廈門國際港務股份有限公司
XIAMEN INTERNATIONAL PORT CO., LTD*
Stock Code: 3378

The largest **port terminal** operator in **Xiamen**

2009 INTERIM REPORT

* For identification purpose only

XIAMEN INTERNATIONAL PORT CO., LTD*
廈門國際港務股份有限公司

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WARNINGS ASSOCIATED WITH THE FORWARD-LOOKING STATEMENTS

This report contains certain information that are forward-looking and/or not based on any historical data, often indicated by the use of words such as "anticipate," "believe," "intend," "will likely result," "expect," "estimate," "may," "should," "shall," "will" or similar expressions. Readers of this report are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, whilst the Group believes that all the assumptions based on which such forward-looking statements are prepared are reasonable, any or all of the assumptions on which such statements are based could prove to be incorrect. Therefore, the forward-looking statements in this report should not be regarded as representations made by the Group as to its future performance, and the readers should not place undue reliance on such statements. The Group is not obligated to publicly update or revise any forward-looking statements set out in this report, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

Executive Directors
ZHENG Yongen *(Chairman)*
CHEN Dingyu
FANG Yao
HUANG Zirong
HONG Lijuan

Non-executive Directors
FU Chengjing*
MIAO Luping
LIN Kaibiao
KE Dong

Independent Non-executive Directors
HUANG Shizhong*
ZHEN Hong*
HUI Wang Chuen

Supervisors
FANG Zuhui
LUO Jianzhong
WU Jianliang
WU Weijian
TANG Jinmu
HE Shaoping

Company Secretary
HONG Lijuan

Qualified Accountant
ZHANG Yibing ACCA

Authorised Representatives
FANG Yao
HONG Lijuan

Registered Office
No. 127 Dongdu Road
Xiamen, Fujian Province, the PRC

Principal Place of Business in Hong Kong
8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central,
Hong Kong

Auditors
International auditor:
PricewaterhouseCoopers
Certified Public Accountants

PRC auditor:
PricewaterhouseCoopers Zhong Tian
Certified Public Accountants Limited Company

Legal Advisers
as to Hong Kong law:
Vincent T. K. Cheung,Yap & Co.

as to PRC law:
King & Wood

Principal Bankers
Industrial & Commercial Bank of China
China Construction Bank
Communications Bank of China
Bank of China
China Merchants Bank

Hong Kong H Share Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code on the Main Board of The Stock Exchange of Hong Kong Limited
3378

Listing Date
19 December 2005

Note:

* Members of the Audit Committee

FINANCIAL HIGHLIGHTS

The unaudited consolidated interim results for the six months ended 30 June 2009

	Six months ended 30 June		
	2009	2008	Changes
	RMB'000	RMB'000	
Revenues	**915,560**	2,014,902	(54.6%)
Operating profit	**128,540**	276,159	(53.5%)
Profit for the period	**107,082**	258,309	(58.5%)
Profit attributable to the equity holders of the Company	**82,354**	197,110	(58.2%)
Earnings per share for profit attributable to the equity holders of the Company during the period — Basic and diluted (in RMB cents)	**3.02**	7.23	(58.2%)

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF XIAMEN INTERNATIONAL PORT CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed interim financial information set out on pages 5 to 33 which comprises the condensed consolidated balance sheet of Xiamen International Port Co., Ltd. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (collectively the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 21 August 2009

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**3,211,907**	3,310,253
Land use rights	3	**1,061,712**	999,041
Intangible assets	3	**58,144**	39,448
Interests in associates		**34,249**	34,539
Available-for-sale financial assets		**141,684**	59,516
Deferred income tax assets		**52,902**	53,802
Total non-current assets		**4,560,598**	4,496,599
Current assets			
Inventories		**188,570**	133,047
Accounts and notes receivable	4	**508,727**	491,057
Other receivables and prepayments		**270,870**	288,609
Term deposits with initial term of over three months		**102,949**	186,316
Restricted cash		**52,659**	93,829
Cash and cash equivalents		**911,925**	844,665
Total current assets		**2,035,700**	2,037,523
Total assets		**6,596,298**	6,534,122
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	8	**2,726,200**	2,726,200
Reserves		**1,011,755**	1,017,716
		3,737,955	3,743,916
Minority interests		**896,424**	919,807
Total equity		**4,634,379**	4,663,723

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	7	**319,474**	361,227
Derivative financial instrument		**7,714**	9,008
Deferred government grants and income		**139,091**	145,022
Early retirement benefit obligations		**4,339**	4,657
Deferred income tax liabilities		**34,333**	13,938
Total non-current liabilities		**504,951**	533,852
Current liabilities			
Accounts and notes payable	5	**629,088**	534,459
Other payables and accruals	6	**608,990**	484,602
Borrowings	7	**211,796**	302,780
Taxes payable		**7,094**	14,706
Total current liabilities		**1,456,968**	1,336,547
Total liabilities		**1,961,919**	1,870,399
Total equity and liabilities		**6,596,298**	6,534,122
Net current assets		**578,732**	700,976
Total assets less current liabilities		**5,139,330**	5,197,575

The notes on pages 11 to 33 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2009	2008
	Note	RMB'000	RMB'000
Revenues	9	**915,560**	2,014,902
Cost of sales		**(722,119)**	(1,668,032)
Gross profit		**193,441**	346,870
Other income		**14,461**	10,060
Other gains — net		**1,256**	6,493
Selling and marketing expenses		**(12,829)**	(16,228)
General and administrative expenses		**(67,789)**	(71,036)
Operating profit	10	**128,540**	276,159
Finance income	11	**7,985**	15,234
Finance costs	11	**(14,251)**	(18,448)
		122,274	272,945
Share of results of associates		**842**	1,131
Profit before income tax expense		**123,116**	274,076
Income tax expense	12	**(16,034)**	(15,767)
Profit for the period		**107,082**	258,309
Profit attributable to:			
Equity holders of the Company		**82,354**	197,110
Minority interests		**24,728**	61,199
		107,082	258,309
Earnings per share for profit attributable to the equity holders of the Company during the period — Basic and diluted (in RMB cents)	14	**3.02**	7.23
Dividends	13	**—**	—

The notes on pages 11 to 33 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2009 RMB'000	 2008 RMB'000
Profit for the period	**107,082**	258,309
Other comprehensive income/(expense), net of tax		
— Fair value gains/(losses) on available-for-sale financial assets, net of tax	**61,626**	(36,325)
Total comprehensive income for the period	**168,708**	221,984
Total comprehensive income attributable to:		
— Equity holders of the Company	**143,980**	160,785
— Minority interests	**24,728**	61,199
	168,708	221,984

The notes on pages 11 to 33 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to equity holders of the Company					
	Share Capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Minority interests RMB'000	Total equity RMB'000
Balance at 1 January 2008	2,726,200	(313,156)	1,189,103	3,602,147	880,813	4,482,960
Profit for the period	—	—	197,110	197,110	61,199	258,309
Other comprehensive expense:						
Fair value losses on available-for-sale financial assets	—	(36,325)	—	(36,325)	—	(36,325)
— Gross	—	(48,434)	—	(48,434)	—	(48,434)
— Related deferred income tax	—	12,109	—	12,109	—	12,109
Total comprehensive income for the period ended 30 June 2008	—	(36,325)	197,110	160,785	61,199	221,984
2007 final dividend	—	—	(155,393)	(155,393)	—	(155,393)
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	(13,795)	(13,795)
Balance at 30 June 2008	2,726,200	(349,481)	1,230,820	3,607,539	928,217	4,535,756
Balance at 1 January 2009	**2,726,200**	**(356,423)**	**1,374,139**	**3,743,916**	**919,807**	**4,663,723**
Profit for the period	**—**	**—**	**82,354**	**82,354**	**24,728**	**107,082**
Other comprehensive income:						
Fair value gains on available-for-sale financial assets	**—**	**61,626**	**—**	**61,626**	**—**	**61,626**
— Gross	**—**	**82,168**	**—**	**82,168**	**—**	**82,168**
— Related deferred income tax	**—**	**(20,542)**	**—**	**(20,542)**	**—**	**(20,542)**
Total comprehensive income for the period ended 30 June 2009	**—**	**61,626**	**82,354**	**143,980**	**24,728**	**168,708**
2008 final dividend (Note 13)	**—**	**—**	**(149,941)**	**(149,941)**	**—**	**(149,941)**
Dividends paid to minority shareholders of subsidiaries	**—**	**—**	**—**	**—**	**(48,111)**	**(48,111)**
Balance at 30 June 2009	**2,726,200**	**(294,797)**	**1,306,552**	**3,737,955**	**896,424**	**4,634,379**

