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

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

2010
INTERIM REPORT

* For identification purpose only

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

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WARNINGS ASSOCIATED WITH THE FORWARD-LOOKING STATEMENTS

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

CORPORATE INFORMATION

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

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

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

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

Company Secretary
HONG Lijuan

Qualified Accountant
ZHANG Yibing *(ACCA)*

Authorised Representatives
FANG Yao
HONG Lijuan

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

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

Auditors
International auditor:
PricewaterhouseCoopers
Certified Public Accountants

PRC auditor:
PricewaterhouseCoopers Zhong Tian
Certified Public Accountants
Limited Company

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

as to PRC law:
King & Wood

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

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

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

Listing Date
19 December 2005

Note:

* Members of the Audit Committee

FINANCIAL HIGHLIGHTS

The unaudited consolidated interim results for the six months ended 30 June 2010

	Six months ended 30 June		
	2010	2009	Change
	RMB'000	RMB'000	RMB'000
Revenues	**960,519**	915,560	44,959
Operating profit	**188,196**	128,540	59,656
Profit for the period	**158,027**	107,082	50,945
Profit attributable to the equity holders of the Company	**123,302**	82,354	40,948
Earnings per share for profit attributable to the equity holders of the Company during the period			
— Basic and diluted (in RMB cents)	**4.52**	3.02	1.50

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 31, which comprises the condensed consolidated balance sheet of Xiamen International Port Co., Ltd. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 August 2010

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
ASSETS			
Non-current assets			
Investment property	4	**32,480**	32,902
Property, plant and equipment	4	**3,116,579**	3,174,502
Land use rights	4	**1,022,849**	1,034,575
Intangible assets	4	**55,702**	57,441
Interests in associates		**35,053**	34,659
Available-for-sale financial assets		**86,237**	155,512
Deferred income tax assets		**52,387**	52,473
Total non-current assets		**4,401,287**	4,542,064
Current assets			
Inventories		**157,544**	136,717
Accounts and notes receivable	5	**668,301**	591,129
Other receivables and prepayments		**160,154**	296,221
Term deposits with initial term of over three months		**126,721**	131,880
Restricted cash		**36,568**	41,569
Cash and cash equivalents		**841,745**	806,557
Total current assets		**1,991,033**	2,004,073
Total assets		**6,392,320**	6,546,137
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	9	**2,726,200**	2,726,200
Reserves		**1,078,178**	1,144,863
		3,804,378	3,871,063
Minority interests		**931,226**	916,790
Total equity		**4,735,604**	4,787,853

	Note	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	8	**257,283**	268,783
Derivative financial instrument		**7,275**	7,258
Deferred government grants and income		**130,576**	133,247
Early retirement benefit obligations		**2,847**	3,404
Deferred income tax liabilities		**19,476**	37,643
Total non-current liabilities		**417,457**	450,335
Current liabilities			
Accounts and notes payable	6	**705,276**	701,071
Other payables and accruals	7	**480,664**	478,467
Borrowings	8	**39,624**	115,970
Taxes payable		**13,695**	12,441
Total current liabilities		**1,239,259**	1,307,949
Total liabilities		**1,656,716**	1,758,284
Total equity and liabilities		**6,392,320**	6,546,137
Net current assets		**751,774**	696,124
Total assets less current liabilities		**5,153,061**	5,238,188

The notes on pages 11 to 31 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2010 RMB'000	 2009 RMB'000
Revenues	10	**960,519**	915,560
Cost of sales		**(709,463)**	(722,119)
Gross profit		**251,056**	193,441
Other income		**19,459**	14,461
Other gains — net		**187**	1,256
Selling and marketing expenses		**(14,041)**	(12,829)
General and administrative expenses		**(68,465)**	(67,789)
Operating profit	11	**188,196**	128,540
Finance income	12	**3,752**	7,985
Finance costs	12	**(9,032)**	(14,251)
		182,916	122,274
Share of results of associates		**640**	842
Profit before income tax expense		**183,556**	123,116
Income tax expense	13	**(25,529)**	(16,034)
Profit for the period		**158,027**	107,082
Profit attributable to:			
Equity holders of the Company		**123,302**	82,354
Minority interests		**34,725**	24,728
		158,027	107,082
Earnings per share for profit attributable to the equity holders of the Company during the period — Basic and diluted (in RMB cents)	15	**4.52**	3.02
Dividend	14	**109,048**	—

The notes on pages 11 to 31 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June **2010** **RMB'000**	 2009 RMB'000
Profit for the period	**158,027**	107,082
Other comprehensive (loss)/income, net of tax		
— Fair value (losses)/gains on available-for-sale financial assets, net of tax	**(53,677)**	61,626
Total comprehensive income for the period	**104,350**	168,708
Total comprehensive income attributable to:		
— Equity holders of the Company	**69,625**	143,980
— Minority interests	**34,725**	24,728
	104,350	168,708

The notes on pages 11 to 31 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to equity holders of the Company					
	Share Capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Minority interests RMB'000	Total equity RMB'000
Balance at 1 January 2009	2,726,200	(356,423)	1,374,139	3,743,916	919,807	4,663,723
Comprehensive income						
Profit for the period	–	–	82,354	82,354	24,728	107,082
Other comprehensive income						
Fair value gains on available-for-sale financial assets	–	61,626	–	61,626	–	61,626
– Gross	–	82,168	–	82,168	–	82,168
– Related deferred income tax	–	(20,542)	–	(20,542)	–	(20,542)
Total comprehensive income for the period ended 30 June 2009	–	61,626	82,354	143,980	24,728	168,708
Transactions with owners						
2008 final dividend	–	–	(149,941)	(149,941)	–	(149,941)
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	(48,111)	(48,111)
Balance at 30 June 2009	2,726,200	(294,797)	1,306,552	3,737,955	896,424	4,634,379
Balance at 1 January 2010	**2,726,200**	**(262,442)**	**1,407,305**	**3,871,063**	**916,790**	**4,787,853**
Comprehensive income						
Profit for the period	**–**	**–**	**123,302**	**123,302**	**34,725**	**158,027**
Other comprehensive loss						
Fair value losses on available-for-sale financial assets	**–**	**(53,677)**	**–**	**(53,677)**	**–**	**(53,677)**
– Gross	**–**	**(71,570)**	**–**	**(71,570)**	**–**	**(71,570)**
– Related deferred income tax	**–**	**17,893**	**–**	**17,893**	**–**	**17,893**
Total comprehensive (loss)/income for the period ended 30 June 2010	**–**	**(53,677)**	**123,302**	**69,625**	**34,725**	**104,350**
Transactions with owners						
Capital contribution from minority shareholder of a subsidiary	**–**	**–**	**–**	**–**	**250**	**250**
2009 final dividend (Note 14)	**–**	**–**	**(136,310)**	**(136,310)**	**–**	**(136,310)**
Dividends paid to minority shareholders of subsidiaries	**–**	**–**	**–**	**–**	**(20,539)**	**(20,539)**
Balance at 30 June 2010	**2,726,200**	**(316,119)**	**1,394,297**	**3,804,378**	**931,226**	**4,735,604**

