招商局國際有限公司
CHINA MERCHANTS HOLDINGS (INTERNATIONAL) COMPANY LIMITED

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

- Throughput of containers handled reached 41.35 million TEUs, up 5.3% (2014: 39.25 million TEUs)
- Throughput of bulk cargoes handled reached 174 million tonnes, down 3.9% (2014: 181 million tonnes)
- Profit attributable to equity holders of the Company
  - √ HK$2,781 million, up 29.4% (2014: HK$2,149 million)
  - √ HK$2,413 million, up 10.4%, from ports operation (2014: HK$2,185 million)
- Recurrent profit attributable to equity holders of the Company amounted to HK$2,466 million, up 17.1% (2014: HK$2,106 million)
- Basic earnings per share totaled 90.54 HK cents, up 8.5% (2014: 83.46 HK cents)
- Interim dividend of 22 HK cents per share (2014: 22 HK cents per share)

2015 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of China Merchants Holdings (International) Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Unaudited 2015 *HK$'million*	Unaudited 2014 *HK$'million*
Revenue	2	4,080	3,924
Cost of sales		(2,210)	(2,223)
Gross profit		1,870	1,701
Other gains, net	4	346	53
Other income	4	142	118
Administrative expenses		(464)	(443)
Operating profit		1,894	1,429
Finance income	5	102	46
Finance costs	5	(399)	(563)
Finance costs, net	5	(297)	(517)
Share of profits less losses of			
Associates		1,782	1,761
Joint ventures		135	193
		1,917	1,954
Profit before taxation		3,514	2,866
Taxation	6	(361)	(386)
Profit for the period	7	3,153	2,480
Attributable to:			
Equity holders of the Company		2,781	2,149
Non-controlling interests		372	331
Profit for the period		3,153	2,480
Dividend	8	569	560
Earnings per share for profit attributable to equity holders of the Company	9		
Basic (HK cents)		90.54	83.46
Diluted (HK cents)		90.41	83.38

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited	
	2015	**2014**
	HK$'million	*HK$'million*
Profit for the period	3,153	2,480
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences from retranslation of investments in subsidiaries, associates and joint ventures	(501)	(503)
Release of reserves upon disposal of subsidiaries	(35)	—
Increase/(decrease) in fair value of available-for-sale financial assets, net of deferred taxation	2,923	(157)
Share of investment revaluation reserve of associates	54	(25)
Item that will not be reclassified subsequently to profit or loss:		
Share of other reserves of associates	49	36
Total other comprehensive income/(expense) for the period, net of tax	2,490	(649)
Total comprehensive income for the period	5,643	1,831
Total comprehensive income attributable to:		
Equity holders of the Company	5,357	1,566
Non-controlling interests	286	265
	5,643	1,831

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Unaudited 30 June 2015 HK$'million	Audited 31 December 2014 HK$'million
ASSETS			
Non-current assets			
Goodwill		3,002	3,167
Intangible assets		5,754	5,650
Property, plant and equipment		19,746	19,982
Investment properties		1,764	1,757
Land use rights		8,007	7,938
Interests in associates		37,733	37,731
Interests in joint ventures		6,527	6,408
Other financial assets		7,452	4,215
Other non-current assets		783	1,645
Deferred tax assets		36	58
		90,804	88,551
Current assets			
Inventories		83	108
Other financial assets		—	580
Debtors, deposits and prepayments	10	4,202	3,693
Taxation recoverable		3	3
Cash and bank balances		7,672	9,501
		11,960	13,885
Total assets		102,764	102,436

	Note	Unaudited 30 June 2015 HK$'million	Audited 31 December 2014 HK$'million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		18,106	17,918
Mandatory convertible securities		15,258	15,280
Reserves		37,138	32,821
Proposed dividend	8	569	1,411
		71,071	67,430
Non-controlling interests		8,031	7,716
Total equity		79,102	75,146
LIABILITIES			
Non-current liabilities			
Loans from shareholders		1,940	1,065
Other financial liabilities		11,155	12,231
Other non-current liabilities		1,399	1,421
Deferred tax liabilities		2,409	2,208
		16,903	16,925
Current liabilities			
Creditors and accruals	11	3,440	3,094
Loans from shareholders		814	1,318
Other financial liabilities		1,908	5,357
Taxation payable		597	596
		6,759	10,365
Total liabilities		23,662	27,290
Total equity and liabilities		102,764	102,436
Net current assets		5,201	3,520
Total assets less current liabilities		96,005	92,071

NOTES:

1 **Basis of preparation**

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The financial information relating to the financial year ended 31 December 2014 that is included in the condensed consolidated interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory annual consolidated financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "**Companies Ordinance**") is as follows:

The Company has delivered the annual consolidated financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

During the period, the Group has applied, for the first time, certain amendments to HKFRSs issued by the HKICPA. The adoption of these amendments to HKFRSs has had no material effect on the amounts reported in or disclosures set out in this condensed consolidated interim financial information.

2 **Revenue**

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

	Six months ended 30 June	
	2015	**2014**
	HK$'million	*HK$'million*
Ports service, transportation income, container service and container yard management income	3,873	3,561
Logistics services income (including rental income)	186	341
Gross rental income from investment properties	21	22
	4,080	3,924

3 **Segment information**

The key management team of the Company is regarded as the chief operating decision-maker ("**CODM**"), who reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments. The CODM manages the Group's operations by divisions from both a business and geographic perspective.

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

From a business and financial perspective, management assesses the performance of the Group's business operations including ports operation, bonded logistics and cold chain operations, port-related manufacturing 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. Ports operation is further evaluated on a geographic basis as set out below:

(a) Mainland China, Hong Kong and Taiwan

- Pearl River Delta excluding Hong Kong ("PRD excluding HK")
- Hong Kong
- Yangtze River Delta
- Others

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

(ii) Bonded logistics and cold chain operations include logistic park operation, ports transportation, cold storage and logistics operation and airport cargo handling operated by the Group and its associates and joint ventures.

Following the disposal of Smart Ally Holdings Limited and its subsidiaries during the period, the Group ceased its cold chain operation and thereafter the segment information at the end of the reporting period reported to the CODM in respect of bonded logistics and cold chain operations comprises only the bonded logistics operation which includes logistic park operation, ports transportation and airport cargo handling operated by the Group and its associates and joint ventures.

(iii) Port-related manufacturing operation represents container manufacturing operated by the Group's associate.

(iv) Other operations mainly include property development and investment and construction of modular housing operated by the Group's associate, property investment operated by the Group and corporate function.

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

There was no single customer who accounted for over 10% of the Group's total revenue in any of the six-month periods ended 30 June 2015 and 2014.