The notes on pages 11 to 33 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Net cash from operating activities	**211,554**	200,326
Net cash used in investing activities	**(10,155)**	(165,701)
Net cash used in financing activities	**(134,104)**	(71,649)
Net increase/(decrease) in cash and cash equivalents	**67,295**	(37,024)
Cash and cash equivalents at beginning of period	**844,665**	1,001,285
Exchange differences	**(35)**	—
Cash and cash equivalents at end of period	**911,925**	964,261

The notes on pages 11 to 33 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2009

1. GENERAL INFORMATION

Xiamen International Port Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 25 May 1998 as a wholly state-owned company under the Company Law of the PRC and was transformed into a joint stock limited company on 3 March 2005. The Company's H-shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Main Board") since 19 December 2005.

The Company and its subsidiaries (together the "Group") are principally engaged in container, bulk and general cargo loading and unloading businesses at Dongdu port area and Haicang port area in Xiamen, provision of ancillary value-added port services (including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying), building materials manufacturing, processing and selling, trading of industrial products, and investment holding.

The directors of the Company regard Xiamen Port Holding Group Co., Ltd. ("Xiamen Port Holding") as being the parent company of the Company.

These unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors (the "Board") of the Company on 21 August 2009.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008 (the "Annual Financial Statements"), which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Except as described below, the accounting policies adopted are consistent with those adopted and described in the Annual Financial Statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The Group has adopted the following new standards and amendments to standards which are currently relevant for the Group's business and mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (Revised) prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKAS 23 (Revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. As the Group did not elect the option of immediately expensing borrowing cost before, the revised standard has no impact to the Group's financial statements.

- Amendment to HKFRS 7 increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. Adoption of the amended standard does not have impact on the disclosure of this unaudited condensed consolidated interim financial information but the Group will make the relevant additional disclosures, where appropriate, in its consolidated financial statements for the year ending 31 December 2009.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The Group has adopted the following new standards and amendments to standards which are currently relevant for the Group's business and mandatory for the first time for the financial year beginning 1 January 2009. (Continued)

- HKFRS 8 replaces HKAS 14 "Segment reporting". It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the steering committee that makes strategic decisions.

  The interim financial information has been prepared in accordance with the revised disclosure requirements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group.

HKAS 32 (Amendment)	Financial instruments: presentation
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement
HKFRS 2 (Amendment)	Share-based payment
HK(IFRIC) 9 (Amendment)	Reassessment of embedded derivatives and HKAS 39 (Amendment): Financial instruments: Recognition and measurement
HK(IFRIC) 13	Customer loyalty programmes
HK(IFRIC) 15	Agreements for the construction of real estate
HK(IFRIC) 16	Hedges of a net investment in a foreign operation

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The HKICPA has issued the following new/revised standards, amendments or interpretations to existing standards which are not yet effective for the financial year beginning 1 January 2009 and have not been early adopted (collectively the "New or Revised HKFRSs"):

		Effective for accounting periods beginning on or after
Relevant to the Group's operations (Note)		
HKAS 7 (Amendment)	Statement of cash flows	1 January 2010
HKAS 17 (Amendment)	Leases	1 January 2010
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKAS 38 (Amendment)	Intangible assets	1 July 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8 (Amendment)	Operating segments	1 January 2010
Not relevant to the Group's operations		
HKAS 1 (Amendment)	Presentation of financial statements	1 January 2010
HKAS 36 (Amendment)	Impairment of assets	1 January 2010
HKAS 39 (Amendment)	Financial instruments: recognition and measurement	1 January 2010
HKFRS 2 (Amendment)	Share-based payments	1 July 2009
HKFRS 5 (Amendment)	Non-current Assets held for sale and discontinued operations	1 January 2010
HK(IFRIC) 9 (Amendment)	Reassessment of embedded derivatives	1 July 2009
HK(IFRIC) 16 (Amendment)	Hedges of a net investment in a foreign operation	1 July 2009
HK(IFRIC) 17 (Amendment)	Distributions of non-cash assets to owners	1 July 2009
HK(IFRIC) 18 (Amendment)	Transfers of assets from customers	1 July 2009

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Note: New or Revised HKFRSs which are relevant to the Group's existing operations are summarised as below:

- Amendment to HKAS 7 requires that only expenditures that result in a recognised asset are eligible for classification as investing activities.

- Amendment to HKAS 17 removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the amendment on the basis of information existing at inception of the leases.

- HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

- Amendment to HKAS 38 clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item.

- HKFRS 3 (Revised) and consequential amendments to HKAS 27, HKAS 28 and HKAS 31, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- Amendment to HKFRS 8 clarifies that disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker.

The Group has not early adopted the above New or Revised HKFRSs in the unaudited condensed consolidated interim financial information and will adopt these New or Revised HKFRSs from 1 January 2010 or later periods. The Group is assessing the impact of these New or Revised HKFRSs but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial statements will be resulted.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

3. CAPITAL EXPENDITURE

During the six months period, the capital expenditure of the Group is set out as follows:

	Unaudited			
	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Total RMB'000
Opening net book value as at 1 January 2009	**3,310,253**	**999,041**	**39,448**	**4,348,742**
Additions	**68,351**	**—**	**20,435**	**88,786**
Disposals	**(359)**	**—**	**—**	**(359)**
Reclassification	**(74,273)**	**74,273**	**—**	**—**
Depreciation and amortisation charge	**(92,065)**	**(11,602)**	**(1,739)**	**(105,406)**
Closing net book value as at 30 June 2009	**3,211,907**	**1,061,712**	**58,144**	**4,331,763**
Opening net book value as at 1 January 2008	3,213,925	1,037,917	41,801	4,293,643
Additions	126,382	2,244	938	129,564
Disposals	(522)	(18,662)	—	(19,184)
Depreciation and amortisation charge	(84,509)	(11,390)	(1,764)	(97,663)
Closing net book value as at 30 June 2008	3,255,276	1,010,109	40,975	4,306,360

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2009

4. ACCOUNTS AND NOTES RECEIVABLE

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Accounts receivable	**503,469**	479,257
Less: provision for impairment	**(24,750)**	(22,749)
	478,719	456,508
Due from fellow subsidiaries (Note 16(b))	**2,422**	1,420
Notes receivable	**27,586**	33,129
	508,727	491,057

There is no concentration of credit risk with respect to accounts receivable as the Group has a large number of customers.

Majority of the Group's revenue is on open account terms and in accordance with the terms specified in the contracts governing the relevant transactions. A credit period, which may be extended for up to six months, may be granted to large or long-established customers with good repayment history. Revenues from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

The amounts due from fellow subsidiaries are unsecured, interest free and have no fixed terms of repayment.