The notes on pages 11 to 31 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Net cash generated from operating activities	**275,807**	211,554
Net cash used in investing activities	**(67,417)**	(10,155)
Net cash used in financing activities	**(172,325)**	(134,104)
Net increase in cash and cash equivalents	**36,065**	67,295
Cash and cash equivalents at beginning of period	**806,557**	844,665
Exchange losses on cash and cash equivalents	**(877)**	(35)
Cash and cash equivalents at end of period	**841,745**	911,925

The notes on pages 11 to 31 form an integral part of this condensed consolidated interim financial information.

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 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.

This unaudited condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors (the "Board") of the Company on 20 August 2010.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2009 (the "Annual Financial Statements"), which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

3. ACCOUNTING POLICIES

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

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

3. ACCOUNTING POLICIES (CONTINUED)

(a) New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2010 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 2010.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), "consolidated and separate financial statements", at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- Amendment to HKAS 38 "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.

- The improvement related to HKAS 17 "Leases" in the second improvement project to HKFRSs issued by the HKICPA in May 2009 (the "Second Improvement Project") deleted the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. This improvement is effective for accounting periods beginning or after 1 January 2010 but has no impact on the classifications of leases of lands of the Group and all payments for lands are regarded as operating lease prepayments.

3. ACCOUNTING POLICIES (CONTINUED)

(a) New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2010 and adopted by the Group (continued)

- The improvement related to HKAS 18 "Revenue" in the Second Improvement Project is an amendment to the appendix to HKAS 18 which gave additional guidance regarding the determination as to whether an entity is acting as a principal or an agent. No transition provisions are specified for this amendment. This improvement has no impact on the Group as the Group has referred to similar guidance in US GAAP prior to this amendment.

The following new standards, amendments and interpretations to existing standards are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 39 (Amendment)	Eligible hedge items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs — Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Share-based payments — Group Cash-settled Share-based Payment Transaction
HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations
HK(IFRIC)-Int 17 (Amendment)	Distributions of Non-cash Assets to Owners

First improvements to HKFRSs were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual period on or after 1 July 2009, but is not currently relevant for the Group.

The improvements in the Second Improvement Project are effective in the financial year of 2010, but are not currently relevant for the Group except for the improvements related to HKAS 17 "Leases" and HKAS 18 "Revenue".

3. ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments and interpretations to existing standards that are not yet effective for the financial year beginning 1 January 2010

The HKICPA has also issued certain new/revised standards, amendments or interpretations to existing standards (collectively the "New or Revised HKFRSs"), and published certain improvements to HKFRSs in May 2010 (the "Third Improvement Project"). The New or Revised HKFRSs and amendments under the Third Improvement Project are not yet effective for the financial year beginning 1 January 2010.

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

4. CAPITAL EXPENDITURE

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

	Unaudited				
	Investment property RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Total RMB'000
Net book amount as at 1 January 2010	**32,902**	**3,174,502**	**1,034,575**	**57,441**	**4,299,420**
Additions	**–**	**33,751**	**–**	**212**	**33,963**
Disposals	**–**	**(309)**	**–**	**–**	**(309)**
Transfer to intangible assets	**–**	**(15)**	**–**	**15**	**–**
Depreciation and amortisation charge	**(422)**	**(91,350)**	**(11,726)**	**(1,966)**	**(105,464)**
Net book amount as at 30 June 2010	**32,480**	**3,116,579**	**1,022,849**	**55,702**	**4,227,610**
Net book amount as at 1 January 2009	–	3,310,253	999,041	39,448	4,348,742
Additions	–	68,351	–	20,435	88,786
Disposals	–	(359)	–	–	(359)
Transfer to land use rights	–	(74,273)	74,273	–	–
Depreciation and amortisation charge	–	(92,065)	(11,602)	(1,739)	(105,406)
Net book amount as at 30 June 2009	–	3,211,907	1,061,712	58,144	4,331,763

5. ACCOUNTS AND NOTES RECEIVABLE

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Accounts receivable	**637,560**	547,056
Less: provision for impairment	**(28,438)**	(25,425)
	609,122	521,631
Due from fellow subsidiaries (Note 17(b))	**1,644**	1,340
Due from other related parties (Note 17(b))	**23,328**	16,561
Notes receivable	**34,207**	51,597
	668,301	591,129

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 fellow subsidiaries and other related parties) at respective balance sheet dates is as follows:

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Less than 6 months	**593,955**	524,220
6 months to 1 year	**40,452**	17,211
1 year to 2 years	**41,260**	55,021
2 years to 3 years	**4,897**	5,624
Over 3 years	**16,175**	14,478
	696,739	616,554
Less: provision for impairment	**(28,438)**	(25,425)
	668,301	591,129

6. ACCOUNTS AND NOTES PAYABLE

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Accounts payable	**465,769**	406,004
Due to parent company (Note 17(b))	**25,851**	12,130
Due to fellow subsidiaries (Note 17(b))	**6,457**	4,283
Notes payable	**207,199**	278,654
	705,276	701,071

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

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Within 1 year	**703,707**	699,408
1 year to 2 years	**1,381**	1,501
2 years to 3 years	**49**	140
Over 3 years	**139**	22
	705,276	701,071

7. OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Due to parent company (Note 17(b))	**3,811**	2,919
Due to fellow subsidiaries (Note 17(b))	**9,783**	7,955
Due to other related parties (Note 17(b))	**51,407**	31,449
Payables for purchases of property, plant and equipment and construction-in-progress	**76,426**	118,006
Salary and welfare payables	**74,181**	105,495
Customer deposits	**102,720**	113,567
Accrued expenses	**8,307**	6,719
Other payables	**77,028**	87,061
Dividend payable to		
— shareholders of the Company	**52,355**	1,189
— minority shareholders of subsidiaries (Note 17(b))	**24,646**	4,107
	480,664	478,467

8. BORROWINGS

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Non-current		
Long-term bank borrowings	**257,283**	268,783
Current		
Short-term bank borrowings	**33,000**	109,500
Long-term bank borrowings — current portion	**6,624**	6,470
	39,624	115,970
Total borrowings	**296,907**	384,753
Representing:		
— guaranteed (a)	**75,627**	77,793
— unguaranteed and unsecured	**221,280**	306,960
Total borrowings	**296,907**	384,753

(a) As at 30 June 2010, a bank borrowing of RMB75,627,000 (31 December 2009: RMB77,793,000) is guaranteed by a state-owned bank.

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
At 1 January	**384,753**	664,007
Additions	**11,000**	140,500
Repayments	**(98,431)**	(273,205)
Exchange differences	**(415)**	(32)
At 30 June	**296,907**	531,270

9. SHARE CAPITAL

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2010 and 31 December 2009	1,739,500	986,700	2,726,200

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 RMB. In addition, the transfer of domestic shares is subject to certain restriction imposed by PRC law from time to time.

During the six months ended 30 June 2010, there was no movement in the share capital of the Company.

10. 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.

10. SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments for the six months ended 30 June 2010 is as follows:

	Six months ended 30 June 2010 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading of industrial products RMB'000	Total RMB'000
Total segment revenues	354,474	76,176	304,991	90,528	170,893	997,062
Inter-segment revenues	–	–	(36,543)	–	–	(36,543)
Revenues	354,474	76,176	268,448	90,528	170,893	960,519
Operating profit/(loss)	110,870	(1,439)	78,354	(6,072)	6,483	188,196
Finance income						3,752
Finance costs						(9,032)
						182,916
Share of results of associates	–	–	649	(9)	–	640
Profit before income tax expense						183,556
Income tax expense						(25,529)
Profit for the period						158,027
Other information						
Depreciation	52,216	15,278	19,386	4,714	178	91,772
Amortisation	8,192	2,222	3,231	18	29	13,692
Provision for/(reversal of) impairment of						
– inventories	–	–	–	–	1,179	1,179
– receivables	–	537	77	2,711	(223)	3,102

10. SEGMENT INFORMATION (CONTINUED)

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

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

10. SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments as at 30 June 2010 and 31 December 2009 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
Unaudited						
As at 30 June 2010						
Segment assets	3,574,931	451,098	1,674,925	222,346	330,396	6,253,696
Include:						
Interests in associates	–	–	33,923	1,130	–	35,053
Additions to non-current assets	4,190	4,741	21,535	3,490	7	33,963
Segment liabilities	421,429	18,115	525,758	108,834	245,227	1,319,363
Audited						
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

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.

10. SEGMENT INFORMATION (CONTINUED)

Sales between segments are carried out on terms agreed by the parties involved. The revenue from external parties reported to the management meeting is measured in a manner consistent with that in the unaudited condensed consolidated interim income statement.

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

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Total segment assets	**6,253,696**	6,338,152
Deferred income tax assets	**52,387**	52,473
Available-for-sale financial assets	**86,237**	155,512
	6,392,320	6,546,137

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

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Total segment liabilities	**1,319,363**	1,316,189
Deferred income tax liabilities	**19,476**	37,643
Taxes payable	**13,695**	12,441
Derivative financial instrument	**7,275**	7,258
Borrowings	**296,907**	384,753
	1,656,716	1,758,284

11. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Crediting:		
Fair value gain on derivative financial instrument	—	1,294
Dividend income	340	553
Gain on disposal of property, plant and equipment	204	—
Reversal of impairment of receivables	223	76
Charging:		
Cost of inventories sold/consumed	292,718	340,515
Depreciation of		
— property, plant and equipment	91,350	92,065
— investment property	422	—
Amortisation of		
— land use rights	11,726	11,602
— intangible assets	1,966	1,739
Loss on disposal of property, plant and equipment	—	37
Fair value loss on derivative financial instrument	17	—
Provision for impairment of		
— inventories	1,179	156
— receivables	3,325	2,093

12. FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Interest income	**3,341**	7,953
Net foreign exchange gain	**411**	32
	3,752	7,985
Interests on bank borrowings	**(9,672)**	(16,415)
Less: amounts capitalised	**640**	2,164
	(9,032)	(14,251)
Finance costs, net	**(5,280)**	(6,266)

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowings for the six months ended 30 June 2010 was 4.88% (2009: 6.99%) per annum.

13. INCOME TAX EXPENSE

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the six months ended 30 June 2010 (2009: Nil).

The Group is subject to the corporate income tax according the Corporate Income Tax Law of the PRC as approved by the National People's Congress. As the current year is the forth year which the Company enjoys the corporate income tax exemption, the applicable corporate income tax rate for the Company is nil for the six months ended 30 June 2010 (2009: Nil). The Company's jointly controlled entity, Xiamen Haicang International Container Terminals Ltd. ("XHICT") enjoys the corporate income tax exemption for the third year in 2010 and therefore the applicable corporate income tax rate for XHICT is nil for the six months ended 30 June 2010 (2009: Nil). The Company's another jointly controlled entity, Xiamen International Container Terminals Ltd. ("XICT") enjoys the 50% reduction in corporate income tax for the fifth year in 2010 and therefore the applicable corporate income tax rate for XICT is 11% for the six months ended 30 June 2010 (2009: 10%). For the six months ended 30 June 2010, the applicable tax rate for the Company's subsidiaries and jointly controlled entities other than XHICT and XICT is 22% (2009: 20%).