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

	Revenue		**Non-current assets**	
	Six months ended 30 June		**30 June**	**31 December**
	2015	**2014**	**2015**	**2014**
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Mainland China, Hong Kong and Taiwan	3,616	3,821	67,361	67,894
Other locations	464	103	15,955	16,384
	4,080	3,924	83,316	84,278

The amounts labelled as “Company and subsidiaries” below represent the Group’s revenue. The amounts labelled as “Share of associates” and “Share of joint ventures” below represent the Group’s share of revenue of associates and joint ventures respectively. An analysis of the Group’s revenue by segments is as follows:

	Ports operation						Bonded logistics and cold chain operations	Port-related manufacturing operation	Other operations	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total			Other investments	
	PRD excluding HK	Hong Kong	Yangtze River Delta	Others						
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
For the six months ended 30 June 2015										
REVENUE										
Company and subsidiaries	2,985	122	—	302	464	3,873	186	—	21	4,080
Share of associates	109	428	4,481	—	582	5,600	85	10,347	965	16,997
Share of joint ventures	6	8	203	1,056	—	1,273	3	—	—	1,276
Total segment revenue	3,100	558	4,684	1,358	1,046	10,746	274	10,347	986	22,353
For the six months ended 30 June 2014										
REVENUE										
Company and subsidiaries	3,035	93	—	330	103	3,561	341	—	22	3,924
Share of associates	100	498	4,217	—	660	5,475	77	10,240	825	16,617
Share of joint ventures	4	9	173	1,046	—	1,232	3	—	—	1,235
Total segment revenue	3,139	600	4,390	1,376	763	10,268	421	10,240	847	21,776

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

	For the six months ended 30 June 2015											
	Ports operation						Bonded logistics and cold chain operations	Port-related manufacturing operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total			Other investments	Corporate function	Sub-total	
	PRD excluding HK	Hong Kong	Yangtze River Delta	Others								
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
Operating profit/(loss)	1,223	20	259	155	161	1,818	120	48	23	(115)	(92)	1,894
Share of profits less losses of												
- Associates	35	53	942	–	264	1,294	15	483	(10)	–	(10)	1,782
- Joint ventures	–	–	71	65	–	136	(1)	–	–	–	–	135
	1,258	73	1,272	220	425	3,248	134	531	13	(115)	(102)	3,811
Finance costs, net	(42)	–	–	(28)	(68)	(138)	(12)	–	–	(147)	(147)	(297)
Taxation	(207)	(3)	(94)	(20)	(3)	(327)	(11)	(22)	1	(2)	(1)	(361)
Profit/(loss) for the period	1,009	70	1,178	172	354	2,783	111	509	14	(264)	(250)	3,153
Non-controlling interests	(317)	–	–	(19)	(34)	(370)	(2)	–	–	–	–	(372)
Profit/(loss) attributable to equity holders of the Company	692	70	1,178	153	320	2,413	109	509	14	(264)	(250)	2,781
Other information:												
Depreciation and amortisation	433	5	–	61	122	621	48	–	–	5	5	674
Capital expenditure	73	11	–	46	437	567	18	–	–	1	1	586

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

	For the six months ended 30 June 2014											
	Ports operation						Bonded logistics and cold chain operations	Port-related manufacturing operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total			Other investments	Corporate function	Sub-total	
	PRD excluding HK	Hong Kong	Yangtze River Delta	Others								
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
Operating profit/(loss)	1,229	19	61	132	(38)	1,403	80	–	38	(92)	(54)	1,429
Share of profits less losses of												
- Associates	32	82	906	–	323	1,343	20	332	66	–	66	1,761
- Joint ventures	–	–	54	142	–	196	(3)	–	–	–	–	193
	1,261	101	1,021	274	285	2,942	97	332	104	(92)	12	3,383
Finance costs, net	(38)	–	–	(26)	(9)	(73)	(12)	–	–	(432)	(432)	(517)
Taxation	(213)	(3)	(90)	(25)	(9)	(340)	(23)	(15)	(4)	(4)	(8)	(386)
Profit/(loss) for the period	1,010	98	931	223	267	2,529	62	317	100	(528)	(428)	2,480
Non-controlling interests	(308)	–	–	(22)	(14)	(344)	13	–	–	–	–	(331)
Profit/(loss) attributable to equity holders of the Company	702	98	931	201	253	2,185	75	317	100	(528)	(428)	2,149
Other information:												
Depreciation and amortisation	453	5	–	62	35	555	72	–	–	3	3	630
Capital expenditure	177	3	–	40	1,307	1,527	67	–	–	1	1	1,595

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

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

	As at 30 June 2015											
	Ports operation						Bonded logistics operation	Port-related manufacturing operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total			Other investments	Corporate function	Sub-total	
	PRD excluding HK	Hong Kong	Yangtze River Delta	Others								
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
ASSETS												
Segment assets (excluding interests in associates and joint ventures)	24,341	390	7,625	4,569	10,919	47,844	3,051	267	1,914	5,389	7,303	58,465
Interests in associates	1,428	1,517	17,607	1	5,777	26,330	374	7,875	3,154	—	3,154	37,733
Interests in joint ventures	3	7	1,000	5,517	—	6,527	—	—	—	—	—	6,527
Total segment assets	25,772	1,914	26,232	10,087	16,696	80,701	3,425	8,142	5,068	5,389	10,457	102,725
Taxation recoverable												3
Deferred tax assets												36
Total assets												102,764
LIABILITIES												
Segment liabilities	(3,412)	(35)	—	(1,786)	(6,174)	(11,407)	(699)	—	(7)	(8,543)	(8,550)	(20,656)
Taxation payable												(597)
Deferred tax liabilities												(2,409)
Total liabilities												(23,662)

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

	As at 31 December 2014											
	Ports operation						Bonded logistics and cold chain operations	Port-related manufacturing operation	Other operations			Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total			Other investments	Corporate function	Sub-total	
	PRD excluding HK	Hong Kong	Yangtze River Delta	Others								
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
ASSETS												
Segment assets (excluding interests in associates and joint ventures)	24,138	234	4,297	4,429	11,010	44,108	4,472	—	1,843	7,813	9,656	58,236
Interests in associates	1,439	1,598	17,316	—	6,088	26,441	378	7,679	3,233	—	3,233	37,731
Interests in joint ventures	3	6	927	5,471	—	6,407	1	—	—	—	—	6,408
Total segment assets	25,580	1,838	22,540	9,900	17,098	76,956	4,851	7,679	5,076	7,813	12,889	102,375
Taxation recoverable												3
Deferred tax assets												58
Total assets												102,436
LIABILITIES												
Segment liabilities	(3,840)	(42)	—	(1,789)	(6,931)	(12,602)	(1,160)	—	(8)	(10,716)	(10,724)	(24,486)
Taxation payable												(596)
Deferred tax liabilities												(2,208)
Total liabilities												(27,290)