4. ACCOUNTS AND NOTES RECEIVABLE (CONTINUED)

Ageing analysis of the gross accounts and notes receivable of trading in nature (including amounts due from fellow subsidiaries) at respective balance sheet dates are as follows:

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Less than 6 months	**386,629**	426,228
6 months to 1 year	**101,171**	39,558
1 year to 2 years	**25,527**	25,634
2 years to 3 years	**6,358**	8,973
Over 3 years	**13,792**	13,413
	533,477	513,806
Less: provision for impairment	**(24,750)**	(22,749)
	508,727	491,057

5. ACCOUNTS AND NOTES PAYABLE

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Accounts payable	**324,257**	352,180
Due to the parent company (Note 16(b))	**20,249**	—
Due to fellow subsidiaries (Note 16(b))	**7,767**	9,437
Notes payable	**276,815**	172,842
	629,088	534,459

The amounts due to the parent company and fellow subsidiaries are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2009

5. ACCOUNTS AND NOTES PAYABLE (CONTINUED)

Ageing analysis of accounts and notes payable of trading in nature (including amounts due to the parent company and fellow subsidiaries) at respective balance sheet dates is as follows:

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Within 1 year	**613,914**	523,244
1 year to 2 years	**11,675**	11,139
2 years to 3 years	**3,456**	33
Over 3 years	**43**	43
	629,088	534,459

6. OTHER PAYABLES AND ACCRUALS

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Due to the parent company (Note 16(b))	**1,744**	3,613
Due to fellow subsidiaries (Note 16(b))	**4,557**	3,259
Due to other related parties (Note 16(b))	**28,513**	24,071
Payables for purchases of property, plant and equipment and construction-in-progress	**71,017**	87,710
Salary and welfare payables	**73,065**	105,725
Customer deposits	**133,623**	180,039
Accrued expenses	**7,625**	6,714
Other payables	**90,963**	72,241
Dividend payable to		
— shareholders of the Company	**151,131**	1,230
— minority shareholders of subsidiaries	**46,752**	—
	608,990	484,602

The amounts due to the parent company, fellow subsidiaries and other related parties are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

7. BORROWINGS

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Non-current		
Long-term bank borrowings	**319,474**	361,227
Current		
Short-term bank borrowings	**205,500**	186,645
Long-term bank borrowings — current portion	**6,296**	116,135
	211,796	302,780
Total borrowings	**531,270**	664,007
Representing:		
— guaranteed (a)	**79,530**	81,122
— secured (b)	**—**	18,645
— unguaranteed and unsecured	**451,740**	564,240
Total borrowings	**531,270**	664,007

(a) As at 30 June 2009, a bank borrowing of RMB79,530,000 (31 December 2008: RMB81,122,000) is guaranteed by a state-owned bank.

(b) As at 31 December 2008, a bank borrowing of RMB18,645,000 was secured by a bank deposit of USD6,500,000 (equivalent to approximately RMB44,425,000) and was repaid in 2009.

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June	
	2009 RMB'000	2008 RMB'000
At 1 January	**664,007**	1,007,227
Additions	**140,500**	166,000
Repayments	**(273,205)**	(244,762)
Exchange differences	**(32)**	(5,348)
At 30 June	**531,270**	923,117

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2009

8. SHARE CAPITAL

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2009 and 31 December 2008	1,739,500	986,700	2,726,200

There is no movement in the total share capital of the Company during the six months ended 30 June 2009, except that one of the shareholders of the Company, Xiamen International Airport Co., Ltd., transferred its 18,300,000 shares in the Company to Xiamen Port Holding.

The domestic shares and H-shares rank pari passu in all material respects except that the dividends in respect of H-shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in Renminbi. In addition, the transfer of domestic shares is subject to certain restriction imposed by PRC law from time to time.

9. SEGMENT INFORMATION

Management reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Management considers the business from service/product perspective and assesses the performance of the following segments: (1) container loading and unloading and storage business; (2) bulk/general cargo loading and unloading business; (3) ancillary value-added port services; (4) manufacturing and selling of building materials; and (5) trading of industrial products. As all of the Group's activities are conducted in the PRC, virtually all of the Group's revenues and operating profits are earned within the PRC and all assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns. As such, management did not evaluate segment on geographical basis.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

9. SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments for the six months ended 30 June 2009 are as follows:

	Six months ended 30 June 2009 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/ general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading of industrial products RMB'000	Total RMB'000
Total segment revenues	294,286	52,960	266,332	128,746	202,812	945,136
Inter-segment revenues	–	–	(29,576)	–	–	(29,576)
Revenues	294,286	52,960	236,756	128,746	202,812	915,560
Operating profit/(loss)	88,978	(4,767)	41,393	170	2,766	128,540
Finance income						7,985
Finance costs						(14,251)
						122,274
Share of results of associates	–	–	840	2	–	842
Profit before income tax expense						123,116
Income tax expense						(16,034)
Profit for the period						107,082
Other information						
Depreciation	52,842	12,157	21,035	5,681	350	92,065
Amortisation	7,788	2,217	3,288	27	21	13,341
Provision for/(reversal of) impairment of						
— receivables	400	(72)	306	1,387	(4)	2,017
— inventories	–	–	–	156	–	156

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2009

9. SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments for the six months ended 30 June 2008 are as follows:

	Six months ended 30 June 2008 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading of industrial products RMB'000	Total RMB'000
Total segment revenues	375,028	74,471	295,303	150,700	1,147,103	2,042,605
Inter-segment revenues	–	–	(27,703)	–	–	(27,703)
Revenues	375,028	74,471	267,600	150,700	1,147,103	2,014,902
Operating profit	189,436	9,458	50,503	9,943	16,819	276,159
Finance income						15,234
Finance costs						(18,448)
						272,945
Share of results of associates	–	–	1,192	(61)	–	1,131
Profit before income tax expense						274,076
Income tax expense						(15,767)
Profit for the period						258,309
Other information						
Depreciation	47,826	11,233	19,098	6,210	142	84,509
Amortisation	7,270	2,242	3,567	15	60	13,154
Provision/(reversal of) impairment of						
– receivables	–	507	(596)	48	1,954	1,913
– property plant and equipment	–	–	–	(45)	–	(45)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

9. SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments as at 30 June 2009 and 31 December 2008 are as follows:

	Container loading and unloading and storage business RMB'000	Bulk/ general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading of industrial products RMB'000	Total RMB'000
Unaudited						
As at 30 June 2009						
Segment assets	**3,653,713**	**489,773**	**1,541,695**	**267,698**	**448,833**	**6,401,712**
Include:						
Interests in associates	**–**	**–**	**33,286**	**963**	**–**	**34,249**
Additions to non-current assets (other than financial instrument and deferred tax assets)	**59,922**	**10,295**	**14,587**	**3,970**	**12**	**88,786**
Segment liabilities	**498,557**	**20,599**	**454,838**	**154,341**	**253,173**	**1,381,508**
Audited						
As at 31 December 2008						
Segment assets	3,819,528	352,329	1,634,213	245,407	369,327	6,420,804
Include:						
Interests in associates	–	–	33,578	961	–	34,539
Additions to non-current assets (other than financial instrument and deferred tax assets)	205,298	92,413	58,785	21,255	26	377,777
Segment liabilities	356,904	27,266	491,160	127,260	166,150	1,168,740

Management assesses the performance of the operating segments based on operating profit. Finance income and costs are not included in the result for each operating segment that is reviewed by management. Other information provided, except as noted below, to management is measured in a manner consistent with that in the financial statements.