13. INCOME TAX EXPENSE (CONTINUED)

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

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
PRC corporate income tax expense	**25,719**	15,808
Deferred income tax (credit)/charge	**(190)**	226
	25,529	16,034

14. DIVIDEND

At the board meeting held on 14 April 2010, the Board proposed a final dividend of RMB5 cents per share (tax inclusive) for the year ended 31 December 2009, which was subsequently approved at the annual general meeting on 18 June 2010 (the "2009 Final Dividend"). The 2009 Final Dividend has been reflected as an appropriation of retained earnings for the six months ended 30 June 2010.

At the board meeting held on 20 August 2010, the Board proposed an interim dividend of RMB4 cents per share (tax inclusive) for the six months ended 30 June 2010. This proposed interim dividend, amounting to RMB109,048,000 (2009: Nil), is not reflected as dividend payable in the unaudited condensed consolidated interim financial information until it has been approved at the forthcoming extraordinary general meeting to be held on 22 October 2010, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

15. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2010	2009
Profit attributable to the equity holders of the Company (in RMB)	**123,302,000**	82,354,000
Weighted average number of the Company's shares in issue	**2,726,200,000**	2,726,200,000
Basic earnings per share (in RMB cents)	**4.52**	3.02

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

16. CAPITAL COMMITMENTS

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred: — the Group	**154,677**	297,222

Committed capital expenditure as at 30 June 2010 mainly related to the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machinery, acquisitions of vessels and renovation of buildings. These commitments were entered into by the Group with its suppliers before 30 June 2010 but the related capital expenditure had not been incurred as at that date.

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 June 2010, the Group had the following significant transactions with related parties:

		Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Transactions with the parent company			
Expenses			
Operating lease rental in respect of land, berth and office premises	(i)	**28,283**	22,167
Transactions with fellow subsidiaries			
Expenses			
Operating lease rental in respect of land, port facilities and office premises	(i)	**2,016**	2,323
Comprehensive service fee	(ii)	**11,726**	8,286
Labour services	(iii)	**10,002**	8,104
Others			
Purchases of property, plant and equipment	(iv)	**3,738**	3,507
Transactions with other related parties			
Revenues			
Loading and unloading services rendered	(v)	**29,550**	23,176
Transactions with other state-owned enterprises			
Revenues			
Loading and unloading services rendered	(v)	**36,015**	44,509
Port ancillary services rendered	(v)	**15,692**	18,497
Sales of building materials	(v)	**46,131**	69,084
Interest income from bank deposits		**1,343**	6,675
Expenses			
Purchases of goods and raw materials	(vi)	**20,096**	23,499
Fuel charges	(vi)	**38,369**	26,946
Interest expenses paid to state-owned banks	(vii)	**7,130**	14,845
Others			
Purchases of property, plant and equipment	(viii)	**15,958**	39,327

17. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (Continued)

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

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

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

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

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

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

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

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

17. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Balances with the parent company		
Other receivables and prepayments	**67**	364
Accounts payable	**25,851**	12,130
Other payables and accruals	**3,811**	2,919
Balances with fellow subsidiaries		
Accounts receivable	**1,644**	1,340
Other receivables and prepayments	**1,697**	1,284
Accounts payable	**6,457**	4,283
Other payables and accruals	**9,783**	7,955
Balance with minority shareholders of subsidiaries		
Dividend payable	**24,646**	4,107
Balances with other related parties		
Accounts receivable	**23,328**	16,561
Other payables and accruals	**51,407**	31,449
Balances with other state-owned enterprises		
Restricted cash	**36,568**	39,147
Term deposits with initial term of over three months	**59,925**	86,811
Cash and cash equivalents	**532,695**	536,706
Accounts receivable	**71,916**	60,479
Other receivables and prepayments	**6,298**	2,857
Accounts payable	**7,397**	6,726
Other payables and accruals	**11,181**	15,507
Borrowings	**218,669**	217,460

17. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation:

	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,561**	1,458
Contributions to pension plans	**145**	71
	1,706	1,529

18. COLLATERAL SECURITIES FOR MITIGATING CREDIT RISKS

As at 30 June 2010, certain accounts receivable, other receivable and advance to suppliers (collectively the "Assets") in connection with the Group's trading business are exposed to recoverability risk. To mitigate the credit risk associated with the Assets, the Group has obtained certain inventories, property, plant, equipment and land use rights (collectively the "Collaterals") as the security for the Assets. After assessing the estimated value of the Collaterals, the Company made an aggregate impairment provision on the Assets of RMB17,523,000 as at 30 June 2010 (31 December 2009: RMB17,523,000).

As at 30 June 2010, the gross amounts and the impairment provisions for the Assets are as follows:

	Gross amounts RMB'000	Impairment provisions RMB'000
Accounts receivable	27,127	(6,000)
Other receivable	20,855	(8,043)
Advance to suppliers	18,570	(3,480)
	66,552	(17,523)

19. CONTINGENT LIABILITIES

As at 30 June 2010, the Group has no significant contingent liability (31 December 2009: Nil).

REVIEW OF OPERATING RESULTS

During the first half of 2010, the global economy recovered gradually while the international trade was restoring its growth. Based on the relevant statistical data about the People's Republic of China (the "PRC" or "China"), all "The Troika" of the PRC's economy, namely investment, consumption and export, have regained their rapid growth. Overall, due to the increasing demand of both domestic and foreign trade of China, we saw a satisfactory throughput of major ports in the PRC, including ports in Xiamen. Taking advantage of the improving economy, the Company strengthened its marketing campaign with an innovative sales model and consolidated strategic cooperation to attract more shipping lines and cargo sources timely in accordance with the market trend, which resulted in a substantial growth in all major businesses. Meanwhile, operating costs were closely controlled in order to keep them at an ideal level. With the aforesaid effort, the Group marked a sharp growth in its results for the first half year.

For the six months ended 30 June 2010, the Group's realised revenue was approximately RMB960,519,000, representing an increase of approximately 4.9% over approximately RMB915,560,000 in the corresponding period in 2009. Profit attributable to equity holders of the Company amounted to approximately RMB123,302,000, representing a significant increase of approximately 49.7% over approximately RMB82,354,000 in the corresponding period in 2009. The earnings per share for profit attributable to the equity holders of the Company (basic and diluted) were approximately RMB4.52 cents (2009: approximately RMB3.02 cents). The increase of revenue was mainly due to revenue increases in container loading and unloading and storage business, bulk/general cargo loading and unloading business and ancillary value-added ports services of the Group, which was partially offset by revenue decreases in trading of industrial products and the manufacturing and selling of building materials.

