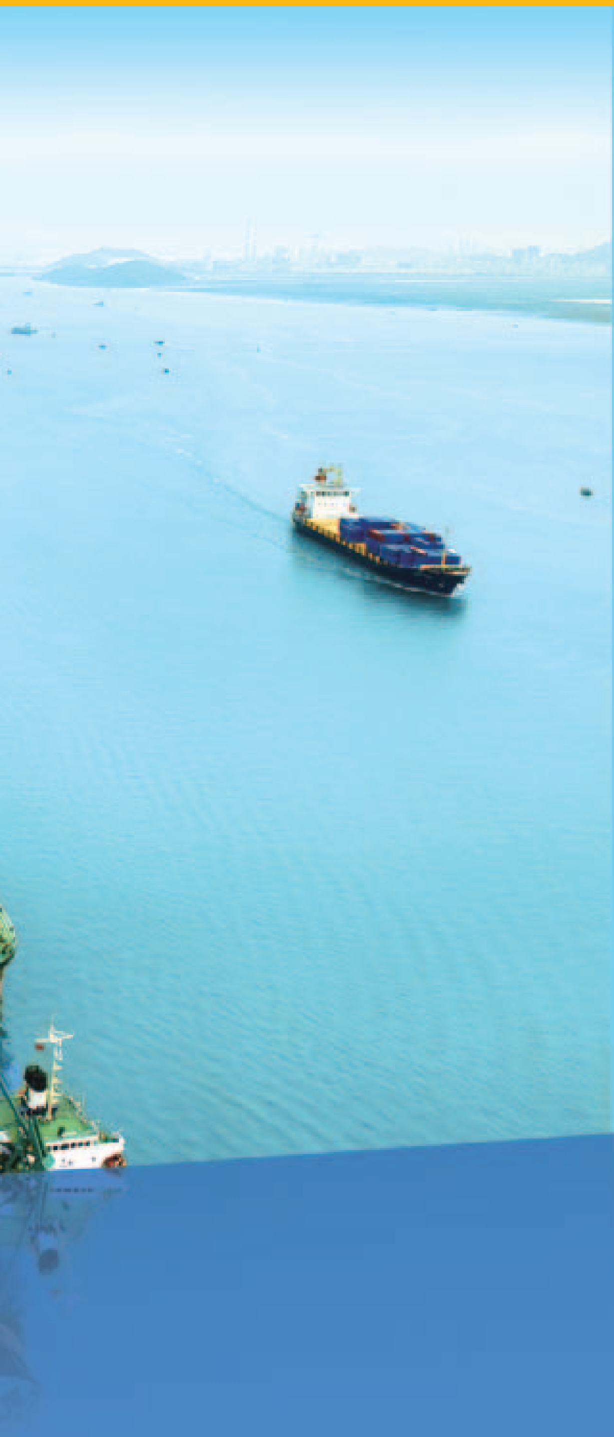
廈門國際港務股份有限公司
XIAMEN INTERNATIONAL PORT CO., LTD*
Stock Code: 3378

2009 Annual Report

* For identification only

Contents



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
CPAs 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

Corporate Profile

Xiamen International Port Co., Ltd. ("Xiamen Port Co." or the "Company") and its subsidiaries (collectively referred to as the "Group") is the largest port terminal operator in Xiamen, the People's Republic of China (the "PRC" or "China"). It is also the only company providing full scale ancillary value-added port services in Xiamen. The Group is principally engaged in container loading and unloading and storage for international and domestic trade, bulk/general cargo loading and unloading and storage and ancillary value-added port services, including port-related logistics, tugboat services, shipping agency and tallying as well as the manufacturing, processing and selling of building materials and the trading of industrial products in Xiamen. The Group currently operates four international container terminals, namely the Haitian Container Terminal, Xiamen International Container Terminal ("XICT"), Hairun Terminal and Xiamen Haicang International Container Terminal ("XHICT"), as well as the Dongdu Terminal, a terminal which provides container loading and unloading in respect of domestic trade and bulk/general cargo loading and unloading in respect of both international and domestic trade. The Group currently operates an aggregate of 16 berths, the aforesaid terminal berths are capable of accommodating the largest container vessels of the world. Shipping routes have been developed from the container terminals to major ports in Europe, the United States (the "US"), the Mediterranean, Australia, Southeast Asia and Japan. The container terminals are also connected to major domestic shipping routes.

The Group

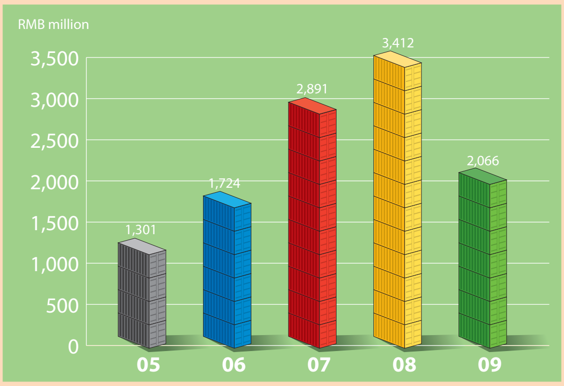
currently operates four international container terminals, namely the Haitian Container Terminal, Xiamen International Container Terminal, Hairun Terminal and Xiamen Haicang International Container Terminal, as well as the Dongdu Terminal, a terminal which provides container loading and unloading in respect of domestic trade and bulk/general cargo loading and unloading in respect of both international and domestic trade.

Financial Highlights

	Year ended 31 December				
	2005	2006	2007	2008	**2009**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenues	1,300,586	1,724,361	2,890,969	3,411,524	**2,065,904**
Gross profit	555,673	606,945	640,570	611,518	**437,840**
Operating profit	425,875	493,014	548,218	506,146	**322,821**
Profit before income tax expense	415,202	504,588	563,207	502,067	**310,771**
Profit for the year	343,793	410,600	506,575	474,259	**271,183**
Profit attributable to equity holders of the Company	243,554	280,985	374,417	376,659	**205,091**
Earnings per share for profit attributable to the equity holders of the Company during the year — Basic and diluted (in RMB cents)	13.33	10.31	13.73	13.82	**7.52**

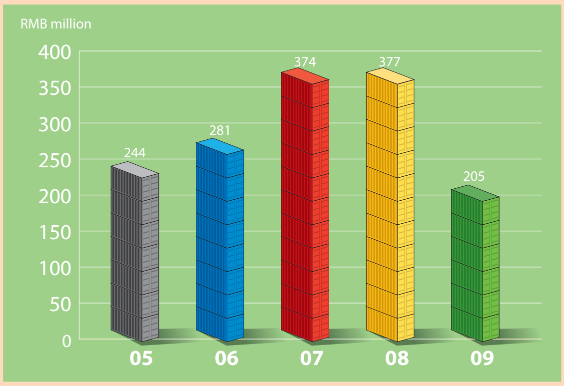
Revenues

Year ended 31 December



Profit attributable to equity holders of the Company

Year ended 31 December



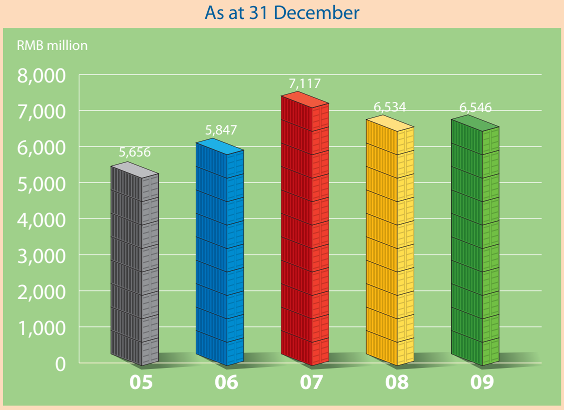
Financial Highlights

	As at 31 December				
	2005	2006	2007	2008	**2009**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	5,655,773	5,847,266	7,116,875	6,534,122	**6,546,137**
Equity attributable to the Company's equity holders	2,855,795	3,311,644	3,602,147	3,743,916	**3,871,063**
Total liabilities	2,075,702	1,729,495	2,633,915	1,870,399	**1,758,284**
Cash and cash equivalents	1,099,589	594,687	1,001,285	844,665	**806,557**

	As at 31 December				
	2005	2006	2007	2008	**2009**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Current ratio (times)	1.77	1.84	1.36	1.52	**1.53**
Net debt to equity (%)	(4.6)	0.06	0.13	(4.03)	**(9.66)**
Inventory turnover days	37	40	42	34	**30**
Accounts receivable turnover days	99	96	62	55	**94**

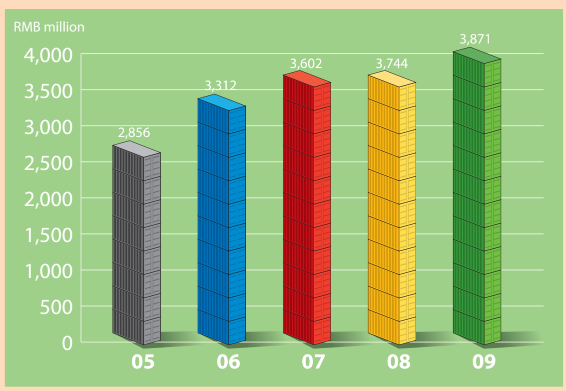
Total assets

As at 31 December



Equity attributable to the Company's equity holders

As at 31 December



Chairman's Statement

I hereby present the annual report of the Group for the year ended 31 December 2009 (the "Year") to the shareholders.

The year 2009 was the most challenging year for China's economic development of the new century. During this year, China's economic development, particularly the development of shipping business in ports, has experienced unprecedented challenges under the severe impact of the global financial crisis. Facing the rigorous economic situation, the Group has positively devoted its full efforts to cope with it. While strengthening internal management and promoting resources integration, the Group has fully exploited its competitive edge of its overall business chain of integrated logistics services in the port, to expand business under close combined effort. We also managed to capture and utilize the opportunity under the gradually recovering market in the fourth quarter of 2009, so as to maintain steady market shares of major businesses including container throughput, shipping agent business, tugboat berthing and unberthing and tallying. However, despite the Group's persistent efforts, its results in 2009 were still influenced to some extent due to global financial and economic turmoil and the lack of external demand of China's trading business.

For the year ended 31 December 2009, the revenue of Xiamen Port was approximately RMB2,065,904,000, which decreased by approximately 39.4% over the previous year. Profit after tax was approximately RMB271,183,000, representing a decrease of approximately 42.8% over the previous year. Profit attributable to the equity holders of the Company was approximately RMB205,091,000, which decreased by approximately 45.5% over the previous year. Earnings per share for 2009 was RMB7.52 cents.

The board of directors (the "Board") recommended the payment of a final dividend of RMB5 cents per share (tax-inclusive), amounting to a total dividend of RMB136,310,000.

In 2009, the Group focused on the development of its principal business in active response to the dramatic changes in local and overseas economic situation by enhancing port efficiency through upgrading its information system, improving its competitiveness through overall sales and marketing strategies, expanding its source of goods via the sea-rail joint transportation, so as to grasp market opportunities and make efforts in driving the Group's development of the principal port business. Firstly, the Group explored its potential to reduce cost and improve efficiency. Major measures included enhancing service quality by exploring potential functions of the port's existing operation system of production and improving the management model of production organization, and enhancing work efficiency of the port by further upgrading the information management system. For example, the average MOVES per hour for per bridge crane have been maintained at above 34 MOVES per hour upon the commencement of the operation of Hairun Terminal operation system (HTOS) in the middle of the year. Secondly, the Group continued to implement its overall sales and marketing strategies and integrate internal service resources, which enabled all member companies to complement advantages between each other, in order to reduce the overall service costs and to implement "group-model operation", so as to improve the external competitiveness. Thirdly, the Group endeavored to establish a cooperative mechanism with the government authorities, and expanded sea-rail joint transportation business in concerted efforts. The Group proactively developed the sea-rail joint transportation business in various areas such as the middle region of Jiangxi Province and Changsha in Hunan Province on the basis of consolidating the development of the southern region of Jiangxi Province, the western region of Fujian Province and other markets. During 2009, the volume of sea-rail joint transportation container of the Group exceeded 20,000 Twenty-foot Equivalent Units ("TEUs") for the first time, which increased by over 95% when compared with the corresponding period of last year. Fourthly, the Group strived to capture the opportunity of boosting domestic demand, stimulating consumption and supporting of the Economic Zone on the Western Coast of the Taiwan Straits through the "Go and Try Beforehand" policy by the Government. The Group also proactively developed domestic trade container business and transshipment business of international trade container, which recorded an increase of 27% and 134% compared to that of last year respectively under adverse conditions and became a highlight of container business development. During the period under review, although the Group has adopted various measures as mentioned above, the Group's container throughput was about 3,050,000 TEUs (in which the throughput of the aforesaid businesses of XICT was included on a 100% basis and the data below will be included on the same basis), which slightly decreased compared to that of the previous year. However, the Group continued to maintain its market leadership position by upholding 65.1% and 42.6% of the total container throughput of Xiamen City and Fujian Province, similar to the market shares of the previous year. The bulk/general cargos handled by the Group reached approximately 5,333,000 tonnes and continued to maintain a growth momentum.

While focusing on the development of the core businesses, the Group also continuously advanced corporate governance, strengthened risk control, kept on intensifying the refined management, and promoted resources integration. During the year, the Company has strictly complied with the relevant requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and, made great efforts in enhancing the compliance of the standardised operations of listed company and the compliance, transparency and efficiency of various works such as the disclosure of the Group's information. During 2009, the Group's 2008 annual report won the Silver Award for the excellence within its industry on the development of the organization's annual report for the past fiscal year and Best Annual Report Financials — Bronze Award in the Asia Pacific Region and was being ranked at 73 in the Top 100 Annual Reports of 2008, in "2008 Vision Awards" (For Annual Report Competition) which was organized by League of American Communications Professionals and with the participation of more than 20 countries/3,200 companies. The Group has put great emphasis on risk control and the refinement of management for the corporation, and has striven to build a healthy development for the corporation. During the period under review, the Group has engaged Beijing Puxin Management Consultancy Company (北京普信管理諮詢公司) to assist the Company to implement the establishment of the overall risk management system, sort out and improve various business procedures and systems of the Company, and has issued relevant financial supporting systems and rules for relevant works with the Board's approval according to relevant procedures, so as to further improve its basic management system and strengthening risk prevention capability. At the same time, the Group also paid attention from time to time to the impact of economic and market changes upon business operation benefits and operation risks, and adjusted its trading business plans in a timely manner while taken into account integrating economic trend and the state of affairs of the Group, as well as carried out strategic measures of business contraction. According to its plans, the Group especially strengthened its specific auditing and controlling managements for various aspects such as labour costs and accounts receivable, as well as further solidified the overall budget analysis, management and enforcement capabilities. For equipment management, the Group's equipment management system has successively been applied in Haitian Terminal and Hairun Terminal, helping the scientization and informationization of equipment management. Meanwhile, the "Electrification" of Rubber-tyre Gantry that has been continuously implemented in Haitian Terminal and Dongdu Terminal by the Group has been completed and has commenced operations. Due

Chairman's Statement

to its significant energy-saving effect, the project was listed as the second batch of energy saving pilot project by Xiamen City and was awarded financially by both Fujian Province and Xiamen City. During the year, the second capital injection regarding XHICT contributed by the Group and Hong Kong Hutchison Group has been fully completed after mutual parties sufficient coordination. The Group has successfully transferred the ownership of a piece of land of approximately 255,600㎡ under berth No.1 in Haicang port area and other related assets to the joint venture, and the second capital contributions by both sides have been all received.

It is expected that the global economy will experience recovery growth in 2010, favorable factors for China's economic rebound will also be gradually strengthened and the overall economic environment will be better than last year. According to the forecast of the Chinese government and its relevant departments, the national economic growth of China will be approximately 8% in 2010, showing that the China's economy will continue to maintain a relatively steady and rapid growth. Therefore, the import and export businesses of China's foreign trade will achieve a positive growth after suffering from a decline in 2009. With the State Council's comprehensive implementation of Several Opinions on Supporting Fujian Province to Accelerate the Building of the Economic Zone on the Western Coast of the Taiwan Straits together with further driving of "Go and Try Beforehand" policy across the Economic Zone on the Western Coast of the Taiwan Straits, it is expected that the economy of the whole Economic Zone on the Western Coast of the Taiwan Straits, including Fujian Province and Xiamen City, will continue to grow, which will encourage the recovery and development of port businesses in Xiamen. However, the development of China's economy is facing a lot of uncertainties arising from the external environment in 2010. In the future, there is no way to avoid further escalation of trade protectionism against China and the construction and operation of other terminals in Xiamen port which may bring adverse effects to the Group's port businesses. Therefore, the Group may experience great opportunities, while facing numerous challenges in 2010.

Looking ahead to 2010, for the purpose of maximizing the overall interests of shareholders, The Group will continue to enhance corporate governance as well as risk management and focus on the construction of the overall risk management system in order to further improve the risk control system in all aspects, such as finance and accounting. At the same time, we will also boost the efficiency in the use of funds by further enforcing our refined management, improving revenue generation and minimizing expenditure, controlling cost and strengthening capital budget management. Meanwhile, we will try our best to promote the Group's main business development, adhere to the strategy of "Big Clients, Big Cooperation", deepen the overall sales and marketing, boost synergies, strive to provide personalized services to both big ship owners and big cargo owners, expand the business alliance by different means, so as to open new routes and attract new sources of goods. By doing so, win-win developments with major clients could be established. Besides, we will promote the integration of resources in a timely manner, optimize the allocation of resources to encourage the renewal and upgrade of equipments and facilities, improve service functions, offer clients with excellent services, enhance and develop the Group's leading position in respect of the port industry in Xiamen, so as to strengthen the corporate value in the long run.

Last but not least, I, on behalf of the Board, would like to take this opportunity to express my sincere gratitude to the trust of all shareholders and the contributions of our staff in the previous year for the Group's business development. With the endeavors of all staff and the great supports of all shareholders, I am confident that the Group will reach a new height in 2010.

ZHENG Yongen
Chairman

Xiamen, the PRC
14 April 2010


海天09
ZPMC
EVERGREEN
KOTA MARIS

Management Discussion and Analysis

Industry Overview

The First Slump in China's Containers Trade

In 2009, due to the global economic crisis arising from the sub-prime mortgage crisis of the US, China's foreign trade has been extremely weak, resulting in a major downturn in its trade import and export. In view of this, the central government has adopted the macroeconomic control measure of "Ensuring Growth, Expanding Domestic Demand, Benefiting Livelihood" in a timely manner, thus preventing the national economy from falling but remaining stable. The domestic demand for bulk stock has shown a rapid growth, whereas the bulk cargo business within the key ports has taken the lead in recovery and upturn. However, dragged by the consumption contractions in Europe, the US and Japan, container trade volume in China has had a negative growth during the whole year of 2009, which had never occurred in recent years. According to the relevant information issued by the National Bureau of Statistics of the PRC, the total import and export volume of goods of China in 2009 was approximately USD2,207.3 billion, representing approximately a 13.8% drop as compared to 2008. Out of this amount, exports of goods for the year decreased by approximately 15.9% to approximately USD1,201.7 billion. China has overtaken Germany and become the largest exporter in the world for the first time. Imports of goods dropped approximately 11.3% to approximately USD1,005.6 billion. Correspondingly, in 2009, the cargo throughput of China's ports increased by approximately 8.2% to approximately 6,910 million tonnes, whereas the port container throughput decreased by approximately 5.9% to approximately 120.82 million TEUs. Based on the relevant information, given that the economies of Europe, the US and Japan showed traces of bottomed out from the second half year of 2009, the port's container transportation of China also started to recover and grow gradually since September 2009 on a month-on-month basis.

Foreign trade of Fujian and Ports in Xiamen

In May 2009, the Chinese State Council issued the "Several Opinions on Supporting Fujian Province to Accelerate the Building of the Economic Zone on the Western Coast of the Taiwan Straits". The development of Economic Zone on the Western Coast of the Taiwan Straits has now become a national strategy, having an important role in satisfying the development plan of the nation and the development of an integrated channel to expedite the opening to the outside world. Nonetheless, under the hard hit of the worldwide financial crisis, the overall foreign trade performance of Fujian Province was similar to that of the rest of the country in 2009. As shown in the data provided by Fujian Provincial Government, the gross domestic product of Fujian Province in 2009 amounted to approximately RMB1,194.95 billion, representing an increase of approximately 10.4% over last year. The total value of exports and imports of foreign trade was approximately USD79.66 billion, representing a year-on-year fall of approximately 6.1%. Port cargo throughput accounted for about 308 million tonnes, representing an increase of approximately 12.4% over last year, while container throughput achieved approximately 7.162 million TEUs, representing a decrease of approximately 3.5% over last year.

In 2009, benefiting from the substantial growth of bulk business in various areas such as coal, cargo throughput of ports of Xiamen achieved an unprecedented breakthrough of 100 million tonnes, representing a growth of approximately 14.37% over last year. Ports of Xiamen are the first to reach 100 million tonnes among the whole Economic Zone on the Western Coast of the Taiwan Straits. With a total container throughput of approximately 4.68 million TEUs, ports of Xiamen ranked as 19th of the global container ports and remained in the 7th place in terms of container throughput of the ports in mainland China. However, owing to the high economic reliance on foreign trade of ports of Xiamen, enterprises within the hinterland ports generally encountered numerous difficulties such as shrinkages in overseas market and reduction in orders because of the global financial crisis. This resulted in a negative growth in container business of approximately 7.1% of ports of Xiamen in 2009 compared to last year. Meanwhile, the container throughput of ports of Xiamen accounted for approximately 65.3% of the total container throughput of Fujian Province, representing a slight decrease of approximately 2.5% over last year. Similar to the overall economy and trading conditions of the PRC, the container business of ports of Xiamen has gradually recovered since the fourth quarter of 2009.

Business Review

For the year ended 31 December 2009, the Group was principally engaged in port terminal businesses in relevant terminals at the Dongdu and Haicang port areas in Xiamen. These businesses mainly included three large business segments, namely, container ports businesses, bulk/general cargo ports operations and ancillary value-added port services. In addition, the Group was also engaged in the manufacturing, processing and selling of building materials as well as the trading of industrial products (such as steel and chemical raw materials).

Scale of operations

For the year ended 31 December 2009, the Group operated a total of 16 berths in Dongdu and Haicang port areas, with a total berth length of approximately 3,761 metres and a depth alongside ranging from 9.9 metres to 17.5 metres. The area is able to accommodate vessels of up to 100,000 dwt and a maximum carrying capacity of 12,000 TEUs. At the same time, the Group had a large area for warehousing facilities and relevant auxiliary facilities both inside and outside the terminal areas to facilitate the provision of a series of appropriate port integrated logistics services.

Four of the international container terminals operating under the Group were principally engaged in the operation of international container loading and unloading businesses. These terminals included: (1) the Haitian Terminal with seven berths (including Dongdu berths No. 5 to No. 11) in the Dongdu port area; (2) the XICT with two berths (including Haicang berths No. 2 and No. 3) in the Haicang port area; (3) the Hairun Terminal with two berths (including Haicang berths No. 4 and No. 5) in the Haicang port area; (4) and the XHICT (Haicang berth No. 1), which is under construction, also in the Haicang port area. The terminal marine structure engineering work of such berth of XHICT has been completed and has commenced operations in unification with XICT since September 2008.

Management Discussion and Analysis

In addition, the Group also operated the Dongdu Terminal with four berths (Dongdu berths No. 1 to No. 4) in the Dongdu port area, in which Dongdu berth No. 1 was especially designated for loading and unloading of domestic trade containers, whereas Dongdu berths No. 2 to No. 4 were especially designated for bulk/general cargo loading and unloading of both international and domestic trade.

Container port business

During the Year under review, a container throughput of 3,047,520 TEUs was achieved by the Group of which the details are as follows:

	Container Throughput		
	2009 (TEUs)	2008 (TEUs)	(Decrease)
The Haitian Terminal, Hairun Terminal and berth No. 1 of Dongdu Terminal of the Group (international and domestic trade)	**2,109,511**	2,291,095	(7.93%)
XICT and XHICT (international trade)*	**938,009**	956,088	(1.89%)
Total Throughput	**3,047,520**	3,247,183	(6.15%)

* 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 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, which are consolidated in calculation.

During the reporting period, the container throughput of the Group has recorded a decrease of approximately 6.15%, which is its first decline in growth in recent years, due to the severe impact of the global financial crisis, resulting in the decline in international economy and trade and shipping as well as the decrease in volume of cargos. Meanwhile, benefiting from factors such as the significant driving force of the macroeconomic adjustment and control measure of the PRC Government in respect of the domestic needs and trading business, the Group's domestic trading business of container ports and international trade container transshipment business recorded continuous growth, among which container throughput of domestic trading business reached 562,800 TEUs with an increase of approximately 27.1% whereas international trade container transshipment volume also reached 152,796 TEUs with an increase of approximately 134% over the previous year. These two businesses made a significant contribution to the Group's container throughput, enabling the decline of the Group's container port business to be slightly less than the average decline of ports in Xiamen. During 2009, the Group's container port business maintained a stable market share basically. With the gradual

economic recovery of China's traditional major trading countries such as European countries, US and Japan, the export trade of ports in PRC and Xiamen had showed corresponding improvement. The international container processing business of the terminals under the Group has shown signs of recovery since September 2009. During the Chinese New Year, Hu Jintao, the State President, made a visit to the Group's Haitian Terminal, giving warm care and great encouragement to all our staff.

Bulk/general cargo port businesses

In 2009, the bulk/general cargo throughput handled by the Group in the year amounted to 5,333,334 tonnes with the details as follows:

	Bulk/general cargo throughput		
	2009 (tonnes)	2008 (tonnes)	Increase
Berths No. 2 to No. 4 of Dongdu Terminal	**4,967,795**	4,770,095	4.14%
XICT and XHICT	**365,539**	98,021	272.92%
Total Throughput	**5,333,334**	4,868,116	9.56%

During the reporting period, under the relatively severe international economic and trade conditions, the Group's bulk/general cargo port businesses still managed to maintain a relatively satisfying growth of approximately 9.56% as compared with the previous year. XICT has achieved a tremendous growth of approximately 2.7 times for the above business, which has made a greater contribution to the total growth of the Group's bulk/general cargo throughput. The main reasons for this were the fact that the trade volume of existing customers in steel import business increased under the encouragement of the State's policy, and also that XICT has gained a new big client in steel business. The small increase in the throughput of Dongdu Terminal was due to the continuous high growth of its export business of river sand which has a relatively cheaper loading and unloading fees. The stone business, on the other hand, which has a relatively higher loading and unloading fees, experienced a larger competitive pressure arising from geographic locations, competitions from local ports by lowering fees, and supports from local government of those ports and other negative factors.

In response to the above circumstances, the Group adopted numerous timely measures. Firstly, the Group was proactive about the integration of port related resources. It organized business relocations for some of the bulk/general cargo businesses like stone and steel businesses in Dongdu Terminal, so as to improve the geographic locations, reduce the logistics costs of customers, enhance the competitiveness in such businesses against the neighboring terminals and secured more stone and steel businesses. Secondly, the Group leveraged the opportunity of the operation of the six new grain warehouses (silos) in Dongdu Terminal, not only ensuring the operation of import soy business, but also obtaining the general cargos in the North of other kinds of traditional grains such as corns and wheat. Therefore, both domestic and foreign trade volume of grain business achieved a relatively substantial growth.