Segment assets mainly exclude deferred income tax assets and available-for-sale financial assets. These are part of the reconciliation to total balance sheet assets.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

9. SEGMENT INFORMATION (CONTINUED)

Segment liabilities mainly exclude items such as current and deferred income tax liabilities, derivative financial instrument and borrowings. These are part of the reconciliation to total balance sheet liabilities.

Reportable segments' assets are reconciled to total assets as follows:

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Total segment assets	**6,401,712**	6,420,804
Deferred income tax assets	**52,902**	53,802
Available-for-sale financial assets	**141,684**	59,516
	6,596,298	6,534,122

Reportable segments' liabilities are reconciled to total liabilities as follows:

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Total segment liabilities	**1,381,508**	1,168,740
Deferred income tax liabilities	**34,333**	13,938
Taxes payable	**7,094**	14,706
Derivative financial instrument	**7,714**	9,008
Borrowing	**531,270**	664,007
	1,961,919	1,870,399

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

10. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Crediting:		
Fair value gain on derivative financial instrument	**1,294**	—
Dividend income	**553**	1,876
Gain on disposal of property, plant and equipment	**—**	2,308
Gain on disposal of financial assets at fair value through profit or loss	**—**	5,682
Gain from the capital contribution to jointly controlled entities	**—**	4,774
Reversal of impairment of		
— receivables	**76**	1,769
— property, plant and equipment	**—**	45
Charging:		
Cost of inventories sold/consumed	**340,515**	1,305,036
Depreciation of property, plant and equipment	**92,065**	84,509
Amortisation of		
— land use rights	**11,602**	11,390
— intangible assets	**1,739**	1,764
Loss on disposal of property, plant and equipment	**37**	—
Fair value loss on derivative financial instrument	**—**	1,899
Provision for impairment of		
— inventories	**156**	—
— receivables	**2,093**	3,682

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

11. FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Interest income	**7,953**	9,741
Net foreign exchange gain	**32**	5,493
	7,985	15,234
Interests on bank borrowings	**(16,415)**	(31,882)
Less: amounts capitalised	**2,164**	13,434
	(14,251)	(18,448)
Finance costs, net	**(6,266)**	(3,214)

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowings for the six months ended 30 June 2009 was 6.99% (2008: 7.02%) per annum.

12. INCOME TAX EXPENSE

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the six months ended 30 June 2009 (2008: Nil).

The Corporate Income Tax Law of the PRC (the "new CIT Law") as approved by the National People's Congress has standardised the corporate income tax rate to 25% with effect from 1 January 2008. Prior to the effective date of the new CIT Law, all of the Company's subsidiaries and jointly controlled entities (other than Xiamen International Container Terminals Co., Ltd. and Xiamen Haicang International Container Terminals Co., Ltd.) (collectively the "Entities") were all entitled to the preferential corporate income tax rate of 15%. Pursuant to the new CIT Law, the Entities can still enjoy a transitional period to gradually increase the applicable tax rate to 25% over a period of five years. Hence, the applicable tax rates for the Entities in coming five years, starting from 1 January 2008, would be 18%, 20%, 22%, 24% and 25% respectively. The applicable corporate income tax rate for the six months ended 30 June 2009 for the Entities is 20% (2008: 18%).

12. INCOME TAX EXPENSE (CONTINUED)

The amount of income tax expense charged to the condensed consolidated interim income statement represents:

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
PRC corporate income tax expense	**15,808**	18,954
Deferred income tax charge/(credit)	**226**	(3,187)
	16,034	15,767

13. DIVIDENDS

At a meeting held on 17 April 2009, the Board of the Company proposed a final dividend of RMB5.5 cents per share for the year ended 31 December 2008, which was subsequently approved at the annual general meeting on 19 June 2009 (the "2008 Final Dividend"). The 2008 Final Dividend has been reflected as an appropriation of retained earnings for the six months ended 30 June 2009.

The Board of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of the Company's shares in issue during the period.

	Unaudited Six months ended 30 June	
	2009	2008
Profit attributable to the equity holders of the Company (in RMB)	**82,354,000**	197,110,000
Weighted average number of the Company's shares in issue	**2,726,200,000**	2,726,200,000
Basic earnings per share (in RMB cents)	**3.02**	7.23

Diluted earnings per share is equal to basic earnings per share as the Company has no potential dilutive shares.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

15. CAPITAL COMMITMENTS

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred:		
— the Group	**212,395**	349,481
— the jointly controlled entities	**54,114**	41,054
	266,509	390,535

Capital commitments as at 30 June 2009 represent mainly the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machinery, acquisitions of vessels and renovation of buildings. These commitments were entered into by the Group with its suppliers before 30 June 2009 but the related capital expenditure had not been incurred as at that date.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 June 2009, the Group had the following significant transactions with related parties.

		Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Transactions with the parent company			
Expenses			
Operating lease rental in respect of land, berth and office premises	(i)	**22,167**	2,972
Transactions with fellow subsidiaries			
Expenses			
Operating lease rental in respect of land, berth and office premises	(i)	**2,323**	1,504
Comprehensive service fee	(ii)	**8,286**	7,284
Labour services	(iii)	**8,104**	6,854
Others			
Purchases of property, plant and equipment	(iv)	**3,507**	3,320
Transactions with other state-owned enterprises			
Revenues			
Loading and unloading services rendered	(v)	**91,058**	89,392
Port ancillary services rendered	(v)	**21,260**	15,187
Sales of building materials	(v)	**31,829**	38,467
Interest income from bank deposits		**7,953**	9,741
Expenses			
Purchases of goods and raw materials	(vi)	**23,499**	25,667
Fuel charges	(vi)	**26,946**	42,083
Interest expenses paid to state-owned banks	(vii)	**14,845**	29,935
Others			
Purchases of property, plant and equipment	(viii)	**39,327**	34,328

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

16. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (Continued)

(i) Operating lease for land, berth and office premises was determined based on the terms stipulated in the lease agreements entered into between the parties involved.

(ii) The comprehensive services provided to the Group were determined based on the terms stipulated in the comprehensive services agreement.

(iii) The related labour services were provided by Xiamen Port Labour Services Co., Ltd. and Xiamen Port Hailongchang International Freight Co., Ltd. to the Group. The terms were stipulated in Master Labour Service Agreement as entered into among the parties involved.

(iv) The purchase of property, plant and equipment was for berth construction services, building construction services and other related port engineering services. The terms were mutually agreed by the parties involved.

(v) The loading and unloading services rendered, port ancillary services rendered, sales of building materials to the related parties and other state-owned enterprises were carried out on terms that are mutually agreed among the contracted parties.

(vi) The consideration paid and the terms were mutually agreed by the parties involved.

(vii) Interest was charged for loans from state-owned banks in accordance with the terms as set out in the respective agreements or as mutually agreed with the parties involved.