BUSINESS REVIEW

The Group is engaged in port terminal operations at 16 berths (including the Berth No.1 of Haicang port area) in the Dongdu and Haicang port areas in Xiamen. These operations mainly include port integrated logistics services comprising container ports operation, bulk/general cargo ports operation and ancillary value-added port services. In addition, the Group operates the manufacturing, processing and selling of building materials as well as the trading of industrial products (such as chemical products and steel).

Container Port Business

In the first half of 2010, with the continuous recovery of international and domestic economies, China's import and export trading business improved significantly. According to the statistics issued by the National Bureau of Statistics of the PRC, the total value of China's import and export from January to June of this year amounted to approximately USD1,354.88 billion, representing an increase of approximately 43.1% over the corresponding period of last year. Driven by such strong support, the Group's container throughput for the first half year reached a new height as compared to the corresponding period ever recorded. Details of the container throughput of the Group are as follows:

	Container throughput Six months ended 30 June		
	2010 (TEUs)	2009 (TEUs)	Increase
The Haitian Terminal, Hairun Terminal and Berth No.1 of Dongdu Terminal of the Group (international and domestic trade)	**1,232,566**	953,866	29.22%
XICT (international trade)*	**529,260**	430,609	22.91%
Total Throughput	**1,761,826**	1,384,475	27.26%

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

During the first half of 2010, the Group's container business of the ports achieved good results as compared with the corresponding period in 2009. Given that the domestic and foreign trade recorded a rapid growth, the major shipping companies' reliance on the capacity of container ports of the Group increased continuously, which made a remarkable growth in the Group's container businesses of both international and domestic trade. Of which, the international container transshipment and domestic sub-route transshipment businesses became the main driving forces for the growth of container throughput of the Group in the first half year. During the reporting period, the above two businesses recorded the throughput of approximately 266,300 TEUs, representing an increase of approximately 220% over the corresponding period of last year, which accounted for approximately 15.12% of the Group's container throughput in the first half year.

Bulk/General Cargo Port Business

In the first half of 2010, the Group's bulk/general cargo business grew significantly during the reporting period. The bulk/general cargo throughput handled amounted to 3,248,657 tonnes. The details are as follows:

	Bulk/general cargo throughput Six months ended 30 June		
	2010 (tonnes)	2009 (tonnes)	Increase
Berths No.2 to No.4 of Dongdu Terminal	**2,990,377**	2,187,416	36.71%
XICT*	**258,280**	179,689	43.74%
Total throughput	**3,248,657**	2,367,105	37.24%

As the domestic and foreign trade of the reporting period saw a larger demand for mass goods than that of the corresponding period of 2009, the Group's bulk/general cargo throughput increased rapidly. Of which, the processing business of relevant products, including food products for foreign trade, mineral products, stone and barite for foreign trade and bulk corn, attained satisfactory results. Yet, the performance of certain products like copper concentrate and sandstone was below expectation during the period. In addition, during the period, the Group's Dongdu Branch leased the Berth No.8 of Haicang port area from Mingda Terminal (Xiamen) Limited (明達碼頭(廈門)有限公司) for operating bulk/general cargo loading and unloading business, which also contributed to the growth of bulk/general cargo throughput.

Ancillary Valued-added Port Services

The Group's ancillary value-added port services mainly included shipping agency, tallying, tugboat berthing and unberthing as well as port-related logistics services. In the first half of 2010, benefiting from the growth of port loading and unloading business and the successful implementation of the overall sales and marketing strategy, the Group's main operations such as shipping agency, tallying, tugboat berthing and unberthing delivered good performance. Out of these operations, following the establishment of the Yangpu branch in Yangpu Port of Hainan Province, China, our business of tugboat berthing and unberthing was successively developed in Gulei Port in Zhangzhou of Fujian Province and Quanzhou Port in Fujian Province during the first half year. During the reporting period, the Group's sea-rail joint transportation business and bonded logistics business maintained a continuous growth. In the first half year, the Group extended its presence for the sea-rail joint transportation business to Jingdezhen of Jiangxi Province and then Changsha of Hunan Province, and also successfully developed several operating routes for the sea-rail joint transportation of domestic trade containers, such as the Liaoning — Xiamen — Ganzhou, Tianjin — Xiamen — Ganzhou, and Xiamen — Tianjin — Yinchuan/Lanzhou. The effectiveness of the network of sea-rail joint transportation operation was so obvious that the Group completed a total container volume of 12,781 TEUs in respect of sea-rail joint transportation in the first half year, representing an increase of approximately 83.32% over the corresponding period in 2009. The bonded logistics business of the Group grew steadily. In order to satisfy the operation need of Xiamen Bonded Logistics Park ("Logistics Park"), the Group planned to invest in the construction of Warehouse No. 4 and temporary Warehouse No. 6 in Logistics Park. Currently the initial application procedure for Warehouse No. 4 is being processed, and the construction of temporary Warehouse No. 6 will be completed in the second half of this year.

Trading Business of Industrial Products

In the first half of 2010, the Group adhered to the operation philosophy of "boosting the port economy by trading, promoting the trading business by port operation and integrating the port and trading business" in accordance with the re-planning of trading business of industrial products. It mainly operated the domestic trade agency business of bulk raw materials, which could enhance the throughput of the Group's terminals in a direct and effective manner, by taking advantage of the Group's port business as a platform on the principle of prudent and strict risks control. The Group, thus, furthered the interactive development between trading business and port business.

FINANCIAL REVIEW

Revenue

Revenue from the Group increased by approximately 4.9% from approximately RMB915,560,000 for the six months ended 30 June 2009 to approximately RMB960,519,000 for the six months ended 30 June 2010. The increase was mainly due to revenue increases in container loading and unloading and storage business, bulk/general cargo loading and unloading business and ancillary value-added port services of the Group, which was partially offset by revenue decreases in trading of industrial products and the manufacturing and selling of building materials.