4 **Other gains, net and other income**

	Six months ended 30 June	
	2015	**2014**
	HK$'million	*HK$'million*
Other gains, net		
Increase in fair value of investment properties	3	19
Increase in fair value of financial asset at fair value through profit or loss	—	34
Gain on disposal of property, plant and equipment	26	28
Net exchange gains/(losses)	3	(28)
Gain on disposal of subsidiaries	52	—
Gain on deemed disposal of interests in associates	260	—
Others	2	—
	346	53
Other income		
Dividend income from available-for-sale financial assets		
- listed equity investments	66	61
- unlisted equity investments	49	16
Dividend income from financial asset at fair value through profit or loss	—	12
Others	27	29
	142	118

5 **Finance income and costs**

	Six months ended 30 June 2015 *HK$'million*	2014 *HK$'million*
Finance income from:		
Interest income from bank deposits	99	41
Others	3	5
	102	46
Interest expense on:		
Bank borrowings		
- wholly repayable within five years	(30)	(67)
- not wholly repayable within five years	(92)	(72)
Listed notes payable		
- wholly repayable within five years	(97)	(162)
- not wholly repayable within five years	(100)	(100)
Unlisted notes wholly repayable within five years	(45)	(47)
Loans from		
- a non-controlling equity holder of a subsidiary	(8)	(7)
- shareholders	(56)	(199)
Others	(9)	(5)
Total borrowing costs incurred	(437)	(659)
Less: amount capitalised on qualifying assets (Note)	38	96
Finance costs	(399)	(563)
Finance costs, net	(297)	(517)

Note:

Apart from the interest expenses incurred on borrowings specifically for the purposes of obtaining qualifying assets, those incurred from the general borrowing pool are also capitalised in the condensed consolidated statement of financial position. Capitalisation rate of 4.34% per annum (2014: 4.73% per annum) was applied, representing the weighted average rate of the costs of borrowings used to finance the qualifying assets.

6 Taxation

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

The Group's operations in Mainland China are subject to corporate income tax law of People's Republic of China (the "**PRC**") ("**PRC corporate income tax**"). The standard PRC corporate income tax rate is 25%. Certain of the Group's subsidiaries are exempted from PRC corporate income tax in the first five profit making years and followed by a 50% reduction in PRC corporate income tax for the next five years thereafter, commencing from the earlier of the first profitable year after offsetting all unexpired tax losses carried forward from the previous years or 1 January 2008. 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 if such companies are the beneficial owner of over 25% of these PRC entities according to PRC tax regulations.

Taxation outside of Hong Kong and Mainland China has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended 30 June	
	2015	**2014**
	HK$'million	*HK$'million*
Current taxation		
Hong Kong Profits Tax	5	5
PRC corporate income tax	183	201
PRC withholding income tax	147	123
Overseas withholding income tax	9	12
Deferred taxation	17	45
	361	386

7 Profit for the period

	Six months ended 30 June	
	2015	**2014**
	HK$'million	*HK$'million*
Profit for the period has been arrived at after charging:		
Cost of inventories	—	17
Staff costs (including Directors' and chief executive's emoluments)	752	689
Depreciation of property, plant and equipment	547	529
Amortisation of intangible assets and land use rights	127	101
Operating lease rentals in respect of		
- land and buildings	120	145
- plant and machinery	30	15

8 Dividend

	Six months ended 30 June	
	2015	**2014**
	HK$'million	*HK$'million*
Interim dividend of 22 HK cents (2014: 22 HK cents) per share	569	560

At a meeting held on 31 August 2015, the Board proposed an interim dividend of 22 HK cents per share, which will be satisfied by allotment of new shares of the Company, credited as fully paid, by way of scrip dividend, with an alternative to equity holders to elect to receive such interim dividend (or part thereof) in cash in lieu of such allotment. This proposed dividend is not reflected as a dividend payable in this condensed consolidated interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31 December 2015.

The amount of interim dividend for 2015 was based on 2,586,926,079 (2014: 2,546,717,460) shares in issue as at 31 August 2015.

9 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2015	**2014**
Basic		
Profit attributable to equity holders of the Company (HK$' million)	2,781	2,149
Weighted average number of ordinary shares in issue (Note (a))	3,071,440,422	2,574,669,596
Basic earnings per share (HK cents)	90.54	83.46
Diluted		
Profit attributable to equity holders of the Company (HK$' million)	2,781	2,149
Weighted average number of ordinary shares in issue (Note (a))	3,071,440,422	2,574,669,596
Effect of dilutive potential ordinary shares:		
Adjustment for share options (Note (b))	4,469,901	2,388,429
Weighted average number of ordinary shares for diluted earnings per share	3,075,910,323	2,577,058,025
Diluted earnings per share (HK cents)	90.41	83.38

Notes:

(a) The weighted average number of ordinary shares in issue for the purposes of basic and diluted earnings per shares included (i) the ordinary shares of the Company in issue during the period and (ii) the ordinary shares that will be issued upon conversion of the Mandatory Convertible Securities ("MCS") from the issue date as the MCS are mandatorily convertible instruments.

The directors are of the opinion, based on the best information available thereto, including the terms of the MCS and the identities of its holders, that the MCS are substantially the same as ordinary shares of the Company, and accordingly, the MCS have been taken into account in the calculation of the basic and diluted earnings per share above.

(b) Adjustment represents the additional number of ordinary shares in issue on the assumption of exercise of all outstanding share options. Calculation to determine the number of shares that could have been acquired at fair value (determined as the average interim market share price of the Company's shares) is based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

10 Debtors, deposits and prepayments

Debtors, deposits and prepayments balance includes trade debtors of HK$1,185 million (31 December 2014: HK$1,031 million).