(viii) The purchases of property, plant and equipment from other state-owned enterprises, mainly consisted of buildings, port infrastructure, storage infrastructure, loading and other machinery, vehicles, vessels, furniture, fittings and equipments and construction-in-progress, which were conducted at terms as mutually agreed by the parties involved.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The balances with related parties of the Group at the balance sheet dates are as follows:

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Balances with the parent company		
Other receivables and prepayments	**310**	4,419
Accounts payable	**20,249**	—
Other payable and accruals	**1,744**	3,613
Dividend payable	**93,660**	—
Balances with fellow subsidiaries		
Accounts receivable	**2,422**	1,420
Other receivables and prepayments	**2,536**	1,465
Accounts payable	**7,767**	9,437
Other payable and accruals	**4,557**	3,259
Balance with minority shareholders of subsidiaries		
Dividend payable	**46,752**	—
Balances with other related parties		
Accounts receivable	**16,403**	12,379
Other payable and accruals	**28,513**	24,071
Balances with other state-owned enterprises		
Restricted cash	**52,659**	93,829
Term deposits with initial term of over three months	**102,949**	186,316
Cash and cash equivalents	**911,925**	844,558
Accounts receivable	**59,880**	82,380
Other receivables and prepayments	**4,781**	9,764
Accounts payable	**24,611**	24,529
Other payable and accruals	**9,567**	9,138
Borrowings	**451,740**	582,885

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2009

16. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation:

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,458**	1,538
Contributions to pension plans	**71**	90
Discretionary bonuses	**—**	132
	1,529	1,760

17. COLLATERAL SECURITIES FOR MITIGATING CREDIT RISKS

As at 30 June 2009, certain accounts receivable, other receivable, advance to suppliers and inventories (collectively the "Assets") in connection with the Group's trading business are exposed to recoverability risk. To mitigate the credit risk associated with the Assets, the Group has obtained certain merchandise, properties, equipments and land use rights (collectively the "Collaterals") as the securities for the Assets. After assessing the estimated value of the Collaterals, the Company made an aggregate impairment provision on the Assets of RMB20,243,000 (31 December 2008: RMB20,243,000) as at 30 June 2009.

As at 30 June 2009, the carrying amounts and the impairment provisions for the Assets are as follows:

	Carrying amounts RMB'000	Impairment provisions RMB'000
Accounts receivable	79,084	(6,000)
Other receivable	24,972	(8,043)
Advance to suppliers	32,250	(3,000)
Inventories	14,253	(3,200)
	150,559	(20,243)

18. CONTINGENT LIABILITIES

As at 30 June 2009, the Group has no significant contingent liability (31 December 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING RESULTS

In the first half of 2009, being affected by the world's financial crisis, the major developed economies, such as the United States, Europe and Japan, continued to decline and China's economic growth slowed down. The severe economic conditions directly impacted the development of global trade and port business, and influenced greatly on those main industries relating to PRC foreign trade ports business, including the ports businesses in Xiamen. In view of such adversities, the Company took all kinds of positive countermeasures. For example, the Company proactively implemented overall sales and marketing strategies as well as adopted flexible concession policies to attract more cargo sources from major customers. Moreover, it enhanced the strategic cooperation with major shipping companies and offered them tailor-made VIP services to secure new routes to the Group's terminals. The Company further increased its cargo sources by attracting inland cargo sources via sea-rail joint transportation and "land-base port (無水港)". Lastly, risk management was improved to strictly control the operating cost. Although the above measures have achieved a certain extent of success, due to the adverse effect on the overall conditions of the global economy and trade and the port industry, it inevitably affected the Group's major operating business and performance.

For the six months ended 30 June 2009, the Group's realised revenue was approximately RMB915,560,000, representing a decrease of approximately 54.6% over approximately RMB2,014,902,000 in the corresponding period in 2008. Excluding the revenue from segment of trading of industrial products, the Group's revenue from other segments amounted to approximately RMB712,748,000, representing a decrease of approximately 17.9% over approximately RMB867,799,000 in the corresponding period in 2008. Profit attributable to equity holders of the Company amounted to approximately RMB82,354,000, representing a decrease of approximately 58.2% over approximately RMB197,110,000 in the corresponding period in 2008. The earnings per share for profit attributable to the equity holders of the Company (basic and diluted) were approximately RMB3.02 cents (2008: approximately RMB7.23 cents).

BUSINESS REVIEW

The Group engaged in port terminal operations including container ports operation, bulk/general cargo ports operation and ancillary value-added port services at 16 berths (including the Berth No.1 of Haicang port area which is operated and managed in unification between XICT and XHICT) in the Dongdu and Haicang port areas in Xiamen. In addition, the Group operated the manufacturing, processing and selling of building materials as well as the trading of industrial products (such as chemical products and steel).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Container Port Business

Being affected by the world's financial crisis and domestic macro-economic environment during the first half of 2009, China's export and import trade volume declined, which led to the decrease in container throughput of the Group over the corresponding period in 2008. Details of the container throughput of the Group are as follows:

	Container throughput Six months ended 30 June		
	2009 (TEUs)	2008 (TEUs)	(Decrease)
The Haitian terminal, Hairun terminal and berth No.1 of Dongdu Terminal of the Group (international and domestic trade)	**953,866**	1,148,669	(16.96%)
XICT (international trade)*	**430,609**	461,505	(6.69%)
Total Throughput	**1,384,475**	1,610,174	(14.02%)

* XICT is a jointly controlled entity between Xiamen Haicang Port Co. Ltd ("XHPC"), one of the Company's subsidiaries, and Hutchison Ports Xiamen Limited. Through XHPC, the Company holds a 51% interest in XICT. The financial results of XICT have been proportionately consolidated in the Group's financial statements. On the other hand, in terms of the operational statistics set out herein, such as those in relation to Twenty-feet Equivalent Units ("TEUs") and cargo throughput, the Group has included 100% of XICT's figures. In addition, since 1 September 2008, due to the commencement of operations in unification between XICT and XHICT, the relevant operation information of XICT also contains the information of XHICT (Berth No.1 of Haicang port area).

During the reporting period, the Group's container business in respect of domestic trade maintained a continuous growth as compared with the corresponding period in 2008 as it benefited from China's policy of boosting domestic demand and the subsequent corresponding increase in domestic demand. On the other hand, the development of international container business fell below expectation due to three reasons. Firstly, the world's financial crisis led to the significant decrease in China's export and import trade, which led to the continuous decline of most of the coastal port businesses. Secondly, the challenging market conditions intensified price competition within the ports businesses in Xiamen, and individual terminals reduced their prices greatly which diluted parts of the container volumes. Lastly, as a result of the withdrawal of lines from vessel owners due to their operational difficulties, terminal's container volumes has also been greatly impacted.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In response to the above circumstances, the Group took some positive countermeasures. Firstly, the Group innovated its customer services model to extend its port services far afield and to provide tailor-made logistics solution for the large shipping companies and large cargo owners, with a view of further enhancing service quality to core customers as well as reducing their logistical costs. Secondly, the Group strengthened its coordination effect on overall sales and marketing, which aimed to implement a concession pricing policy that is offered to core customers who increase their cargo volume and to proactively secure new routes and generate new cargo sources. Thirdly, the Group improved the efficiency of terminal operation services to fully explore the functions of the existing terminal operation and management system, and also to put forward the new container terminal operation and management system to operate in Hairun Terminal within schedule. Fourthly, the Group further advanced the loading and unloading process, reasonably adjusted the production and organisational management model, and made production plans more scientific, so as to enhance the competitive edge of terminal business and gain more operating income.