Revenue by business sector

Business	Six months ended 30 June 2010 (RMB'000)	2009 (RMB'000)	Increase/ (decrease)
Container loading and unloading and storage business	**354,474**	294,286	60,188
Bulk/general cargo loading and unloading business	**76,176**	52,960	23,216
Ancillary value-added port services	**268,448**	236,756	31,692
Manufacturing and selling of building materials	**90,528**	128,746	(38,218)
Trading of industrial products	**170,893**	202,812	(31,919)
Total	**960,519**	915,560	44,959

The reasons for the change of revenue of each business sector for the six months ended 30 June 2010 compared with the corresponding period of last year are as follows:

1. The container throughput of the Group for the six months ended 30 June 2010 was 1,502,489 TEUs (including 51% of XICT's throughput under proportional consolidation) which has an increase of approximately 28.0% compared with the corresponding period of 2009. As a result, the revenue of this sector increased accordingly.

2. The Group's total bulk/general cargo throughput increased, especially, the throughput of cargoes with higher tariff including stone, steel and food products increased significantly, which resulted in the increase of average tariff of this business and also the revenue of the bulk/general cargo loading and unloading business.

3. The increased income of the ancillary value-added port services of the Group was mainly due to the increase of cargo throughput handled by Xiamen port.

4. Due to the unfavourable influence of fierce competition of the market, the sale volume and sale price of concrete decreased, which led to the revenue decrease in the manufacturing and selling of building materials of the Group.

5. The Group continued to properly shrink the business scope to control the trading business risk of industrial products, which resulted in the revenue decrease of the sector.

Cost of Sales

Cost of sales of the Group decreased by approximately 1.8% from approximately RMB722,119,000 for the six months ended 30 June 2009 to approximately RMB709,463,000 for the six months ended 30 June 2010. Such decrease was primarily due to the decrease in cost of inventories sold/consumed, which was partially offset by the increases in employee benefit expenses and business tax and related taxes.

- Cost of inventories sold/consumed of the Group decreased by approximately 14.2% from approximately RMB340,515,000 for the six months ended 30 June 2009 to approximately RMB292,281,000 for the six months ended 30 June 2010. The decrease was mainly due to two reasons: (i) The Group's continuing shrinking of the scope of trading business, which led to the declining of volume of industrial products trading business and the corresponding decrease in cost of trading commodities sold; (ii) Due to the unfavourable influence of fierce competition of the market, the sales volume of concrete decreased, which led to the decrease of cost in the manufacturing and selling of building materials.

- Employee benefit expenses increased by approximately 14.2% from approximately RMB150,074,000 for the six months ended 30 June 2009 to approximately RMB171,440,000 for the six months ended 30 June 2010. Such increase was mainly due to increases in the port throughput and the business volume of the relevant ancillary value-added port services of the Group for the six months ended 30 June 2010, and therefore the salaries and bonus paid related to the business volume increased accordingly.

- Business tax and related taxes increased by approximately 18.8% from approximately RMB25,791,000 for the six months ended 30 June 2009 to approximately RMB30,631,000 for the six months ended 30 June 2010. Such increase was mainly due to the increases in the port throughput and the business volume of the relevant ancillary value-added port services of the Group for the six months ended 30 June 2010 which led to the increased related revenue, and therefore the business tax and related taxes increased accordingly.

Liquidity, Financial Resources and Capital Structure

The Group mainly used its cash for operating costs, construction of terminals and berths and loans repayment. As at 30 June 2010, the Group's cash and cash equivalents amounted to approximately RMB841,745,000 (31 December 2009: approximately RMB806,557,000).

Borrowings of the Group decreased by approximately 22.8% from approximately RMB384,753,000 as at 31 December 2009 to approximately RMB296,907,000 as at 30 June 2010, mainly due to the repayment of bank loans by the Group.

As at 30 June 2010, the Group's guaranteed loans amounted to approximately RMB75,627,000, which were guaranteed by a state-owned bank.

Gearing Ratio

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

The gearing ratios as at 30 June 2010 and 31 December 2009 were as follows:

	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
Total borrowings	**296,907**	384,753
Less: Cash and cash equivalents	**(841,745)**	(806,557)
Net cash	**(544,838)**	(421,804)
Total equity	**4,735,604**	4,787,853
Total capital	**4,190,766**	4,366,049
Gearing ratio (%)	**Not applicable**	Not applicable

As at 30 June 2010, the Group had a net cash position.

Other Financial Information

As at 30 June 2010, the Group's available-for-sale financial assets decreased from approximately RMB155,512,000 to approximately RMB86,237,000 as compared with 31 December 2009. The decrease was mainly contributed by the decreased fair value of shares of Sansteel MinGuang Co., Ltd, Fujian and Bank of Communications Co., Ltd, the stock investments held by the Group.

Capital Expenditure Commitments

As at 30 June 2010, the Group's capital expenditure commitments amounted to approximately RMB154,677,000, primarily consisting of construction expenditure of terminals and berths, and purchases of equipments and vessels.

Exchange Rate and Interest Rate Risk

The Group's bank borrowings are denominated in both RMB and USD. To the extent that RMB appreciates (or depreciates) against USD, the value of bank borrowings and repayment cost of such borrowings will decrease (or increase) correspondingly. Furthermore, since only a minor part of the business revenue is settled in foreign currencies, the fluctuation in RMB exchange rate has no material effect on the business operations of the Group. The Group believes that the appreciation of RMB had no material effect on the operating results and financial position of the Group as at 30 June 2010.

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

Contingent Liabilities

As at 30 June 2010, the Group had no significant contingent liabilities.

EMPLOYEES

As at 30 June 2010, the Group had 5,411 employees, a decrease of 110 employees over 31 December 2009. Employee remunerations and benefits are determined by their job nature, individual performance and experience as well as the prevailing practices of the industry. Bonus and rewards may be offered to employees according to the annual operating results and assessments of their performance. In addition, the payment of rewards is an impetus to motivate each employee. The corporate annuity improves the post-retirement pension benefits of employees after their retirement, and the employees may enjoy holidays such as paid leave in accordance with relevant provisions.