Ancillary value-added port services

During the reporting period, the Group continuously implemented the overall sales and marketing strategy, actively promoted the resources integration of ancillary value-added port services (such as shipping agency, tallying, tugboat berthing and unberthing and port-related logistics services) and terminal loading and unloading business and fully leveraged the Group's advantage on the supply chain of port integrated logistics services. On the other hand, the Group also simplified the workflow, initiated the electronic business model, enhanced the quality of services and rendered "one-stop" port services to customers. As a result, the Group was able to completely fulfill individual needs of big clients and effectively strengthened our leading position in the main port business in ports of Xiamen. During the year under review, the Group has made full use of the advantage of the specialized railway route to develop the sea-rail joint transportation business actively and further expand the hinterland of the sources of goods in the mainland. In 2009, the Group organized a series of sea-rail joint transportation business forums at Changsha of Hunan, Ji'an of Jiangxi and other places. Besides, the Group has newly built business network points in areas such as Ji'an of Jiangxi, Longyan and Shaowu of Fujian, and container trains have commenced running between Xiamen and Nanchang of Jiangxi every Tuesday and Friday in June. These initiations have boosted the rapid growth of the Group's sea-rail joint transportation business to nearly a double and have become a new growing point of port business. All bonded logistics businesses in our Xiamen Bonded Logistics Park were also developed as expected. The year-on-year growth of its "One Day Customs Clearance", on-site assembly and tenancy of warehouse businesses were approximately 10.5%, 79% and 6.5% respectively. The newly built bonded warehouse No. 3 in Xiamen Bonded Logistics Park has nearly completed its construction, while bonded warehouse No. 2 was planned to restart construction and a new bonded warehouse No. 4 will be built.

Trading Business of Industrial Products

During 2009, the international financial crisis posed material impact on global trading environment, resulting in relatively large risks for international trade. In response to such situation, the Group implemented strategic contracting measures on the operating scale of this business so as to effectively control and reduce trading risks. As a result, the revenue from trading business of industrial products amounted to approximately RMB536,877,000 for the year ended 31 December 2009, representing a decrease of approximately 68.6% over approximately RMB1,712,157,000 for the year ended 31 December 2008. Meanwhile, the Group has re-planned and adjusted the developing direction for the trading business of industrial products, combining the Group's overall business development blueprint. The Group intended to particularly operate trading business dedicated for combination of port and trade, that is to mainly expand the business with larger contribution to the port throughput and greater driving force for the Group's business development of port logistic chain.

Financial Review

Revenues

Revenue from the Group decreased by approximately 39.4% from approximately RMB3,411,524,000 for the year ended 31 December 2008 to approximately RMB2,065,904,000 for the year ended 31 December 2009. Excluding the revenue from segment of trading of industrial products, the Group's revenue from other segments amounted to approximately RMB1,529,027,000, representing a decrease of approximately 10.0% over approximately RMB1,699,367,000 for the year ended 31 December 2008. The decrease was primarily due to the decrease in business volume or fees of container loading and unloading business, bulk/general cargo loading and unloading business and ancillary value-added port services as a result of negative impact of the economic crisis. Meanwhile, the revenue from trading business of industrial products amounted to approximately RMB536,877,000 for the year ended 31 December 2009, representing a decrease of approximately 68.6% over approximately RMB1,712,157,000 for the year ended 31 December 2008, primarily due to the Group's measures to control and reduce the trading risks.

Revenue by business sector

	For the year ended 31 December		
	2009	2008	(Decrease)
Business	**(RMB'000)**	(RMB'000)	
Container loading and unloading and storage	**630,721**	741,967	(15.0%)
Bulk/general cargo loading and unloading	**122,354**	142,537	(14.2%)
Ancillary value-added port services	**492,853**	530,932	(7.2%)
Manufacturing and selling of building materials	**283,099**	283,931	(0.3%)
Trading of industrial products business	**536,877**	1,712,157	(68.6%)
Total	**2,065,904**	3,411,524	(39.4%)

The reasons for the change of revenue of each business sector for the year ended 31 December 2009 compared with 2008 are as follows:

1. The container throughput of the Group for the year ended 31 December 2009 was approximately 2,587,896 TEUs (count in 51% of XICT's throughput under proportional consolidation method) which has a decrease of approximately 6.9% compared with 2008. In addition, the decrease in tariff as a result of intense competition also led to the decrease in the revenue of container loading and unloading and storage business.

2. Although the Group's bulk/general cargo throughput increased, the throughput of cargos with higher tariff including stone and steel products decreased which resulted in the drop in 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 services of the Group was in line with the decrease of cargo throughput handled by ports of Xiamen.

4. The revenue of the manufacturing and selling business of building materials of the Group remained stable in 2009.

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

Cost of sales

Cost of sales decreased by approximately 41.9% from approximately RMB2,800,006,000 for the year ended 31 December 2008 to approximately RMB1,628,064,000 for the year ended 31 December 2009. The decrease was primarily due to the decreases in cost of trading commodities sold as well as fuel and power consumed, which was partially offset by the increases in depreciation, amortisation and leasing expenses.

— Cost of trading commodities of the Group decreased by approximately 68.8% from approximately RMB1,676,474,000 for the year ended 31 December 2008 to approximately RMB522,792,000 for the year ended 31 December 2009. The decrease was mainly due to the Group's initiatively shrinking of the scope of trading business, which led to the declining of volume of industrial products trading business and the corresponding decreases in cost of trading commodities sold.

— Cost of fuel and power decreased by approximately 24.1% from approximately RMB118,422,000 for the year ended 31 December 2008 to approximately RMB89,849,000 for the year ended 31 December 2009. The decrease was mainly due to the decrease in the Group's overall business volume for the year ended 31 December 2009 and the decrease in fuel price.

— Depreciation and amortisation increased by approximately 8.9% from approximately RMB186,493,000 for the year ended 31 December 2008 to approximately RMB203,039,000 for the year ended 31 December 2009. The increase was mainly due to further operation commencements of the Group's port facilities and storage facilities from the second half of 2008 as well as the increase in equipments to meet the business development.

— Leasing expenditure increased by approximately 235.3% from approximately RMB16,772,000 for the year ended 31 December 2008 to approximately RMB56,240,000 for the year ended 31 December 2009. The increase was mainly due to the leasing of berth No. 6 in Haicang port area by the Group from Xiamen Port Holding for the year ended 31 December 2009.

Gross profit

As a result of the foregoing reasons, the Group's gross profit decreased by approximately 28.4% from approximately RMB611,518,000 for the year ended 31 December 2008 to approximately RMB437,840,000 for the year ended 31 December 2009. Gross profit margin of the Group increased from approximately 17.9% for the year ended 31 December 2008 to approximately 21.2% for the year ended 31 December 2009. The increase in gross profit margin was mainly due to the decrease in trading revenue of industrial products business in 2009 which has a lower gross profit margin. Except for this reason, the gross profit margin of segments other than trading business decreased as a result of decreased tariff.

Operating expenses

The Group's operating expenses decreased by approximately 14.5% from approximately RMB203,863,000 for the year ended 31 December 2008 to approximately RMB174,402,000 for the year ended 31 December 2009. The decrease was primarily due to decreases in the Group's employee benefit expenses, provision for impairment and advertising and marketing expenses for the year ended 31 December 2009.

Operating profit

The Group's operating profit decreased by approximately 36.2% from approximately RMB506,146,000 for the year ended 31 December 2008 to approximately RMB322,821,000 for the year ended 31 December 2009. The Group's operating profit margin increased from approximately 14.8% for the year ended 31 December 2008 to approximately 15.6% for the year ended 31 December 2009, which was mainly due to the increase in gross profit margin and decrease in operating expenses as explained above.

Income tax expense

The Group's income tax expense increased by approximately 42.4% from approximately RMB27,808,000 for the year ended 31 December 2008 to approximately RMB39,588,000 for the year ended 31 December 2009. The applicable income tax rate increased from 18% for the year ended 31 December 2008 to 20% for the year ended 31 December 2009. In addition, the Group obtained approval from the tax authorities in 2008 to deduct additional expenses incurred previously, which resulted in a deduction of income tax expense of approximately RMB13,688,000 in 2008. All the above factors resulted in the increase of income tax expense in 2009.

Profit for the Year

The Group's profit decreased by approximately 42.8% from approximately RMB474,259,000 for the year ended 31 December 2008 to approximately RMB271,183,000 for the year ended 31 December 2009, which was primarily due to the decrease in operating profit. As explained above, the Group's operating profit margin increased by approximately 0.8% for the year ended 31 December 2009 compared with 2008, and however, due to the increase of the income tax expense of the Year, the Group's profit margin decreased from approximately 13.9% for the year ended 31 December 2008 to approximately 13.1% for the year ended 31 December 2009.

Profit attributable to minority interests

Profit attributable to minority interests decreased by approximately 32.3% from approximately RMB97,600,000 for the year ended 31 December 2008 to approximately RMB66,092,000 for the year ended 31 December 2009. The decrease was due to the decrease in profit from the Group's non-wholly owned subsidiaries.

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company decreased by approximately 45.5% from approximately RMB376,659,000 for the year ended 31 December 2008 to approximately RMB205,091,000 for the year ended 31 December 2009. The decrease was mainly due to the decrease in profit for the Year.

Accounts and notes receivable

The Group's net accounts and notes receivable increased from approximately RMB491,057,000 as at 31 December 2008 to approximately RMB591,129,000 as at 31 December 2009. The increase primarily resulted from the fact that the Group's major customers have recovered gradually from the economic crisis with a result that the volume of port business increased greatly at the end of 2009 as compared with the corresponding period of 2008, which led to the increased balance of the receivables and payables for the freight fee and etc. on behalf of other parties related to ancillary value-added port services.

As at 31 December 2009, the Group's accounts and notes receivable were approximately RMB616,554,000, of which, approximately RMB524,220,000 accounts and notes receivable were aged within six months, accounting for approximately 85.0% of the total accounts and notes receivable, approximately RMB17,211,000 were aged between six months to one year, approximately RMB55,021,000 were aged between one year to two years, approximately RMB5,624,000 were aged between two years to three years and approximately RMB14,478,000 were aged over three years.

Accounts and notes payable

The Group's accounts and notes payable increased by approximately 31.2% from approximately RMB534,459,000 as at 31 December 2008 to approximately RMB701,071,000 as at 31 December 2009. This was primarily due to the prolonging settlement time of the Group's trading business with the suppliers, which led to the increase in notes payable. The Group's notes payable increased by approximately 61.2% from approximately RMB172,842,000 as at 31 December 2008 to approximately RMB278,654,000 as at 31 December 2009. In addition, as mentioned above, the Group's balance of the receivables and payables for the freight fee and etc. on behalf of other parties related to ancillary value-added port services as at 31 December 2009 increased compared with 31 December 2008.

As at 31 December 2009, the Group's accounts and notes payable within one year were approximately RMB699,408,000 accounting for approximately 99.8% of the total accounts and notes payable and due over one year were approximately RMB1,663,000, accounting for approximately 0.2%.

Borrowings

The Group's borrowings decreased from approximately RMB664,007,000 as at 31 December 2008 to approximately RMB384,753,000 as at 31 December 2009. The decrease was primarily due to the net repayment of the bank loans by the Group.

As at 31 December 2009, borrowings due within one year were approximately RMB115,970,000, due within one to two years were approximately RMB8,507,000, due within two to five years were approximately RMB28,135,000 and due after five years were approximately RMB232,141,000.

As at 31 December 2009, the Group's guaranteed loans were approximately RMB77,793,000 which were guaranteed by a state-owned bank.

Cash flows and working capital

The Group's working capital was primarily derived from cash generated from its operations.

The following table sets out the Group's cash flows derived from operating activities, investing activities and financing activities for the year ended 31 December 2008 and 2009 respectively:

	2009 RMB'000	2008 RMB'000
Net cash generated from operating activities	505,471	551,747
Net cash used in investing activities	(124,070)	(137,968)
Net cash used in financing activities	(419,358)	(563,444)
Net decrease in cash and cash equivalents	(37,957)	(149,665)
Cash and cash equivalents at beginning of year	844,665	1,001,285
Exchange losses on cash and cash equivalents	(151)	(6,955)
Cash and cash equivalents at end of year	806,557	844,665

Operating activities

The Group's net cash generated from operating activities decreased by approximately 8.4% from approximately RMB551,747,000 in 2008 to approximately RMB505,471,000 in 2009. The main reasons for the decrease in net cash generated from operating activities included the decrease in net cash generated from operations of approximately RMB108,447,000 in 2009, the decrease in interest paid of approximately RMB29,935,000 and the decrease in income tax expense paid of approximately RMB32,236,000.

Investing activities

The Group's net cash used in investing activities decreased from approximately RMB137,968,000 in 2008 to approximately RMB124,070,000 in 2009. The cash outflow in investment activities in 2009 mainly comprised of approximately RMB197,642,000 paid for the purchase of property, plant and equipment (including tugboat), as well as intangible assets and land use rights. The cash inflow from investing activities in 2009 was mainly due to the cash increase of RMB54,436,000 resulting from the decrease in term deposits with initial term of over three months and received interest income of RMB13,817,000.

Financing activities

The Group's net cash used in financing activities decreased from approximately RMB563,444,000 in 2008 to approximately RMB419,358,000 in 2009. The net cash used in financing activities in 2009 was primarily due to the cash outflow of borrowings repayment of approximately RMB592,254,000 and dividends paid in the Year of approximately RMB214,984,000, partially offset by a cash inflow of approximately RMB313,000,000 from the newly borrowed loans, and the cash injection of approximately RMB74,880,000 by the joint venture partner of XHICT.

Capital expenditure

The Group's capital expenditure in 2008 and 2009 was primarily consisted of expenditure on port terminal infrastructure and on purchase of equipments, machineries and land use rights. The following table sets out the Group's capital expenditure in 2008 and 2009:

	2009 RMB'000	2008 RMB'000
Total capital expenditure	230,250	377,777

Capital commitments

As at 31 December 2009, the Group's capital commitments were approximately RMB297,222,000, primarily consisted of the expenditure related to the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machineries, acquisitions of vessels and renovation of buildings.

Net debt to equity ratio

As at 31 December 2009 and 2008, the Group is in net cash position. The Group's net debt to equity ratio changed from approximately -4.03% in 2008 to approximately -9.66% in 2009, which was primarily due to the advance repayment of the bank loans.

Contingent liabilities

As at 31 December 2009, the Group has no significant contingent liabilities.

Employment, Training and Development

As at 31 December 2009, the Group had a total of 5,521 employees, representing a decrease of 116 employees over 31 December 2008. During the Year, total staff costs accounted for approximately 19.8% of the Group's revenue. With its "people-oriented" management vision, the Group actively created opportunities to promote individual development of employees. Employees' remunerations included basic salary, other allowances and performance-based bonus, which are determined by their job nature, and individual performance, experience and the prevailing practices of the industry. Employees may be offered performance-based bonus or awards according to the Group's annual operating results and the assessment results of their performance. The payment of rewards is an impetus to motivate each employee. The Group's remuneration policy is reviewed on a regular basis.

New established Companies

On 3 April 2009, Xiamen Port Container Co., Ltd (廈門港務貨櫃有限公司), an equity joint venture invested by Xiamen Port Logistics Co., Ltd ("Port Logistics"), the Company's indirectly held subsidiary, and Haifengcang Container Services Co., Ltd (海豐倉集裝箱服務有限公司) (an independent third party), a company incorporated in Brunei, was established. The establishment of joint venture company is for the operation of a logistics depot with a total area of 36,475m^2 and a warehouse with a total area of 20,000m^2 in Haicang, Xiamen. The registered capital of the joint venture company is RMB5 million, and Port Logistics has 51% interest in the joint venture company.

On 7 April 2009, Xiamen Port Baohe Logistics Co., Ltd (廈門市港務保合物流有限公司), an equity joint venture invested by three parties, namely Port Logistics, Xiamen Baohe Trading Co., Ltd. (廈門市保合貿易有限公司) (an independent third party) and Xiamen Yardland Composite Materials Co., Ltd (廈門亞德蘭複合材料有限公司) (an independent third party), was established. The establishment of joint venture company is for the joint operation of a logistics depot with a total area of 59,600m^2 in the Songyu port area in Haicang, Xiamen. The registered capital of the joint venture company is RMB6 million and Port Logistics has 35% interest in the joint venture company while the other two shareholders has 32.5% interest in the joint venture company respectively.

Subsequent Events

On 4 January 2010, Xiamen Port Shipping Co., Ltd. ("Port Shipping"), the Company's indirectly held subsidiary, established the Yangpu branch of Xiamen Port Shipping Co., Ltd. in Yangpu Port in Hainan Province, PRC to develop tugboat berthing and unberthing business in Yangpu Port, and relevant operating permit and industrial and commercial registration formalities have been completed. This will facilitate the expansion of the Group's offport tugboat market and increase the revenue of ancillary value-added port services.

On 8 March 2010, Xiamen Port (Group) Haitian Container Terminal Co., Ltd ("Haitian Company"), a directly held subsidiary of the Company, established Xiamen Port Haicang Container Inspection Services Co., Ltd (廈門港海滄集裝箱查驗服務有限公司) in Haicang, Xiamen by solely holding 100% equity interest by a legal entity to extend terminal-related businesses in Haicang Bonded Port Area in Xiamen. The newly established company having a registered capital of RMB1 million is primarily engaged in the businesses of container loading and unloading, stacking and storage management, container packing and unpacking, storage and container cargo inspection services. Currently, the relevant industrial and commercial registration formalities have been completed.

Prospects

The year of 2010 is the final year for the Chinese government to realize its "the Eleventh Five-year" Plan. According to the Chinese government's analysis, in 2010, the world economy has entered into post-financial crisis period and is hopeful to embrace a new momentum of growth. In order to grasp this strategic opportunity and solidify the recovery of the Chinese economy, China will continually implement active fiscal policies and moderately flexible currency policies, so as to maintain the continuity and stability of policies. However, despite the economic development environment for 2010 will be better than last year, the impact of the international financial crisis still exists, and China's economic development is still facing various internal and external uncertainties, such as the increasing costs of labours and other factors, the change in consumption and production models of the developed economies (such as the US and Europe) resulting from the financial crisis, and increasing trade frictions. All these factors will affect China's foreign trade and economic growth at different levels. Having considered various situations, the Chinese government has predicted that China's national economic growth rate will be around 8% in 2010, while the Fujian provincial government and Xiamen municipal government predict their national economic growth rates will be approximately 10.5% and 11% respectively, and both of their growth rates of foreign trading exports will be around 8%, representing that the national economy will strive to realize steady development with moderate growth.

Based on the above predictions of the economic and trade conditions of 2010, the Company anticipates that the development of port business will face both opportunities and challenges in 2010, whereas the overall situation will improve and show gradual growth from the downturn. For this, the Company will grasp closely this growth opportunity in 2010 and make advantage of the Group's overall strength, to explore the operation potentials, strengthen the internal management, and optimize the port services, in order to follow its principle of improving the corporate value and the overall interests of shareholders as well as to promote the continuous growth of the Group's future results. The Group plans to implement the following measures in 2010:

- To further implement the overall sales and marketing strategy. The Group will fully integrate logistics resources of all parties in the port and make advantage of the Group's strengths in its overall business chain, so as to develop new sea routes and attract new freight sources. The Group will also facilitate the development of container business in respect of main routes for international containers trunk, international transit and domestic sub-routes, so as to strengthen the radiating influence and driving effects of the Group's ports. In addition, the Group will actively carry out its strategy of "Big Customers and Big Cooperation" by focusing on major customers development, achieving synergistic effects, actively approaching customers, further drive cooperation with strategic customers and providing tailored service solutions to customers, which further enables overall sales and marketing to play a key role in the services for "Big Customers".

- To strive for the integration of port resources. Firstly, on account of the actual conditions of ports of Xiamen, the Group will actively promote the full coordination among the ports in an appropriate manner and by suitable channels and also make effort improving the integration of the relevant resources of each port and leading the port development to a scaled and intensified direction, which optimizes the overall operating environment of ports of Xiamen and enhances the Company's overall efficiency. Secondly, by speeding up the relocations of stone product business and steel business from Dongdu Terminal, the Group can attract more traditional superior freight sources such as imported stone blocks and steel and enhance its acquisition of high-value freights. Meanwhile, with the effective use of the vacant storage area from Dongdu Terminal and the advantage of the special railway line, the Group is able to expand the freight sources in South Jiangxi and Hunan, and target basic freights, so as to develop its highlighted freight of copper concentrate, sheet iron ore, nickel ore and agricultural materials.

- Effectively improve the service levels. The Group will further perfect the ancillary software and hardware facilities of the ports through technological transformation, computerization and process optimization, and reorganization, and try its best to improve the cargo-handling efficiency of the port, lower the costs, and improve the service quality and the price performance ratio of port services. Meanwhile, the Group will actively maintain the close relationships with ship owners and freighters, and keep the information channels clear, which will enable the Group to retrieve the updates of major clients and other ports to further expand services and improve specialised services, in order to satisfy the customers' service demand in a more efficient manner.

- To focus on the development of its domestic trade container business. The Group will seize for opportunities arising from China's attempt to boost domestic demand and stimulate consumption, by speeding up the expansion of domestic markets, actively developing its domestic trade container business, as well as cooperating with major shipping companies to expand domestic trade container shipping network. The Group will also continue to attract those shipping companies to choose ports of Xiamen as a major hub port of its domestic shipping business in Fujian Province.

- To expand the sea-rail joint transportation business. Firstly, the Group will continue to work closely with relevant government departments to facilitate sea-rail joint transportation, and join hands with the customs, national inspection and railway departments to promote the land-based port construction in 23 cities of the Economic Zone on the Western Coast of the Taiwan Straits. The Group will also make promotion in the hinterlands of freight sources of the ports, and make efforts to acquire supporting policies from the Government for the further development of sea-rail joint transportation business. Secondly, the Group will broaden the capacity of domestic and foreign freight sources for sea-rail joint transportation and continue to develop new businesses and sourcing markets for industrial chain expansion. In particular, the Group will recommend the sea-rail joint transportation business from Xiamen to Ganzhou, Sanming and other destinations to the domestic shipping line owner, facilitating the interactive development between sea-rail joint transportation and domestic trade container business.

- To develop port business targeting the Taiwan market by taking advantage of the favorable situation. By capturing the opportunities stemming from the "Three Direct Links" policy across the Taiwan Straits and the support from China's State Council for speeding up the construction of the Economic Zone on the Western Coast of the Taiwan Straits in Fujian Province, the Group will strengthen its communication and cooperation with Taiwan ports, and take full advantages of Xiamen's geographical proximity and booming business opportunities with Taiwan, so as to promote cross-strait direct transportation as well as to consolidate and expand the direct shipping business of sea freight targeting Taiwan market, with its full efforts.

- To coordinate the development of bonded logistic business. According to the actual situation of ports of Xiamen, the Group will carefully work out the development plans for bonded logistic business related to Xiamen Bonded Logistics Park and Haicang Bonded Port Area, with the focus of promoting the construction of bonded warehouses No. 2 and 4 of the Xiamen Bonded Logistics Park, in order to effectively address to the demand in the development of related bonded logistic business.

- To continue the enhancement of its refined management. Firstly, the Group will make further efforts to increase the budget, refine the process management, and further improve the budget monitoring and analysis system so as to improve the quality of budget management, with the emphasis of strengthening cost control and capital budget management, significantly reducing cost, and further enhancing the financial management functions. Secondly, the Group will promote energy conservation with the strengthening energy-saving promotions, strengthen energy management by making rational adjustment and scheduling for equipments and actively promoting the advanced energy-saving technologies with emission reduction. The focus is to transform the power supply of crane equipments and energy-saving systems of Rubber-tyre Gantry. Thirdly, the Group will promote the establishment of computerized systems, improve equipment management systems, and speed up the construction of ship scheduling system and business management system.

- To promote the risk management system. The Group will continue to cooperate with Beijing PUSH Management Consulting Co.(北京普信管理諮詢公司) to undertake a comprehensive risk management consultation, rectify and reform the problems spotted during the risk management and internal control inspection, and promptly improve the inter-related management systems in respect of finance, accounting, and other areas, so as to improve the capability of risk prevention.

- To promote the related transfer of assets for Haicang berth No. 1. The Group will actively enhance the coordination with XHICT and take efforts to facilitate the relevant approval procedures, enabling the Company to transfer the roads and yards and other assets of Haicang berth No. 1 to XHICT as soon as possible, according to prior agreement.

- Pursuant to the “Option and Right of First Refusal Agreement” entered into between the Company and Xiamen Port Holding, the Company will actively follow up the progress of construction works of the relevant terminals of Xiamen Port Holding, so as to facilitate the Board of the Company to make the appropriate decisions based on the management and operational circumstances at the time.

A wide range of

ancillary value-added services

Provision of shipping agency, tallying, tugboat berthing and unberthing as well as port-related logistics services

Corporate Governance Report

The Company is continuously pursuing excellence and is devoted to raising corporate governance practice to a higher level. It is the belief of the Board of the Company that the core competitiveness of a listed company can be well demonstrated by its level of governance and management, and good corporate governance is the core in managing an organization properly, which enhances the transparency of the Company's business and promotes the Company's sustainable development, resulting in the ultimate success for the Company.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Corporate Governance Code") under Appendix 14 of the Listing Rules as the code on corporate governance practices of the Company. The Company also maintains and improves the practices and policies of the Company in a timely, transparent, effective and responsible manner.

With reference to the Corporate Governance Code, this report elaborates the corporate governance practices of the Company for the period from 1 January 2009 to 31 December 2009 (the "Reporting Period") and covers the information in respect of the mandatory disclosure requirements and most of the recommended disclosures set out under Appendix 23 of the Listing Rules. The Board confirms that unless otherwise disclosed hereinafter, none of the directors of the Company ("Directors") is aware of any information reasonably showing that the Group did not comply with any requirements of the applicable code provisions of the Corporate Governance Code at any time during the Reporting Period.

THE BOARD

The Board is accountable to shareholders and it is achieved on the principle of maximizing the Company's profits, the corporate values as well as the returns for shareholders. While fully representing the interests of shareholders and under the terms of reference specified in the Articles of Association (the "Articles") of the Company, the Board is responsible for formulating the Company's development strategies and monitoring the implementation of operation and management of the Company and its financial performance, and hence realizing the stable business return in a long run.

DIRECTORS

The Board of the Company is comprised of twelve directors, of which five are Executive Directors, four are Non-executive Directors and three are Independent Non-executive Directors. As at the date of this report, the Directors are as follows:

Executive Directors:

Mr. ZHENG Yongen
Mr. CHEN Dingyu
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

SUPERVISORS

The supervisory committee of the Company (the "Supervisory Committee") is comprised of six supervisors, of which two are staff representative supervisors. As at the date of this report, the supervisors of the Company ("Supervisors") are as follows:

Supervisors:

Mr. FANG Zuhui
Mr. LUO Jianzhong
Mr. WU Jianliang
Mr. WU Weijian
Mr. TANG Jinmu
Mr. HE Shaoping

The biographical details of the above Directors and Supervisors are set out on pages 50 to 55 of this annual report and on the Company's website at http://www.xipc.com.cn.

The composition of the Board of the Company is well-balanced with members possess professional skills in their respective areas such as corporate management, port business, logistics, finances and accounting. They also have extensive experiences in operation and management. They perform their duties honestly, faithfully and diligently. The Company believes that members of the Board with different backgrounds, experiences and abilities will enable the Board to make more prudent and detailed decision.

The Board has received from each of the Independent Non-executive Directors an annual written confirmation of independence in accordance with Rule 3.13 of the Listing Rules. Based on their respective confirmations, the Board believes that, as at the date of this report, all Independent Non-executive Directors have the status of independence as defined in the Listing Rules.

Pursuant to the requirements of Rule 3.10 of the Listing Rules, the Company has appointed at least three Independent Non-executive Directors, including one Independent Non-executive Director with appropriate professional qualifications or professional skills in accounting or relevant financial management.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for the management of the Group's business and affairs with the objective of enhancing shareholders' values, and for paving way for the success of the Group by giving guidance and supervision in respect of its business. The Board is required to ensure proper compliance with applicable laws and regulations, to give balanced, lucid and easy to understand assessments on the performance, conditions and prospects of the Company as set out in the annual and interim reports, to announce other price-sensitive information and other financial disclosure matters as required by the Listing Rules, and to report any discloseable information to regulatory authorities in accordance with statutory requirements.