Bulk/General Cargo Port Businesses

In the first half of 2009, the Group's bulk/general business maintained a mild growth. The bulk/general cargo throughput handled amounted to 2,367,105 tonnes. The details are as follows:

	Bulk/general cargo throughput Six months ended 30 June		
	2009 (tonnes)	2008 (tonnes)	(Decrease) Increase
Berths No.2 to No.4 of Dongdu Terminal	**2,187,416**	2,275,808	(3.88%)
XICT*	**179,689**	44,576	303.11%
Total throughput	**2,367,105**	2,320,384	2.01%

During the reporting period, the bulk/general cargo throughput of the Group maintained its growth as compared with the corresponding period in 2008 due to two reasons. The first reason is that mineral and building materials handled by Dongdu Branch maintained a continuous rapid growth which partly offset the decline in throughput of other types of cargoes brought on by adverse factors in domestic and external markets. Secondly, the business of XICT's core customers regained their growth substantially, and thus the import volume of general cargo in the first half of the year outperformed expectation and partly covered the income loss caused by declines in the container business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Ancillary Value-added Port Services

The Group's ancillary value-added port services mainly include shipping agency, tallying, tugboat berthing and unberthing as well as port-related logistics services. Due to the successful implementation of overall sales and marketing strategies, even under the world's financial crisis, the correlating effect between the ancillary value-added port services business and terminal loading and unloading business was fully reflected, and the market shares of major businesses such as shipping agency, tallying, tugboat berthing and unberthing remained stable. Although businesses that closely related to the port's container throughput, including shipping agency, tallying and relevant logistics services, declined under macro-economic influence, the tugboat berthing and unberthing business realised a growth against unfavorable situation, and also effectively developed the business in areas beyond ports in Xiamen. During the reporting period, the Group was also dedicated to expanding new cargo sources and nurturing new value-added services, and proactively developed sea-rail joint transportation business and bonded logistics business. In the first half of 2009, the Group completed a total container volume of 6,972 TEUs in respect of sea-rail joint transportation, an increase of 76.42% over the corresponding period in 2008. Furthermore, the Group newly built two new business network points, namely Longyan of Fujian and Ji'an of Jiangxi. In mid-June of 2009, container trains running between Xiamen and Nanchang of Jiangxi every Tuesday and Friday commenced, which initially fulfilled the requirement of "five scheduled routes", namely time scheduled, place scheduled, route scheduled, frequency scheduled and price scheduled and enhanced service quality. Xiamen Bonded Logistics Park (operated by our Group) developed more than ten kinds of new business models including "One Day Customs Clearance", international distribution (國際分撥) and international transshipment (國際中轉). After years of effective and extensive market promotion, its business kept growing against adversity, and the Park's business could be flexibly operated in connection with businesses such as sea, land, air, postal, sea-rail joint transportation as well as transshipment between two places under administrations of different Customs.

Trading Business of Industrial Products

In the first half of 2009, the Group implemented a strategic contraction on industrial products trading business, so as to respond and control the relatively high market risks under the world's financial crisis. Also, the Group has planned to better improve and screen the existing trading business and has taken the initiative to reduce the types and scale of trading business. This is with a view to enhance the close interaction between trading business and port business and the trading business now mainly operates trading agency business in respect of the integrated port and trading. Compared with the corresponding period of 2008, the income of such business has reduced substantially by 82.3%.

FINANCIAL REVIEW

Revenue

Revenue from the Group decreased by approximately 54.6% from approximately RMB2,014,902,000 for the six months ended 30 June 2008 to approximately RMB915,560,000 for the six months

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

ended 30 June 2009. Excluding the revenue from segment of trading of industrial products, the Group's revenue from other segments amounted to approximately RMB712,748,000, representing a decrease of approximately 17.9% over approximately RMB867,799,000 in the corresponding period in 2008. The revenue from the Group's trading business of industrial products, ancillary value-added port service, container loading and unloading and storage businesses, bulk/general cargo loading and unloading businesses and the manufacturing and selling business of building materials have all recorded decreases.

Revenue by Business Sector

Business	Six months ended 30 June **2009** **(RMB'000)**	 2008 (RMB'000)	(Decrease)
Container loading and unloading and storage businesses	**294,286**	375,028	(21.5%)
Bulk/general cargo loading and unloading businesses	**52,960**	74,471	(28.9%)
Ancillary value-added port service	**236,756**	267,600	(11.5%)
Manufacturing and selling of building materials	**128,746**	150,700	(14.6%)
Trading business of industrial products	**202,812**	1,147,103	(82.3%)
Total	**915,560**	2,014,902	(54.6%)

The reasons for the change of revenue of each business sector for the six months ended 30 June 2009 compared with the corresponding period of 2008 are as follows:

1. The container throughput of the Group for the six months ended 30 June 2009 amounted to 1,173,477 TEU (count in 51% of XICT's throughput under proportional consolidation) which has a decrease compared with the corresponding period of 2008. As a result, the revenue of this sector decreased accordingly.

2. Although the Group's bulk/general cargo throughput increased, however, the throughput of cargoes with higher tariff including stone and steel products decreased which resulted in the drop of average tariff of this business and also the revenue of the bulk/general cargo loading and unloading businesses.

3. The decreased income of the ancillary value-added port service of the Group was mainly due to the decrease of cargo throughput handled by Xiamen port.

4. The decreased demand for infrastructure facilities in Xiamen lowered the revenue of the manufacturing and selling business of building materials of the Group.

5. The Group initiatively shrank the scope of trading business to control the trading business risk, which resulted in the rapid revenue decrease of the sector.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of Sales

Cost of sales of the Group decreased by approximately 56.7% from approximately RMB1,668,032,000 for the six months ended 30 June 2008 to approximately RMB722,119,000 for the six months ended 30 June 2009. Such decrease was primarily due to decreases in consumed inventories cost as well as fuel and power, which were partially offset by the increase of lease expenses, depreciation and amortisation.

- Consumed inventories cost decreased by approximately 73.9% from approximately RMB1,305,036,000 for the six months ended 30 June 2008 to approximately RMB340,515,000 for the six months ended 30 June 2009. Such decrease was mainly due to the rapid decrease in the trading business volume of industrial products as the Group initiatively shrank the scope of trading business.

- Fuel and power decreased by approximately 30.7% from approximately RMB55,325,000 for the six months ended 30 June 2008 to approximately RMB38,353,000 for the six months ended 30 June 2009. Such decrease was mainly due to the decreases in the Group's overall business volume for the six months ended 30 June 2009 and the decrease in fuel price.

- Lease expenses increased by approximately 371.8% from approximately RMB5,434,000 for the six months ended 30 June 2008 to approximately RMB25,639,000 for the six months ended 30 June 2009. Such increase was mainly due to the leasing of berth No.6 in Haicang port area by the Group for the six months ended 30 June 2009.

- Depreciation and amortisation increased by approximately 15.6% from approximately RMB88,118,000 for the six months ended 30 June 2008 to approximately RMB101,847,000 for the six months ended 30 June 2009. The increase was mainly due to the further operation commencements of the Group's port and storage infrastructure from the second half of 2008 as well as the increase in equipments to meet the demand of business development.

Liquidity, Financial Resources and Capital Structure

The Group mainly used its cash for operating costs, construction of terminals and berths and loans repayment. As at 30 June 2009, the Group's cash and cash equivalents amounted to approximately RMB911,925,000 (31 December 2008: approximately RMB844,665,000).

Borrowings of the Group decreased by approximately 20.0% from approximately RMB664,007,000 as at 31 December 2008 to approximately RMB531,270,000 as at 30 June 2009, mainly due to the repayment of bank loans by the Group.

As at 30 June 2009, the Group's guaranteed loans amounted to approximately RMB79,530,000, which were guaranteed by a state-owned bank.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the condensed consolidated interim balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the condensed consolidated interim balance sheet, plus net debt.

The gearing ratios as at 30 June 2009 and 31 December 2008 were as follows:

	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Total borrowings	**531,270**	664,007
Less: Cash and cash equivalents	**(911,925)**	(844,665)
Net cash	**(380,655)**	(180,658)
Total equity	**4,634,379**	4,663,723
Total capital	**4,253,724**	4,483,065
Gearing ratio (%)	**-8.95%**	-4.03%

As at 30 June 2009, the Group had a net cash position.

Other Financial Information

As at 30 June 2009, the Group's available-for-sale financial assets increased from approximately RMB59,516,000 to approximately RMB141,684,000 as compared with 31 December 2008. The increase was mainly contributed by the rising fair value of shares of Sansteel MinGuang Co., Ltd, Fujian and Bank of Communications Co., Ltd, the stock investments held by the Group.

Capital Expenditure Commitments

As at 30 June 2009, the Group's capital expenditure commitments amounted to approximately RMB266,509,000, primarily consisting of construction expenditure of terminals and berths, and purchases of equipment and vessels.