PROSPECTS AND OUTLOOK

According to the forecast of International Monetary Fund, the global trade will achieve a growth of 5.8% in 2010. With the rapid recovery of new economies in Asia-Pacific region and the continuous growth of the PRC's economy, the demand of domestic and foreign trade of China is expected to increase incessantly. However, the complicated trade protectionism arising from the international financial crisis as well as the Euro-zone sovereign debts crises should have unfavorable effects on the market which may be reflected later. Moreover, coupled with impact of the gradual withdrawal of the PRC domestic stimulus policies and macroeconomic regulation policy, such as new housing policy upon the increasing growth of the PRC economy, it is expected that the current high business growth of most ports including ports in Xiamen can hardly be sustained in the long run, but the relatively steady growth is foreseeable.

Traditionally, the second half of a year is the peak season for the shipping and port business. The usual peak season for trading will bring along a gradual boom in the container transportation industry, therefore, the container throughput of ports in Xiamen should increase further. However, due to the gradually increased throughput during the second half of last year and other newly-built terminals in the ports of Xiamen to be put into operation during the second half year, together with the impact of the above international and domestic macroeconomic factors, it is expected that the growth of the Group's port business for the second half year will become stable. In the second half of 2010, the Group will invariably adhere to the development strategy decided in the beginning of the year for creating better investment returns for all shareholders of the Company. In practice, the Group will focus on the following works in the second half of the year:

- To promote overall sales and marketing. The Group will further integrate the sales and marketing network and resources, and strengthen the coordination mechanism among enterprises. Besides, it will expand the interactive information channel and improve the overall sales and marketing platform, so that the Group can take full advantage of its overall size to increase its bargaining power.

- To reinforce the major-client strategy. The Group will create a new client management model to focus on developing and maintaining the basis of major clients and direct clients. On one hand, in order to ensure the basic sources of cargoes, the Group will reinforce its cooperation with the existing strategic partners through the expansion of cooperation scope. On the other hand, it will strengthen the market development and find new clients with great potential and reputation, particularly the introduction of major clients and strong logistics operators, so that we can maintain and expand our market share.

- To develop the market of the hinterland as the source of cargoes for the port. Firstly, the Group will take the advantage of high demand for bulk cargoes from the Economic Zone on the Western Coast of the Taiwan Straits ("Western Coast of Straits"), strengthen its presence for the sources of cargoes in the hinterland of Western Coast of Straits as well as improve the import and export cargo volume of the Group's terminals. Secondly, it will get the inland freight routes open by the sea-rail joint transportation network so as to extend to the hinterland for the sources of goods in inland. Thirdly, it will proactively expand the sea transshipment business. By seizing the opportunities arising from the gradual recovery of international shipping market as well as the establishment and operation of China — ASEAN Free Trade Area, the Group will strive to introduce domestic and foreign carriers to set up their offices in Xiamen in order to intensively develop vessel routes for emerging consumption areas, such as Middle East.

- To improve the network of sea-rail joint transportation. The Group will strive to develop the business network of "Land-based Port" in 23 inland cities of Western Coast of Straits by pushing the construction of routes for sea-rail joint transportation. Capitalizing on the electronic port information platform and routes specialized for railway in Xiamen, it will tap into the sources of goods in the southern and northeastern regions of Jiangxi Province and some regions of Hunan Province and Zhejiang Province. Besides, the Group will promote the coordination of domestic trade container business and sea-rail joint transportation business in a bid to shift the focus of sea-rail joint transportation business development from the pure foreign trade to both domestic and foreign trade, and to expand the total container throughput of the relevant route operation.

- To focus on the business development in the Taiwan market. By grasping the opportunities arising from the "Three Direct Links" as well as the execution of Economic Cooperation Framework Agreement (ECFA) between the two sides of Taiwan Straits, the Group will strive to seek the potential new opportunities under the "Three Direct Links". Thus, it will promote the in-depth connection between industries and ports of mainland China and Taiwan by consolidating and expanding the direct freight shipping services for Taiwan as well as attracting the relevant goods to ship directly to Xiamen as destination or for transshipment. Also, the Group will further develop the container business between mainland China and Taiwan, and demonstrate the important support and platform role of port economy for the construction of Western Coast of Straits.

- To expand the bonded logistics business. Firstly, the Group will conduct research on the policy advantage and business development model diligently after the commencement of closed-end operation of Haicang Bonded Port Area, so that it can prepare for the corresponding business model and the marketing campaign for potential clients in advance. Secondly, by leveraging the special policies of Logistics Park, it will promote the innovative operation model and the development of functions of Logistics Park, strengthen various extended services and value-added services (such as bonded storage, bulk delivery, distribution and processing as well as sorting and packaging), and establish the business plan for coordinative operation within Logistics Park. Thirdly, in order to attract the international major carriers to transfer its transshipment business to ports in Xiamen and to cultivate and expand the international container transshipment business, the Group will make full use of the policy advantage of Haicang Bonded Port Area and Logistics Park.

- To enhance the productivity of ports. The Group will further optimize the port's ancillary software and hardware facilities and workflow, especially the development of information system for port operation. Emphasis will be placed on the strengthening of resource sharing between the sectors of shipping agency and logistics. As such, the experience in using E-commerce for the shipping agency business will be applied to the Group's logistics business teams, so that information technology can be further applied to logistics business segment.

- To deepen the refined management. The Group will further advance the development of its basic management systems through better management and innovation, and reinforce risk management with enhanced risk control and response measures. Besides, it will enhance overall budget management, exploit the potentiality of cost control, strengthen the rationalization and workflow control of major projects and implement energy conservation and emission reduction policies. Those measures aim to reduce the operating cost and unreasonable expenses, enhance the quality and results of cost control, and achieve higher effectiveness from lower cost.

- 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.

OTHER INFORMATION

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2010:

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 six months ended 30 June 2010.

INTERIM DIVIDEND

The Board resolved to recommend the payment of an interim dividend for the six months ended 30 June 2010 of RMB4 cents per share (tax inclusive) (same period of 2009: Nil), aggregating RMB109,048,000 to all shareholders whose names appeared on the registers of members on 21 October 2010 (being the record date), subject to the consideration and approval of the same by the shareholders at the forthcoming extraordinary general meeting to be held on 22 October 2010.

Pursuant to the new CIT Law of the PRC and its implementing regulations and other relevant rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the interim dividend to non-resident enterprise (such term shall have the meaning as defined under the PRC Tax Law) shareholders of the Company whose names appear on the H-share register of members of the Company on 21 October 2010.