The Group has a credit policy of allowing an average credit period of 90 days (2014: 90 days) to its trade customers. The ageing analysis of the trade debtors, net of provision for impairment of trade debtors is as follows:

	30 June 2015	**31 December 2014**
	HK$'million	*HK$'million*
Not yet due	582	433
Days overdue		
- 1 - 90 days	517	481
- 91 - 180 days	64	102
- 181 - 365 days	17	12
- Over 365 days	5	3
	1,185	1,031

11 Creditors and accruals

Creditors and accruals balance includes trade creditors of HK$212 million (31 December 2014: HK$269 million). The ageing analysis of the trade creditors is as follows:

	30 June 2015	**31 December 2014**
	HK$'million	*HK$'million*
Not yet due	121	110
Days overdue		
- 1 - 90 days	38	72
- 91 - 180 days	10	31
- 181 - 365 days	4	8
- Over 365 days	39	48
	212	269

INTERIM DIVIDEND AND SCRIP DIVIDEND SCHEME

In order to reward investors' continuous support of the Group, the Board resolved to declare an interim dividend of 22 HK cents per share, totalling HK$569 million for the six months ended 30 June 2015 (representing a dividend payout of 20.5%) by way of an issue of new shares with an alternative to the shareholders to elect to receive the interim dividend (or part thereof) in cash in lieu of such allotment (2014: scrip dividend of 22 HK cents per share by way of issue of new shares equivalent with cash alternative), payable on or around 18 November 2015 to shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on 5 October 2015 (the "**Scrip Dividend Scheme**").

A circular containing details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or around 8 October 2015. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") of the listing of, and permission to deal in, the new shares to be issued pursuant thereto. It is expected that the interim dividend warrants and certificates for the new shares will be despatched to shareholders on or around 18 November 2015.

CLOSURE OF REGISTER

The Register of Members will be closed from 25 September 2015 to 5 October 2015 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers and the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 24 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

General overview

During the period under review, the global economy has been growing at a moderate though slower than expected pace. Developed economies, with oil prices hovering at relatively low level in recent years and the continuation of appropriate monetary easing, have seen a gradual pickup in its economic growth. With the progress of revival of the US economy milder than expected, potential drivers in restoring US's consumption and investment demands, including wage increase, improving job market and the strengthening of the property market, remained intact. In the Euro zone, economic recovery was becoming more concrete, with its domestic demand growing and inflation pointing to a stronger outlook, despite the Greece's debt situation and the worsening Greek economy which should bring limited impact to the Euro Zone and other regions. Japan's economy which has been benefiting from the stimulus induced by fiscal policies implemented has yet to restore its long-term growth momentum. Deterred by lowering commodity price and tightening external financial conditions, as well as problems derived from each of their respective economic structures, the emerging economies have yet to extricate themselves from the prevailing deceleration of economic growth. The International Monetary Fund ("**IMF**") indicated that downward risk to the global economy, including disruptive shifts in asset price, an increased volatility in financial markets, the balance sheet and financing risks of US dollars borrowers associated with a stronger US dollar, the unexpectedly fast decline in economic growth of certain emerging economies and of China, and the intensifying geopolitical risks in Ukraine, the Middle East and certain areas in Africa, persisted. In its latest "World Economic Outlook" report published on 9 July 2015, the IMF revised downward its projections for 2015's global economic growth to 3.3%, down 0.1 percentage point as compared to that of 2014, and down 0.2 percentage point as compared to its earlier forecast made in its April report; within which developed economies were expected to grow by 2.1%, up 0.3 percentage point from 2014; while emerging markets and developing economies were expected to grow by 4.2%, down 0.4 percentage point as compared to that of 2014.

In the first half of the year, though China was able to deliver a GDP growth that was broadly in-line with its annual target of 7%, prospects look challenging as foreign trade growth turned negative. China's total import and export value amounted to US$1,880.8 billion during the period under review, representing a year-on-year decrease of 6.9%, within which total export value was US$1,072.0 billion, or a slight year-on-year increase of 1.0%, while total import value was US$808.8 billion, reflecting a 15.5% decline year-on-year.

In tandem with the sluggish recovery of global economy and a negative growth seen in China's foreign trade data, global ports industry was continuing its trend of decelerating growth. Data published by the Ministry of Transport of China suggested that container throughput handled by Chinese ports of significant scale totaled 103 million TEUs during the first half of 2015, representing a year-on-year increase of 6.1%, of which 92.10 million TEUs were handled by coastal ports, representing a year-on-year increase of 5.6% but was down by 1.3 percentage points as compared to the growth rate for the same period last year.

During the period under review, the Group's ports handled a total container throughput of 41.35 million TEUs, an increase of 5.3% year-on-year. Bulk cargo volume handled by the Group's ports was 174 million tonnes, or a year-on-year decline of 3.9%. China International Marine Containers (Group) Co., Ltd. ("**CIMC**"), of which the Group is the single largest shareholder, was seeing continuous rise in its container sales. During the first half of the year, sales of dry cargo containers and reefers amounted to 0.82 million TEUs, a year-on-year increase of 18.2%.

For the six months ended 30 June 2015, profit attributable to equity holders of the Company amounted to HK$2,781 million, representing an increase of 29.4% over the same period last year. Of this amount, recurrent profit [Note 1] was HK$2,466 million, up 17.1% as compared to the same period last year. EBITDA [Note 2] of the Group's core ports operation amounted to HK$5,420 million, up 3.8% year-on-year, accounting for 79.7% of the Group's total.

Business review

Ports operation

Container throughput handled by the Group's ports operation during the first half of the year amounted to 41.35 million TEUs, up by 5.3% year-on-year, amongst which, the Group's ports in Mainland China delivered container throughput of 30.36 million TEUs, or an increase of 5.0% year-on-year, thereby enabling the Group to sustain its leading position amongst China port operators. The Group's operations in Hong Kong and Taiwan delivered an aggregate container throughput of 3.03 million TEUs, a decline of 18.7% over the same period last year. Benefited from the rapid growth of container handling business in Colombo International Container Terminals Limited ("**CICT**"), container throughput handled by the Group's overseas projects grew by 20.4% year-on-year to 7.95 million TEUs. Bulk cargo volume handled by the Group's ports operation decreased by 3.9% year-on-year to 174 million tonnes, within which bulk cargo handled by the Group's ports in Mainland China was 172 million tonnes, a decrease of 4.2% year-on-year. On the overseas front, Port de Djibouti S.A. ("**PDSA**") delivered a bulk cargo volume of 2.41 million tonnes, or an increase of 31.8% as compared to the same period last year.

Note 1 Profit attributable to equity holders of the Company net of non-recurrent gains after tax. Non-recurrent gains include: for first half of 2015, gain on deemed disposal of interests in associates, gain on disposal of subsidiaries and change in fair value of investment properties while for first half of 2014, change in fair value of investment properties and financial asset at fair value through profit or loss.

Note 2 EBIDTA refer to earnings before net interest expenses, taxation, depreciation and amortization of the Company, its subsidiaries and its share in joint venture and associates, but excluding unallocated income less expenses and profit attributable to non-controlling interests.