The Board has fiduciary and statutory obligations to the Company and the Group and also exercises a number of powers, including:

- formulating long-term strategy;
- formulating annual budget and final account proposal;
- approving public announcements including interim and annual financial statements;
- setting dividend policy;
- approving material borrowings and treasury policy; and
- undertaking major acquisitions and disposals, formation of joint ventures and entering into capital transactions.

The management of the Company is responsible for various duties delegated by the Board, which mainly include:

- taking charge of the daily management and operation of the Company and the business of the Group;
- organizing and implementing Board resolutions;
- organizing and implementing annual operating plans and investment proposals;
- deciding on the establishment of the Company's internal management structure;
- deciding on the Company's basic management system; and
- formulating detailed rules and regulations of the Company.

To ensure that the Board operates in an independent, responsible and accountable manner, the roles of the Chairman and the General Manager have been separated. There is a clear division of responsibility between the Chairman and the General Manager. The Chairman, Mr. ZHENG Yongen (Executive Director) is responsible for leading the Board, deciding the long-term development strategy, overall development targets and business objectives of the Company. The Chairman is also responsible for convening and presiding over Board meetings; organizing and fulfilling the functions of the Board; and inspecting the execution of Board resolutions. On the other hand, the General Manager, Mr. FANG Yao (Executive Director) assumes the above duties and other management duties in accordance with the Articles, and is responsible for the daily operation and management of the Company. Following the approval of "*Regulations for the Chairman's Works*" and "*Regulations for the General Manager's Works*" of the Company at the twelfth meeting of the second session of the Board of the Company on 21 August 2009, the above duties of the Chairman and the General Manager are further clarified and refined.

Each of the Directors (including Non-executive Directors) and Supervisors has entered into a service contract with the Company for a term of not more than three years. Other than that, none of the Directors and Supervisors has any personal effective interest, direct or indirect, in the material contracts entered into by the Company or any of its subsidiaries during 2009, or has entered into with the Company any service contract which is not determinable within one year without payment of compensation (other than statutory compensation) by the Company.

Save as disclosed above, none of the Directors, Supervisors and senior management has any financial, business or family relationships or any relationships in other material aspects with the Company for which disclosure may be required.

Other than the general functions exercisable by the Directors as provided for in the Articles, important functions of corporate governance are borne by the three Independent Non-executive Directors of the Company. Each of them, being the chairman of one of the three board committees under the Board, promotes good corporate governance in respect of financial audit and internal control, remuneration management and strategic planning. They also bear the important functions of reviewing and monitoring the connected transactions of the Group, so as to protect the benefits of the shareholders and the Company as a whole. The Company strives to facilitate full attendance of all the Independent Non-executive Directors at its Board meetings in order to enhance their opportunities of expressing their independent judgments and opinions thereat. Approval of the Independent Non-executive Directors is required in respect of any resolution on connected transactions proposed by the Board.

BOARD MEETINGS

The Company strives to provide all Directors with appropriate and timely information so that the Directors have readily available information in making decisions and fulfilling their functions and responsibilities.

The Board has held regular meetings in accordance with the requirements of code provision A.1.1 of the Corporate Governance Code. In accordance with the requirements of the Company's Articles, the Board shall convene at least four meetings every year and the Board meetings shall be convened by the Chairman. In order to enable all Directors to arrange their time and attend the meetings, notices of Board meetings were dispatched to all Directors at least 14 days in advance. In respect of extraordinary Board meetings, notices of extraordinary meeting are to be dispatched to all the Directors at least ten days before the meeting is convened so as to facilitate maximum attendance of the Directors.

Every time before the meeting is convened, the company secretary shall draw up the matters to be submitted to the Board for consideration and determination, assist the Chairman in preparing the agenda for each Board meeting and ensuring that the agenda complies with the applicable regulations and rules of the meeting concerned. Meanwhile, the company secretary stays in touch closely with all Directors. All the Directors have the opportunity to include in the meeting agenda their motions. The final agenda and the documents for the Board meeting are distributed to the Directors at least three days before the meeting date, so as to ensure that they have sufficient time to review the documents concerned and are well-prepared for the meeting.

The Board meeting shall only be valid if attended by more than half of the Directors. Directors may attend the Board meeting in person or appoint, in written form, other Directors as proxies to attend the meeting on their behalf. If a Director has a conflict of interest in any resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution.

The Board held seven meetings during the year 2009. The attendance of each Director at the Board meetings is set out below:

Members of the Board	Number of Board meetings attended in person/by proxy	Attendance Rate
Executive Directors		
ZHENG Yongen	7/0	100%
CHEN Dingyu	6/1[a]	100%
FANG Yao	7/0	100%
HUANG Zirong	7/0	100%
HONG Lijuan	7/0	100%
Non-executive Directors		
FU Chengjing	7/0	100%
MIAO Luping	6/1[b]	100%
LIN Kaibiao	7/0	100%
KE Dong	7/0	100%
Independent Non-executive Directors		
HUANG Shizhong	7/0	100%
ZHEN Hong	6/1[c]	100%
HUI Wang Chuen	7/0	100%

Notes:

a Mr. CHEN Dingyu was present in six of the seven Board meetings, and the remaining Board meeting was attended and voted on his behalf by another authorized Director during his business trip out of Xiamen.

b Ms. MIAO Luping was present in six of the seven Board meetings, and the remaining Board meeting was attended and voted on her behalf by another authorized Director during her business trip out of Xiamen.

c Mr. ZHEN Hong was present in six of the seven Board meetings, and the remaining Board meeting was attended and voted on his behalf by another authorized Independent Non-executive Director during his business trip.

The company secretary is responsible for ensuring that the operation of the Board complies with procedures as required under the Company Law of the People's Republic of China ("Company Law"), the Articles and the Listing Rules, and providing the Board with recommendations on matters regarding corporate governance and regulatory compliance. The company secretary is also responsible for compiling and keeping the minutes of the Board meetings and meetings of each Board committee. To enable Directors to make decisions with grounds, all Directors are entitled to inspect the minutes of Board meetings and relevant materials at any reasonable time and are informed about the latest information of the Company immediately.

COMMITTEES ESTABLISHED UNDER THE BOARD

Three committees were set up by the Board to assist with the performance of its duties and to facilitate effective management, namely the Audit Committee, the Remuneration Committee and the Business Strategy Committee. The Board delegated certain of its functions to the committees, which are required to review its specific scope of functions and report to the Board with recommendations, where appropriate. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Each committee has specific functions and authorities. Members of the committees are entitled to make decisions on relevant issues within the terms of reference delegated to each committee. Particulars of these Committees are set out below and their respective terms of reference are also published on the Company's website at www.xipc.com.cn.

AUDIT COMMITTEE

The Audit Committee comprised three members, including two Independent Non-executive Directors, namely Mr. HUANG Shizhong and Mr. ZHEN Hong and one Non-executive Director, Mr. FU Chengjing. The chairman of the Audit Committee was Mr. HUANG Shizhong. All members of the Audit Committee possess relevant professional skills and experiences. One of them is an Independent Non-executive Director with professional qualifications and financial management expertise. As a result, throughout the year 2009, the Company had been in compliance with the requirements in respect of audit committee as set out under Rule 3.21 of the Listing Rules.

The Board has adopted the terms of reference of the Audit Committee which comply with the code provisions set out in the Corporate Governance Code. The Audit Committee is mainly responsible for making recommendations to the Board in respect of the appointment, removal, performance and remunerations of the external auditor, reviewing and monitoring the independence of the external auditor and the effectiveness of auditing procedures, reviewing the Company's financial information, and monitoring the Company's financial reporting system and internal control procedures and its effectiveness.

During the Reporting Period, the Company's Audit Committee held a total of two meetings, mainly for conducting the following business: reviewing the accounting principles and practices adopted by the Group and other material matters in respect of financial reporting, reviewing the Group's annual report on annual results for 2008 and interim report on interim results for 2009, reviewing the audit results presented by the auditors, and discussing with the external auditors in respect of any important finding and audit matter; re-appointment of auditors and fixing of audit fees; submitting recommendations to the Board for approval; and discussing and approving the action plan for the internal audit of the Group in 2009.

The members' attendance records of meetings of the second session of the Audit Committee are as follows:

Members of the Audit Committee	Number of committee meetings attended in person/by proxy	Attendance Rate
HUANG Shizhong	2/0	100%
ZHEN Hong	2/0	100%
FU Chengjing	2/0	100%

REMUNERATION COMMITTEE

The Remuneration Committee comprised three members, including two Independent Non-executive Directors, namely Mr. HUI Wang Chuen and Mr. HUANG Shizhong, and one Executive Director, Mr. CHEN Dingyu. The chairman of the Remuneration Committee was Mr. HUI Wang Chuen.

The Board has adopted the terms of reference of the Remuneration Committee which comply with the code provisions of the Corporate Governance Code. The primary functions of the Remuneration Committee are: to make recommendations to the Board in respect of the remuneration policy and structure for Directors, Supervisors and senior management of the Group, to formulate formal and transparent procedures for that remuneration policy, to review and fix their remunerations and benefits and to make recommendations to the Board in respect of directors' fee and director's annual remuneration.

During the Reporting Period, the Remuneration Committee of the Company met twice to review and approve the Directors', Supervisors' and senior management's remuneration, including the granting of annual bonus. Before determining the remunerations and benefits (including salary and bonus), the Remuneration Committee has taken full consideration of factors such as the remuneration level of its peers in the PRC, and the time committed by, duties and personal performance of the Directors, Supervisors and senior management as well as the results of the Company. The Remuneration Committee also reviews and approves desirability of performance-based remuneration with reference to the Company's goal set by the Board from time to time.

The members' attendance records of meetings of the Remuneration Committee are set out as follows:

Members of the Remuneration Committee	Number of committee meetings attended in person/by proxy	Attendance Rate
HUI Wang Chuen	2/0	100%
HUANG Shizhong	2/0	100%
CHEN Dingyu	2/0	100%

REMUNERATION POLICY FOR DIRECTORS

The remuneration policy for Directors aims to ensure that the remuneration level is competitive and effective enough to attract, retain and encourage Directors. The purpose of the remuneration (in the form of directors' fee) policy of the Non-executive Directors is to ensure that the Non-executive Directors are sufficiently but not excessively compensated for their effort and time contributed to the Company and that the remunerations policy for Executive Directors is to ensure that the remuneration they received accords with their duties and basically in line with market practice. The principal elements of the remuneration package of Executive Directors include basic salary and related allowances, benefits in kind and discretionary cash bonus, pension and relevant insurance benefits. Cash bonuses for Executive Directors, as incentives for them to achieve corporate objectives, are pegged with their individual performance and the Group's operating results.

As our general practice, the Remuneration Committee submits the remuneration plan to the Board for initial consideration. Such plan will then be submitted to the general meeting for further consideration and approval after it has been approved by the Board. Subsequent to the approval at the general meeting, the plan will be implemented. The emoluments paid to each Director by the Company for the year ended 31 December 2009 are set out in Note 36 to the financial statements.

BUSINESS STRATEGY COMMITTEE

During the year ended 31 December 2009, the Business Strategy Committee comprised five members, including one Independent Non-executive Director, namely Mr. ZHEN Hong, three Executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Mr. FANG Yao, and a Non-executive Director, namely Ms. MIAO Luping, and was chaired by Mr. ZHEN Hong. Following the approval of the relevant resolutions at the seventeenth meeting of the second session of the Board of the Company on 14 April 2010, a Non-executive Director, namely Mr. FU Chengjing was newly appointed as a member of the second session of the Business Strategy Committee. As a result, number of members of the second session of the Business Strategy Committee increased to six members.

The main duties of Business Strategy Committee are to review and consider the overall strategy and the direction of the business development of the Company, and to consider, assess and review any important investment plan, acquisition and disposal and propose them to the Board, and to perform subsequent evaluation on investment projects.

The Business Strategy Committee did not hold any meeting in 2009. However, members of the Business Strategy Committee were involved in the evaluation of the Company's major investments and financing exercises, major capital and asset management issues and other business opportunities that might have an impact on the future development of the Group's business.

NOMINATION OF DIRECTORS

The Company appoints new Directors and re-elected Directors in accordance with the procedures provided for in its Articles. Generally, the candidates for directorship are proposed by the controlling shareholder. Nominations for the Directors are put forward for the Board's consideration and approval prior to the submission by the Board for consideration and approval by the general meetings of the Company. The primary principles of the controlling shareholder in nominating and of the Board in assessing candidates for directorship (including incumbent Directors seeking re-election) are:

- the relevant knowledge, background, ability, industry experience and qualifications of a candidate and his or her integrity, independence in decision making and capability to contribute time and effort to effectively discharge the duties concerned;

- compliance with the provisions of the Articles in respect of qualifications and conditions for directorship;

- compliance with the relevant requirements or provisions of the PRC laws in respect of directors of overseas listed companies.

The Board has not raised any matter concerning nomination of directors in its meetings during the Year.

EXTERNAL AUDITORS

PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers Certified Public Accountants were re-appointed as the PRC and international auditors of the Company respectively at the 2008 annual general meeting held on 19 June 2009, for a term until the expiration of the forthcoming annual general meeting.

For the year ended 31 December 2009, the total remuneration paid and payable to the external auditors by the Company amounted to RMB2,550,000, exclusively for audit services. The Company did not pay any fees for non-audit services to the external auditors.

INTERNAL CONTROL

It has always been a primary matter for the Group to maintain a high-level control environment, and the Board of the Company assumes ultimate responsibility for the effectiveness of the internal control and risk control system. Audit Committee shall assist the Board in conducting an annual review on the effectiveness of internal control and risk control system by auditing the mechanism and function in respect of the internal control system of the Company. The scope of such audits covers all material controls including financial, operational, compliance control and risk management functions. With regard to financial control, the Audit Committee reviews the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review report will be examined by the Audit Committee and the relevant problems and recommendations will be discussed with external auditors, then the relevant situation will be reported to the Board by the Audit Committee. The Board is broadly satisfied with the existing internal control system of the Group and believes that the control system is adequate and effective in all material areas. It also complies with the code provisions on internal control set out in the Corporate Governance Code. Furthermore, the Board believes that there has been no significant control deficiency and major area of concern matters which may affect the shareholders so far.

The management of the Company is highly concerned about the internal control, and has adopted various measures to monitor the Company's business, and continuously takes effort to enhance and improve the level of control in order to protect the shareholders' interests and the Company's assets. The details of such measures are as follows:

(1) Financial control

During the Reporting Period, the Group strictly complies with the relevant laws and regulations and implements various financial systems established by the Company such as the "Interim Provisions of Asset Supervision and Management", the "Trial Methods for Financial Reports and Financial Analysis", the "Trial Methods for Tax Planning Management", and the "Basic Methods for Financial Management", so as to continuously regulate the financial management system of the Company, strictly manage the approval authority and approval procedure of financial income and expenditure, and enhance financial management. The Group also further perfects its management accounting system, to provide its management with indicator to measure the financial and operational performance and provide relevant financial information for reporting and disclosure.

The Audit Committee of the Group shall act in accordance with the responsibilities and procedures stipulated in “Regulations for Audit Committee’s Works”, be responsible for assisting the Board in reviewing and monitoring the financial reports independently, and procure to make itself satisfied with the effectiveness of the Group’s internal control as well as the adequacy of the internal and external auditing. In order to improve the quality of financial information disclosures and perfect the internal governance, the Audit Committee has authorized one member to be responsible for the daily management of the Audit Committee and monitoring the Company’s financial and internal control on behalf of the Audit Committee, under the requirements of “Regulations for Audit Committee’s Works”. In 2009, the Audit Committee made recommendations to the Board in respect of matters relating to the Group’s audited accounts for the year ended 31 December 2008, internal and external audit findings, accounting principles and practices adopted by the Group, re-appointment of auditors and fixing of audit fees, and the interim results for the six months ended 30 June 2009.

The Company places great importance on the internal audit functions. The internal audit includes the examination of all of the Group’s activities and the comprehensive audit of all practices and procedures, without any restrictions, and hence assists the management and the Audit Committee in ensuring an effective internal control system maintained in the Group. In addition, the Group also places great importance on monitoring activities with higher risks, including trading business, accounts receivables and other special matters of concern of the management. The person in charge of the audit department, as the head of internal audit function, can contact the Audit Committee without any restrictions, attend meetings of the Audit Committee, and report the matters revealed during the internal audit process to the Audit Committee. In accordance with the 2009 Internal Audit Plan considered and agreed by the Audit Committee and “Internal Audit Working Regulations” formulated in 2007, the Company conducted a specific audit and internal control inspection on the internal control systems or projects including management of labor cost and accounts receivables of the relevant entities under the Company. It has also made certain relevant recommendations on improvement in order to strengthen the internal audit function.

(2) Operational control

The Group’s management and its respective departments exercise and discharge their respective power and duties in accordance with the Articles and the corporate policies of the Company, so as to safeguard the operation of the Company’s business. The heads of the departments and the senior management convene management meetings periodically to identify the market trends and changes, analyze and discuss the performance of each business segments, and respond to changes in business environment, market conditions and operation. All material matters of the Company are put forward by the management for the consideration and to be resolved by the Board or in general meetings in accordance with procedures laid down in the Articles.

The Group continues to promote computerized management of its business process. Major business operations such as the operations of its container loading and unloading business and shipping agent business are controlled and monitored by computer systems. In order to ensure the stability and reliability of the computer systems, the operating systems are operated by trained professionals, checked regularly and upgraded where necessary. All the data are backed up in a timely manner, and contingency plans are drawn up for emergencies to ensure safety.

(3) Compliance control

Subject to the applicable laws and regulations, the Group has continuously regulated and improved its internal management system with regard to the management of its business transactions with outsiders. Business transactions with external parties and issues in respect of the intellectual property rights are handed in accordance with the required procedures set out in "Measures for the Administration of Examination and Approval of Contracts" of the Company in a prudent manner. The Company's logo has also been registered with the Trademark Office of the State Administration for Industry & Commerce. The Company's legal professionals and the company secretary participate in handling the relevant legal documents of the Company, offer advice on the legality and compliance of its major operation decisions, and work in conjunction with the respective departments in respect of the specific projects. The company secretary will make arrangements to consult professional legal adviser, when necessary, for opinions on specific legal matters.

The Group strictly complies with the relevant information disclosure requirements under the Listing Rules. With respect to the procedures and internal control measures for the handling and dissemination of price sensitive information, the Company fully understands its obligations assumed under the Listing Rules, and the material principle that price sensitive information should be announced immediately upon decision. The Company also understands that it shall comply with "Guide on Disclosure of Price-Sensitive Information" issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") when handling relevant matters. The Company's policy includes a strict prohibition on any unauthorized use of confidential, sensitive or insider information. In addition, procedures have been established and implemented for responding to external enquiries about the Group's matters.

The Group emphasizes the internal control in respect of major issues, such as connected transactions. Also, the Group followed the requirements under the Listing Rules to establish and improve its control system and procedure for connected transactions. Professionals were designated by all enterprises under the Group to calculate and aggregate connected transaction information on a regular basis, and update the name list of connected parties (not a complete list). The negotiation and execution of contracts relating to connected transactions were reviewed carefully by management of appropriate grades to ensure the Group's pricing policies were followed. The contracts were submitted to the Board or the general meeting pursuant to procedures for review and approval and were disclosed to the public in a timely manner, so as to ensure that such connected transactions, as well as their decision making process and information disclosure complied with the relevant rules and regulations.

(4) Risk management

Since the establishment of the Group, it has formulated various risk control regulations, including the "Interim Provisions of Asset Supervision and Management", the "Measures for the Administration of Examination and Approval of Contracts", the "Management Methods (Trial) for Equipment Invitation Bidding and Procurement", "Information System Security Management Method (Trial)", the "Measures for Appraising the Operation Results of Members of the Group", "Administration Measures Governing Subscription Money for New Shares", and "Internal Audit Working Regulations". The purpose is to enhance the management of various projects including the operation and disposal of assets, major agreements, information system security, equipment procurement and new share subscription, so as to regulate the operations and reduce the risks. During the Reporting Period, the Group entrusted Beijing Puxin Management Consultancy Company (北京普信管理諮詢公司) to develop a comprehensive risk management system and to further improve and perfect various business procedures and the relevant management documents by investigating and analysing the risk management elements, with reference to the "Comprehensive Risk Management Guidance for Central Government Enterprise" issued by the State-owned Assets Supervision and Administration Commission of the State Council and on the basis of "Basic Standard for Enterprise Internal Control" issued by Ministry of Finance, National Audit Office and Securities Regulatory Commission of the PRC, which facilitate the improvement of the Group's risk prevention capability.

The management of the Company had numerous discussions regarding the effectiveness of the risk management and internal control system with relevant Directors. Taking into account the economic situations and the relevant management requirements, our risk investigation and control work have commenced particularly in the main risk controls regarding industrial product trading business and the sale in building materials as well as the operation of the relevant industry, so as to further enhance the risk control. The Company believes that the continuous upgrade of its internal control system and the effective operation of its internal control system are conducive to the Company's timely responses and solutions to the risks that may be faced by the Company and will better safeguard the interests of customers and shareholders.

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 making specific enquiries to all Directors, Supervisors and senior management, the Company confirmed that they have complied with the standards required in the Model Code and the Code in 2009, and the Company has not been aware of any violations of this kind in 2009.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors declare that they are responsible for the preparation of the financial statements for each financial year which gives a true and fair view of the results and financial conditions of the Company and the Group. The Directors considered that, in preparing the financial statements for the year ended 31 December 2009, the Group has adopted appropriate accounting policies, applied them consistently and complied with all relevant accounting standards. Having made appropriate enquiries, and judgments and estimates that are prudent and reasonable, the Directors also considered that it is appropriate to have adopted and prepared the financial statements on a going concern basis.

The Directors are also responsible for keeping accounting records which should make reasonable accurate disclosure in respect of the Group's financial position and results, and preparing the financial statements under Hong Kong Companies Ordinance, the Listing Rules and the applicable accounting standards.

In addition, the Directors have the responsibility to take all reasonable and necessary measures to protect the Group's assets, and to prevent and detect fraud and other irregularities.

The independent auditor's report on the financial statements is set out on page 73 of this annual report.

SHAREHOLDERS' RIGHTS

The Board and senior management of the Company fully understand their responsibilities to act on behalf of the interests of the shareholders as a whole and to strive to enhance shareholders' value.

In order to ensure that shareholders can express their intentions freely in general meetings, the rights of shareholders, and the rights, notices, procedures and voting pertinent to general meetings are clearly and adequately provided for in Chapters 7 and 8 of the Articles respectively. The Board is committed to maintaining communication with shareholders, and the Company also encourages shareholders to attend its annual general meeting and the other general meetings, and welcomes shareholders to express their opinions and raise questions. All Directors and senior management will try their best to attend those meetings, while the Chairmen of the Board, Audit Committee and Remuneration Committee, the Business Strategy Committee and the Company's auditors will try their best to attend the annual general meeting to answer shareholders' questions. In order to facilitate the exercise of shareholders' rights, all independent matters will be proposed as separate resolutions at the general meetings.

The Company has been actively establishing various communication channels through which shareholders can understand in a timely manner the Company's operating conditions, announcements made and related news and information. Shareholders are also able to make enquiries to the Board through the company secretary in Xiamen, the PRC or the alternate authorized representatives at the Company's principal places of business in Hong Kong.

INVESTOR RELATIONSHIP

The Company places great importance to communication with investors. The company secretary, who is responsible for the investor relationship of the Company as well as external information disclosure and communication, shall arrange or assist the relevant Executive Directors and senior management to meet with institutional investors and analysts, enabling them to understand the latest developments of the Company and to make timely response to any inquiries. Through different channels such as individual meetings, telephone conferences and the spot inspection at the ports, the Company can maintain close communication with the media, analysts and fund managers in order to enhance the investors' understanding on the information related to the Group's operating and financial performance.

The Company has adopted and implemented a fair, transparent and timely policy and practices of disclosure. Prior to any particular meeting with investors or analysts is convened, all price sensitive information or data should have been announced to the public. The Company's annual and interim reports provide comprehensive information on the Group's business, business strategy and development. Such information disclosure works have been very fruitful, with our 2008 Annual Report winning the Silver Award for the excellence within its industry on the development of the organization's annual report for the past fiscal year and Best Annual Report Financials — Bronze Award in the Asia Pacific Region and being ranked at 73 in the Top 100 Annual Reports of 2008 in "2008 Vision Awards" (For Annual Report Competition), which was organized by League of American Communications Professionals and with the participation of more than 20 countries/3,200 companies. The Company's website www.xipc.com.cn is maintained to disseminate the latest announcements of the Group as well as detailed information of the Group and updates on the development of its new businesses electronically on a timely basis, which enables shareholders and investors to grasp the Company's latest operating conditions and developments instantly. They can also make enquiries to the Company through its Investor Relationship webpage (the contact details are set out in the Company's website).

While upholding the principles of transparency, integrity, fairness and openness, the Company will devote to raising the level of investor relationship and actively collect feedback from related parties such as investors. The Company will also continue to enhance its corporate governance level with reference to its accumulated experience and the changes in regulatory policies and to strive for the best practice standards, and hence support the sustainable and healthy development of the Company.

By Order of the Board
ZHENG Yongen
Chairman

Xiamen, the PRC
14 April 2010

Biographies of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. ZHENG Yongen, aged 52, is the Chairman and an Executive Director of the Company. He graduated in 1982 from Tianjin University with a bachelor's degree in port engineering and is a Senior Engineer. He was an assistant engineer and an assistant of the Xiamen port construction command department and the executive deputy head of the Haicang port construction command department from September 1982 to 1996. He was the general manager of the Port Development Co., Ltd from August 1996 to January 1998. He was the Director and deputy general manager of Xiamen Port (Group) Co., Ltd, from January 1998 to March 2005. He also acts as a Director of Xiamen Haicang Port Co., Ltd since April 2001, a Director and the general manager of Xiamen Port Labour Services Co. Ltd from March 2002 to early February 2006. Since January 2005, he has been a Director of Xiamen Port Holding and was a Non-executive Director of the Company from March 2005 to 9 April 2007. He has been appointed as an Executive Director, Chairman and legal representative of the Company on 10 April 2007. He was the general manager of Xiamen Port Holding Group Co., Ltd. ("Xiamen Port Holding") from July 2005 to January 2007 and has been acting as Chairman of Xiamen Port Holding since February 2007.

Mr. CHEN Dingyu, aged 53, is the deputy Chairman and an Executive Director of the Company. He graduated in 1999 from the Central Party School with a bachelor's degree in economics and management and is an Engineer. From 1980 to January 1998, he worked as the captain of the tug company and a technician of the technical department at Xiamen Harbour Bureau as well as deputy manager, manager and the party secretary of Xiamen Port Shipping Company. From January 1998 to March 2005, he was a Director and deputy general manager of Xiamen Port (Group) Co., Ltd. He acts as a Non-executive Director of Xia Ning Shipping Co. Ltd since August 2003. Since January 2005, he has been a Director of Xiamen Port Holding. He has been the deputy Chairman and an Executive Director of the Company since March 2005. He was also deputy general manager of Xiamen Port Holding from July 2005 to January 2007, and has been acting as the general manager of Xiamen Port Holding since February 2007.

Mr. FANG Yao, aged 50, is an Executive Director and the general manager of the Company. He graduated in 1982 from Shanghai Maritime University (formerly known as Shanghai Shipping Institute) with a bachelor's degree in harbour engineering and is a Senior Engineer. He joined Xiamen Harbour Bureau in October 1982 and was a technician of the Heping terminal operating area, deputy leader of the mechanical team, deputy head of the technical office and deputy head of the harbour engineering factory of the Dongdu operating area and deputy manager of the Shihushan terminal operating area from October 1982 to June 1998. He was a manager of the harbour supervision company of Xiamen Port (Group) Co., Ltd from June 1998 to April 2001 and had been the party secretary of Xiamen Haitian Company from April 2001 to October 2005. Other than his work as party secretary, he was also responsible for production, business, human resources, safety, security and corporate culture construction of Xiamen Haitian Company. He has been an Executive Director and the general manager of the Company since March 2005.

