), and its subsidiaries

Orienture	Orienture Holdings Company Limited
OKIL	Oasis King International Limited
Pagoda Tree	Pagoda Tree Investment Company Limited
PDSA	Port de Djibouti S.A.
Port Development	Port Development (Hongkong) Company Limited
PRC	the People's Republic of China
Prumo	Prumo Logística S.A.
Qianhai Bay Property	China Merchants Qianhai Bay Property Co., Ltd.
Qingdao Dongjiakou	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.
QQCTU	Qingdao Qianwan United Container Terminal Co., Ltd.
QQTU	Qingdao Qianwan West Port United Terminal Co., Ltd.
Rainbow	Rainbow Reflection Limited
Register of Members	the register of members of the Company
Remuneration Committee	the remuneration committee of the Company
RMB	Renminbi, the lawful currency of the PRC
SACL	South Asia Commercial and Logistics Hub Limited
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shantou Port/Shantou Port Group	Shantou China Merchants Port Group Co., Ltd., and its subsidiaries
Shareholders	the holder of the ordinary share(s) of the Company
Shenzhen Chiwan	Shenzhen Chiwan Port Container Co., Ltd.
Shenzhen Gangteng	Shenzhen Gangteng Internet Technology Co., Ltd
Shenzhen Mawan	Shenzhen Mawan Terminals Co., Ltd.
Shenzhen Nanyou	Shenzhen Nanyou (Holdings) Ltd.
Shenzhen West Security	Shenzhen West Port Security Service Co., Ltd.
Sinotrans & CSC/Sinotrans & CSC Group	Sinotrans & CSC Holdings Co., Ltd., and its subsidiaries
SLRC	Shantou Land Reserve Centre

Definitions

SSHL	Sinotrans Shipping (Holdings) Limited
Sinomarine	Sinomarine Limited
SIPG/SIPG Group	Shanghai International Port (Group) Co., Ltd., shares of which are listed on the Shanghai Stock Exchange (stock code: 600018), and its subsidiaries
subsidiary(ies)	has the meaning ascribed to it under the Listing Rules
TCP/TCP Group	TCP Participações S.A., and its subsidiaries
Terminal Link	Terminal Link SAS
TEU	twenty-foot equivalent unit
the Company/CMPort	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 Port Container Terminal	Tianjin Port Container Terminal Co., Ltd.
TICT	Tin-Can Island Container Terminal Ltd.
Top Chief	Top Chief Company Limited
USD	United States dollars, the lawful currency of the United States of America
Vast	Vast Infraestrutura S.A.
Verise Holdings	Verise Holdings Company Limited
West Shenzhen Port Zone	Mega Shekou Container Terminals Limited; Chiwan Container Terminal Co., Ltd.; Shenzhen Mawan Terminals Co., Ltd.; Shenzhen Mawan Wharf Co., Ltd.; Shenzhen Haixing Harbour Development Company Ltd.; and China Merchants Port Services (Shenzhen) Company Limited
Wuhan Changjiang	Wuhan Changjiang Shipping Planning and Design Institute Co., Ltd.
Xia Men Bay Terminals	Xia Men Bay China Merchants Terminals Co., Ltd.
Yiu Lian Shekou	Yiu Lian Dockyards (Shekou) Limited
Zhangzhou Port	Zhangzhou China Merchants Port Co., Ltd.
Zhanjiang Port	Zhanjiang Port (Group) Co., Ltd.
%	per cent.



**CHINA MERCHANTS PORT
HOLDINGS COMPANY LIMITED**

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

Tel: (852) 2102 8888

Fax: (852) 2851 2173

E-mail: relation@cmhk.com

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