Pearl River Delta region

In the Pearl River Delta region, the Group's terminals in West Shenzhen handled a container throughput of 5.39 million TEUs in the first half of the year, up 3.6% year-on-year. Attributing to the effective efforts in market development, international container volume totaled 4.97 million TEUs during the period under review, demonstrating a robust growth of 9.1% year-on-year and growing at a pace faster than the overall Shenzhen port. Chu Kong River Trade Terminal Co., Limited handled a container throughput of 0.63 million TEUs, up 7.9% year-on-year. Bulk cargo volume handled by the West Shenzhen Port Zone amounted to 9.49 million tonnes, down 26.1% year-on-year, due mainly to the business transformation pursued by the Group in the Pearl River Delta region. Dongguan Machong Terminal, aided by the addition of new capacity, handled bulk cargo throughput of 5.40 million tonnes during the period, an increase of 13.8% year-on-year.

Xiamen Bay Economic Zone

In the south-eastern coastal region, owing to the adjustment of container mix, container throughput handled by Zhangzhou China Merchants Port Co., Ltd. ("**ZCMP**") during the period under review decreased by 16.8% year-on-year to 0.17 million TEUs. Bulk cargo throughput handled by ZCMP amounted to 6.02 million tonnes, an increase of 15.8% year-on-year.

Yangtze River Delta region

Shanghai International Port (Group) Co., Ltd. ("**SIPG**") handled a container throughput of 18.03 million TEUs, up 4.4% year-on-year. Owing to a considerable decline in coal and ore volume as a result of the business transformation pursued by SIPG, bulk cargo volume handled by SIPG during the first half of the year amounted to 76.61 million tonnes, or a decrease of 21.1% year-on-year. Ningbo Daxie China Merchants International Terminals Co., Ltd. handled a container throughput of 1.41 million TEUs, representing an increase of 17.0% year-on-year.

Bohai Rim region

Qingdao Qianwan United Container Terminal Co., Ltd. handled a container throughput of 3.12 million TEUs, representing an increase of 5.5% year-on-year. Qingdao Qianwan West Port United Container Terminal Co., Ltd. handled bulk volume of 8.32 million tonnes, a slight decrease of 1.3% year-on-year. Qingdao Port Dongjiakou Ore Terminal Co., Ltd., of which the Group became a shareholder since last year, handled bulk volume of 25.18 million tonnes, showing an increase of 12.24 million tonnes year-on-year. Tianjin Five Continents International Container Terminals Co., Ltd. handled a container throughput of 1.31 million TEUs, up 3.9% year-on-year.

South-West region of China

Zhanjiang Port (Group) Co., Ltd. handled a container throughput of 0.30 million TEUs, up 27.0% year-on-year. Bulk cargo throughput handled by the ports amounted to 40.52 million tonnes, up 7.1% year-on-year.

Hong Kong and Taiwan

Overall container throughput handled by ports in Hong Kong during the period under review decreased by approximately 9.0% on a year-on-year basis, within which the container throughput handled by the ports in Kwai Tsing area decreased by 11.0% year-on-year. The upgrading of operating system carried out by Modern Terminals Limited during the second half of 2014 has led to a 26.8% year-on-year decline in container throughput of the Group's operations in Hong Kong to 2.28 million TEUs during the period under review. Benefiting from the addition of new capacity, Kao Ming Container Terminal Corporation in Taiwan handled a container throughput of 0.75 million TEUs, reflecting an increase of 22.3% year-on-year.

Overseas operation

During the first half of the year, aggregate container throughput handled by the Group's overseas operations increased by 20.4% year-on-year to 7.95 million TEUs, amongst which throughput handled by CICT in Sri Lanka rose significantly by 1.4 times to 0.67 million TEUs. Container throughput handled by Tin-Can Island Container Terminal Limited in Nigeria was 0.22 million TEUs, an increase of 5.9% year-on-year. PDSA in Djibouti handled a total throughput of 0.44 million TEUs, up 1.7% year-on-year. Lomé Container Terminal S.A. in Togo, which commenced trial operation in the second half of 2014, contributed an incremental container throughput of 0.22 million TEUs during the period under review. Container throughput handled by Terminal Link SAS ("**Terminal Link**") reached 6.40 million TEUs, representing an increase of 12.6% year-on-year.

Strategic deployments in the Ports Operation

During the first half of 2015 which was prevailed with adverse external operating environment, the Group pursued various developments adhering to the directives of "achieving breakthroughs amid challenging environment and evolving with implementation of a wide range of tasks, thereby enhancing the Group's performance". The Group, on one hand, strived to enhance efficiency in asset utilisation and capital deployment, and in turn, return on capital, through various measures including integration of resources, transformation and upgrade of businesses, and capital operations, while on the other hand, sought to fully capture the opportunities offered by the strategic initiatives promoted by China, and, with clear vision, to deepen its efforts in the implementation of its domestic, international and innovative strategies in order to enhance the competitiveness of the Group's homebase ports in West Shenzhen while achieving breakthroughs in overseas expansion and innovation developments.

Regarding the on-going establishment of its West Shenzhen homebase port, the Group has been actively seeking to transform and upgrade the West Shenzhen Port Zone, with an aim of optimizing resource allocation and enhancing assets' efficiency. During the first half of the year, an implementation and investment plan on the widening of Tonggu Channel, which will effectively improve the navigation environment in the West Shenzhen Port Zone, has been formulated after continuous discussion with the Shenzhen Government. The Group had also commenced the development of "Mawan Smart Port", which involves converting the multi-purpose berths owned by Shenzhen Haixing Harbor Development Co., Ltd., a subsidiary of the Group, into two intelligent 200,000-tonnes container berths, as a modern and industry-leading container terminal that is automated, intelligent, green and low-carbon. Furthermore, applying the concept of "Port +" while leveraging on the advantages offered by the "Free Trade Zones", the Group has also been exploring ways in building an intelligent port ecosystem which stems from a port as its core and at which converges trade flow, logistics flow, information flow and capital flow, with an aim to enhance the overall competitiveness and service quality of the Shenzhen homebase port.

As for overseas strategies, the Group has been looking for breakthroughs in the overseas portfolio, in terms of scale, strategic positioning and mode of development by capitalizing on the opportunities arising from the development of the "One Belt, One Road" initiative. The Company entered into a strategic cooperation framework agreement with CMA CGM SA in July 2015, whereby investment opportunities in connection with ports, logistics and related infrastructure along the "One Belt, One Road" will be actively investigated and evaluated, with the co-owned Terminal Link as a platform, which is expected to be conducive in terms of synergizing and complementing the global ports layout of, and thereby bringing mutual benefits to, the parties involved.