Mr. HUANG Zirong, aged 47, is an Executive Director and a deputy general manager of the Company. He graduated in August 1983 from Shanghai Jiaotong University with a bachelor's degree in mechanics and obtained a master's degree in business administration from the School of Management of Xiamen University in October 2000 and is a Senior Engineer. He joined Xiamen Harbour Bureau in 1983 and was a technician and deputy leader of the mechanical team of Dongdu operating area, deputy supervisor and deputy head of the harbour engineering factory from August 1983 to October 1990. He was the deputy general manager of Xiamen Port Container Company from October 1990 to April 2001. He was the general manager of Xiamen Port (Group) Co., Ltd Haitian Port Services Branch from April 2001 to March 2002. He has been the general manager of Xiamen Haitian Company since March 2002. Mr. Huang has been an Executive Director and a deputy general manager of the Company since March 2005, and has been an Executive Director of Xiamen Port Haicang Container Inspection Services Co., Ltd since 20 February 2010.

Ms. HONG Lijuan, aged 46, is an Executive Director, a deputy general manager and the company secretary of the Company. She graduated from Xiamen University with a bachelor's degree in science in 1985 and a master's degree in science in 1988 respectively. From October 1998 to May 2002, Ms. Hong studied at a graduate MBA course at the graduate school of Xiamen University. She is a Senior Engineer. She worked for the technical department of Xiamen Harbour Bureau as an assistant engineer and engineer as well as an interpreter in contract negotiations from July 1988 to January 1995; and was an assistant head of the environmental monitoring station of Xiamen Harbour Bureau from January 1995 to June 1998. She then became the deputy manager of the administration department of Xiamen Port (Group) Co., Ltd from June 1998 to April 2001. She was the head of the office of Xiamen Port (Group) Co., Ltd (including Administration Department) from April 2001 to March 2005. From April 2004 to March 2005, she was also a Director of Xiamen Port (Group) Co., Ltd. Ms. Hong has been the Secretary to the Board since March 2005 and also acts as deputy general manager of the Company since November 2006; and she has been an Executive Director of the Company since 8 June 2007.

Non-executive Directors

Mr. FU Chengjing, aged 48, is a Non-executive Director of the Company. He graduated in 1983 from Jiangxi Institute of Finance and Economics with a bachelor's degree in economics and is an Accountant. He has been a staff and section member of the office of the Xiamen Finance Bureau, deputy head of credit finance management office, deputy head and head of the industry and communication office and office head of the Xiamen Finance Bureau from August 1983 to February 2004. From February 2004 to March 2005, he was a Director and deputy general manager of Xiamen Port (Group) Co., Ltd. Since January 2005, Mr. Fu has been a Director of Xiamen Port Holding; and also a Non-executive Director of the Company since March 2005. He has been deputy general manager of Xiamen Port Holding since July 2005 and also acts as its chief accountant since February 2007.

Biographies of Directors, Supervisors and Senior Management

Ms. MIAO Luping, aged 46, is a Non-executive Director of the Company. She graduated in 1992 from the economics department of Xiamen University with a master's degree in global economics and is a Senior Economist. She worked for the Fujian Branch of the China Rural Development Trust and Investment Company from July 1992 to January 1994. She was the deputy general manager of the development and operations department, deputy head of the chief accountant office and manager of the capital settlement centre of the Xiamen City Road and Bridge Construction and Investment General Corporation from January 1994 to March 1999. She worked for Xiamen Luqiao Joint Stock Company Limited as the managing director from March 1999 to September 2004. She has been a Director of Xiamen Port Development Co., Ltd. ("Xiamen Port Development"), a company listed on the Shenzhen Stock Exchange in the PRC, since September 2004. From September 2004 to March 2005, she was a Director and the chief economist of Xiamen Port (Group) Co., Ltd. Since January 2005, she has been a Director of Xiamen Port Holding and also acts as a Non-executive Director of the Company since March 2005. She became the chief economist of Xiamen Port Holding in July 2005 and has been the deputy general manager and the chief economist of Xiamen Port Holding since February 2007 and also acts as the Chairman of Xiamen Guarantee & Investment Co., Ltd since July 2009.

Mr. LIN Kaibiao, aged 44, is a Non-executive Director of the Company. He graduated in 1991 from the Dalian Maritime University with a master's degree in transportation management and engineering and is an Economist. He joined Xiamen Harbour Bureau in 1991 and worked as an instructor for engineering classes, deputy head and head of office, manager of the commercial operations department and deputy general manager of Dongdu Port Services Company from 1991 to March 2001. He was a Director and the general manager of Dongdu Terminal Company Limited as well as the Chairman and the general manager of Xiamen Dongling Company, an Executive director and the general manager of Xiamen Domestic Shipping Agency and a Director and general manager of Xiamen Lurong Water-Rail Company from April 2001 to June 2004. Mr. Lin was a Director of Xiamen Port (Group) Co., Ltd. from April 2004 to March 2005. He was the Chairman of the board of directors of Xiamen Port Logistics Co., Ltd. from September 2004 to April 2006, and also a Director of Xiamen Waili Tallying Co., Ltd. from March 2005 to March 2006. He became the manager of the operations management department of Xiamen Port (Group) Co., Ltd. in June 2004 and also has been a Director of Xiamen Port Development (a company listed on the Shenzhen Stock Exchange in the PRC) since September 2004. From March 2005 to April 2007, he was appointed as a deputy general manager of the Company and was also an Executive Director of the Company. He has been re-designated as a Non-executive Director of the Company since 10 April 2007. He has been appointed as a deputy general manager of Xiamen Port Holding since February 2007.

Mr. KE Dong, aged 50, is a Non-executive Director of the Company. He graduated in 1982 from Shanghai Maritime University (formerly known as Shanghai Shipping Institute) with a bachelor's degree in English. In June 2009, he graduated from Xiamen University with an EMBA degree. He is an Economist. He joined Xiamen Harbour Bureau in 1982, where he was a service representative from 1982 to 1984, the deputy general manager of the Xiamen Ocean Shipping Agency from November 1984 to February 2001, and also the general manager of Xiamen Penavico International Freight from June 1999 to December 2000, then became the general manager of Xiamen Port Logistics from February 2001 to July 2004. He had been a Director and general manager of Xiamen Port Development, a company listed on the Shenzhen Stock Exchange in the PRC, from August 2004 to April 2006; and he has been the Chairman of Xiamen Port Development since April 2006. He also acts as a Non-executive Director of the Company since March 2005.

Independent Non-executive Directors

Mr. HUANG Shizhong, aged 48, is an Independent Non-executive Director of the Company. He obtained a doctoral degree in economics from the accountancy department of Xiamen University in 1993. He is the deputy head of the Xiamen State Accountancy School, a professor and a supervisor of doctoral candidates of the accountancy department of Xiamen University and a consulting member of the Accounting Standards Committee of the Ministry of Finance. He is also a member of the national steering committee of the Master's Degree in Professional Accounting Education and the Auditing Standards Committee of the Chinese Institute of Certified Public Accountants and a standing director and also academic committee member of China Accounting Society and was a chief partner and Certified Public Accountant of Xiamen Tianjian Certified Public Accountants. Currently, he is also an Independent Non-executive Director and the Chairman of Audits Committee of the Board of Directors of Bank of China Limited; an Independent Non-executive Director and the Chairman of Audit and Risk Management Committee of China Sinosteel Co., Ltd. He has been appointed as an Independent Non-executive Director of the Company since March 2005.

Mr. ZHEN Hong, aged 52, is an Independent Non-executive Director of the Company. He graduated in 1982 from Shanghai Maritime University (formerly known as Shanghai Shipping Institute) with a bachelor's degree in port mechanics and a master of engineering degree in transportation management and engineering in 1988, and a doctor of science degree in management science and engineering from Fudan University in 1998. He was the head of the management department and then the registrar of Shanghai Maritime University. Currently, he is a professor and supervisor of doctoral candidates in communication and transport planning and management of Communication and Transportation College of the Shanghai Maritime University, the general secretary of Shanghai International Shipping Research Center and one of candidates of the first level of new century project of "thousands of talents" of the Ministry of Communications. He is also the standing director of China Association of Productivity Science, the general secretary of Waterway and Engineering Transportation Subcommittee of the Teaching Steering Committee of China Communication and Transportation Discipline and a director of the China Communication and Transport System Engineering Institute and of the China Technical Economic Research Institute. He has been appointed as an Independent Non-executive Director of the Company since March 2005.

Mr. HUI Wang Chuen, aged 66, is an Independent Non-executive Director of the Company. He graduated in 1968 from the Chemistry Department of Xiamen University. He worked for the Industry Bureau of Ningde City in Fujian Province from 1970 to 1974. He is the chairman of Kong Hee Enterprise Ltd, Fujian Fubao Paper Industrial Co., Ltd and Fuzhou Fubao Colour Printing Co., Limited. He has been appointed as an Independent Non-executive Director of the Company since March 2005.

Biographies of Directors, Supervisors and Senior Management

SUPERVISORS

Mr. FANG Zuhui, aged 53, is the Chairman of the Supervisory Committee of the Company. Mr. Fang graduated from Xiamen Normal Technical College in February 1982. He has a college education background and is a Senior Political Instructor. He taught at Xiamen Houxi Middle School from February 1982 to March 1985. He was the secretary of Xiamen suburban government office from March 1985 to December 1986. He was an officer, deputy head and head of the organising office of the administration committee of Xiamen and an organiser with the deputy bureau level of the city administration office of Xiamen from December 1986 to January 1998. From January 1998 to March 2005, he has been the deputy party secretary and the deputy Chairman of the supervisory committee of Xiamen Port (Group) Co., Ltd. He has been the Chairman of the supervisory committee of the Company since March 2005. Since July 2005, he has been the deputy party secretary of Xiamen Port Holding and also acts as its deputy Chairman since February 2007.

Mr. LUO Jianzhong, aged 55, is a Supervisor of the Company. He graduated in 1975 from the School of Communications Engineering of the People's Liberation Army and is an Economist. In 1996, he graduated in Electronic Counter Measures from Electronic Engineering College. He stationed at the Fuzhou and Nanjing Military Regions as the staff officer, battalion commander, deputy head and head of communications office from 1970 to 1995. He was an assistant to the head of Xiamen Harbour Bureau from 1995 to 1998. From January 1998 to March 2005, he was the chairman of the trade union and a Supervisor of Xiamen Port (Group) Co., Ltd. He acts as a Non-executive Director and the Chairman of Xiamen Port Electromechanic Engineering Co. Ltd since March 2002 and the chairman of the Supervisory Committee of Xiamen Port Development since July 2004. Mr. Luo has been a Supervisor of the Company since March 2005. He has been appointed as the Chairman of the trade union of Xiamen Port Holding since July 2005 and also acts as Worker's Director of Xiamen Port Holding since April 2007.

Mr. WU Jianliang, aged 47, is a Staff Representative Supervisor of the Company. He graduated in 2009 from the postgraduate school of the Party School of the Central Committee of C.P.C. with a part-time postgraduate qualification in economics management and is a Political Instructor. He was a telegram staff in the navy from November 1980 to November 1985. He worked as tally staff and committee member of the branch party of Xiamen Ocean Shipping Tally Company from December 1985 to May 1991. He was the corporate management officer, secretary to the office and officer of the political office of Xiamen Harbour Bureau from June 1991 to May 1998. He was secretary to the office of the Group from June 1998 to September 2001. He was the manager of the administration department, deputy Chairman of the trade union and deputy secretary of the disciplinary committee of C.P.C. of Xiamen Haitian Company from October 2001 to April 2005; he has been a Supervisor of Xiamen Haitian Company since March 2002. Since April 2005, he has been the deputy party secretary of Xiamen Haitian Company and also the secretary of the disciplinary committee of C.P.C. of Xiamen Haitian Company. He became the Chairman of the trade union of Xiamen Haitian Company in February 2006. He has been a Supervisor of the Company since March 2005.

Mr. Wu Weijian, aged 51, is a Staff Representative Supervisor of the Company. He graduated from the distance learning school of the Central Party School and obtained a college diploma in party and politics in 1996 and is a senior political engineer. He was the sub-team leader of the port loading and unloading team of Xiamen Harbour Bureau from December 1976 to March 1978. He then served in a division of the People's Liberation Army of the PRC as soldier, squad leader and acting platoon leader from March 1978 to October 1981. From October 1981 to June 1983, he was the dispatch head of the port loading and unloading team of Xiamen Harbour Bureau. From July 1983 to December 1992, he was the deputy secretary and then the secretary of the party branch of Haibin Loading and Unloading Company of Xiamen Harbour Bureau. He was then the deputy head and the person-in-charge of the party branch of the preparatory office of Shihushan Terminal of Xiamen Harbour Bureau from December 1992 to October 1994. Then from December 1994 to April 2001, he was the secretary of the party branch of Xiamen Port Group, Shihushan Terminal Branch. From April 2001 to September 2009, he has been the party secretary of Xiamen Port Group, Dongdu Port Branch (which was renamed as Xiamen Port Development Dongdu Branch, in December 2004). He has also been the Director of Xiamen Lurong Water-Railway Joint Transportation Co., Ltd since September 2001, and the Supervisor of Xiamen Port Development (a company listed on the Shenzhen Stock Exchange in the PRC) since July 2004. Since October 2009, he has been the deputy party secretary of Xiamen Port Development and also the secretary of the disciplinary committee of C.P.C. of Xiamen Port Development. Since 23 October 2008, he has also been the Staff Representative Supervisor of the Company.

Mr. TANG Jinmu, aged 44, is an independent Supervisor of the Company and a senior accountant and a member of the eleventh session of Xiamen Committee of Chinese People's Political Consultative Conference. He graduated in 1988 from the accountancy department of Xiamen University with a bachelor's degree. He obtained a master of business administration degree from the Open University of Hong Kong in December 2002. He has been studying for a doctoral degree in the finance department of Xiamen University since September 2005. He worked for Xiamen Finance Bureau from September 1988 to June 1994. He was deputy head of Xiamen Certified Public Accountants and head of Xiamen Asset Valuation Office from July 1994 to December 1998. He worked for Xiamen Huatian Certified Public Accountants from January 1999 to October 2000 and as a partner of Xiamen Tianjian Huatian Certified Public Accountants from November 2000 to December 2001. He is the secretary general of the Xiamen Institute of Certified Public Accountants and is also the secretary general of Xiamen Asset Appraisal Association since January 2002. He has been a Supervisor of the Company since March 2005.

Mr. HE Shaoping, aged 53, is an independent Supervisor of the Company. He graduated in 1982 from the Fujian Forestry institute and studied the master's degree programme in accountancy at the graduate school of Xiamen University in 1992. He is a senior accountant, auditor, asset valuer and with a qualified license for issuing and underwriting of securities. He taught at the accountancy department of Jimei Finance and Economics Institute for eleven years and was the head of Xiamen Jiyou Certified Public Accountants as well as directors, supervisors and financial controllers of a number of large industrial, commerce and trading and real estate companies. He is the manager of the audit department of Xiamen Housing Construction Group Co., Ltd. He has been a Supervisor of the Company since March 2005.

COMPANY SECRETARY

Ms. HONG Lijuan, aged 46, is the company secretary of the Company. For further details regarding Ms. HONG Lijuan, please refer to the section headed "Executive Directors" above.

SENIOR MANAGEMENT

FANG Yao, General Manager

Mr. FANG Yao is one of the Executive Directors of the Company. For further details regarding Mr. FANG Yao, please refer to the section headed "Executive Directors" above.

HUANG Zirong, Deputy General Manager

Mr. HUANG Zirong is one of the Executive Directors of the Company. For further details regarding Mr. HUANG Zirong, please refer to the section headed "Executive Directors" above.

HONG Lijuan, Deputy General Manager

Ms. HONG Lijuan is one of the Executive Directors of the Company. For further details regarding Ms. HONG Lijuan, please refer to the section headed "Executive Directors" above.

ZHANG Yibing

Mr. ZHANG Yibing, 40, the qualified accountant and head of the finance department of the Company, graduated from Jimei Finance Technical College in July 1991 and obtained a bachelor of science degree with honours in Applied Accounting from Oxford Brookes University in December 2003, a MBA degree from Oxford Brookes University in July 2006 and a MAcc degree from the Chinese University of Hong Kong in December 2009. Mr. Zhang is a certified public accountant and was admitted as a member of the Association of Chartered Certified Accountants ("ACCA") in England on 15 April 2004. Mr. Zhang is employed by the Company on a full-time basis and as a member of senior management. His responsibilities include overseeing accounting, financial and tax management and internal control of the Group. Mr. Zhang was appointed as a member of senior management of the Company by the Board. He performs managerial functions in the financial division of the Company. He is also a senior auditor, PRC certified public accountant, registered asset appraiser and registered tax adviser. From July 1991 to July 2002, Mr. Zhang served at Xiamen Audit Bureau and Xiamen Auditing Firm. From June 2001 to December 2003, Mr. Zhang attended an ACCA study course. From February 2004 to May 2005, he was an audit manager at InTec Products, Inc, (Xiamen). In June 2005, Mr. Zhang was appointed by the Board as the qualified accountant and a member of senior management of the Company. From August 2006 to August 2009, he has been the head of the audit department of the Company. Since September 2009, he has been appointed as the head of the finance department of the Company.

LU Jianwei

Mr. LU Jianwei, 38, the financial controller of the Company, is an Accountant and a Senior Economist and PRC certified public accountant. He graduated from the school of business administration of Jiangxi Finance University in 1999 with a master's degree in economics. He worked for Nanyue Oil Pump and Nozzle Co., Ltd in Hengyang, Hunan from 1994 to 1996. From 1999 to March 2005, Mr. Lu served at the corporate management department of Xiamen Port (Group) Co., Ltd and was the deputy manager of the corporate management department of the Company from July 2001 to March 2005. He was the manager of the finance department of the Company from March 2005 to November 2005. He has been appointed the financial controller of the Company since November 2005.

Report of the Directors

The Board of the Company hereby presents the report of the directors and the audited financial statements of the Group for the year ended 31 December 2009 (the "Year").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

During the Year, the principal businesses under the Group's operations included (i) container, bulk and general cargo loading and unloading businesses, and (ii) ancillary value-added port services including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying and (iii) building materials manufacturing, processing and selling and the trading of industrial products (collectively the "Core Businesses"). Besides the Core Businesses, the Group is also engaged in long-term investment business. The principal activities of our subsidiaries are set out in Note 42(a) to the financial statements.

Details of the Group's operating results for the Year by business segments are set out in Note 27 to the financial statements.

No analysis by geographical segment is presented since the Core Businesses of the Group are mainly conducted in Xiamen City, the PRC and all of the Group's activities are conducted in the PRC.

RESULTS

The Group's results for the Year are set out in the consolidated income statement on page 79.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB5 cents per share (tax inclusive), aggregating RMB136,310,000 to all shareholders whose names appeared on the registers of members on 17 June 2010 (being the record date), subject to the consideration and approval of the same at the forthcoming annual general meeting to be held on 18 June 2010.

RESERVES

Details of movements in reserves of the Group and the Company during the Year are set out in Note 26 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the Year are set out in Note 6 to the financial statements.

DONATIONS

Charitable and other donations made by the Group in the Year were approximately RMB27,200 in aggregate.

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 31 December 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 was no movement in the share capital of the Company during the year ended 31 December 2009.

RESERVES AVAILABLE FOR DISTRIBUTION

Pursuant to the PRC Company Law, the Company may distribute a dividend only out of the annual profit currently available for distribution, being the balance of the net profit after tax of the Company after deducting (i) accumulated losses of prior years, and (ii) allocations to the statutory surplus reserve and, if any, the discretionary surplus reserve (in order of their priorities). Pursuant to the Articles of the Company, in determining the profit available for distribution, the profit after tax of the Company shall be the lower of the profit after tax calculated in accordance with (i) the PRC Accounting Standards and Regulations and (ii) the generally accepted accounting principles in Hong Kong.

As at 31 December 2009, the amount of reserves available for distribution, calculated on the above basis, was approximately RMB374,049,704. Such amount was prepared under the PRC Accounting Standards and Regulations.

PRE-EMPTION RIGHTS

Pursuant to the Articles of the Company and the PRC laws, there is no provision for pre-emption rights which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

SHARE OPTION SCHEME

The Company did not carry out any share option schemes.

FINANCIAL HIGHLIGHTS

Highlights of the Group's results and assets and liabilities are set out on page 6 and 7.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

During the year ended 31 December 2009, the Group had not purchased, sold or repurchased any of the securities (as defined in the Listing Rules) of the Company.

ACQUISITIONS AND DISPOSALS

During the Year, the Group did not make any major acquisition or disposal of its subsidiaries, jointly controlled entities and associated companies.

DIRECTORS AND SUPERVISORS

During the Year and up to the date of this report, the Board comprises twelve Directors, including five Executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Mr. FANG Yao, Mr. HUANG Zirong and Ms. HONG Lijuan; four Non-executive Directors, namely Mr. FU Chengjing, Ms. MIAO Luping, Mr. LIN Kaibiao and Mr. KE Dong; and three Independent Non-executive Directors, namely Mr. HUANG Shizhong, Mr. ZHEN Hong and Mr. HUI Wang Chuen. The Supervisory Committee comprises six Supervisors, including two Supervisors, namely Mr. FANG Zuhui and Mr. LUO Jianzhong; two staff representative Supervisors, namely Mr. WU Jianliang and Mr. WU Weijian; and two independent Supervisors, namely Mr. TANG Jinmu and Mr. HE Shaoping.

In accordance with the Articles of the Company, each Director and Supervisor shall be appointed for a term of three years. Upon the expiry of his or her term of service, a Director or Supervisor shall be eligible for re-election. Also, there is no requirement of retirement by rotation specified in the Articles of the Company.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors had already entered into a service contract with the Company for a term of not more than three years until the expiry of the term of the second session of the Board or the Supervisory Committee of the Company.

The Company did not enter into a service contract with any Director or Supervisor, which is indeterminable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS

Details of the remuneration of the Directors and Supervisors are set out in Note 36 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Other than the service contracts, the Directors or Supervisors did not have any contracts of significance to which the Company or its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the Year.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of Directors, Supervisors and senior management are set out on pages 50 to 57.

RIGHTS TO ENABLE DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the Year, the Company, any of its subsidiaries, its holding company or any of its fellow subsidiaries did not grant any right and was not a party to any arrangement which would enable the Directors or Supervisors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, nor was any of such rights exercised.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2009, none of the Directors, Supervisors or their associates had any 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 will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any Director or Supervisor is deemed or taken to be under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year, none of the Directors and Supervisors of the Company had any interests in a business which competes or may compete, either directly or indirectly, with businesses of the Company or the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2009, to the best of the knowledge of the Directors of the Company, the following 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 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 Share	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	1,702,900,000 (Long position)	Beneficial owner	97.90%	62.46%
China Shipping (Group) Co. (Note)	H Shares	78,894,000 (Long position)	Interest of controlled corporation	8.00%	2.89%
China Shipping (Hong Kong) Holdings Co., Limited (Note)	H Shares	78,894,000 (Long position)	Interest of controlled corporation	8.00%	2.89%
China Shipping Terminal Development (Hong Kong) Company Limited (Note)	H Shares	78,894,000 (Long position)	Beneficial owner	8.00%	2.89%
Blackrock, Inc	H Shares	52,805,100 (Long position)	Interest of controlled corporation	5.35%	1.94%

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

Save as disclosed above, as at 31 December 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 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.

MANAGEMENT CONTRACTS

During the Year, no contract in respect of the management or administration of the entire business or any significant business of the Group was entered into by the Company or existed.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the five largest customers of the Group accounted for less than 30% of the Group's total sales; and purchases from the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

CONNECTED TRANSACTIONS

The Company has a 51% equity interest in XHICT, an equity joint venture of the Company. This non-wholly owned subsidiary (has the meaning ascribed thereto under the Listing Rules) of the Company has one other shareholder, which is not a member of the Group, that holds the remaining 49% equity interest (the "First Minority Shareholder"). In addition, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate holding company of the First Minority Shareholder is also the ultimate holding company of a substantial shareholder of one of the Company's other subsidiaries.

In addition, XHPC is a 70% owned subsidiary of the Company. XHPC has a 51% equity interest in XICT. XICT, an equity joint venture of the Company, has one other shareholder, which is not a member of the Group, that holds the remaining 49% equity interest (the "Second Minority Shareholder"). In addition, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate holding company of the Second Minority Shareholder is also the ultimate holding company of a substantial shareholder of one of the Company's other subsidiaries. Accordingly, both XICT and XHICT are connected persons of the Company under the Listing Rules and the aforesaid transactions between the Company and/or its relevant subsidiaries and the aforesaid companies constituted connected transactions of the Company.

In 2009, the Company and/or its relevant subsidiaries performed and completed the following one-off connected transaction with the relevant connected parties. During the Year, the Company has paid the second capital contribution to XHICT as agreed in the Joint Venture Contract of Xiamen Haicang International Container Terminals Limited entered into with Hutchison Ports Haicang Limited (和記港口海滄有限公司) (details of which was set out in the announcement dated 3 May 2007), pursuant to which, a piece of land in berth No. 1 with an area of approximately 255,600 m^2 originally owned by the Company in the Haicang Port area in Xiamen and other related assets was transferred to XHICT. All formalities of the transfer of relevant assets were completed with XHICT. This transaction was amounted to RMB154,955,000. XHICT has also received the second capital contribution in full from Hutchison Ports Haicang Limited. Up to present, obligations under the second capital contribution of both parties have been completely performed.

In 2009, the Company and/or its relevant subsidiaries entered into the following four one-off connected transactions with the relevant connected parties.

Report of the Directors

The First and Second Connected Transactions

On 9 January 2009, upon the approval by the Board of the Company, Xiamen Port Power Supply Service Co., Ltd. ("XPS", a non-wholly owned subsidiary directly held by the Company), entered into the "Work Construction Contracts" with each of XICT and XHICT ("The First and Second Connected Transactions"), in relation to the project on the expansion work of the XICT transformer station located in Haicang Port area in Xiamen ("Transformer Station Project"). Pursuant to which, XPS shall undertake the construction and installation work of the Transformer Station Project, on a project general contractor basis, in accordance with the requirements under the contracts. The provisional considerations for construction contracts of the aforesaid two transactions are approximately RMB3,030,000 and RMB2,170,000 respectively. During the Year, the construction works for aforesaid projects have been completed, pending settlement upon formal inspection and acceptance.

The Third Connected Transaction

On 27 February 2009, upon the approval by the Board of the Company, XPS entered into the "Work Construction Contract" with XICT, in relation to the first phase electrification (the alternation of power supply from diesel to electricity) of rubber-tyred gantries ("RTG") of XICT ("First Phase Electrification Construction"). Pursuant to which, XPS shall undertake the construction and installation work of the First Phase Electrification Construction, on a project general contractor basis, in accordance with the requirements under the contract. During the Year, the construction work of the said project has been completed and the final actual consideration for the transaction was approximately RMB763,194.

The Fourth Connected Transaction

On 12 November 2009, upon the approval by the Board of the Company, XPS entered into the "Second Phase Electrification Contractor Contract" with XICT, in relation to the second phase electrification construction of RTG of XICT ("Second Phase Electrification Construction"). Pursuant to which, XPS shall undertake the design, construction and installation works for the Second Phase Electrification Construction, under turnkey constructions and processing plus supply of raw materials arrangements, in accordance with the requirements under the contract. The provisional consideration for the construction contract is approximately RMB1,648,000. During the Year, the construction work of the said project has not been completed.

As the applicable percentage ratios (as defined in the Listing Rules) for the aforesaid First and Second Connected Transactions were more than 0.1% but less than 2.5% and the total consideration exceeded HK$1,000,000, each of the aforesaid First and Second Connected Transactions were subject to the reporting and announcement requirements, but was exempted from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) for the Third and Fourth Connected Transactions were less than 0.1% and the total consideration was more than HK$1,000,000, the Third and Fourth Connected Transactions were not subject to the reporting and announcement requirements and the independent shareholders' approval requirements under Rule 14A.31 of the Listing Rules.