Exchange Rate and Interest Rate Risk

The Group's bank borrowings are denominated in both RMB and USD. To the extent that RMB appreciates (or depreciates) against USD, the value of bank borrowings and repayment cost of such borrowings will decrease (or increase) correspondingly. Furthermore, since only a minor part of the business revenue is settled in foreign currencies, the fluctuation in RMB exchange rate has no material effect on the business operations of the Group. The Group believes that the appreciation of RMB had no material effect on the operating results and financial position of the Group as at 30 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Except for interest rate swap contracts signed under certain restrictions with the state approved banks, the Group has not used any other means to hedge its foreign currency exposure. Nevertheless, the foreign currency exposure is still monitored by the Board, who will consider hedging against any significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 June 2009, the Group has no significant contingent liabilities.

Post Balance Sheet Date Events

There are no significant post balance sheet date events.

EMPLOYEES

As at 30 June 2009, the Group had 5,553 employees, a decrease of 84 employees over 31 December 2008. Employee remunerations are determined by their positions, performance and experience as well as the prevailing practices of the industry. Remuneration policy is reviewed on a regular basis. Bonus and rewards may be offered to employees according to the annual operating results and assessments of their performance. In addition, the payment of rewards is an impetus to motivate each employee. The corporate annuity improves the post-retirement pension benefits of employees after their retirement, and the employees may enjoy holidays such as paid leave in accordance with relevant provisions.

PROSPECTS AND OUTLOOK

In light of the effect of world's financial crisis, there may be a shortage in external demand of China's export and import trade in the later half of this year. Yet, according to the statistical data published by General Administration of Customs of PRC, the decrease in China's export and import trade in June has been gradually narrowing; a rather greater ring growth month on month was found; and the overall export and import trade has shown signs of stability. In addition a positive signal of bottomed-out and stability has been seen in the operation of the developed economies including Europe and the United States. Therefore, in the second half of the year, it is expected that the foreign trade container business in Xiamen ports may have a resumption of growth. At the same time, macro-economic policies, with an aim of boosting domestic demand, such as large-scale expanding investments previously adopted by the Chinese government, has gradually shown their effect. The domestic demand expansion will be the main driving force for the economic growth of China in the second half of year, which will in turn push domestic trade container business in Xiamen ports to grow further.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The second half of the year traditionally is the peak season for the shipping and ports business; the peak season for European and American routes may arrive in the second half of the year. As such, the overall situation of Xiamen ports may be better than the first half of the year. Accordingly, after the market has recovered and rebounded, new routes that were developed by the shipping companies of which are attracted by the Group's terminals in the first half of the year should be able to achieve better performance, while the recovery of businesses of these shipping companies are expected to be speeded up. Also, with the market recovery, the level of empty container inside Xiamen ports may reduce as a result of the increase in container usage. Hence, the transport volume of terminal's empty containers in the second half of the year will rise accordingly. In summary, it is expected that the throughput of the Group's terminals will increase in the second half of the year. Thus, the Group will proactively capture every opportunity, make good preparation for challenges, work hard to better production and operation, and reinforce corporate governance to safeguard and promote shareholders' interests. In practice, the Group will focus on the following works in the second half of the year:

- To continue to promote overall sales and marketing, strengthen intra-group corporate cooperation, perfect the coordination mechanism among enterprises within the Group, improve the "one-stop" services provided to core customers, and coordinate the implementation of concession pricing strategy targeted at increasing business volume.

- To seize the opportunities brought about by the growth in domestic demand, step up efforts in developing domestic trade container business, increase the policy support to domestic trade container business, strive to persuade shipping companies to establish their Southeast coastal region transshipment bases in Xiamen, focus on strengthening the negotiation and cooperation with Haikou Nantsing Container Lines Co., Ltd (海口南青公司), capture cargo sources from Quanzhou by using road transport in the "land-based port (無水港)", actively commence domestic and foreign trade via same vessel transportation business, make full use of the channel advantage of sea-rail joint transportation (domestic and foreign trade) and domestic trade route transshipment, and secure new domestic trade container routes.

- To capture opportunities brought about by economic recovery, actively explore foreign trade cargo sources, focus on assisting vessel owners to explore foreign trade container sources and increase cargo volume, particularly in bulk cargoes such as imported food and renewable resources and special goods such as exported automobiles and yachts, tailor-made total port logistics solutions, improve the quality of services provided to core customers, expand further route and transshipment business, so as to reverse the declining trend resulting from factors such as the decrease in cargo volume in the market and the frequent adjustment of routes in the first half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- To capture opportunities stemming from the establishment of economic zone on the West Coast of Taiwan Straits and "three direct links" policy across the Straits to develop Taiwan business in full force, leverage on the policy support as detailed in "Several Opinions on Supporting Fujian Province to Accelerate the Building of the Economic Zone on the West Coast of the Taiwan Straits" issued by the State Council, and to fully utilize the "first mover first try" and geographical advantages, to establish the channel for Taiwan business, and further expand cross-straits transshipment business on the basis of commencing direct container vessel route between Xiamen and Taichung's Ports and striving to set up offices in Taiwan as soon as possible.

- To promote sea-rail joint transportation and expand cargo shipping channels in Central and Western China, to strive to establish "five scheduled routes" between Xiamen and Ganzhou as soon as possible on the basis of the "five scheduled routes" between Xiamen and Nanchang, to further improve the service quality and operating efficiency of sea-rail joint transportation, reduce logistical cost of clients, satisfy the logistics needs of foreign trade cargoes in Nanchang and surrounding areas, and to further extend sea-rail joint transportation to inland regions such as Hunan.

- To bring into play the functions of bonded logistics parks, expand the bonded logistics business, look further into innovative business models, simplify the operating procedures of the parks, optimise the overall customs clearance environment of the parks, promote favourable interactive development between ports, shipping companies, cargo owners and bonded logistics parks.

- To explore the functions of the production and management system of terminals, modify and optimise production and operation procedures, further improve operating efficiency and the stability of operation efficiency, enhance container withdrawing and unloading and value-added services.

- To improve internal control mechanism and promote refined corporate management. Based on the self-examination of the internal control system in the first half of the year, to request external consulting firm to better adjust and perfect the Company's overall risk management and internal control system, strengthen cost control, continue to step up energy conservation and consumption reduction efforts, so as to actively relieve the pressure arising from the increase in oil cost.

- Pursuant to the "Option and Right of First Refusal Agreement" entered into between the Company and Xiamen Port Holding, the Company will actively track the progress of the formalities regarding the capital contribution to Phase I of the Terminal Project in Songyu Port by relevant shareholders, so that the Board of the Company may make corresponding decisions in a timely manner based on management and operation needs.

OTHER INFORMATION

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2009:

Class of shares	Number of shares	Proportion (%)
Domestic shares	1,739,500,000	63.81
H shares	986,700,000	36.19
Total	2,726,200,000	100.00

There is no movement in the share capital of the Company during the six months ended 30 June 2009.

DIVIDEND

The Board of the Company did not recommend the payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil).