As for the Group's ports operation in other parts of China, aiming towards a better alignment of port assets, the Group has been proactively interacting with major port groups along coastal China with a view to identifying new investment and cooperation opportunities. The Company entered into a strategic cooperation agreement with Dalian Port Corporation Limited in February 2015, pursuant to which both parties will explore opportunities for multi-level and multi-area co-operation in the core ports business, and to pursue the development of a North-east Asia maritime centre in Dalian, thus further complementing the Group's port network layout in the Bohai Rim region.

In regards to innovative development, the implementation of "integrating business operations with internet technologies" and "reinforcing active capital management of existing portfolio" have been further deepened and widened. During the first half of the year, consultation for the establishment of a trading platform for bulk commodities was completed, with a strategic implementation road map having been formulated, while at the same time, researches on alternative business models involving, for instance, the provision of cross-border trade integrated services, remained active.

With regards to operational management, the Group has continued its efforts in actively promoting the application and the extension of system capabilities in its refined management information platform. With its corporate-level knowledge database and its experience accumulated through the Group's business development and operational management across domestic and overseas projects over the years, the Group is able to establish a "knowledge + data" information sharing platform that is capable of providing the "best practicable solutions" to its projects and supporting the Group's expansion endeavours, thus elevating its overall management quality. The fact that the Group was awarded by Containerisation International as "Terminal Operator of the Year" reflects the wide industry recognition across various aspects, including service quality, operating efficiency, operational management, innovation development and personnel training, of the Group.

Bonded logistics and cold chain operations

During the first half of the year, riding on the rapid development of internet economy, the Group's bonded logistics operation achieved major breakthrough in the context of "integrating business operations with internet technologies". China Merchants Bonded Logistics Co., Ltd. ("**CMBL**"), a subsidiary of the Group, has cooperated with China Resources Vanguard Co., Ltd. ("**CR Vanguard**") for the establishment of "ewj.com", the first cross-border e-commerce outlet based in the Qianhai-Shekou Free Trade Zone, with reference to an O2O model that "displays commodities physically in the bonded zone, while allowing purchases to be made via the cross-border e-commerce platform", thereby providing a more convenient and efficient mean for consumers to purchase imported goods by utilizing both the online and offline channels. Driven by the abovementioned new business model, CMBL successfully attracted the anchoring of various cross-border e-commerce players to the bonded logistic port zone, as reflected by the surging warehouse occupancy rate and the notable improvement in its operating results. Stemming from the successful precedent laid by the "ewj.com" pilot project, the Group will continue to explore opportunities with CR Vanguard to extend the co-operation on cross-border e-commerce business to the Group's similar operations in the Qingdao and Tianjin Bonded Zones, which would help to drive the bonded logistics business on the innovation front.

In January 2015, the Group entered into a share purchase agreement with China Merchants Shipping and Enterprise Company Limited ("**CMSE**"), a wholly-owned subsidiary of the Company's ultimate holding company, China Merchants Group Limited, pursuant to which the Company agreed to dispose of a wholly-owned subsidiary which held the Group's cold chain operation, through a 51% equity interest in China Merchants Americold Holdings Company Limited and China Merchants Americold Logistics Company Limited, at a total consideration of HK$760 million along with the assignment of relevant shareholder's loan to CMSE. The exit from cold chain operation was consistent with the Group's strategy of reviewing and restructuring, as appropriate, non-core businesses from time to time.

During the first half of 2015, the total volume of cargoes handled at the three major air cargo terminals in Hong Kong was 1.82 million tonnes, representing a decrease of 2.0% year-on-year. Asia Airfreight Terminal Company Limited, in which the Group is interested, handled a total of 0.27 million tonnes, representing a decrease of 9.0% year-on-year.

Port-related manufacturing operation

During the first half of the year, despite the decline in freight rate for international container shippers, CIMC has seen continuous improvement in its container sales as a result of a higher demand for container, thanks to the new supply of shipping capacities, and lower raw material prices, which had resulted in CIMC showing remarkable improvement in its operating results. During the first half of the year, CIMC recorded profit attributable to equity holders of RMB1,518 million, an increase of 46.7% year-on-year, while its sales of dry cargo containers and reefers amounted to 0.82 million TEUs in the first half of the year, up by 18.2% year-on-year.

Financial review

For the six months ended 30 June 2015, revenue[Note 3] of the Group reached HK$22,353 million, up 2.6% year-on-year, with that from the Group's core ports

Note 3 Revenue for the Company and its subsidiaries, and its share of revenue of associates and joint ventures.

operation increasing by 4.7% to HK$10,746 million (from HK$10,268 million during the same period last year), as a result of an improvement in the container mix of the Group's existing portfolio of terminals and the added contributions from overseas greenfield projects as new capacity was added. Profit attributable to equity holders of the Company amounted to HK$2,781 million, up 29.4% over the same period last year, within which recurrent profit reached HK$2,466 million, representing a growth of 17.1% year-on-year, driven by continuing growth from existing ports and better than expected contributions from overseas greenfield projects, interest cost saving and improvements in CIMC's results.

EBITDA derived from the Group's core ports operation amounted to HK$5,420 million, or an year-on-year increase of 3.8%, and accounting for 79.7% of the Group's total EBITDA, while EBITDA margin[Note 4] of the Group's core ports operation sustained at 50.4%, similar to the margin of 50.8% achieved in the same period last year, as costs escalation, in particular labour cost, have been somewhat mitigated by the Group's devoted efforts towards efficiency improvements.

As at 30 June 2015, total assets of the Group was HK$102,764 million, representing an increase of 0.3% as compared with a corresponding balance of HK$102,436 million as at 31 December 2014. Net assets attributable to equity holders of the Company was HK$71,071 million as at 30 June 2015, representing an increase of 5.4% from that as at 31 December 2014.

The Group generated net cash inflow from operating activities of HK$2,672 million for the six months ended 30 June 2015, an increase of 55.1% year-on-year, as a result of the Group's ports operation in general continuing to yield sustainable cash flow, as well as a timing difference in dividend receipt from certain associates, whereby the distribution of dividend from an associated company which was supposed to take place in the second half of 2014 was deferred to the first half of 2015. Having received cash consideration of HK$760 million from the disposal of the cold chain business, and as slightly less capital expenditure on acquisitions was incurred, while there was no short-term time deposit made in the current period similar to those made in the preceding year with the proceeds from the issue of mandatory convertible securities ("**MCS**"), the Group has generated net cash inflow from investment activities of HK$441 million for the six months ended 30 June 2015, as opposed to an outflow of HK$8,195 million in the comparative period. Without similar proceeds from the MCS issue in the first half of 2015 as in the first half of 2014, net cash outflow from financing activities was HK$4,933 million during the six months ended 30 June 2015, comparing to an inflow of HK$12,253 million in the same period of the previous year.