In addition, pursuant to Rule 14A.25 of the Listing Rules, the aforesaid four connected transactions should be aggregated. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the four connected transactions, on an aggregate basis, were more than 0.1% but less than 2.5% and the total consideration of the four connected transactions exceeded HK$1,000,000, the four connected transactions on an aggregate basis were subject to the reporting and announcement requirements, but was exempted from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

Save as disclosed above, the Company had no other prior transactions which required aggregation with the four connected transactions under the Listing Rules.

Set out below is a table summarising the aforesaid one-off connected transactions:

	Transaction	Connected party	Date of the agreement	Amount (RMB)
A.	The Company's transfer of land to the Joint Venture to perform its obligations to inject capital	XHICT	3 May 2007	154,955,000
B.	The undertakings of XPS in the construction and installation of transformer station	XICT	9 January 2009	3,030,000 (Tentative)
C.	The undertakings of XPS in the construction and installation of transformer station	XHICT	9 January 2009	2,170,000 (Tentative)
D.	The undertakings of XPS in the construction and installation of First Phase Electrification Construction	XICT	27 February 2009	763,194
E.	The undertakings of XPS in the construction and installation of Second Phase Electrification Construction	XICT	12 November 2009	1,648,000 (Tentative)

Report of the Directors

In 2009, due to business demands of the Group, the Group entered into certain non-exempt continuing connected transactions with the Company's controlling shareholder, Xiamen Port Holding and its subsidiaries (collectively, the "Xiamen Port Holding Group") and certain other parties outside the Group. Set out below is a table summarizing the non-exempt continuing connected transactions.

Services		Connected party	2009 Proposed annual cap (RMB)	2009 Actual amount incurred (RMB)
A.	Office/premises/terminal facilities lease	Xiamen Port Holding Group	137,000,000	44,831,000
B.	Logistical property services	Xiamen Port Holding Group	8,840,000	6,994,000
C.	Comprehensive services	Xiamen Port Holding Group	28,000,000	19,269,000
D.	Construction project management	Xiamen Port Holding Group	3,600,000	420,000
E.	Port facilities engineering and construction	Xiamen Port Holding Group	29,300,000	7,979,000
F.	Port-related labour services	Xiamen Port Holding Group	34,000,000	20,744,000
G.	Electrical equipment maintenance	Xiamen Port Holding Group	16,800,000	4,611,000
H.	Port services	COSCO Container Lines Co., Ltd	121,300,000	65,350,000
I.	Port Services	Xiamen Tidak International Freight Forwarding Co., Ltd	5,800,000	641,000
J.	Power supply and maintenance	Xiamen Port Holding Group	14,000,000	9,235,000
K.	Container horizontal transportation	Xiamen Port Holding Group	14,000,000	6,000,000
L.	Terminal labour and tallying services	Xiamen Port Holding Group	3,507,000	2,140,000
M.	Information services	Xiamen Port Holding Group	13,700,000	5,612,000

INTRA-GROUP CONNECTED TRANSACTIONS

In 2009, due to business demands of the Group, members of the Group also entered into certain intra-group transactions which constituted non-exempt continuing connected transactions of the Company. Set out below are details of the aforesaid transactions.

XICT, as owner and operator of terminals, has been providing port related services to Xiamen Penavico International Freight and Forwarding Co., Ltd ("Xiamen Penavico International Freight", an indirect non wholly-owned subsidiary of the Company), the latter conducts container and freight forwarding business for third party cargo owners at the relevant terminals. Xiamen Port Transportation Co., Ltd ("Xiamen Port Transportation", an indirect non wholly-owned subsidiary of the Company), also provides container surface forwarding services for XICT. In order to enhance the utilisation rate of the terminals and lower operation costs, XICT and the Company's Hairun terminal provide berthing and unberthing terminal operation services for one another from time to time. For such purpose, XICT and XHICT also implemented the unification of the operation and management of Berths No. 2 and No. 3 and Berth No. 1 of Haicang Port Area. The relevant port service fees and container forwarding fees are charged at tariffs prescribed by the Ministry of Communication and the Pricing Bureau of Xiamen Municipal Government. If there are no such prescribed tariffs, tariffs are determined by the parties with reference to prevailing market rates. Certain contracts were entered into among those members of the Group setting out the terms and conditions of the provision of the relevant services.

Pursuant to the Listing Rules, XICT and XHICT were connected persons of the Company. Transactions between the aforesaid companies and/or other members of the Group and/or other connected persons of the Group constituted connected transactions or continuing connected transactions of the Company. A summary of the aforesaid contracts is set out in the table below:

	Service Provider	Service Receiver	Service Scope	Term of Contract
1.	Xiamen Port Transportation	XICT	Container horizontal transportation	1 January 2008 to 31 December 2010
2.	XICT	Xiamen Penavico International Freight	Port-related services	1 January 2008 to 31 December 2010
3.	The Company (Hairun Terminal)	XICT	Terminal operation services	1 January 2008 to 31 December 2010
4.	XICT	XHICT	Unification of the operation and management of terminals	1 September 2008 to 31 August 2011

For the year ended 31 December 2009, the proposed aggregate cap of the above transactions Nos. 1 to 3 was RMB25,210,000, and the actual amount incurred was RMB10,015,000; the proposed aggregated cap of transaction No. 4 was RMB130,000,000. The actual amount incurred for the year ended 31 December 2009 was RMB78,667,000.

The Company has complied with the requirements of the waivers granted by the Stock Exchange or the disclosure requirements under Chapter 14A of the Listing Rules.

The Independent Non-executive Directors of the Company, Mr. HUANG Shizhong, Mr. ZHEN Hong and Mr. HUI Wang Chuen, have reviewed the above connected transactions and confirmed that those transactions have been entered into:

(1) in the ordinary and usual course of business of the Company and the Group (where appropriate);

(2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, the auditors of the Company have performed certain agreed upon procedures on the above connected transactions disclosed herein for the year ended 31 December 2009 in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and reported that the aforesaid connected transactions have been:

(1) approved by the Board of the Company;

(2) with respect to connected transactions of revenue in nature, entered into in accordance with the pricing policies of the Company;

(3) entered into in accordance with the terms of the agreements governing the relevant transactions; and

(4) within the relevant caps disclosed by the Company previously.

PENSION SCHEME

Details of the pension schemes of the Group are set out in Note 29 to the financial statements.

USE OF H SHARE PROCEEDS

As of 31 December 2009, the Group had utilized approximately RMB649 million of the proceeds from the listing of H Shares to repay bank loans and the proceeds applied to repay bank loans as specified in the prospectus of the Company dated 6 December 2005 (the "Prospectus") was fully used; approximately RMB450 million of the proceeds to fund the construction of berths No. 1, 4 and 5 of Haicang port area, and the fund for terminal construction as specified in the Prospectus was fully used; approximately RMB85,100,000 of the proceeds had been used for general working capital, of which RMB35,000,000 had been applied to repay working capital borrowings from banks. A total of approximately RMB1,184 million of the proceeds had been utilized for the above 3 applications, and all the funds raised were fully used. There is no material change in the proposed use of net proceeds as stated in the Prospectus.

ENTRUSTED DEPOSITS AND OVERDUE DEPOSITS

As at 31 December 2009, the Group did not make any entrusted deposit with financial institutions in the PRC nor was there any overdue term deposit irrecoverable.

TAXATION

According to the approval given by the branch office of the State Tax Administration in Xiamen, the profit of the Company shall be exempt from corporate income tax for the first five years and a 50% reduction of corporate income tax from the sixth to the tenth years commencing from 2007. However, in the event that the actual period of production and operation of the Company does not exceed fifteen years, all enterprise income taxes of a foreign investment enterprise so exempted or reduced shall be repayable. In addition, in accordance with the "Confirmation certificate in respect of foreign investment project encouraged for development by the State" (Code: Shang Zi Que [2006] No. 33) issued by the PRC Ministry of Commerce to the Company on 7 November 2006, the Company is authorised to apply to the local customs at the location of the project for duty exemption on certain imported equipment in accordance with the relevant requirements.

Given that the Group is located in the Xiamen Special Economic Zone, in accordance with relevant policies issued by the PRC government, within the five years after the new Corporate Income Tax Law is in force in 2008, the original 15% preferential tax rate was increased gradually to the statutory tax rate of 25% such that the transitional tax rate would be 20% for 2009, whereas 22% and 24% and 25% (the statutory tax rate) for 2010, 2011 and 2012 respectively. With the exception of the corporate income tax concessions as applied to the Company in 2009 mentioned above, as well as the fact that the tax rate applicable to XICT in 2009 was 10% and XHICT was exempt from corporate income tax in 2009, the corporate income tax rate applicable to the member companies of the Group was 20% in 2009, and will be increased as mentioned above during the transition period.

Save as the aforementioned, the Company is not aware of any other tax concession relevant to the holding of any securities of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standard of corporate governance. The Board considered that, an effective corporate governance plays a significant role in leading the Company's operations to success and improving the shareholders' values. For the year ended 31 December 2009, the Company has been in compliance the provisions and most of the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. Details of the discussion of such compliance are set out in the "Corporate Governance Report" section of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, more than 25% of the shares issued by the Company were held in public hands as at the date of this Annual Report, which adequately exceeded the requirements of the Listing Rules.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire at the forthcoming annual general meeting. The Company will propose a resolution to re-appoint PricewaterhouseCoopers, Certified Public Accountants, as the auditors of the Company at the forthcoming annual general meeting.

By Order of the Board

ZHENG Yongen
Chairman

Xiamen, the PRC
14 April 2010

Report of the Supervisory Committee

To Shareholders of Xiamen International Port Co., Ltd

Pursuant to the requirements of the Articles of the Company, the Supervisory Committee of the Company is consisted of six members, namely Mr. FANG Zuhui, the chairman of the Supervisory Committee, Mr. LUO Jianzhong, the supervisor, Mr. WU Jianliang and Mr. WU Weijian, the staff representative supervisors, Mr. TANG Jinmu and Mr. HE Shaoping, the independent supervisors.

I. STATUS OF THE SUPERVISORY COMMITTEE IN 2009

For the year ended 31 December 2009, all members of the Supervisory Committee of the Company had been sedulous and faithful in discharging their supervisory duties in compliance with the provisions of the Company Law, the Listing Rules, the Articles and other requirements of applicable laws and regulations and pursuant to the principles of good faith and diligence, in order to safeguard the interests of all the shareholders and the Company as a whole.

In 2009, the Supervisory Committee of the Company convened two meetings, mainly for the review and passing of financial documents such as the annual report and interim report and the report on the work of the Supervisory Committee in 2008, which each became resolution respectively.

During the reporting period, all members of the Supervisory Committee of the Company attended all the Board meetings and general meetings of the Company convened in 2009, and reviewed information, minutes and resolutions of such meetings and monitored and reviewed the implementation of resolutions passed in Board meetings and general meetings. In the opinion of the Supervisory Committee, the Directors and senior management of the Company performed their duties conscientiously according to the resolutions passed in general meetings or by the Board.

II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE IN RESPECT OF RELEVANT MATTERS OF THE COMPANY IN 2009

1. Operation of the Company in compliance with the law

The Supervisory Committee paid close attention to the state of the Company's operation and management and had seriously monitored and reviewed the performance of duties conducted by its Directors and senior management as well as the execution of internal control system of the Company pursuant to applicable laws and regulations and the Articles. The Supervisory Committee also paid close attention to the construction of risk management and control mechanism of the Company and promoted the Company to gradually perfect the relevant systems. Meanwhile, the Supervisory Committee also made great effort to promote the Company to strengthen its audit management and paid close attention to the management of accounts receivable of the Company. During the Year, the audit department of the Company had duly added audit employee and focused on the audit of accounts receivable and other audits. The Supervisory Committee is of the opinion that the Company's operation was normal and standard, the procedures of decision-making were legal and were in

Report of the Supervisory Committee

accordance with all the applicable laws, regulations and the Listing Rules. Moreover, the internal control system had been implemented strictly and improved continuously. The Supervisory Committee also opined that the Directors and senior management of the Company had duly discharged their duties and operated the Company with a standardized operation system in place.The Supervisory Committee found no contravention of applicable laws or regulations or the Articles nor acts detrimental to the interests of the Company.

2. Financial position of the Company

The Supervisory Committee had conducted the audit of the 2009 financial report, the 2009 profit allocation proposal and the 2009 auditors' report issued by the auditors of the Company, PricewaterhouseCoopers, Certified Public Accountants, and other relevant information. The Supervisory Committee is of the opinion that, during the reporting period, the financial condition of the Company was sound with standardised financial management strictly implemented. The 2009 financial report of the Company gives an objective, true and fair view of the financial conditions and operating results of the Company for the reporting period. The Supervisory Committee concurred with the auditors' opinions and agreed with the 2009 profit allocation proposal of the Company.

3. Connected transactions of the Company

The Supervisory Committee is of the opinion that, in 2009, the transaction prices in connection with the acquisition or disposal of assets were reasonable, no insider dealings were discovered, and there existed no circumstances which would have been detrimental to any shareholders or would have resulted in any loss of the Company's assets. During the reporting period, every connection transaction was concluded in the ordinary course of business of the Company on normal reasonable commercial terms. These transaction prices were determined on the basis of fair market value and were not detrimental to the interests of the Company or its shareholders as a whole.

In 2010, all members of the Supervisory Committee will continue to perform their duties strictly within the term of reference pursuant to the laws, regulations and the Articles. They will also act in good faith and put more effort to supervise in order to safeguard and protect the interests of the Company and its shareholders as a whole.

By Order of the Supervisory Committee
XIAMEN INTERNATIONAL PORT CO., LTD

Fang Zuhui
Chairman

Xiamen, the PRC
14 April 2010

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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

TO THE SHAREHOLDERS OF XIAMEN INTERNATIONAL PORT CO., LTD.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Xiamen International Port Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 75 to 168, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 April 2010

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Investment property	5	32,902	–
Property, plant and equipment	6	3,174,502	3,310,253
Land use rights	7	1,034,575	999,041
Intangible assets	8	57,441	39,448
Interests in associates	11	34,659	34,539
Available-for-sale financial assets	12	155,512	59,516
Deferred income tax assets	13	52,473	53,802
Total non-current assets		4,542,064	4,496,599
Current assets			
Inventories	14	136,717	133,047
Accounts and notes receivable	15	591,129	491,057
Other receivables and prepayments	16	296,221	288,609
Term deposits with initial term of over three months	17	131,880	186,316
Restricted cash	18	41,569	93,829
Cash and cash equivalents	19	806,557	844,665
Total current assets		2,004,073	2,037,523
Total assets		6,546,137	6,534,122
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	2,726,200	2,726,200
Reserves	26	1,144,863	1,017,716
		3,871,063	3,743,916
Minority interests		916,790	919,807
Total equity		4,787,853	4,663,723
LIABILITIES			
Non-current liabilities			
Borrowings	24	268,783	361,227
Derivative financial instrument	22	7,258	9,008
Deferred government grants and income	23	133,247	145,022
Early retirement benefit obligations		3,404	4,657
Deferred income tax liabilities	13	37,643	13,938
Total non-current liabilities		450,335	533,852

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Current liabilities			
Accounts and notes payable	20	701,071	534,459
Other payables and accruals	21	478,467	484,602
Borrowings	24	115,970	302,780
Taxes payable		12,441	14,706
Total current liabilities		1,307,949	1,336,547
Total liabilities		1,758,284	1,870,399
Total equity and liabilities		6,546,137	6,534,122
Net current assets		696,124	700,976
Total assets less current liabilities		5,238,188	5,197,575

The notes on pages 83 to 168 are an integral part of these financial statements.

ZHENG Yongen
Chairman

FANG Yao
Director

Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,508,934	1,637,229
Land use rights	7	437,647	446,950
Intangible assets	8	39	–
Investments in subsidiaries	9	1,402,633	1,402,633
Investments in jointly controlled entities	10	235,220	80,265
Available-for-sale financial assets	12	150,986	54,990
Deferred income tax assets	13	1,532	1,751
Total non-current assets		3,736,991	3,623,818
Current assets			
Inventories	14	1,286	1,450
Accounts receivable	15	40,417	45,133
Other receivables	16	161,079	54,109
Restricted cash	18	–	7,240
Cash and cash equivalents	19	244,093	335,978
Total current assets		446,875	443,910
Total assets		4,183,866	4,067,728
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	2,726,200	2,726,200
Reserves	26	1,051,647	912,294
Total equity		3,777,847	3,638,494
LIABILITIES			
Non-current liabilities			
Borrowings	24	74,203	117,867
Derivative financial instrument	22	7,258	9,008
Deferred government grants and income	23	87,663	96,237
Deferred income tax liabilities	13	33,724	9,725
Total non-current liabilities		202,848	232,837

Balance Sheet

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Current liabilities			
Accounts payable	20	18,429	5,780
Other payables and accruals	21	181,152	187,362
Borrowings	24	3,590	3,255
Total current liabilities		203,171	196,397
Total liabilities		406,019	429,234
Total equity and liabilities		4,183,866	4,067,728
Net current assets		243,704	247,513
Total assets less current liabilities		3,980,695	3,871,331

The notes on pages 83 to 168 are an integral part of these financial statements.

ZHENG Yongen
Chairman

FANG Yao
Director

Consolidated Income Statement

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Revenues	27	2,065,904	3,411,524
Cost of sales		(1,628,064)	(2,800,006)
Gross profit		437,840	611,518
Other income	27	43,681	52,880
Other gains — net	28	15,702	45,611
Selling and marketing expenses		(30,463)	(36,498)
General and administrative expenses		(143,939)	(167,365)
Operating profit		322,821	506,146
Finance income	31	14,447	27,199
Finance costs	31	(27,951)	(33,272)
		309,317	500,073
Share of results of associates	11	1,454	1,994
Profit before income tax expense		310,771	502,067
Income tax expense	32(a)	(39,588)	(27,808)
Profit for the year		271,183	474,259
Attributable to:			
Equity holders of the Company	33	205,091	376,659
Minority interests		66,092	97,600
		271,183	474,259
Earnings per share for profit attributable to the equity holders of the Company during the year			
— Basic and diluted (in RMB cents)	35	7.52	13.82
Dividend	34	136,310	149,941

The notes on pages 83 to 168 are an integral part of these financial statements.

ZHENG Yongen
Chairman

FANG Yao
Director

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Profit for the year	271,183	474,259
Other comprehensive income/(loss), net of tax		
— Fair value gains/(losses) on available-for-sale financial assets, net of tax	71,997	(79,497)
Total comprehensive income for the year	343,180	394,762
Total comprehensive income attributable to:		
— Equity holders of the Company	277,088	297,162
— Minority interests	66,092	97,600
	343,180	394,762

The notes on pages 83 to 168 are an integral part of these financial statements.

ZHENG Yongen
Chairman

FANG Yao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to equity holders of the Company					
	Share capital RMB'000 (Note 25)	Other reserves RMB'000 (Note 26)	Retained earnings RMB'000 (Note 26)	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
Comprehensive income						
Profit for the year	–	–	376,659	376,659	97,600	474,259
Other comprehensive loss						
Fair value losses on available-for-sale financial assets	–	(79,497)	–	(79,497)	–	(79,497)
– Gross	–	(105,996)	–	(105,996)	–	(105,996)
– Related deferred income tax	–	26,499	–	26,499	–	26,499
Total comprehensive (loss)/income	–	(79,497)	376,659	297,162	97,600	394,762
Transactions with owners						
2007 final dividend	–	–	(155,393)	(155,393)	–	(155,393)
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	(58,606)	(58,606)
Profit appropriation	–	36,230	(36,230)	–	–	–
Balance at 31 December 2008	2,726,200	(356,423)	1,374,139	3,743,916	919,807	4,663,723
Balance at 1 January 2009	2,726,200	(356,423)	1,374,139	3,743,916	919,807	4,663,723
Comprehensive income						
Profit for the year	–	–	205,091	205,091	66,092	271,183
Other comprehensive income						
Fair value gains on available-for-sale financial assets	–	71,997	–	71,997	–	71,997
– Gross	–	95,996	–	95,996	–	95,996
– Related deferred income tax	–	(23,999)	–	(23,999)	–	(23,999)
Total comprehensive income	–	71,997	205,091	277,088	66,092	343,180
Transactions with owners						
2008 final dividend	–	–	(149,941)	(149,941)	–	(149,941)
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	(69,109)	(69,109)
Profit appropriation	–	21,984	(21,984)	–	–	–
Balance at 31 December 2009	2,726,200	(262,442)	1,407,305	3,871,063	916,790	4,787,853

The notes on pages 83 to 168 are an integral part of these financial statements.

ZHENG Yongen
Chairman

FANG Yao
Director

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Net cash generated from operations	37(a)	576,984	685,431
Interest paid		(30,695)	(60,630)
Income tax paid		(40,818)	(73,054)
Net cash generated from operating activities		505,471	551,747
Cash flows from investing activities			
Purchases of property, plant and equipment		(174,363)	(270,865)
Proceeds from disposals of property, plant and equipment		3,107	203,239
Purchases of intangible assets and land use rights		(23,279)	(11,725)
Investment in available-for-sale financial assets		—	(70)
Net decrease in long-term bank deposits		—	7,306
Interest received		13,817	21,455
Dividends received		2,212	4,958
Net decrease/(increase) in term deposits with initial term of over three months		54,436	(92,266)
Net cash used in investing activities		(124,070)	(137,968)
Cash flows from financing activities			
Proceeds from borrowings		313,000	526,646
Repayments of borrowings		(592,254)	(869,866)
Capital contribution from a joint venture partner of a jointly controlled entity		74,880	8,993
Dividends paid to equity holders of the Company		(149,982)	(155,393)
Dividends paid to minority shareholders of subsidiaries		(65,002)	(73,824)
Net cash used in financing activities		(419,358)	(563,444)
Net decrease in cash and cash equivalents		(37,957)	(149,665)
Cash and cash equivalents at beginning of year		844,665	1,001,285
Exchange losses on cash and cash equivalents		(151)	(6,955)
Cash and cash equivalents at end of year	19	806,557	844,665

The notes on pages 83 to 168 are an integral part of these financial statements.

ZHENG Yongen
Chairman

FANG Yao
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 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'') is 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 consolidated financial statements were approved for issue by the Board of Directors (the "Board") of the Company on 14 April 2010.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative instrument.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

HKICPA has issued certain new or revised standards, amendments and interpretations to existing standards which are mandatory for the Group's accounting periods on or after 1 January 2009, details of which are as below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2009 and adopted by the Group

The Group has adopted the following new standards and amendments to existing 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) "Presentation of Financial Statements" 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 in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (Revised) "Borrowing Costs" 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 is removed. As the Group did not elect the option of immediately expensing borrowing costs before, the revised standard has no impact to the Group's financial statements.

- Amendment to HKFRS 7 "Financial Instruments — Disclosures" requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKFRS 8 "Operating Segments" replaces HKAS 14, "Segment Reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about Segments of An Enterprise and Related Information". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The adoption of HKFRS 8 does not have any significant impact on the Group's financial statements as well as the disclosure information.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) *New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2009 and adopted by the Group* (Continued)

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

HKAS 32 and HKAS 1 (Amendment)	Financial instruments: Presentation and Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendment)	First-time Adoption of HKFRS and Consolidated and Separate Financial Statements — Cost of An Investment in A Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18 (Amendment)	Transfers of Assets From Customers

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective for the year ended 31 December 2009

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 by the Group (collectively the "New or Revised HKFRSs"):

		Effective for accounting periods beginning on or after
Relevant to the Group's operations (Note)		
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
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 9	Financial Instruments	1 January 2013
Not relevant to the Group's operations		
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2010
HKAS 32 (Amendment)	Financial Instruments: Disclosure and Presentation — Classification of Rights Issue	1 February 2010
HKAS 39 (Amendment)	Eligible hedge items	1 July 2009
HKFRS 1 (Revised)	First-time Adoption of HKFRSs	1 July 2009
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs — Additional Exemptions for First-time Adopters	1 January 2010
HKFRS 2 (Amendment)	Share-based payments — Group Cash-settled Share-based Payment Transaction	1 January 2010
HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations	1 January 2010
HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement	1 January 2011
HK(IFRIC)-Int 17 (Amendment)	Distributions of Non-cash Assets to Owners	1 July 2009
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective for the year ended 31 December 2009 (Continued)

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

- HKAS 24 (Revised) "Related party disclosures" introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:

  — the name of the government and the nature of their relationship; and
  — the nature and amount of any individually-significant transactions; and
  — the extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party.

- HKAS 27 (Revised) "Consolidated and separate financial statements" requires the effects of all transactions with minority interest 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 "Intangible Assets" clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- HKFRS 3 (Revised) "Business combinations" 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 consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- HKFRS 9 "Financial Instruments" requires financial assets to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective for the year ended 31 December 2009 (Continued)

In addition to the New or Revised HKFRSs, HKICPA also published certain improvements to HKFRSs in May 2009 (the "Improvement Project"). The Improvement Project covers the following standards:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2010
HKAS 7	Cash Flow Statements	1 January 2010
HKAS 17	Leases	1 January 2010
HKAS 18	Revenue	1 January 2010
HKAS 36	Impairment of Assets	1 January 2010
HKAS 38	Intangible Assets	1 July 2009
HKAS 39	Financial Instruments: Recognition and Measurement	1 January 2010
HKFRS 2	Share-based payment	1 July 2009
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
HKFRS 8	Operating Segments	1 January 2010
HK(IFRIC)-Int 9 and HKFRS 3 (revised)	Reassessment of Embedded Derivatives and Business Combinations	1 July 2009
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2009

The Group has not early adopted the above New or Revised HKFRSs and amendments under the Improvement Project in these consolidated financial statements and will adopt these New or Revised HKFRSs and amendments under the Improvement Project in accordance with their respective effective dates. The Group is assessing the impact of these New or Revised HKFRSs and amendments under the Improvement Project 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.

2. Summary of significant accounting policies (Continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.9 for the impairment of non-financial assets.

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(b) Associates (Continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Jointly controlled entities

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entities that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the jointly controlled entities that result from the Group's purchase of assets from the jointly controlled entities until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

In the Company's balance sheet, investments in jointly controlled entities are stated at cost less provision for impairment losses (Note 2.9). The results of jointly controlled entities are accounted for by the Company on the basis of dividend received and receivable.

Accounting policies of subsidiaries, jointly controlled entities and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Summary of significant accounting policies (Continued)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Management meeting, carried out on a regular basis to make strategic decisions, is responsible for allocating resources and assessing performance of the operating segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency. Renminbi is also the functional currency of the subsidiaries, jointly controlled entity and associates of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains/(losses) — net".

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss in the consolidated income statement. Translation differences on non-monetary financial assets and liabilities, such as equities classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

2. Summary of significant accounting policies (Continued)

2.5 Investment property

Investment properties comprise storage warehouses that are held for long-term rental yields.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful lives of 40 years. The residual values and useful lives are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to the consolidated income statement. The cost of maintenance, repairs and minor improvements is charged to the consolidated income statement during the financial period when it is incurred.

An investment property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposal of an investment property are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) — net" in the consolidated income statement.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the costs of property, plant and equipment to the residual values over their estimated useful lives, as follows:

— Buildings	10 to 40 years
— Port infrastructure	40 to 50 years
— Storage infrastructure	25 years
— Loading machineries	8 to 25 years
— Other machineries	6 to 12 years
— Vessels	5 to 18 years
— Vehicles	5 to 8 years
— Furniture, fittings and equipment	5 to 8 years

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

Construction-in-progress represents buildings, plant and machineries under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings, costs of plant and machineries, and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to the relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within "other gains/(losses) — net" in the consolidated income statement.

2.7 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the lease periods of 26 to 50 years.