SHARE OPTION SCHEME

The Company did not have any share option scheme.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

For the six months ended 30 June 2010, the Group had not purchased, sold or repurchased any listed securities of the Company.

ACQUISITION AND DISPOSAL

For the six months ended 30 June 2010, the Group did not make any major acquisitions or disposals of its subsidiaries, jointly controlled entities and associated companies.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 30 June 2010, none of the Directors, Supervisors or their associates had interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any Director or Supervisor was deemed or taken to be under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2010, so far as is known to the Directors of the Company, the following persons (other than Directors or Supervisors) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Class of Shares	Number of Shares	Capacity	As a % of the relevant class of share capital	As a % of the total share capital
Xiamen Port Holding	Domestic Shares (Long Position)	1,702,900,000	Beneficial owner	97.89%	62.46%
China Shipping (Group) Co. (Note)	H shares (Long Position)	78,894,000	Interest of controlled corporation	8.00%	2.89%
China Shipping (Hong Kong) Holdings Co., Limited (Note)	H shares (Long Position)	78,894,000	Interest of controlled corporation	8.00%	2.89%
China Shipping Terminal Development (Hong Kong) Company Limited (Note)	H shares (Long Position)	78,894,000	Beneficial owner	8.00%	2.89%
Blackrock, Inc	H shares (Long Position)	52,805,100	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 30 June 2010, so far as was known to the Directors of the Company, no other persons (other than the Directors or Supervisors) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

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

The Company has put in place corporate governance practices to comply with the provisions of the Code on Corporate Governance Practices ("Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("the Listing Rules") and has consistently applied the Corporate Governance Code. For the six months ended 30 June 2010, the Company has complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Also, the Directors are not aware of any non-compliance of the Corporate Governance Code.

The Board

As at the date of this report, the second session of the Board of the Company comprised five Executive Directors, namely Mr. Zheng Yongen (Chairman), Mr. Chen Dingyu (Deputy Chairman), 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.

Audit Committee

The Company's Audit Committee comprises two Independent Non-executive Directors, Mr. Huang Shizhong and Mr. Zhen Hong and one Non-executive Director, Mr. Fu Chengjing. The Chairman of the Audit Committee is Mr. Huang Shizhong. The primary functions of the Audit Committee are: to propose the re-appointment, oversee the performance and approve the remunerations of the independent auditors; to review the completeness and accuracy of the Company's financial statements; to evaluate and supervise the Company's financial reporting procedures and to oversee the Company's internal control procedures and their effectiveness.

The audit committee of the Company has reviewed the Company's interim report for the six months ended 30 June 2010 and agreed with the accounting policies adopted by the Company.

Remuneration Committee

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

Business Strategy Committee

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

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 throughout the six months ended 30 June 2010, and the Company has not been aware of any violations of this kind during the six months ended 30 June 2010.

INVESTOR RELATIONSHIP

Amendments to the Articles of Association of the Company

Pursuant to the relevant replies from the State-owned Assets Supervision and Administration Commission of the State Council and Xiamen Foreign Investment Bureau, Xiamen International Airport Group Co., Ltd, the domestic share shareholder of the Company, transferred all its share interests in the Company,18,300,000 Shares, to Xiamen Port Holding, the controlling shareholder of the Company. To accurately reflect the aforesaid changes regarding the holders of domestic shares, the 2009 Annual General Meeting of the Company held on 18 June 2010 approved to make the following amendments to the Articles of Association of the Company (details can also be referred to in the announcement dated 18 June 2010 published by the Company):

(1) Sub-paragraph (3) of Article 1 of original Articles of Association:

The Promoter of the Company is 廈門港務控股集團有限公司 (Xiamen Port Holding Group Co., Ltd.) (holding 1,684,600,000 Shares); Other Domestic Share Shareholders of the Company are 廈門國際航空港集團有限公司 (Xiamen International Airport Group Co., Ltd) (holding 18,300,000 Shares), 廈門夏商集團有限公司 (Xiamen Seashine Group Co., Ltd) (holding 18,300,000 Shares) and 廈門輕工集團有限公司 (Xiamen Light Industry Group Co., Ltd) (holding 18,300,000 Shares).

Sub-paragraph (3) of Article 1 amended:

The Promoter of the Company is Xiamen Port Holding Group Co., Ltd. (廈門港務控股集團有限公司) (holding 1,702,900,000 Shares); other Domestic Share Shareholders of the Company are: Xiamen Seashine Group Co. Ltd. (廈門夏商集團有限公司) (holding 18,300,000 Shares) and Xiamen Light Industry Group Co., Ltd. (廈門輕工集團有限公司) (holding 18,300,000 Shares).

(2) Article 16 of original Articles of Association:

Subsequent to its incorporation, the Company increased its issued share capital by 73,200,000 Shares, and issued 897,000,000 ordinary Shares by way of public offer; and its Promoter sold 89,700,000 Shares of its shareholding. Currently, the shareholding structure of the Company comprises a total of 2,726,200,000 ordinary Shares, of which 1,684,600,000 Shares are held by 廈門港務控股集團有限公司 (Xiamen Port Holding Group Co., Ltd.), and 18,300,000 Shares are held by each of the other Domestic Share Shareholders, representing in aggregate approximately 63.81% of the total equity of the Company; 986,700,000 Shares are held by H-Share Shareholders, representing approximately 36.19% of the total equity of the Company.

Article 16 amended:

Subsequent to its incorporation, the Company increased its issued share capital by 73,200,000 Shares, and issued 897,000,000 ordinary Shares by way of public offer; and its Promoters sold 89,700,000 Shares of its shareholding. Currently, the shareholding structure of the Company comprises a total of 2,726,200,000 ordinary Shares, of which 1,702,900,000 Shares are held by Xiamen Port Holding Co., Ltd. (廈門港務控股集團有限公司), and 18,300,000 Shares are held by each of the other Domestic Share Shareholders, representing in aggregate approximately 63.81% of the total equity of the Company; 986,700,000 Shares are held by H-Share Shareholders, representing approximately 36.19% of the total equity of the Company.

The Company has completed all the related registration and filing procedures regarding the aforesaid changes to the Articles of Association in accordance with the applicable laws and regulations of PRC and Hong Kong and the relevant requirements of the Listing Rules.