Note 4 EBITDA as a percentage of revenue.

To support the capital needs for development of the Company's comprehensive port business, China Merchants Finance Company Limited, a wholly-owned subsidiary of the Group, completed the issuance of fixed-rate guaranteed notes totaling US$700 million in August 2015. The issue consists of a 5-year tranche of US$200 million notes maturing in 2020, carrying a coupon rate of 3.50%, and a 10-year tranche of US$500 million notes maturing in 2025, with a coupon rate of 4.75%. These notes are listed on The Stock Exchange of Hong Kong Limited.

Corporate social responsibility

While striving to continuously improve its operating results and generate return for shareholders, the Group also places emphasis on its social responsibilities towards its employees, the community and the environment, by contributing to the evolution of our community in a healthier and sustainable direction.

During the first half of 2015, with the fulfilling of corporate social responsibility of "conserving energy, reducing emission and carbon footprint and protecting the environment" as the focus, and aiming at "energy conservation and efficiency enhancement" and with "technological innovations" as the means, the Group has continued its efforts in the building of low-carbon green ports that is "energy efficient", so as to accelerate the conversion of ports into more environmental friendly and energy conserving entities. Having become the only state-sponsored demonstration port zone of low-carbon green ports in South China since 2013, the Group's West Shenzhen Port Zone has been working actively to promote and implement the pilot programs relating to the establishment of low carbon green ports, focusing on 13 key implementation projects in four major areas, including the transformation of infrastructure, upgrading of logistic equipment, optimization of energy consumption structure and initiation of intelligent operations, with an aim of establishing a modern container port zone that is green, efficient, ecological and sustainable.

The Group is committed to integrating its corporate core values into the community by taking active part in various community and charitable activities, with focuses on, amongst others, education, poverty alleviation, charitable donations and community services, to facilitate a harmonious environment and sustainable development of our society.

Liquidity and treasury policies

As at 30 June 2015, the Group had approximately HK$7,672 million in cash, 61.0% of which was denominated in Hong Kong dollars, 7.5% in United States dollars, 28.6% in Renminbi and 2.9% in other currencies.

The Group mainly derived its funding sources from its operating activities related to ports operation, bonded logistics and cold chain operations, property investment, and investment returns from associates and joint ventures, which amounted to HK$2,672 million in total.

During the period, the Group incurred capital expenditure amounted to HK$586 million while the Group continued to adhere to a prudent financial policy and to maintain a sound financial position. In addition, as a significant portion of the Group's bank loans were medium- to long-term borrowings, the Group, supported by adequate undrawn bilateral facilities, does not anticipate any difficulty in refinancing its short-term loans while the pressure for repaying the short-term loans is limited.

Share capital and financial resources

As at 30 June 2015, the Company had 2,570,613,544 shares in issue. During the period, the Company issued 7,221,000 new shares upon the exercise of share options and received net proceeds of approximately HK$166 million as a result. Other than the above-mentioned newly issued shares, the Company issued 744,404 shares upon conversion of the MCS. On 10 July 2015, the Company issued 16,220,486 shares under the Company's scrip dividend scheme.

As at 30 June 2015, the Group's net gearing ratio was approximately 10.3% [Note 5].

During the period, although the Group is subject to impacts due to some currency volatility, the resulting effect is not expected to be significant while financial statements of the Group's foreign investments are in Renminbi, Euro or US dollars and any exchange difference so arising from retranslation of these financial statements have been dealt with in a reserve of the Group.

During the period, a non-wholly-owned subsidiary of the Company issued fixed-rate unlisted notes with various maturities for the aggregate amount of RMB500 million to finance its working capital.

The Group had aggregate bank borrowings and listed notes payable of HK$9,906 million as at 30 June 2015 that contain customary cross default provisions.

Note 5 Net interest-bearing debts divided by total equity.

As at 30 June 2015, the Group's outstanding interest bearing debts are analysed as below:

	30 June 2015 *HK$'million*	**31 December 2014** *HK$'million*
Floating-rate bank borrowings which are repayable as follows (Note):		
Within 1 year	1,223	972
Between 1 and 2 years	382	687
Between 2 and 5 years	829	1,508
More than 5 years	3,577	3,045
	6,011	6,212
Fixed-rate bank borrowings which are repayable as follows:		
Within 1 year	51	—
Fixed-rate listed notes payable which are repayable:		
In 2015	—	3,878
In 2018	1,541	1,541
In 2022	3,828	3,828
	5,369	9,247
Fixed-rate unlisted notes payable which are repayable:		
In 2015	254	507
In 2016	380	—
In 2017	—	631
In 2018	631	630
	1,265	1,768

Note: All bank borrowings are unsecured except for HK$4,251 million (31 December 2014: HK$4,509 million).

	30 June 2015	31 December 2014
	HK$'million	*HK$'million*
Loans from the ultimate holding company which are repayable as follows:		
Within 1 year	104	484
Between 1 and 2 years	1,319	938
	1,423	1,422
Loans from an intermediate holding company which are repayable as follows:		
Within 1 year	710	834
Between 1 and 2 years	367	—
Between 2 and 5 years	254	127
	1,331	961
Loans from a non-controlling equity holder of a subsidiary		
Repayable more than 5 years	367	361

The interest bearing debts are denominated in the following currencies:

	As at 30 June 2015						
	Bank borrowings	Listed notes payable	Unlisted notes payable	Loans from an intermediate holding company	Loans from the ultimate holding company	Loans from a non-controlling equity holder of a subsidiary	Total
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
HKD & USD	3,598	5,369	—	—	—	—	8,967
RMB	538	—	1,265	1,331	1,423	—	4,557
EURO	1,926	—	—	—	—	367	2,293
	6,062	5,369	1,265	1,331	1,423	367	15,817

	As at 31 December 2014						
	Bank borrowings	Listed notes payable	Unlisted notes payable	Loans from an intermediate holding company	Loans from the ultimate holding company	Loans from a non-controlling equity holder of a subsidiary	Total
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
HKD & USD	3,243	9,247	—	—	—	—	12,490
RMB	1,076	—	1,768	961	1,422	—	5,227
EURO	1,893	—	—	—	—	361	2,254
	6,212	9,247	1,768	961	1,422	361	19,971

Assets charge

As at 30 June 2015, the entire shareholdings in two subsidiaries owned by the Company and its subsidiary are pledged to various banks for bank loans of HK$4,251 million.

As at 31 December 2014, bank loans of HK$4,509 million borrowed by subsidiaries were secured by their property, plant and equipment with carrying value of HK$31 million and land use rights with carrying value of HK$7 million. In addition, the entire shareholdings in two subsidiaries, owned by the Company and its subsidiary, were also pledged to various banks for bank facilities granted to the relevant subsidiaries.