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

(a) Port line use rights

Port line use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the port lines for periods of 45–50 years. Amortisation of port line use rights are calculated on the straight-line method over the period of the port line use rights of 45–50 years.

(b) Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on a straight-line basis.

2.9 Impairment of investments in subsidiaries, jointly controlled entities, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entities or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. Summary of significant accounting policies (Continued)

2.10 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as accounts and other receivables, except for those with maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of reporting period.

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within other gains/losses — net in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in fair value of the available-for-sale financial assets are recognised in other comprehensive income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as "gains and losses from investment securities".

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

2. Summary of significant accounting policies (Continued)

2.11 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2. Summary of significant accounting policies (Continued)

2.11 Impairment of financial assets (Continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

2.12 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. Derivative instruments which do not qualify for hedge accounting are accounted for as financial assets/liabilities at fair value through profit or loss. Changes in the fair values of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement within “other gains/(losses) — net”.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. Summary of significant accounting policies (Continued)

2.14 Accounts and other receivables

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

Accounts and other receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Accounts and other payables

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

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

2. Summary of significant accounting policies (Continued)

2.19 Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed as incurred.

2.20 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (Continued)

2.21 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans. In addition, from 2008, the Group has also participated in a supplementary pension scheme under which the Group is required to make monthly payments to insurance companies for its existing qualifying employees, at certain percentage of the annual salary of the qualifying employees. The Group has no further obligation for post-retirement benefits beyond the above contributions made. Contributions to these plans or scheme are expensed as incurred.

(b) Early retirement benefits

Early retirement benefits are recognised as expense in the period the Group reaches agreements with the relevant employees for the early retirement.

(c) Housing benefits

Full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the funds are expensed as incurred.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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

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

2. Summary of significant accounting policies (Continued)

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.24 Recognition of revenue and income

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue and income when the amount of revenue and income can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from container loading and unloading and storage

Revenue from container loading and unloading is recognised when the services are rendered. Revenue from container storage is recognised on a straight-line basis over the period of storage.

(b) Revenue from bulk/general cargo loading and unloading

Revenue from bulk/general cargo loading and unloading is recognised when the services are rendered.

(c) Revenue from ancillary value-added port services

Revenue from ancillary value-added port services is recognised when the services are rendered.

2. Summary of significant accounting policies (Continued)

2.24 Recognition of revenue and income (Continued)

(d) *Revenue from sales of building materials and other industrial products*

Sales of building materials and other industrial products are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(e) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) *Rental income*

Rental income on assets leased out under operating leases and rental income from investment property is recognised on the straight-line basis over the lease periods.

(g) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.25 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in the balance sheet in accordance with their nature and where applicable, are depreciated in accordance with the Group's depreciation policy as set out in Note 2.6. Rental income arising from assets leased out under operating lease is recognised in accordance with the Group's income recognition policy as set out in Note 2.24(f) above.

2.26 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2. Summary of significant accounting policies (Continued)

2.26 Contingent liabilities and contingent assets (Continued)

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements, when an inflow of economic benefits is probable. When the inflow is virtually certain, an asset is recognised.

2.27 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders or directors.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. However, foreign currencies are required to settle the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. Details of the Group's term deposits, cash and bank balances, accounts receivable, accounts payable and borrowings as at 31 December 2009 which are denominated in currencies other than RMB (primarily with respect to United States Dollars ("USD") and Hong Kong Dollars ("HKD")) (collectively the "Non-functional Currency Financial Assets/Liabilities"), are disclosed in Notes 15, 17, 19, 20 and 24 respectively.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2009, if RMB had weakened/strengthened by 5% against the USD and HKD with all other variables held constant, the Group's pre-tax profit for the year would have been RMB96,000 lower/higher (2008: RMB105,000 higher/lower), mainly as a result of foreign exchange losses/gains on translation of the Non-functional Currency Financial Assets/Liabilities.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets (other than term deposits, bank balances and cash). The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2009, approximately 28% (2008: 62%) of the Group's borrowings are fixed interest rates borrowings. The effective interest rates and terms of repayment of the Group's borrowings are disclosed in Note 24.

To mitigate the impact of interest rate fluctuations, management closely monitors the Group's exposure to interest rate risk. Management uses an interest rate swap contract to mitigate a portion of the cash flow interest-rate risk despite the interest rate swap contract does not qualify for hedge accounting (Note 22).

At 31 December 2009, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the Group's pre-tax profit for the year would have been RMB1,313,000 (2008: RMB1,514,000) lower/higher, mainly as a result of higher/lower finance costs on bank borrowings.

(c) Price risk

The Group is exposed to equity securities price risk because the Group holds certain investments which are classified on the balance sheet as available-for-sale financial assets (Note 12). The Group currently does not have a policy in respect of investment portfolio diversification. Management closely monitors the price risk exposure and will make appropriate investment decisions by reference to the movement trend of recent market prices, expected future returns and all other relevant factors.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Price risk (Continued)

As at 31 December 2009, if market price of the listed equity securities had been 10% higher/lower with all other variables held constant, the carrying amounts of available-for-sale financial assets and the Group's total equity would have been increased/decreased by the same amount of RMB15,099,000 (2008: RMB5,499,000).

(d) Credit risk

The Group's maximum exposure to credit risk in respect of financial assets is the unimpaired carrying amounts of term deposits, cash and cash equivalents, restricted cash, accounts and other receivables as at the balance sheet date. Management has credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

For term deposits, cash and cash equivalents and restricted cash, the Group has limited its credit exposure by restricting their selection of financial institutions on those reputable local banks or state-owned banks.

In respect of accounts receivable, the Group limits its exposure to credit risk through performing credit reviews and monitoring the financial strength of its major customers and asks for collateral when proper and necessary. Customers are assessed and rated based on their credit quality, taking into account its financial position, past experience and other factors. Individual risk limits are set by management and utilisation of these credit limits is regularly monitored. Generally, accounts receivable are due within 60 days from the date of billing. The Group has no significant concentration of credit risk as no single customer accounted for greater than 10% of the total accounts receivable as at 31 December 2009 and the total revenue for the year then ended.

Further quantitative disclosure in respect of the Group's exposure to credit risk from accounts and other receivables are set out in Note 15, Note 16 and Note 41.

In addition to the above financial assets, as at 31 December 2009, the Group also has made advances to suppliers of RMB243,649,000 (2008: RMB213,693,000) mainly in respect of the Group's purchases of finished goods and raw materials for its manufacturing and sales of building materials and trading of industrial products.

No other financial assets carry a significant exposure to credit risk.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(e) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements — for example, currency restrictions.

The Group's funding requirements primarily arise from purchases of port infrastructure and loading machinery and repayments of bank borrowings. The Group finances its working capital requirements through a combination of funds generated from operations and additional bank borrowings.

The table below analyses the Group's and the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Group				
At 31 December 2009				
Bank borrowings	132,373	22,131	66,703	278,735
Accounts and notes payable	701,071	—	—	—
Other payables and accruals	478,467	—	—	—
Derivative financial instrument	—	—	7,258	—
	1,311,911	22,131	73,961	278,735
At 31 December 2008				
Bank borrowings	337,378	25,697	120,185	361,110
Accounts and notes payable	534,459	—	—	—
Other payables and accruals	484,602	—	—	—
Derivative financial instrument	—	—	9,008	—
	1,356,439	25,697	129,193	361,110

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Company				
At 31 December 2009				
Bank borrowings	**7,635**	**7,806**	**24,712**	**66,946**
Accounts payable	**18,429**	**—**	**—**	**—**
Other payables and accruals	**181,152**	**—**	**—**	**—**
Derivative financial instrument	**—**	**—**	**7,258**	**—**
	207,216	**7,806**	**31,970**	**66,946**
At 31 December 2008				
Bank borrowings	8,629	8,861	65,470	69,328
Accounts payable	5,780	—	—	—
Other payables and accruals	187,362	—	—	—
Derivative financial instrument	—	—	9,008	—
	201,771	8,861	74,478	69,328

The Group's trading derivative instrument with a negative fair value has been included at its fair value of RMB7,258,000 (2008: RMB9,008,000) within the time bucket between 2 and 5 years. The contractual maturity is not essential for an understanding of the timing of the cash flows. The contract is managed on a net-fair value basis rather than by maturity date.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Financial risk management (Continued)

3.2 Capital risk management (Continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This 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 consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain a low gearing ratio. The gearing ratios at 31 December 2009 and 2008 were as follows:

	2009 RMB'000	2008 RMB'000
Total borrowings (Note 24)	384,753	664,007
Less: Cash and cash equivalents (Note 19)	(806,557)	(844,665)
Net cash	(421,804)	(180,658)
Total equity	4,787,853	4,663,723
Total capital	4,366,049	4,483,065
Gearing ratio (%)	Not applicable	Not applicable

As at 31 December 2009 and 2008, the Group had a net cash position.

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
— Equity investments	150,986	—	—	150,986
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instrument	—	(7,258)	—	(7,258)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as available for sale (Note 12).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4. Critical accounting estimates and assumptions

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Useful lives of property, plant and equipment

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

If the useful lives of property, plant and equipment differ by 10% from management's estimates, the Group would need to:

— increase the carrying amounts of property, plant and equipment and decrease the depreciation charge by RMB16,642,000, if favourable; or

— decrease the carrying amounts of property, plant and equipment and increase the depreciation charge by RMB20,340,000, if unfavourable.

4.2 Deferred income tax assets

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be recovered. Management will revise the assumptions and profit projections by each balance sheet date.

4. Critical accounting estimates and assumptions (Continued)

4.3 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations by each balance sheet date.

Were the actual selling price of inventories differs by 10% from management's estimates, the Group would need to decrease the carrying amounts of inventories and increase the provision for impairment of inventories by RMB784,000 (2008: RMB952,000), if unfavourable.

4.4 Provision for impairment of receivables

The Group's management determines the provision for impairment of receivables (including the accounts receivable and other receivables (Note 15, 16 and 41)). This estimate is based on the credit history and financial position of the debtors and all other relevant factors. Management will reassess the provision by each balance sheet date.

5. Investment property

	Group	
	2009	2008
	RMB'000	RMB'000
Opening net book amount	—	—
Transfer from property, plant and equipment (Note 6)	33,745	—
Depreciation	(843)	—
Closing net book amount	32,902	—
Cost	35,506	—
Accumulated depreciation	(2,604)	—
Net book amount	32,902	—

During the year ended 31 December 2009, the Group transferred certain buildings from owner-occupied property, plant and equipment to investment property with carrying amount of approximately RMB33,745,000 upon the commencement of operating leases to other parties.

No independent valuation was carried out for the investment property. The fair value of the Group's investment property as at 31 December 2009 was estimated to be approximately RMB36,367,000, measured by management using internally accepted valuation procedures by making reference to the current prices in the market for similar property in the similar location and condition and subject to similar leasing arrangement.

6. Property, plant and equipment

(a) Group

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vessels	Vehicles	Furniture, fittings and equipment	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008										
Cost	286,671	1,006,244	186,087	1,539,275	145,248	250,018	175,380	135,642	575,489	4,300,054
Accumulated depreciation	(63,811)	(194,856)	(58,177)	(410,736)	(85,683)	(92,855)	(91,909)	(79,216)	–	(1,077,243)
Accumulated impairment losses	–	(255)	–	(76)	–	–	(237)	–	–	(568)
Net book amount	222,860	811,133	127,910	1,128,463	59,565	157,163	83,234	56,426	575,489	3,222,243
Year ended 31 December 2008										
Opening net book amount	222,860	811,133	127,910	1,128,463	59,565	157,163	83,234	56,426	575,489	3,222,243
Additions	3,257	4,220	2,032	17,291	23,497	–	10,829	15,927	288,999	366,052
Transfer	2,083	290,224	–	16,409	11,310	25,897	8,404	2,062	(356,389)	–
Disposals	–	(105,850)	–	(59)	(350)	–	(555)	(394)	–	(107,208)
Reversal of impairment upon disposal	–	–	–	46	–	–	–	–	–	46
Depreciation	(10,276)	(27,000)	(7,175)	(66,907)	(14,645)	(9,891)	(15,559)	(19,212)	–	(170,665)
Impairment	–	–	–	–	(215)	–	–	–	–	(215)
Closing net book amount	217,924	972,727	122,767	1,095,243	79,162	173,169	86,353	54,809	508,099	3,310,253
At 31 December 2008										
Cost	292,011	1,191,480	188,119	1,563,118	177,050	275,915	183,267	152,485	508,099	4,531,544
Accumulated depreciation	(74,087)	(218,498)	(65,352)	(467,845)	(97,673)	(102,746)	(96,677)	(97,676)	–	(1,220,554)
Accumulated impairment losses	–	(255)	–	(30)	(215)	–	(237)	–	–	(737)
Net book amount	217,924	972,727	122,767	1,095,243	79,162	173,169	86,353	54,809	508,099	3,310,253
Year ended 31 December 2009										
Opening net book amount	217,924	972,727	122,767	1,095,243	79,162	173,169	86,353	54,809	508,099	3,310,253
Additions	757	2,842	2,242	16,518	14,322	–	7,369	8,883	154,038	206,971
Transfer	–	86,496	4,760	102,094	8,762	–	920	–	(203,032)	–
Transfer to land use rights (Note 7)	–	–	–	–	–	–	–	–	(111,281)	(111,281)
Transfer to investment property (Note 5)	(33,745)	–	–	–	–	–	–	–	–	(33,745)
Disposals	(893)	(8,371)	–	(185)	(567)	–	(287)	(175)	–	(10,478)
Reversal of impairment upon disposals	–	35	–	30	–	–	–	–	–	65
Depreciation	(9,795)	(28,665)	(7,526)	(72,325)	(18,429)	(9,768)	(17,675)	(19,930)	–	(184,113)
Impairment	–	–	–	–	–	–	–	–	(3,170)	(3,170)
Closing net book amount	174,248	1,025,064	122,243	1,141,375	83,250	163,401	76,680	43,587	344,654	3,174,502
At 31 December 2009										
Cost	256,274	1,272,308	195,121	1,672,839	197,946	275,915	186,684	160,823	347,824	4,565,734
Accumulated depreciation	(82,026)	(247,024)	(72,878)	(531,464)	(114,481)	(112,514)	(109,767)	(117,236)	–	(1,387,390)
Accumulated impairment losses	–	(220)	–	–	(215)	–	(237)	–	(3,170)	(3,842)
Net book amount	174,248	1,025,064	122,243	1,141,375	83,250	163,401	76,680	43,587	344,654	3,174,502

Notes to the Consolidated Financial Statements

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6. Property, plant and equipment (Continued)

(b) Company

	Buildings RMB'000	Port infrastructure RMB'000	Storage infrastructure RMB'000	Loading machineries RMB'000	Other machineries RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2008									
Cost	17,733	680,210	58,177	654,845	27,136	16,922	20,122	526,992	2,002,137
Accumulated depreciation	(4,430)	(92,678)	(13,767)	(75,712)	(18,327)	(1,424)	(6,222)	–	(212,560)
Net book amount	13,303	587,532	44,410	579,133	8,809	15,498	13,900	526,992	1,789,577
Year ended 31 December 2008									
Opening net book amount	13,303	587,532	44,410	579,133	8,809	15,498	13,900	526,992	1,789,577
Additions	130	4,010	–	3,203	9,533	–	4,473	151,492	172,841
Transfer	–	290,224	–	–	4,278	–	586	(295,088)	–
Disposals to a jointly controlled entity	–	(270,253)	–	–	–	–	–	–	(270,253)
Depreciation	(644)	(17,282)	(2,578)	(25,005)	(4,846)	(712)	(3,869)	–	(54,936)
Closing net book amount	12,789	594,231	41,832	557,331	17,774	14,786	15,090	383,396	1,637,229
At 31 December 2008									
Cost	17,863	704,191	58,177	658,048	40,947	16,922	25,181	383,396	1,904,725
Accumulated depreciation	(5,074)	(109,960)	(16,345)	(100,717)	(23,173)	(2,136)	(10,091)	–	(267,496)
Net book amount	12,789	594,231	41,832	557,331	17,774	14,786	15,090	383,396	1,637,229
Year ended 31 December 2009									
Opening net book amount	12,789	594,231	41,832	557,331	17,774	14,786	15,090	383,396	1,637,229
Additions	–	–	–	–	3,439	–	928	58,528	62,895
Transfer	–	89,236	–	–	7,214	–	–	(96,450)	–
Transfer to land use rights (Note 7)	–	–	–	–	–	–	–	(111,281)	(111,281)
Capital contribution to a jointly controlled entity	–	(17,084)	–	–	–	–	–	–	(17,084)
Depreciation	(644)	(18,435)	(2,242)	(24,915)	(7,739)	(712)	(4,968)	–	(59,655)
Impairment	–	–	–	–	–	–	–	(3,170)	(3,170)
Closing net book amount	12,145	647,948	39,590	532,416	20,688	14,074	11,050	231,023	1,508,934
At 31 December 2009									
Cost	17,863	776,204	58,177	658,048	51,600	16,922	26,109	234,193	1,839,116
Accumulated depreciation	(5,718)	(128,256)	(18,587)	(125,632)	(30,912)	(2,848)	(15,059)	–	(327,012)
Accumulated impairment losses	–	–	–	–	–	–	–	(3,170)	(3,170)
Net book amount	12,145	647,948	39,590	532,416	20,688	14,074	11,050	231,023	1,508,934

7. Land use rights

	Group RMB'000	Company RMB'000
At 1 January 2008		
Cost	1,132,972	503,982
Accumulated amortisation	(95,055)	(47,150)
Net book amount	1,037,917	456,832
Year ended 31 December 2008		
Opening net book amount	1,037,917	456,832
Additions	2,242	—
Capital contribution to a jointly controlled entity	(18,660)	—
Amortisation	(22,458)	(9,882)
Closing net book amount	999,041	446,950
At 31 December 2008		
Cost	1,116,173	503,982
Accumulated amortisation	(117,132)	(57,032)
Net book amount	999,041	446,950
Year ended 31 December 2009		
Opening net book amount	999,041	446,950
Additions	1,684	—
Transfer from construction-in-progress (Note 6)	111,281	111,281
Capital contribution to a jointly controlled entity	(53,622)	(109,496)
Amortisation	(23,809)	(11,088)
Closing net book amount	1,034,575	437,647
At 31 December 2009		
Cost	1,174,313	504,564
Accumulated amortisation	(139,738)	(66,917)
Net book amount	1,034,575	437,647

The Group's and the Company's interests in land use rights represent operating lease prepayments for the use of land in the PRC which are held on leases between 26 to 50 years.

8. Intangible assets

The intangible assets of the Group represent port line use rights and computer software. Port line use rights represent the acquisition costs of rights on using the port line by Xiamen International Container Terminals Ltd. ("XICT") and Xiamen Haicang International Container Terminals Ltd. ("XHICT"), which are jointly controlled entities of the Group, and are amortised on a straight-line basis over 45–50 years. Computer software represents acquisition costs of (i) computer software licences and (ii) electronic data interchange system used by the Group and is amortised on a straight-line basis over 5 years.

Movement in intangible assets is set out as follows:

(a) Group

	Port line use rights RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2008			
Cost	30,804	13,029	43,833
Accumulated amortisation	(6,291)	(4,059)	(10,350)
Net book amount	24,513	8,970	33,483
Year ended 31 December 2008			
Opening net book amount	24,513	8,970	33,483
Additions	8,318	1,165	9,483
Amortisation	(788)	(2,730)	(3,518)
Closing net book amount	32,043	7,405	39,448
At 31 December 2008			
Cost	39,122	14,194	53,316
Accumulated amortisation	(7,079)	(6,789)	(13,868)
Net book amount	32,043	7,405	39,448
Year ended 31 December 2009			
Opening net book amount	32,043	7,405	39,448
Additions	20,372	1,223	21,595
Amortisation	(1,105)	(2,497)	(3,602)
Closing net book amount	51,310	6,131	57,441
At 31 December 2009			
Cost	59,494	15,417	74,911
Accumulated amortisation	(8,184)	(9,286)	(17,470)
Net book amount	51,310	6,131	57,441

8. Intangible assets (Continued)

(b) Company

	Computer software RMB'000	Total RMB'000
At 31 December 2008		
Cost	—	—
Accumulated amortisation	—	—
Net book amount	—	—
Year ended 31 December 2009		
Opening net book amount	—	—
Additions	41	41
Amortisation	(2)	(2)
Closing net book amount	39	39
At 31 December 2009		
Cost	41	41
Accumulated amortisation	(2)	(2)
Net book amount	39	39

9. Investments in subsidiaries

	Company	
	2009 RMB'000	2008 RMB'000
Investments, at cost		
— Shares of a listed company (a)	1,127,274	1,127,274
— Unlisted equity investments	275,359	275,359
	1,402,633	1,402,633
Market value of shares of a listed company (b)	2,452,960	1,729,952

9. Investments in subsidiaries (Continued)

(a) This represents the Company's investment in Xiamen Port Development Co., Ltd. ("XPD"), a company listed in the Shenzhen Stock Exchange. XPD completed its share conversion scheme on 18 October 2006 and the non-publicly tradable shares of XPD held by the Company became restricted A-Shares and will be tradable in the Shenzhen Stock Exchange after 60 months from the first trading day subsequent to the implementation of the share conversion scheme (the "Lock-up Period"). The Lock-up Period will be expired on 17 October 2011.

(b) The market value of the above restricted A-Shares held by the Company is determined by reference to the market price of RMB8.38 per share (2008: RMB5.91 per share) for the listed shares of XPD as at 31 December 2009. However, this may not be strictly comparable to actual value of the Company's investments in XPD as they are not freely tradable during the Lock-up Period.

(c) Particulars of the Company's principal subsidiaries are set out in Note 42(a).

10. Investments in jointly controlled entities

(a) Group

As at 31 December 2009, the Group's investment costs in the jointly controlled entities, which are unlisted, amounted to RMB883,482,000 (2008: RMB723,877,000).

The Group's share of the assets and liabilities, revenues and results of the jointly controlled entities which has been included in the Group's consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income by proportionate consolidation are as follows:

	2009 RMB'000	2008 RMB'000
Assets:		
Non-current assets	1,049,179	913,839
Current assets	148,530	135,800
	1,197,709	1,049,639
Liabilities:		
Non-current liabilities	(166,176)	(212,961)
Current liabilities	(84,627)	(50,630)
	(250,803)	(263,591)
Net assets	946,906	786,048

10. Investments in jointly controlled entities (Continued)

(a) Group (Continued)

	2009 RMB'000	2008 RMB'000
Revenues	157,139	154,232
Expenses	(100,255)	(87,107)
Profit before income tax expense	56,884	67,125
Income tax expense	(4,644)	(4,939)
Profit for the year	52,240	62,186

As at 31 December 2009, the Group had interests in six jointly controlled entities namely, XICT, Xiamen Gangtong Logistics Co., Ltd. ("Gangtong"), XHICT, Xiamen Port YCH Logistics Co., Ltd. ("XPYCH"), Xiamen Port Container Co., Ltd. ("XPC"), and Xiamen Port Baohe Logistics Co., Ltd. ("XPBL").

All of the jointly controlled entities are established in the PRC and the Group has no unilateral control over the financial and operating policies of these jointly controlled entities. The Group's equity interests in XICT, Gangtong, XHICT, XPYCH, XPC, and XPBL are 51%, 50%, 51%, 60%, 51% and 35% respectively as at 31 December 2009.

As at 31 December 2009, there are no contingent liabilities relating to the Group's interests in the jointly controlled entities and no contingent liabilities of the jointly controlled entities themselves (2008: Nil).

Particulars of the Group's jointly controlled entities are set out in Note 42(b).

(b) Company

	2009 RMB'000	2008 RMB'000
Unlisted investments, at cost	235,220	80,265

11. Interests in associates

	Group 2009 RMB'000	Group 2008 RMB'000
Share of net assets	34,659	34,539
Unlisted investments, at cost	23,270	23,270

Movement in interests in associates is set out as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
At 1 January	34,539	35,333
Dividends received	(1,334)	(2,788)
Share of results before income tax expense	1,874	2,353
Share of income tax expense	(420)	(359)
	1,454	1,994
At 31 December	34,659	34,539

The summary of the aggregated financial information of the Group's interests in associates is as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
Total assets	35,834	37,123
Total liabilities	1,175	2,584

	Group 2009 RMB'000	Group 2008 RMB'000
Revenues	16,467	15,194
Profit for the year	1,454	1,994

Particulars of the Group's associates are set out in Note 42(c).

12. Available-for-sale financial assets

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	59,516	165,442	54,990	160,986
Addition	—	70	—	—
Net fair value gains/(losses) transfer to equity	95,996	(105,996)	95,996	(105,996)
At 31 December	155,512	59,516	150,986	54,990

Available-for-sale financial assets include the following:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments listed in the PRC, at fair value (a)	150,986	54,990	150,986	54,990
Unlisted equity investments, at cost (b)	9,526	9,526	5,000	5,000
Less: provision for impairment (b)	(5,000)	(5,000)	(5,000)	(5,000)
	155,512	59,516	150,986	54,990

(a) The Group holds 6,600,000 (2008: 6,600,000) shares of Fujian Sansteel MinGuang Co., Ltd. (the "Sansteel Shares") and 3,400,000 (2008: 3,400,000) shares of Bank of Communications Co., Ltd. (the "BOCOMM Shares"), which are listed in the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively. The fair values of these investments are determined based on the closing market prices of respective shares as of the balance sheet dates.

The aggregated costs of investments in the Sansteel Shares and BOCOMM Shares amounted to RMB16,090,000 (2008: RMB16,090,000).

(b) The directors have considered that the range of reasonable estimates on the fair value of the unquoted investments is significant and the probabilities of the various estimates cannot be reasonably assessed. These investments therefore remain to be stated at cost less provision for impairment losses. As at 31 December 2009 and 2008, an impairment provision of RMB5,000,000 was made for certain of the unlisted investments.

13. Deferred income tax

Movements in deferred income tax assets and liabilities during the year are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets				
At 1 January	53,802	50,617	1,751	1,185
(Charged)/credited to:				
— consolidated income statement	(1,329)	3,185	(219)	566
At 31 December	52,473	53,802	1,532	1,751
To be recovered:				
Within 12 months	591	3,941	—	—
After more than 12 months	51,882	49,861	1,532	1,751
	52,473	53,802	1,532	1,751
Deferred income tax liabilities				
At 1 January	13,938	41,434	9,725	36,224
(Credited)/charged to:				
— consolidated income statement	(294)	(997)	—	—
— other comprehensive income	23,999	(26,499)	23,999	(26,499)
At 31 December	37,643	13,938	33,724	9,725
To be settled:				
Within 12 months	324	295	—	—
After more than 12 months	37,319	13,643	33,724	9,725
	37,643	13,938	33,724	9,725

13. Deferred income tax (Continued)

The principal components of deferred income tax assets and liabilities provided for are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets				
Revaluation surplus in connection with asset swap with XPD (a)	30,102	31,539	—	—
Unrealised gain on sale and contribution of property, plant and equipment to a jointly controlled entity (b)	10,906	11,143	—	—
Unrealised gain on contribution of land use right to a jointly controlled entity (c)	1,711	1,741	—	—
Fair value loss on derivative financial instrument	907	1,126	907	1,126
Pre-operating expenses	—	973	—	—
Provisions for impairment of				
— receivables	7,908	6,201	—	—
— available-for-sale financial assets	625	625	625	625
— inventories	166	307	—	—
— property, plant and equipment	148	147	—	—
	52,473	53,802	1,532	1,751

(a) The balance represents the deferred income tax assets resulting from the revaluation surplus in connection with certain assets swapped from XPD (the "Assets") for the purpose of the Company's initial public offering of its shares in 2005. The revaluation surplus amounted to RMB148,531,000 which forms the base for calculating the future taxable profits. However, the accounting base of the Assets has not been adjusted for such surplus in the consolidated financial statements, and deferred income tax assets have therefore been recognised accordingly.