SHARE OPTION SCHEME

The Company did not have any share option scheme.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 30 June 2009, none of the Directors, Supervisors or their associates had interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any Director or Supervisor was deemed or taken to be under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2009, so far as is known to the Directors of the Company, the following persons (other than Directors or Supervisors) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Class of Shares	Number of Shares	Capacity	As a % of the relevant class of share capital	As a % of the total share capital
Xiamen Port Holding	Domestic Shares (Long Position)	1,702,900,000	Beneficial owner	97.89%	62.46%
China Shipping (Group) Co. (Note 1)	H shares (Long Position)	78,894,000	Interest of controlled corporation	8.00%	2.89%
China Shipping (Hong Kong) Holdings Co., Limited (Note 1)	H shares (Long Position)	78,894,000	Interest of controlled corporation	8.00%	2.89%
China Shipping Terminal Development (Hong Kong) Company Limited (Note 1)	H shares (Long Position)	78,894,000	Beneficial owner	8.00%	2.89%
Merrill Lynch & Co. Inc.	H shares (Long Position)	58,281,100	Interest of controlled corporation	5.91%	2.14%
Blackrock,Inc.	H shares (Long Position)	52,805,100	Interest of controlled corporation	5.35%	1.94%

Note 1: The 78,894,000 shares referred to the same batch of shares.

Save as disclosed above, as at 30 June 2009, so far as was known to the Directors of the Company, no other persons (other than the Directors or Supervisors) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

For the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any listed securities of the Company.

ACQUISITION AND DISPOSAL

For the six months ended 30 June 2009, the Group did not make any major acquisitions or disposals of its subsidiaries, jointly controlled entities and associated companies.

OTHER INFORMATION (CONTINUED)

LITIGATIONS MATTER

At the end of January 2008, Xiamen Port Development Co., Ltd ("Port Development"), a subsidiary of the Company, has discovered that Shantoushi Zhongyu Zhiye Co., Ltd (汕頭市中裕置業有限公司) (hereinafter referred to as "Shantou Zhongyu") and Xiamen Xinqingyi Warehousing Logistics Co., Ltd (廈門欣輕藝倉儲物流有限公司) (hereinafter referred to as "Xiamen Xinqingyi") have, without Port Development's consent, negotiated amongst themselves and have taken away certain goods amounting to RMB24,971,700, which were previously stored by Port Development at the warehouse of Xiamen Xinqingyi. Port Development filed a report with the Public Security Bureau, instituted an action against Shanton Zhongyu and Xiamen Xinqingxi and applied for property preservation. As there were a number of enterprises that were affected by this case, this action was a class action suit. The creditors' claim aggregated to approximately RMB78,000,000. In November 2008, Port Development and other creditors gained the power to dispose properties owned by Shantou Zhongyu through effective control over the equity interests of Shantou Zhongyu. In December 2008, the case was transferred to the Public Security Bureau of Xiamen City for investigation since Xiamen Court determined the case was related to an economic crime. In February 2009, Port Development and other creditors disposed of the equity interests of Shantou Zhongyu. The proceed from the disposal was applied to repay the creditors. Shantou Jiahua Real Estate Co., Ltd ("Shantou Jiahua") and Chen Danguang, the transferees, have agreed to repay RMB66,000,000 to all creditors in the case by three installments. In March 2009, Port Development and other creditors received the first installment amounting to RMB23,000,000 from Shantou Jiahua. The second installment of RMB20,000,000 will be received 18 months after the contract has become effective. The third installment of RMB23,000,000 will be received 24 months after the contract has become effective. In addition, to ensure that Shantou Jiahua and Chen Danguang, and other creditors of Xiamen will jointly assume the risk of contingent liabilities, an agreement was made to stipulate that Shantou Jiahua and Chen Danguang shall be liable to an amount up to RMB1,500,000 if the amount of contingent liability is RMB15,000,000 or less; and they will also be liable to any excess amount exceeding the contingent liability of RMB15,000,000. During the performance of the agreement, the aforesaid land use right owned by Shantou Zhongyu shall be charged to all creditors, including Port Development, as security. At present, the Public Security Authority has not determined the respective repayment ratio of all the case creditors, and the first installment, after deducted the payment for case processing, received by Port Development on behalf of all creditors, was temporarily included in other payables.

In 2007, the carrying amount of Port Development's inventory that was taken away, amounting to RMB24,971,700, was transferred to other receivables for accounting purpose, and a provision for a bad debt of RMB6,243,000 was made and in 2008 an additional provision for a bad debt of RMB1,800,000 was made. The total bad debt provision made for the receivable as at 30 June 2009 was RMB8,043,000.

OTHER INFORMATION (CONTINUED)

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practice

The Company is committed to maintaining high standards of corporate governance for the Group.The Directors believe that sound corporate governance makes important contribution to both the success of the Company and the boost of shareholders' interest.

The Company has put in place corporate governance practices to comply with the provisions of the Code on Corporate Governance Practices ("Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules") and has consistently applied the Corporate Governance Code. For the six months ended 30 June 2009, the Company has complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Also, the Directors are not aware of any non-compliance of the Corporate Governance Code.

Board of Directors

As at the date of this report, the second session of the Board of the Company comprised 12 Directors, which are as follows:

Executive Directors:

Mr. Zheng Yongen *(Chairman)*
Mr. Chen Dingyu *(Vice Chairman)*
Mr. Fang Yao
Mr. Huang Zirong
Ms. Hong Lijuan

Non-executive Directors:

Mr. Fu Chengjing
Ms. Miao Luping
Mr. Lin Kaibiao
Mr. Ke Dong

Independent Non-executive Directors:

Mr. Huang Shizhong
Mr. Zhen Hong
Mr. Hui Wang Chuen

Audit Committee

The primary functions of the Audit Committee are: to propose the re-appointment, oversee the performance and approve the remuneration of the independent auditors, to review the Company's financial information, to evaluate and supervise the Company's financial reporting procedures and to oversee the Company's internal control procedures and their effectiveness. The Company's Audit

OTHER INFORMATION (CONTINUED)

Committee comprises two Independent Non-executive Directors, Mr. Huang Shizhong (Chairman) and Mr. Zhen Hong and one Non-executive Director, Mr. Fu Chengjing.

The audit committee of the Company has reviewed the Company's interim results for the six months ended 30 June 2009 and agrees with the accounting policies adopted by the Company.

Remuneration Committee

The primary functions of the Remuneration Committee are to formulate the remuneration policy for the Directors, Supervisors and senior management of the Group, review and determine their remunerations and benefits, as well as make recommendations on the remunerations of Directors, Supervisors and senior management to the Board. The Company's Remuneration Committee comprises two Independent Non-executive Directors, Mr. Hui Wang Chuen (Chairman) and Mr. Huang Shizhong, and an Executive Director, Mr. Chen Dingyu.

Business Strategy Committe

The Business Strategy Committee is responsible for considering, evaluating and reviewing long-term strategic development plan and material capital and asset management decisions, such as major investments and financing exercises, as well as acquisitions and disposals, and making recommendations to the Board in respect thereof. Meanwhile, it assumes responsibility for carrying out post evaluation of investment projects and for reviewing and considering business development direction of the Company. The Company's Business Strategy Committee comprises Mr. Zhen Hong (Chairman), an Independent Non-executive Director, Mr. Zheng Yongen, Mr. Chen Dingyu and Mr. Fang Yao, the Executive Directors, and Ms. Miao Luping, a Non-executive Director.

Code for Securities Transactions by Directors and Supervisors

The Company originally adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, and with regard to the Company's actual circumstances, the Company has prepared a Model Code for Securities Transactions by Directors for Xiamen International Port Co., Ltd (the "Code") on terms no less than the required standard set out in the Model Code in 2006. The Code was adopted as the code of conduct for securities transactions by the Directors, Supervisors and senior management of the Company after the consideration and approval by the Board of the Company. Upon the Company's specific enquiries, all Directors, Supervisors and senior management confirmed that they have complied with the standards set out in the Model Code and the Code throughout the six months ended 30 June 2009, and the Company has not been aware of any violations of this kind during the six months ended 30 June 2009.

By order of the Board
Xiamen International Port Co., Ltd
Zheng Yongen
Chairman

Xiamen, the PRC
21 August 2009