Employees and remuneration

As at 30 June 2015, the Group employed 5,622 full time staff, of which 185 worked in Hong Kong, 4,686 worked in Mainland China, and the remaining 751 worked overseas. The remuneration paid for the period amounted to HK$752 million, representing 28.1% of the total operating expenses of the Group. The remuneration policy of the Group is reviewed every year and appropriate adjustments are made to an individual's remuneration with reference to the Group's performance, the individual's performance, the conditions of the human resources market and the general economy.

The Group also provides internal training to its staff to enable them to achieve self-improvement and to enhance their job related skills. Moreover, the Group offers discretionary year-end bonus as a reward to its staff for their efforts and contribution. The Group also operates a share option scheme, under which qualified staff may exercise their options at an agreed price to subscribe for shares of the Company. The remuneration of directors has been determined with reference to individual's duties, responsibilities and experience, and to prevailing market conditions.

Future prospects

Looking into the second half of the year, the global economy is still prevailed with various uncertainties. Factors such as the implications of Greece's debt crisis to the potential risks of the global financial system, the geopolitical risk in Ukraine, the Middle East and certain areas in Africa, directions of the monetary policies of developed economies such as the US, Japan and Euro Zone, and the slowing growth in emerging economies would, all of them, directly impact the global economy's growth performance in 2015 and beyond. According to the latest forecast made by IMF in July 2015, global economy growth is estimated to lower to 3.3% from its previous forecast, or a decline of 0.1 percentage point as compared to that in 2014. Global trade is unlikely to significantly improve in the near-term and is expected to grow by no more than 4%. The formation of mega shipping alliances will accelerate the consolidation of resources and intensify the inter-alliance competition, which, in turn, will affect the market order in the shipping space, while on the other hand, will bring about both new challenges and opportunities to the port industry. China's economy, after entering the "new normal", is expected to grow at around 7%. Despite the presence of a slower economic growth, the Group sees ample opportunities and rooms for further development that are derived from a series of national strategies and reforms launched by the Chinese government, such as the initiation of "One Belt, One Road" strategy and the establishment of "Free Trade Zones".

The Group is of the view that, although the traditional peak season in the second half of this year is expected to support China's export trade, China's port industry would continue to be hampered as growth continued to slow owing to challenging external and domestic economic conditions. Notwithstanding, with steady expansion in its overseas projects, the performance of the Group's ports operation seen in the first half is expected to sustain throughout the rest of the year.

For the second half of the year, guided by the already-established operation philosophies, the Group will continue to steadily expand its international footprint, accelerate the transformation and upgrading of homebase port, intensify its efforts to refine its management system, enhance its asset efficiency, increase its efforts in business innovation, and explore and nurture new business and income growth, all in all with a view to adding new driving forces for sustaining the Group's future development.

With respect to business expansion, seeking to seize the opportunities offered by the "One Belt, One Road" policy promoted by China, the Group will continue to analyze and capture investment opportunities in ports, logistics and relevant infrastructure along the route, so as to further extend its overseas business footprint, and to strengthen its domestic ports network layout through consolidation of port assets along coastal regions in China as opportunities arise. By fully leveraging on its expanding port network and by further synergizing its overseas and domestic operations, the Group aims to forge a deeper working relationship with its existing strategic customers through the provision of more comprehensive port service solutions.

Regarding the establishment of homebase port, in order to enhance the effectiveness of resources allocation and assets' efficiency, the Group will dedicate efforts to promote the transformation and upgrading of homebase port, spearheaded by the development of "Mawan Smart Port". The Group will also seek to strengthen the collaboration with the customs function in pursuing reform measures ranging from the unification of customs zones within West Shenzhen to the introduction of innovative customs clearance model, leveraging upon the preferential policies available at the Qianhai-Shekou Free Trade Zone, in order to optimize the operating environment of its homebase port, and, in turn, building competitive edge thereupon. The inclusion of the Qianhai Bonded Port Zone as part of the Shenzhen Special Economic Zone and a Free Trade Zone operating in the coastal area would enable the Group to be well positioned in exploring innovative bonded logistics business models and in promoting collaboration between logistics park and the adjacent ports, all in all aiming at attracting convergence of cargoes in the proximity.

Driving sustainable business growth through innovation will continue to be one of the Group's key initiatives. In light of the rapid growth in internet economy, the Group will continue to encourage the integration of operations in its ports and bonded logistics businesses with internet technologies, and to further explore business models in extending the value chain and supply chain of ports, which helps facilitating innovative business transformation, thus creating impetus for the sustainable growth of the Group's business.

With regards to operational management, wider and deeper application of the refined management information platform will be promoted, by means of, on one hand, integrating the platform with human resources, internal control and safety and production systems, enabling data sharing among platforms, thus enhancing management efficiency, and, on the other hand, linking the platform with the subsidiaries' operational management systems, hence elevating the quality of operational data analysis which helps enhancing assets' efficiency and effectiveness. At the same time, the Group's endeavor in establishing a corporate information database is also crucial in transforming corporate experience into knowledge capital.

Looking ahead, the second half of the year is presented with the combined backdrop of a slow recovery in global economy, China's economy entering a "new normal" and intensifying competition in the shipping industry, all of which means new opportunities and challenges to the Group's ports operation. Through clearly visualizing the conditions prevailing, making prudent decisions and endeavouring to steadily progress, we would be able to navigate the Group's business sustainably forward and bring about sustainable growth and, in turn, deliver better investment return for shareholders.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") comprises all of the five independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of the unaudited interim results for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period.

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules which sets out the corporate governance principles and the code provisions with which the listed issuers are expected to follow and comply throughout the six months ended 30 June 2015.

In order to ensure effective communication with the shareholders, chairmen of the Audit, Remuneration and Nomination Committees and the external auditor were present at the annual general meeting of the Company held on 27 May 2015 to answer shareholders' questions.

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

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

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

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2015 interim report will be despatched to shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cmhi.com.hk in due course.

By Order of the Board
China Merchants Holdings (International) Company Limited
Li Jianhong
Chairman

Hong Kong, 31 August 2015

As at the date of this announcement, the Board comprises Mr. Li Jianhong, Mr. Li Xiaopeng, Mr. Su Xingang, Mr. Fu Gangfeng, Mr. Yu Liming, Mr. Hu Jianhua, Mr. Wang Hong, Mr. Deng Renjie, Mr. Bai Jingtao and Mr. Zheng Shaoping as executive directors; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Kwok Heem John, Mr. Li Ka Fai David and Mr. Bong Shu Ying Francis as independent non-executive directors.