(b) In 2002, Xiamen Haicang Port Co., Ltd. ("XHPC"), a subsidiary of the Company, transferred certain property, plant and equipment at a gain to XICT, an equity joint venture established in the PRC in which XHPC holds 51% equity interests. An unrealised gain attributable to the Group amounting to RMB57,315,000 was taxable immediately at the time of transfer of the aforesaid property, plant and equipment under the relevant PRC tax rules. As the unrealised gain would be realised on the straight-line basis over the useful lives of the related property, plant and equipment, deferred income tax assets were recognised for the related temporary differences.

13. Deferred income tax (Continued)

(c) In 2008, XPD, a subsidiary of the Company, transferred certain land use right as its capital contribution to XPYCH, an equity joint venture established in the PRC in which XPD holds 60% equity interests. An unrealised gain attributable to the Group amounting to RMB7,166,000 was taxable immediately at the time of transfer of the aforesaid land use right under the relevant PRC tax rules. As the unrealised gain would be realised on the straight-line basis over the useful life of the related land use right, deferred income tax asset was recognised for the related temporary difference.

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deferred income tax liabilities				
Revaluation deficit in connection with transformation of Xiamen Haitian Container Terminal Co., Ltd.	**3,919**	4,213	**—**	—
Fair value gain on available-for-sale financial assets	**33,724**	9,725	**33,724**	9,725
	37,643	13,938	**33,724**	9,725

14. Inventories

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Raw materials	**4,229**	3,650	**—**	—
Finished goods and merchandise	**91,457**	92,196	**—**	—
Spare parts and consumables	**41,788**	41,935	**1,286**	1,450
	137,474	137,781	**1,286**	1,450
Less: provision for impairment	**(757)**	(4,734)	**—**	—
	136,717	133,047	**1,286**	1,450

The raw materials primarily comprise of fuel and oil. Finished goods and merchandise primarily represent building materials and the industrial products for the Group's business of building materials and trading of industrial products. The spare parts and consumables are mainly for repair and maintenance of port facilities and other equipments.

The cost of inventories recognised as expense and included in cost of sales and operating expenses amounted to RMB835,760,000 (2008: RMB2,026,870,000).

A provision of RMB3,200,000 made for the inventories of RMB14,253,000 in prior year was reversed in the current year as the relevant inventories were sold during the current year (Note 41(b)).

15. Accounts and notes receivable

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivable	547,056	465,429	24,855	16,817
Less: provision for impairment	(25,425)	(22,749)	(302)	(302)
	521,631	442,680	24,553	16,515
Due from subsidiaries	—	—	15,864	28,539
Due from fellow subsidiaries (Note 40(b))	1,340	1,420	—	79
Due from other related parties (Note 40(b))	16,561	13,828	—	—
Notes receivable	51,597	33,129	—	—
	591,129	491,057	40,417	45,133

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 revenues 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 histories. Revenues from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

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

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 6 months	524,220	426,228	40,697	45,435
6 months to 1 year	17,211	39,558	8	—
1 year to 2 years	55,021	25,634	14	—
2 years to 3 years	5,624	8,973	—	—
Over 3 years	14,478	13,413	—	—
	616,554	513,806	40,719	45,435
Less: provision for impairment	(25,425)	(22,749)	(302)	(302)
	591,129	491,057	40,417	45,133

Notes receivable are notes of exchange with average maturity dates of within 6 months.

15. Accounts and notes receivable (Continued)

The carrying amounts of accounts and notes receivable approximate their fair values.

The amounts due from subsidiaries, fellow subsidiaries and other related parties are unsecured, interest free and subject to agreed credit terms.

As of 31 December 2009, the Group's trade receivables of RMB469,152,000 (2008: RMB303,646,000) were fully performing.

Generally, trade receivables that are past due less than 6 months are not considered as impaired. As at 31 December 2009, the Group's accounts receivable of RMB16,923,000 (2008: RMB39,035,000) were past due but not impaired.

The Group obtained certain merchandise, property, plant and equipment and land use rights as collateral against accounts receivable of RMB36,394,000 (2008: RMB86,739,000) as at 31 December 2009 which are all aged between 1 to 2 years. A provision of RMB6,000,000 (2008: RMB6,000,000) was made for these receivables after considering the value of the collateral assets obtained and the debtors' financial position (Note 41(b)). The Group does not hold any collateral as security for the rest of the accounts and notes receivable. The remaining impaired accounts receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

As at the balance sheet date, the ageing of these impaired receivables is as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Less than 6 months	3,471	89,453
6 months to 1 year	288	523
1 year to 2 years	55,021	25,634
2 years to 3 years	5,624	8,973
Over 3 years	14,478	13,413
	78,882	137,996

As at 31 December 2009, no significant accounts receivable of the Company are either past due or impaired.

15. Accounts and notes receivable (Continued)

The carrying amounts of accounts and notes receivable are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	476,930	444,871	40,417	45,133
USD	114,199	46,186	—	—
	591,129	491,057	40,417	45,133

Movements on the provision for impairment of accounts receivable are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	22,749	15,499	302	302
Provision for impairment	3,502	7,942	—	—
Uncollectible receivables written off during the year	(826)	(692)	—	—
At 31 December	25,425	22,749	302	302

The creation and release of provision for impaired receivables have been included in "general and administrative expenses" in the consolidated income statement (Note 30). Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The Group's maximum exposure to credit risk in respect of accounts and notes receivable at the balance sheet date is the carrying amount of each class of receivables mentioned above.

16. Other receivables and prepayments

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables	68,530	85,287	4,813	10,202
Advances to suppliers	243,649	213,693	—	—
Less: provision for impairment	(19,014)	(17,256)	—	—
	293,165	281,724	4,813	10,202
Due from parent company (Note 40(b))	364	4,419	—	—
Due from subsidiaries (a)	—	—	74,988	—
Due from fellow subsidiaries (Note 40(b))	1,284	1,465	—	—
Prepayments and deposits	262	410	—	—
Interest receivable	1,146	591	499	—
Dividends receivable	—	—	80,779	43,907
	296,221	288,609	161,079	54,109

(a) The balance as at 31 December 2009 represents an entrusted loan granted by the Company to XPD with a principal amount of RMB70,000,000 at a fixed interest rate of 4.248% per annum. The loan will be matured in 2010.

Except for the entrusted loan to XPD as mentioned above, the amounts due from the parent company, subsidiaries and fellow subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The Group's and the Company's other receivables and prepayments are denominated in RMB and the carrying amounts of which approximate their fair values.

As at 31 December 2009, none of the Company's receivable balances as mentioned above is either past due or impaired.

16. Other receivables and prepayments (Continued)

Ageing analysis of the gross other receivable and prepayments in nature (including amounts due from parent company, subsidiaries and fellow subsidiaries) at respective balance sheet dates are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 6 months	225,969	246,486	160,143	54,109
6 months to 1 year	22,770	22,415	—	—
1 year to 2 years	36,972	29,579	936	—
2 years to 3 years	23,568	333	—	—
Over 3 years	5,956	7,052	—	—
	315,235	305,865	161,079	54,109
Less: provision for impairment	(19,014)	(17,256)	—	—
	296,221	288,609	161,079	54,109

Movements on the provision for impairment of the Group's other receivables and prepayments are as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
At 1 January	17,256	12,950
Provision for impairment	1,758	4,306
At 31 December	19,014	17,256

The net effect of the creation and release of provision for impaired receivables have been included in "general and administrative expenses" in the consolidated income statement (Note 30). Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The Group's maximum exposure to credit risk in respect of other receivables and prepayments at 31 December 2009 is the carrying amount of each class of receivables and prepayments mentioned above. The Group obtained collaterals of certain property, plant and equipment and land use rights as security for a receivable (the "Receivable") balance of RMB20,855,000 (2008: RMB24,972,000) (Note 41(a)) and several advances (the "Advances") to suppliers of RMB24,870,000 (2008: RMB30,933,000) (Note 41(b)) as at 31 December 2009 respectively. Provisions of RMB8,043,000 (2008: RMB8,043,000) and RMB3,480,000 (2008: RMB3,000,000) were made for the Receivable and Advances respectively. The Group does not hold any collateral as security for the rest of the other receivables and prepayments.

17. Term deposits with initial term of over three months

	Group	
	2009	2008
	RMB'000	RMB'000
Term deposits denominated in:		
RMB	90,911	154,309
USD	40,969	32,007
	131,880	186,316

The weighted average effective interest rate on term deposits, with maturity ranging from 6 months to 1 year, was 3.00% (2008: 4.33%) per annum.

The maximum exposure to credit risk in respect of term deposits with initial term of over three months at the balance sheet date is the carrying amounts of the related deposits.

18. Restricted cash

The restricted cash was held in designated bank accounts under the names of the Company and certain subsidiaries of the Group as for the maintenance of staff quarters and as guarantee deposits for notes payable, letters of credit and security for bank borrowings.

A bank deposit of USD6,500,000 (equivalent to approximately RMB44,425,000) as at 31 December 2008 pledged as security for a bank borrowing of RMB18,645,000 (Note 24(b)) was transferred out with the settlement of the bank borrowing during the year ended 31 December 2009.

The maximum exposure to credit risk in respect of restricted cash at the balance sheet date is the carrying amount of the restricted cash balances.

19. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	540,896	561,158	118,093	131,978
Short-term bank deposits	397,541	469,823	126,000	204,000
	938,437	1,030,981	244,093	335,978
Less: term deposits with initial term of over three months (Note 17)	(131,880)	(186,316)	—	—
Cash and cash equivalents	806,557	844,665	244,093	335,978
Maximum exposure to credit risk (net of cash in hand)	806,400	844,560	244,082	335,977
Denominated in:				
RMB	669,383	742,727	241,259	335,970
USD	102,925	101,135	2,832	5
HKD	34,249	315	2	3
EUR	—	488	—	—
	806,557	844,665	244,093	335,978

The weighted average effective interest rate on short-term bank deposits, with maturity ranging from 7 days to 90 days, was 1.55% (2008: 1.84%) per annum.

The Group's and the Company's cash and cash equivalents denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

20. Accounts and notes payable

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable	406,004	352,180	121	1,815
Due to parent company (Note 40(b))	12,130	–	12,130	–
Due to subsidiaries	–	–	3,904	2,001
Due to fellow subsidiaries (Note 40(b))	4,283	9,437	2,274	1,964
Notes payable	278,654	172,842	–	–
	701,071	534,459	18,429	5,780

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

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	699,408	523,244	18,429	5,647
1 year to 2 years	1,501	11,139	–	133
2 years to 3 years	140	33	–	–
Over 3 years	22	43	–	–
	701,071	534,459	18,429	5,780

Notes payable are notes of exchange with average maturity dates of within 6 months.

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

The carrying amounts of the Group's and the Company's accounts and notes payable are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	484,606	393,113	18,429	5,780
USD	216,446	141,346	–	–
EUR	19	–	–	–
	701,071	534,459	18,429	5,780

The carrying amounts of the Group's and the Company's accounts and notes payable approximate their fair values.

21. Other payables and accruals

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Due to parent company (Note 40(b))	2,919	3,613	—	—
Due to subsidiaries	—	—	55,682	57,659
Due to fellow subsidiaries (Note 40(b))	7,955	3,259	—	—
Due to other related parties (Note 40(b))	31,449	24,071	20,374	18,271
Payables for purchases of property, plant and equipment and construction-in-progress	118,006	87,710	57,549	62,439
Salary and welfare payables	105,495	105,725	4,535	4,053
Customer deposits	113,567	180,039	3,261	3,054
Accrued expenses	6,719	6,714	2,503	3,049
Other payables	87,061	72,241	36,059	37,607
Dividends payable to				
— shareholders of the Company	1,189	1,230	1,189	1,230
— minority shareholders of subsidiaries (Note 40(b))	4,107	—	—	—
	478,467	484,602	181,152	187,362

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

The carrying amounts of the Group's and the Company's other payables and accruals approximate their fair values.

22. Derivative financial instrument

	Group and Company	
	2009	2008
	RMB'000	RMB'000
	Liabilities	Liabilities
Interest rate swap contract	7,258	9,008

As at 31 December 2009 and 2008, the Company had an outstanding interest rate swap contract with a financial institution under which the Company agreed to swap the floating rate at London Inter-bank Offered Rate with the fixed rate of 5.2% per annum.

The notional principal amount of the outstanding interest rate swap contract at 31 December 2009 amounted to USD11,393,000 (2008: USD11,869,000), equivalent to approximately RMB77,794,000 (2008: RMB81,120,000).

The derivative financial instrument does not qualify for hedge accounting.

23. Deferred government grants and income

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income on tax credit related to purchases of domestic manufactured equipment (a)	33,236	39,400	–	–
Government grants on purchases of property, plant and equipment (b)	100,011	105,622	87,663	96,237
	133,247	145,022	87,663	96,237

(a) Prior to 2006, the Group purchased certain domestic manufactured equipments. Pursuant to Cai Shui Zi [1999] Document No. 290 "The Notice concerning the Reduction in Corporate Income Tax for Purchases of Domestic Manufactured Equipment" (the "Notice") issued by the Ministry of Finance and State Tax Bureau, part of such purchase costs could be utilised to reduce the income tax in future. The total tax credit available, as approved by the State Tax Bureau in Xiamen City for offsetting the future income tax subject to certain conditions stipulated in the Notice, amounted to RMB38,624,000. In 2008 and 2007, the Group obtained additional tax credit of RMB6,292,000 and RMB7,407,000 respectively in connection with purchases of domestic manufactured equipments. No tax credit was obtained since 2009.

The tax credit available was deferred and credited to the consolidated income statement using the straight-line method over the estimated useful lives of the related property, plant and equipment. As at 31 December 2009, the remaining deferred tax credit amounted to RMB33,236,000 (2008: RMB39,400,000).

(b) Prior to 31 December 2005, the Company has received an aggregated amount of government grants of RMB124,070,000 in connection with the purchases of property, plant and equipment and land use right for the further development of the ports in Xiamen. These grants are deferred and credited to the consolidated income statement using the straight-line method over the estimated useful lives of the related property, plant and equipment.

During the year ended 31 December 2008, certain of these property, plant and equipment were transferred to a jointly controlled entity, the unamortised deferred government grants of RMB9,017,000 associated with the assets transferred was recognised upon the transfer in the consolidated income statement for the year ended 31 December 2008.

During the year ended 31 December 2009, certain of these property, plant and equipment and land use right were injected to a jointly controlled entity as its contracted capital contribution, the unamortised deferred government grants of RMB3,068,000 associated with the assets transferred has been recognised upon the injection in the consolidated income statement for the year ended 31 December 2009.

24. Borrowings

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Long-term bank borrowings	268,783	361,227	74,203	117,867
Current				
Short-term bank borrowings	109,500	186,645	—	—
Long-term bank borrowings — current portion	6,470	116,135	3,590	3,255
	115,970	302,780	3,590	3,255
Total borrowings	384,753	664,007	77,793	121,122
Representing:				
— guaranteed (a)	77,793	81,122	77,793	81,122
— secured (b)	—	18,645	—	—
— unguaranteed and unsecured	306,960	564,240	—	40,000
Total borrowings	384,753	664,007	77,793	121,122
Analysed as follows:				
— wholly repayable within five years	109,500	336,646	—	40,000
— not wholly repayable within five years	275,253	327,361	77,793	81,122
Total borrowings	384,753	664,007	77,793	121,122

24. Borrowings (Continued)

(a) As at 31 December 2009, a bank borrowing of RMB77,793,000 (2008: RMB81,122,000) is guaranteed by a state-owned bank.

(b) As at 31 December 2008, a bank borrowing of RMB18,645,000 secured by a bank deposit of USD6,500,000 (equivalent to approximately RMB44,425,000) (Note 18) was repaid in 2009.

Total borrowings at respective balance sheet dates are repayable as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings repayable:				
— within 1 year	115,970	302,780	3,590	3,255
— between 1 and 2 years	8,507	6,474	3,947	3,594
— between 2 and 5 years	28,135	62,242	14,455	53,122
— over 5 years	232,141	292,511	55,801	61,151
	384,753	664,007	77,793	121,122

The Group's and the Company's borrowings as at the respective balance sheet date are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	306,960	564,240	—	40,000
USD	77,793	99,767	77,793	81,122
Total borrowings	384,753	664,007	77,793	121,122

24. Borrowings (Continued)

The weighted average effective interest rates at the respective balance sheet dates were as follows:

	Group		Company	
	2009	2008	2009	2008
Bank borrowings				
— RMB	4.72%	6.13%	—	6.72%
— USD	5.20%	3.69%	5.20%	3.31%

The carrying amounts of short-term bank borrowings and current portion of long-term bank borrowings approximate their fair values, as the impact of discounting is not significant.

The carrying amounts and fair values of non-current long-term bank borrowings are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amounts	268,783	361,227	74,203	117,867
Fair values	257,443	353,362	71,563	108,060

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the prevailing market rates of interest available to the Group and the Company for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates.

25. Share capital

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

The Company was established in the PRC on 25 May 1998 as a wholly state-owned company under the Company Law of the PRC.

On 3 March 2005, the Company was transformed into a joint stock limited company under the Company Law of the PRC by converting its registered capital of RMB500,000,000 and reserves of RMB1,256,000,000 as at 30 September 2004 into 1,756,000,000 shares of RMB1 each.

On 2 June 2005, the registered share capital was further increased from 1,756,000,000 to 1,829,200,000 shares of RMB1 each which were issued to four additional equity holders, namely, Xiamen International Airport Group Co., Ltd., Xiamen Road & Bridge Construction Group Co., Ltd., Xiamen Seashine Group Co., Ltd. and Xiamen State-owned Assets Investment Corporation, at RMB1.23 each for cash.

The Company's H-shares were listed on the Main Board on 19 December 2005 and 858,000,000 H-shares, consisting of 780,000,000 new shares and 78,000,000 shares converted from domestic shares, with a nominal value of RMB1 each were issued to the public by the way of global offering at offer price of HK$1.38 each.

On 3 January 2006, the Company allotted and issued 117,000,000 additional H-shares at the offer price of HK$1.38 per H-share as a result of the exercise of the over-allotment option granted on 29 December 2005 as part of global offering of the Company's H-shares. Xiamen Port Holding had transferred 11,700,000 domestic shares of the Company to National Council for Social Security Fund (the "NCSSF"), and NCSSF entrusted the Company to convert these shares into H-shares and sold them together with the additional H-shares immediately after the share transfer.

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.

During the year ended 31 December 2009, there was no movement in the share capital of the Company (2008: None).

26. Reserves

(a) Group

	Note	Other reserves					
		Capital surplus	Statutory surplus reserve	Investment revaluation reserve	Total	Retained earnings	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(ii)					
Balance at 1 January 2008		(459,530)	37,702	108,672	(313,156)	1,189,103	875,947
Fair value losses on available-for-sale financial assets		–	–	(79,497)	(79,497)	–	(79,497)
– Gross		–	–	(105,996)	(105,996)	–	(105,996)
– Related deferred income tax		–	–	26,499	26,499	–	26,499
Profit for the year		–	–	–	–	376,659	376,659
2007 final dividend		–	–	–	–	(155,393)	(155,393)
Profit appropriation	(i)	–	36,230	–	36,230	(36,230)	–
Balance at 31 December 2008		(459,530)	73,932	29,175	(356,423)	1,374,139	1,017,716
Representing:							
– 2008 proposed final dividend		–	–	–	–	149,941	149,941
– Others		(459,530)	73,932	29,175	(356,423)	1,224,198	867,775
		(459,530)	73,932	29,175	(356,423)	1,374,139	1,017,716
Fair value gains on available-for-sale financial assets		–	–	71,997	71,997	–	71,997
– Gross		–	–	95,996	95,996	–	95,996
– Related deferred income tax		–	–	(23,999)	(23,999)	–	(23,999)
Profit for the year		–	–	–	–	205,091	205,091
2008 final dividend		–	–	–	–	(149,941)	(149,941)
Profit appropriation	(i)	–	21,984	–	21,984	(21,984)	–
Balance at 31 December 2009		(459,530)	95,916	101,172	(262,442)	1,407,305	1,144,863
Representing:							
– 2009 proposed final dividend		–	–	–	–	136,310	136,310
– Others		(459,530)	95,916	101,172	(262,442)	1,270,995	1,008,553
		(459,530)	95,916	101,172	(262,442)	1,407,305	1,144,863

26. Reserves (Continued)

(a) Group (Continued)

(i) In accordance with the PRC regulations and the Articles of Association of the companies within the Group, before distributing the net profit of each year, each of the companies registered in the PRC is required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under Accounting Standards for Business Enterprises issued by Ministry of Finance on 15 February 2006 (the "PRC GAAP") to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of the company's issued capital after such issuance. The current year profit appropriation represented the Company's profit appropriation to statutory surplus reserve.

(ii) The negative balance of capital surplus was mainly resulted from the re-organisation in 2005, when the Company was transformed into a joint stock limited company under the Company Law of the PRC by converting its net assets reported under PRC accounting regulations as at 30 September 2004 into 1,756,000,000 shares of RMB1 each, while the net assets reported under HKFRSs as at 30 September 2004 were lower than the transferred amounts.

26. Reserves (Continued)

(b) Company

	Note	Other reserves: Capital surplus RMB'000	Other reserves: Statutory surplus reserve RMB'000	Other reserves: Investment revaluation reserve RMB'000	Other reserves: Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2008		(61,484)	37,702	108,672	84,890	641,028	725,918
Fair value losses on available-for-sale financial assets		–	–	(79,497)	(79,497)	–	(79,497)
– Gross		–	–	(105,996)	(105,996)	–	(105,996)
– Related deferred income tax		–	–	26,499	26,499	–	26,499
Profit for the year	33	–	–	–	–	421,266	421,266
2007 final dividend		–	–	–	–	(155,393)	(155,393)
Profit appropriation	26(a)(i)	–	36,230	–	36,230	(36,230)	–
Balance at 31 December 2008		(61,484)	73,932	29,175	41,623	870,671	912,294
Representing:							
– 2008 proposed final dividend		–	–	–	–	149,941	149,941
– Others		(61,484)	73,932	29,175	41,623	720,730	762,353
		(61,484)	73,932	29,175	41,623	870,671	912,294
Fair value gains on available-for-sale financial assets		–	–	71,997	71,997	–	71,997
– Gross		–	–	95,996	95,996	–	95,996
– Related deferred income tax		–	–	(23,999)	(23,999)	–	(23,999)
Profit for the year	33	–	–	–	–	217,297	217,297
2008 final dividend		–	–	–	–	(149,941)	(149,941)
Profit appropriation	26(a)(i)	–	21,984	–	21,984	(21,984)	–
Balance at 31 December 2009		(61,484)	95,916	101,172	135,604	916,043	1,051,647
Representing:							
– 2009 proposed final dividend		–	–	–	–	136,310	136,310
– Others		(61,484)	95,916	101,172	135,604	779,733	915,337
		(61,484)	95,916	101,172	135,604	916,043	1,051,647

27. Revenues and segment information

(a) Revenues and other income

The Group's revenues (representing turnover) and other income are analysed as follows:

	2009 RMB'000	2008 RMB'000
Revenues	**2,065,904**	3,411,524
Other income		
Subsidy income (i)	**6,167**	20,233
Dividend income	**878**	2,170
Rental income	**18,021**	13,379
Others (ii)	**18,615**	17,098
	43,681	52,880
Total	**2,109,585**	3,464,404

(i) In 2009, the Group is entitled to certain financial subsidy income from the PRC Government. In 2008, XPD, a subsidiary of the Company, was also entitled to an annual subsidy income from the PRC Government of RMB11,000,000 pursuant to the Xia Cai Qi [2004] Document No. 80 issued by Finance Bureau of Xiamen for encouraging its development of the logistics infrastructure in Xiamen.

(ii) This primarily consists of labour service income.

(b) Segment information

Management meetings are held on regular basis to make strategic decisions. Management has determined the operating segments based on the reports reviewed in the management meetings.

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.

27. Revenues and segment information (Continued)

(b) Segment information (Continued)

The segment information provided to management for the reportable segments for the year ended 31 December 2009 is as follows:

	For the year ended 31 December 2009					
	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	630,721	122,354	565,100	283,099	536,877	2,138,151
Inter-segment revenues	–	–	(72,247)	–	–	(72,247)
Revenues	630,721	122,354	492,853	283,099	536,877	2,065,904
Operating profit/(loss)	180,042	(5,416)	131,108	9,408	7,679	322,821
Finance income						14,447
Finance costs						(27,951)
						309,317
Share of results of associates	–	–	1,276	178	–	1,454
Profit before income tax expense						310,771
Income tax expense						(39,588)
Profit for the year						271,183
Other information						
Depreciation	102,682	28,450	41,417	11,995	412	184,956
Amortisation	16,448	4,440	6,433	44	46	27,411
Provision for/(reversal of) impairment of						
– inventories	–	–	(67)	41	–	(26)
– receivables and advances to suppliers	529	405	970	1,680	1,676	5,260
– property, plant and equipment	3,170	–	–	–	–	3,170

27. Revenues and segment information (Continued)

(b) Segment information (Continued)

The segment information provided to management for the reportable segments for the year ended 31 December 2008 is as follows:

	For the year ended 31 December 2008					
	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	741,967	142,537	605,496	283,931	1,712,157	3,486,088
Inter-segment revenues	–	–	(74,564)	–	–	(74,564)
Revenues	741,967	142,537	530,932	283,931	1,712,157	3,411,524
Operating profit	322,548	2,544	153,118	6,424	21,512	506,146
Finance income						27,199
Finance costs						(33,272)
						500,073
Share of results of associates	–	–	1,948	46	–	1,994
Profit before income tax expense						502,067
Income tax expense						(27,808)
Profit for the year						474,259
Other information						
Depreciation	96,742	23,304	38,259	11,955	405	170,665
Amortisation	14,630	4,486	6,768	33	59	25,976
Provision for/(reversal of) impairment of						
– inventories	335	–	–	617	3,200	4,152
– receivables and advances to suppliers	527	(755)	86	1,743	10,647	12,248
– property, plant and equipment	–	215	–	–	–	215

27. Revenues and segment information (Continued)

(b) Segment information (Continued)

The segment information provided to management for the reportable segments as at 31 December 2009 and 31 December 2008 is 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
As at 31 December 2009						
Segment assets	3,648,494	437,648	1,582,467	252,871	416,672	6,338,152
Include:						
Interests in associates	–	–	33,520	1,139	–	34,659
Additions to non-current assets	158,138	18,838	47,026	6,125	123	230,250
Segment liabilities	399,016	15,878	471,308	130,151	299,836	1,316,189
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	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.

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.

27. Revenues and segment information (Continued)

(b) Segment information (Continued)

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

	2009 RMB'000	2008 RMB'000
Total segment assets	**6,338,152**	6,420,804
Deferred income tax assets	**52,473**	53,802
Available-for-sale financial assets	**155,512**	59,516
	6,546,137	6,534,122

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

	2009 RMB'000	2008 RMB'000
Total segment liabilities	**1,316,189**	1,168,740
Deferred income tax liabilities	**37,643**	13,938
Taxes payable	**12,441**	14,706
Derivative financial instrument	**7,258**	9,008
Borrowings	**384,753**	664,007
	1,758,284	1,870,399

28. Other gains — net

	2009 RMB'000	2008 RMB'000
Gain from the capital contribution to jointly controlled entities (a)	12,887	4,774
Fair value gain/(loss) on derivative financial instrument	1,750	(4,525)
Gain on disposal of property, plant and equipment (b)	1,065	43,662
Gain on disposal of financial assets at fair value through profit or loss	—	1,700
	15,702	45,611

(a) In August 2009, the Company injected cash of RMB2,013,000, a land use right with carrying value of RMB109,496,000 and certain property, plant and equipment with an aggregated carrying value of RMB17,084,000 to XHICT as its second instalment of capital contribution of RMB154,955,000 to XHICT. The gain on the capital contribution amounted to RMB26,300,000 (the "Gain From Capital Contribution") after deducting the related stamp tax of RMB62,000. 49% of the Gain From Capital Contribution, being RMB12,887,000, has been recognised in the consolidated income statement for the year ended 31 December 2009. The unrealised portion of the Gain From Capital Contribution of RMB13,413,000 is deferred and will be amortised on a straight-line basis over the useful lives of the related land use right and property, plant and equipment.

The gain in 2008 represented realised portion of the gain from capital contribution by XPD in the form of a land use right to XPYCH, a jointly controlled entity in which XPD has 60% equity interest.

(b) The gain on disposal of property, plant and equipment in 2008 mainly represented the realised portion of the gain from the disposal of certain property, plant and equipment to XHICT, a jointly controlled entity in which the Company has 51% interests.

29. Employee benefit expenses

	2009 RMB'000	2008 RMB'000
Salaries, wages and bonuses	283,887	296,217
Welfare, medical and other expenses	56,388	59,244
Contributions to pension plans	64,695	64,727
Contributions to supplementary pension scheme	4,741	4,638
	409,711	424,826

The employees of the Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is obliged to make monthly defined contributions to these plans based on 13% to 36.5% (2008: 13% to 36.5%) of the employees' monthly salaries and wages, depending on the applicable social security regulations. In addition, from 2008, the Group has also participated in a supplementary pension scheme under which the Group is required to make monthly payments to insurance companies for its existing qualifying employees, capped at the ceiling of 4% of the annual salary of the qualifying employees. The Group has no further obligation for payments of retirement and other post-retirement benefits beyond the above contributions. Contributions to these pension plans or scheme are expensed as incurred.

Pursuant to the requirements set out in relevant laws and regulations of the People's Governments of the PRC and Xiamen City regarding the administration of corporate annuity, the Company and the Group have implemented corporate annuity schemes combined with their actual situations. According to statistics, for the year ended 31 December 2009, the aggregate corporate contribution of the Group to the corporate annuity was approximately RMB4,741,000, of which the aggregate contribution of the Company to the corporate annuity was approximately RMB346,000.

The abovementioned corporate annuity is of a contribution scheme. The forfeited contribution may be used by the Company. For the year ended 31 December 2009, the forfeited contribution had not been used and there is no forfeited contribution available to be used for the Year.

30. Expenses by nature

	2009 RMB'000	2008 RMB'000
Cost of inventories sold/consumed (Note 14)	835,760	2,026,870
Employee benefit expenses (Note 29)	409,711	424,826
Depreciation of		
— investment property (Note 5)	843	—
— property, plant and equipment (Note 6)	184,113	170,665
Distribution, transportation and labour outsourcing	101,901	116,329
Business tax, stamp duty and real estate tax	66,341	73,628
Advertising and marketing expenses	22,806	27,353
Amortisation of		
— land use rights (Note 7)	23,809	22,458
— intangible assets (Note 8)	3,602	3,518
Operating lease rental in respect of property, plant and equipment	59,440	19,507
General office expenses	21,714	21,748
Repairs and maintenance	24,538	20,322
Insurance expenses	12,078	15,328
Auditors' remuneration	3,534	3,529
(Reversal of)/provision for impairment of		
— inventories	(26)	4,152
— receivables and advances to suppliers	5,260	12,248
— property, plant and equipment	3,170	215
Others	23,872	41,173
Total cost of sales, selling and marketing expenses and general and administrative expenses	1,802,466	3,003,869

31. Finance income and costs

	2009 RMB'000	2008 RMB'000
Interest income	14,372	21,455
Net foreign exchange gain	75	5,744
	14,447	27,199
Interests on bank borrowings	(30,263)	(60,231)
Less: amounts capitalised	2,312	26,959
	(27,951)	(33,272)
Finance costs — net	(13,504)	(6,073)

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowings for the year ended 31 December 2009 was 4.78% (2008: 6.79%) per annum.

32. Taxation

(a) 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 year ended 31 December 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 XICT and XHICT) (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 the coming five years, starting from 1 January 2008, would be 18%, 20%, 22%, 24% and 25% respectively. For the year ended 31 December 2009, the applicable tax rate for the Entities is 20%.

XICT is entitled to a five-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent five years, commencing from its first cumulative profit-making year in 2001. The current year is the forth year which XICT should enjoy the 50% reduction in corporate income tax. Given the tax preferential treatment remains valid under the new CIT Law, the applicable corporate income tax rate for XICT for the year ended 31 December 2009 was 10% (2008: 9%).

32. Taxation (Continued)

(a) Income tax expense (Continued)

XHICT is entitled to a three-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent three years, commencing from 2008. The current year is the second year which XHICT could enjoy the corporate income tax exemption. Given the tax preferential treatment remains valid under the new CIT Law, therefore XHICT has not made any provision for corporate income tax for the year ended 31 December 2009 (2008: Nil).

The Company is entitled to a five-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent five years, commencing from 2007. The current year is the third year which the Company could enjoy the corporate income tax exemption. Given the tax preferential treatment remains valid under the new CIT Law, therefore the Company has not made any provision for corporate income tax for the year ended 31 December 2009 (2008: Nil).

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Group will assess their impact, if any, and the corresponding change in accounting estimate will be accounted for prospectively.

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

	2009 RMB'000	2008 RMB'000
PRC corporate income tax	38,553	31,990
Deferred income tax charge/(credit) (Note 13)	1,035	(4,182)
	39,588	27,808

32. Taxation (Continued)

(a) Income tax expense (Continued)

The difference between the actual income tax charge in the consolidated income statement and the amounts which would result from applying the enacted tax rate to profit before income tax expense can be reconciled as follows:

	2009 RMB'000	2008 RMB'000
Profit before income tax expense	310,771	502,067
Less: share of results of associates	(1,454)	(1,994)
	309,317	500,073
Tax calculated at the applicable tax rate of 20% (2008: 18%)	61,863	90,013
Effect of tax holidays of:		
— the Company	(18,451)	(44,442)
— XICT	(3,599)	(5,400)
— XHICT	(4,573)	(1,555)
Additional tax deduction obtained for expenses incurred in the prior year	—	(13,688)
Tax loss that no deferred tax assets recognised	2,506	—
Income not subject to income tax	(176)	(391)
Expenses not deductible for income tax purposes	1,948	3,824
Others	70	(553)
Income tax expense	39,588	27,808

(b) Business tax ("BT") and related taxes

The Group's companies are subject to BT at 3% or 5% of the service fee income received and receivable. In addition, the Group is subject to city construction tax ("CCT") based on 5% or 7% of BT payable, and educational surcharge ("ES") based on 4% of BT payable.

(c) Value-added tax ("VAT") and related taxes

Certain subsidiaries of the Company are subject to output VAT generally calculated at 17% of the product selling prices. An input credit is available whereby input VAT previously paid on purchases of raw material or products can be used to offset the output VAT to determine the net VAT payable. In addition, some of other subsidiaries are subject to output VAT calculated at 6% of the product selling prices with no input credit. All subsidiaries subject to VAT are also subject to CCT based on 5% or 7% of net VAT payable, and ES based on 4% of net VAT payable.

33. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the year ended 31 December 2009 are dealt with in the financial statements of the Company to the extent of RMB217,297,000 (2008: RMB421,266,000).

34. Dividend

	2009 RMB'000	2008 RMB'000
Final, proposed dividend		
— Domestic share	86,975	95,673
— H-share	49,335	54,268
	136,310	149,941

At a meeting held on 14 April 2010, the directors of the Company proposed a final dividend of RMB5 cents per share (tax inclusive) for the year ended 31 December 2009. This proposed dividend is not reflected as dividend payable in the consolidated financial statements until it has been approved at the annual general meeting to be held on 18 June 2010, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

35. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the year ended 31 December 2009 of RMB205,091,000 (2008: RMB376,659,000) by the weighted average number of the Company's shares in issue during the year of 2,726,200,000 (2008: 2,726,200,000) shares.

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

36. Emoluments of directors and supervisors

	2009 RMB'000	2008 RMB'000
Directors and supervisors		
Basic salaries, housing allowances, other allowances and benefits-in-kind	2,903	2,642
Contributions to pension plans	263	219
Discretionary bonuses	1,756	2,083
	4,922	4,944

Other allowances and benefits-in-kind mainly represent the miscellaneous allowance for living expenses, travelling allowance and telephone allowance.

The emoluments received by individual directors and supervisors are as follows:

Year ended 31 December 2009

Name	Basic salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors and supervisors				
Zheng Yongen	335	36	251	622
Chen Dingyu	259	36	249	544
Fu Chengjing	88	—	—	88
Miao Luping	88	—	—	88
Lin Kaibiao	88	—	—	88
Fang Yao	282	36	249	567
Huang Zirong	244	34	225	503
Hong Lijuan	246	34	225	505
Ke Dong	299	33	223	555
Huang Shizhong	88	—	—	88
Zhen Hong	88	—	—	88
Hui Wang Chueng	198	—	—	198
Fang Zuhui	55	—	—	55
Luo Jianzhong	55	—	—	55
Wu Jianliang	177	30	175	382
Wu Weijian	203	24	159	386
Tang Jinmu	55	—	—	55
He Shaoping	55	—	—	55
	2,903	263	1,756	4,922

36. Emoluments of directors and supervisors (Continued)

Year ended 31 December 2008

Name	Basic salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors and supervisors				
Zheng Yongen	324	21	348	693
Chen Dingyu	256	21	322	599
Fu Chengjing	87	—	—	87
Miao Luping	87	—	—	87
Lin Kaibiao	87	—	—	87
Fang Yao	262	38	320	620
Huang Zirong	231	36	287	554
Hong Lijuan	225	36	290	551
Ke Dong	296	37	270	603
Huang Shizhong	87	—	—	87
Zhen Hong	87	—	—	87
Hui Wang Chueng	195	—	—	195
Fang Zuhui	54	—	—	54
Luo Jianzhong	54	—	—	54
Wu Jianliang	171	30	226	427
Wu Weijian (*)	31	—	20	51
Tang Jinmu	54	—	—	54
He Shaoping	54	—	—	54
	2,642	219	2,083	4,944

* Appointed on 23 October 2008

The emoluments of the directors and supervisors of the Company fall within the following bands:

	Number of individuals 2009	2008
Directors and supervisors		
Nil to HK$1,000,000 (equivalent to RMB880,480)	18	18

During the year, no directors or supervisors of the Company have waived their emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

The five individuals whose emoluments were the highest in the Group during the current and the prior year are all directors whose emoluments are reflected in the analysis above.

37. Notes to consolidated cash flow statement

(a) Reconciliation of profit for the year to net cash generated from operations:

	2009 RMB'000	2008 RMB'000
Profit before income tax	310,771	502,067
Adjustments for:		
— Share of results of associates	(1,454)	(1,994)
— Depreciation of property, plant and equipment	184,113	170,665
— Depreciation of investment property	843	—
— Amortisation of land use rights	23,809	22,458
— Amortisation of intangible assets	3,602	3,518
— Gain from capital contribution to a jointly controlled entity	(12,887)	(4,774)
— Gain on disposal of property, plant and equipment	(1,065)	(43,662)
— Fair value (gain)/loss on derivative financial instrument	(1,750)	4,525
— Provision for impairment of property, plant and equipment	3,170	215
— (Reversal of)/provision for impairment of inventories	(26)	4,152
— Provision for impairment of receivables and advances to suppliers	5,260	12,248
— Dividend income	(878)	(2,170)
— Interest income	(14,372)	(21,455)
— Interest expenses	27,951	33,272
— Unrealised foreign exchange losses	151	1,376
	527,238	680,441
Changes in working capital :		
— Accounts and notes receivable	(103,574)	47,558
— Other receivables and prepayments	(8,815)	190,466
— Financial assets at fair value through profit or loss	—	8,931
— Inventories	(3,644)	265,826
— Accounts and notes payable	166,612	(451,640)
— Other payables and accruals	(53,093)	(4,073)
— Restricted cash	52,260	(52,078)
Net cash generated from operations	576,984	685,431

(b) The major non-cash transactions for the year ended 31 December 2009 and 2008 represented the Group's non-monetary capital contribution to XHICT and XPYCH respectively, details of which are set out in Note 28(a).

38. Commitments

(a) Capital commitments

(i) The Group's capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Purchases of property, plant and equipment		
— the Group	297,222	349,481
— a jointly controlled entity	—	41,054
	297,222	390,535

(ii) The Company's capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Company	
	2009	2008
	RMB'000	RMB'000
Purchases of property, plant and equipment	274,054	277,774

Committed capital expenditure as at 31 December 2009 mainly related to the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machineries, acquisitions of vessels and renovation of buildings.

38. Commitments (Continued)

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases on property, plant and equipment are as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Not later than 1 year	26,309	14,482
Later than 1 year and not later than 5 years	36,437	13,097
Later than 5 years	—	10,325
	62,746	37,904

The Company has no operating lease commitment as at 31 December 2009 (2008: Nil).

39. Contingent liabilities

As at 31 December 2009, the Group and the Company have no significant contingent liabilities (2008: Nil).

40. Significant related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Company is controlled by Xiamen Port Holding, the parent company, which is in turn subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosure", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government are regarded as related parties of the Group ("other state-owned enterprises"). For purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, the directors of the Company believe that meaningful information relating to related party transactions has been adequately disclosed.

40. Significant related party transactions (Continued)

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the year ended 31 December 2009 and balances arising from these significant related party transactions.

(a) During the year, the Group had the following significant transactions with related parties:

	Note	2009 RMB'000	2008 RMB'000
Transaction with Finance Bureau of Xiamen			
Other income			
Subsidy income	(i)	—	11,000
Transactions with the parent company			
Expenses			
Operating lease rental in respect of land, port facilities and office premises	(ii)	40,136	10,862
Transactions with fellow subsidiaries			
Expenses			
Operating lease rental in respect of land, port facilities and office premises	(ii)	4,695	3,007
Comprehensive service fee	(iii)	19,269	16,567
Labour service fee	(iv)	18,663	24,121
Others			
Purchases of property, plant and equipment	(v)	6,564	13,381
Transactions with other related parties			
Revenues			
Loading and unloading services rendered	(vi)	49,460	31,863
Transactions with other state-owned enterprises			
Revenues			
Loading and unloading services rendered	(vi)	81,238	96,489
Port ancillary services rendered	(vi)	41,138	43,253
Sales of building materials	(vi)	124,015	46,415
Interest income from bank deposits		11,341	18,095
Expenses			
Purchase of goods and raw materials	(vii)	36,027	47,790
Fuel charges	(vii)	60,657	88,680
Interest expenses paid to state-owned banks	(viii)	16,736	30,380
Others			
Purchases of property, plant and equipment	(ix)	61,231	115,422

40. Significant related party transactions (Continued)

(a) (Continued)

(i) XPD is entitled to annual subsidy amounting to RMB11,000,000 from Finance Bureau of Xiamen for a 5-years period commencing from year 2004 to 2008 pursuant to Xia Cai Qi [2004] Document No. 80.

(ii) Operating lease for land, port facilities and office premises was determined based on the terms stipulated in a lease agreement entered into between the parties involved.

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

(iv) 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.

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

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

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

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

(ix) 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 that were mutually agreed by the parties involved.

40. Significant related party transactions (Continued)

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

	Note	2009 RMB'000	2008 RMB'000
Balances with the parent company			
Other receivables and prepayments	(i)	364	4,419
Accounts payable	(i)	12,130	–
Other payables and accruals	(i)	2,919	3,613
Balances with fellow subsidiaries			
Accounts receivable	(i)	1,340	1,420
Other receivables and prepayments	(i)	1,284	1,465
Accounts payable	(i)	4,283	9,437
Other payables and accruals	(i)	7,955	3,259
Balances with minority shareholders of subsidiaries			
Dividend payable	(i)	4,107	–
Balances with other related parties			
Accounts receivable	(iv)	16,561	13,828
Other payables and accruals	(ii)	31,449	24,071
Balances with other state-owned enterprise			
Restricted cash	(iii)	39,147	84,176
Term deposits with initial term of over three months	(iii)	86,811	143,126
Cash and cash equivalents	(iii)	536,706	721,574
Accounts receivable	(iv)	60,479	38,068
Other receivables and prepayments	(iv)	2,857	9,764
Accounts payable	(iv)	6,726	24,529
Other payables and accruals	(iv)	15,507	9,138
Borrowings	(v)	217,460	519,885

40. Significant related party transactions (Continued)

(b) (Continued)

(i) The balances with the parent company, fellow subsidiaries and minority shareholders of subsidiaries are unsecured, interest free and have no fixed terms of repayment or subject to agreed credit terms for trade receivables.

(ii) The balance referred to port construction fee collected on behalf of Xiamen Municipal Port Authority and the balance is unsecured, interest free and has no fixed terms of repayment.

(iii) These balances included restricted cash, cash and cash equivalents and term deposits with state-owned banks and financial institutions and carried interest income at rates as mutually agreed among the parties involved.

(iv) These balances arose from the ordinary course of the Group's business and are unsecured, interest free and no fixed payment terms, except for accounts receivable balances which are subject to agreed credit terms.

(v) These balances were the current and non-current bank borrowings from state-owned banks and financial institutions and bear interests at rates as mutually agreed among the parties involved.

(c) Key management compensation:

	2009 RMB'000	2008 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	2,903	2,642
Contributions to pension plans	263	219
Discretionary bonuses	1,756	2,083
	4,922	4,944

41. Collateral securities for mitigating credit risks

(a) In early 2008, XPD, one of the Company's subsidiaries which is engaged in the trading business of industrial products, discovered that one of its customers (the "Customer") had taken away, without the proper approval or consent from XPD, certain goods at an amount of RMB24,972,000 (the "Inventories") which were previously stored by XPD at a warehouse owned and operated by a third party storage company (the "Storage Company"). XPD subsequently instituted an action against the Customer and the Storage Company and applied for property preservation. As there were other companies (collectively the "Other Claimers") who made claim against the Customer for other liabilities at the same time, a class action was collectively lodged by XPD and the Other Claimers (collectively the "Creditors") against the Customer. In November 2008, the Creditors effectively obtained the disposition right over the properties (the "Properties") owned by the Customer through obtaining an effective control (95%) over the equity interests (the "Equity Interests") of the Customer. In February 2009, the Creditors entered into an agreement (the "Agreement") with two third parties (the "Buyers") pursuant to which, the Creditors would dispose of the Equity Interests to the Buyers for a total consideration of RMB66,000,000 (the "Consideration") by three instalments. The proceed of the Consideration will be applied to repay the Creditors. In 2009, the Creditors received the first instalment of RMB23,000,000 from the Buyers (the "First Instalment Payment"). The remaining second instalment of RMB20,000,000 and third instalment of RMB23,000,000 would be paid by the Buyers within 18 months and 24 months respectively after the Agreement became effective in February 2009. To ensure the full performance of the Agreement, prior to the full settlement of the Consideration by the Buyers, the aforesaid Properties owned by the Customer will be charged to the Creditors as security according to the Agreement.

To reflect the lost of the Inventories and the claim lodged against the lost, XPD had derecognised the Inventories of RMB24,972,000 and recognised a receivable (the "Receivable") from the Customer at the same amount and a provision of RMB8,043,000 was also made as at 31 December 2008. During the year ended 31 December 2009, XPD received approximately RMB4,000,000 from the First Instalment Payment and the Receivable was reduced to RMB20,855,000 as at 31 December 2009. After taking into consideration of the estimated recoverable amount and the advanced deposits previously received from the Customer, the directors of the Company consider that the impairment provision of RMB8,043,000 made previously was still adequate as at 31 December 2009.

41. Collateral securities for mitigating credit risks (Continued)

(b) As at 31 December 2009, in addition to the Receivable as described in Note 41(a), certain accounts receivable, advances to suppliers and inventories (collectively the "Assets") in connection with the Group's trading business are also exposed to recoverability risk. To mitigate the credit risk associated with the Assets, the Group has obtained certain merchandise, property, plant and equipment 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 RMB9,480,000 as at 31 December 2009 (2008: RMB12,200,000).

As at the balance sheet date, the carrying amounts and the impairment provisions for the Assets are as follows:

	2009		2008	
	Carrying amounts RMB'000	**Impairment provisions RMB'000**	Carrying amounts RMB'000	Impairment provisions RMB'000
Accounts receivable (Note 15)	**36,394**	**(6,000)**	86,739	(6,000)
Advances to suppliers (Note 16)	**24,870**	**(3,480)**	30,933	(3,000)
Inventories (Note 14)	**—**	**—**	14,253	(3,200)
	61,264	**(9,480)**	131,925	(12,200)

42. Particulars of subsidiaries, jointly controlled entities and associates

(a) Subsidiaries

As at 31 December 2009, the Company had direct and indirect interests in the following principal subsidiaries:

Name	Type of legal entity	Issued share/ paid-in capital 2009 (RMB'000)	Issued share/ paid-in capital 2008 (RMB'000)	Attributable equity interests 2009 Directly held	Attributable equity interests 2009 Indirectly held	Attributable equity interests 2008 Directly held	Attributable equity interests 2008 Indirectly held	Principal activities
Listed								
Xiamen Port Development Co., Ltd.)	Joint stock limited company	531,000	531,000	55.13%	–	55.13%	–	Container loading and unloading for domestic trade and bulk/general cargo loading and unloading for both domestic and international trade
Unlisted								
China Ocean Shipping Agency (Xiamen) Co., Ltd.#	Limited liability company	30,000	30,000	–	33.08%	–	33.08%	Shipping agency services for international vessels
Xiamen Waili Tally Co., Ltd.#	Limited liability company	17,000	17,000	–	47.41%	–	47.41%	Tallying of cargo and container services
Xiamen Port Shipping Co., Ltd.	Limited liability company	60,000	60,000	10%	49.62%	10%	49.62%	Tugboat berthing and unberthing
Xiamen Haicang Port Co., Ltd.	Limited liability company	120,000	120,000	70%	–	70%	–	Cargo stevedoring and barging
Xiamen Port Logistics Co., Ltd.	Limited liability company	65,000	65,000	–	55.26%	–	55.26%	Container deposit, land transport, international freight agency
Xiamen Haitian Container Terminal Co., Ltd.	Limited liability company	200,000	200,000	85%	8.29%	85%	8.29%	Container loading and unloading for international trade
Xiamen Port (Group) Domestic Shipping Agent Co., Ltd.#	Limited liability company	2,000	2,000	–	44.10%	–	44.10%	Shipping agency services for domestic trade
Xiamen Port Power Supply Service Co., Ltd.	Limited liability company	10,000	10,000	80%	18.66%	80%	18.66%	Operation and management of the equipment at the transformer substation
Xiamen Road and Bridge Building Materials Corporation Ltd.	Limited liability company	20,000	20,000	–	52.37%	–	52.37%	Manufacturing, processing and selling of building materials

42. Particulars of subsidiaries, jointly controlled entities and associates (Continued)

(a) Subsidiaries (Continued)

Name	Type of legal entity	Issued share/ paid-in capital 2009 (RMB'000)	Issued share/ paid-in capital 2008 (RMB'000)	Attributable equity interests 2009 Directly held	2009 Indirectly held	2008 Directly held	2008 Indirectly held	Principal activities
Unlisted (Continued)								
Xiamen Penavico International Freight and Forwarding Co., Ltd.#	Limited liability company	6,000	6,000	–	33.08%	–	33.08%	Agency services for import and export of products/ technology, international and domestic agency services
Xiamen Penavico Navigation Co., Ltd.#	Limited liability	2,000	2,000	–	33.08%	–	33.08%	Domestic transportation agency and labour services
Xiamen Penavico Customs Broker Co., Ltd.#	Limited liability company	1,800	1,800	–	33.08%	–	33.08%	Agency services for customs declaration
Xiamen Penavico Logistics Co., Ltd.#	Limited liability	3,800	3,800	–	33.08%	–	33.08%	Agency services for imports and exports of products and technology and operations of bonded warehouse
Xiamen Penavico Air Freight Co., Ltd.#	Limited liability company	5,000	5,000	–	33.08%	–	33.08%	Agency services for international air transportation
Xiamen Port Logistics Free Trade Co., Ltd.	Limited liability	35,000	35,000	–	55.25%	–	55.25%	Agency services for import and export of products/ technology and operations of bonded warehouse
Xiamen Ganghua Container Service Co., Ltd.	Limited liability company	6,630	6,630	50%	27.63%	50%	27.63%	Repair, maintenance, cleaning and renovation of containers
Xiamen Port Transportation Co., Ltd.	Limited liability company	40,000	40,000	–	55.13%	–	55.13%	Container deposit, land transport
Xiamen Port Trading Co., Ltd.	Limited liability company	10,000	10,000	–	55.13%	–	55.13%	Commodity export agency and sales
Xiamen Port Hailuda Building Material., Ltd.#	Limited liability company	7,000	7,000	–	44.10%	–	44.10%	Manufacturing, processing and selling of building materials
Xiamen Waili logistics management Co., Ltd.#	Limited liability company	300	300	–	47.41%	–	47.41%	Container deposit, land transport and logistics management

The directors of the Company consider that the Group has control over these companies through its representatives on the board of directors and voting power in these companies.

42. Particulars of subsidiaries, jointly controlled entities and associates (Continued)

(b) Jointly controlled entities

As at 31 December 2009, the Group had interests in the following jointly controlled entities:

Name	Paid-in capital (RMB'000) 2009	2008	Proportion of ownership held by the Group and profit sharing 2009	2008	Proportion of voting rights held by the Group 2009	2008	Principal activities
Xiamen International Container Terminals Ltd.	1,148,700	1,148,700	51%	51%	56%	56%	Container loading and unloading for international trade
Xiamen Gangtong Logistics Co., Ltd.	5,000	5,000	50%	50%	60%	60%	Container storage and land transportation
Xiamen Haicang International Container Terminals Ltd.	454,715	150,883	51%	51%	56%	56%	Container loading and unloading for international trade
Xiamen Port YCH Logistics Co., Ltd.	97,650	97,650	60%	60%	60%	60%	Agency services for import and export of products/technology and operations of bonded warehouse
Xiamen Port Container Co., Ltd. *	5,000	–	51%	–	60%	–	Container loading and unloading for international trade
Xiamen Port Baohe Logistics Co., Ltd. *	6,000	–	35%	–	43%	–	Container deposit, land transport, international freight agency

* Established by Xiamen Port Logistics Co., Ltd. during the year ended 31 December 2009.

42. Particulars of subsidiaries, jointly controlled entities and associates (Continued)

(c) Associates

As at 31 December 2009, the Group had interests in the following associates:

Name	Type of legal entity	Issued share/paid-in capital 2009	2008	Attributable equity interests 2009	2008	Principal activities
		(RMB'000)				
Unlisted						
Xiamen Penavico Tungya Logistics Co., Ltd.	Sino-foreign cooperative joint venture	18,000	18,000	35.7%	35.7%	Provision of storage services
Quanzhou Qing Meng logistics Co., Ltd.	Limited liability company	10,000	10,000	40%	40%	Provision of container storage, traffic and maintenance services
Xiamen Sandeli Container Storage Co., Ltd.	Limited liability company	10,000	10,000	45%	45%	Provision of container transit, storage, cleaning and maintenance services; and import and export customs declaration services
Xiamen Harbour Lurong Water-and-Railway Coordinated Transportation Co., Ltd.	Limited liability company	500	500	48%	48%	Provision of railway cargo transportation and agency services
Xiamen Jida Building Materials Technology Co., Ltd.	Limited liability company	1,500	1,500	40%	40%	Manufacturing, processing and selling of building materials

All subsidiaries, jointly controlled entities and associates are incorporated in Fujian Province, the PRC.

The operations of all subsidiaries, jointly controlled entities and associates are principally carried out in Fujian Province, the PRC.

Except for XPD which is listed company in the PRC, all subsidiaries, jointly controlled entities and associates are private companies having substantially the same characteristics as a Hong Kong incorporated private company.

The English names of certain subsidiaries, jointly controlled entity and associates referred to in this report represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

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