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

* For identification purpose only

2013 ANNUAL REPORT

Contents

Xiamen International Port Co., Ltd.
Annual Report 2013

Corporate Information

EXECUTIVE DIRECTORS
LIN Kaibiao *(Chairman)*
FANG Yao *(Vice Chairman)*
HUANG Zirong
KE Dong[1]
HONG Lijuan

NON-EXECUTIVE DIRECTORS
ZHENG Yongen
CHEN Dingyu
MIAO Luping[2]
FU Chengjing

INDEPENDENT NON-EXECUTIVE DIRECTORS
LIU Feng
HUI Wang Chuen
LIN Pengjiu
HUANG Shumeng
SHAO Zheping[3]

SUPERVISORS
YU Mingfeng[3]
ZHANG Guixian[3]
LIAO Guosheng[4]
WU Weijian
TANG Jinmu
XIAO Zuoping

COMPANY SECRETARY
HONG Lijuan

AUTHORISED REPRESENTATIVES
HUANG Zirong
HONG Lijuan

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Fujian Province, the PRC

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The Landmark
15 Queen's Road Central, Hong Kong

AUDITORS
International auditor:
PricewaterhouseCoopers

PRC auditor:
PricewaterhouseCoopers Zhong Tian LLP

LEGAL ADVISERS
as to Hong Kong law:
Vincent T. K. Cheung, Yap & Co.

as to PRC law:
King & Wood Mallesons

PRINCIPAL BANKERS
Industrial & Commercial Bank of China
China Construction Bank
Communications Bank of China
Bank of China
China Merchants Bank

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Hong Kong

STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED
3378

LISTING DATE
19 December 2005

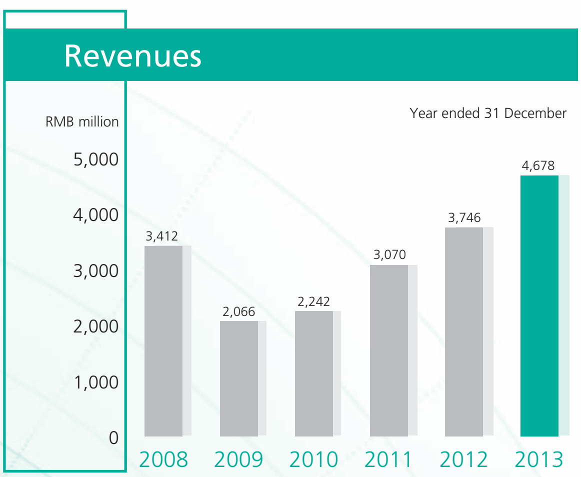
1. Re-designated from Non-executive Director to Executive Director since 28 February 2014
2. Re-designated from Executive Director to Non-executive Director since 28 February 2014
3. Newly appointed since 28 February 2014
4. Newly appointed since 27 February 2014

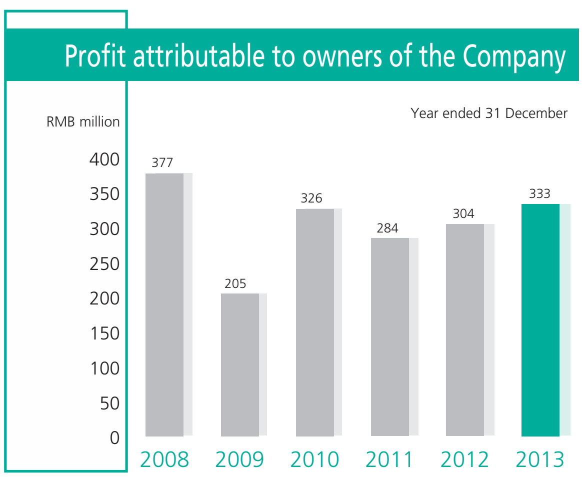
Corporate Profile

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 merchandise in Xiamen. The Group currently owns and operates eight international container terminals, namely the Haitian Container Terminal ("Haitian Terminal"), Xiamen International Container Terminal ("XICT"), Hairun Terminal and Xiamen Haicang International Container Terminal ("XHICT") and New World Xiangyu Terminal ("Xiangyu Terminal"), ITG Terminal, Songyu Terminal, Xinhaida 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. The Group currently operates totally twenty-nine berths, the aforesaid terminal berths are capable of accommodating the largest container vessels in 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. In addition, the Group has also leased Haicang berth No. 8 in the Haicang port area of Xiamen port and leased berth No. 8 in the Qingzhou Operating Area of Mawei port area, Fuzhou City for operation, so as to meet the needs of business development.

Financial Highlights

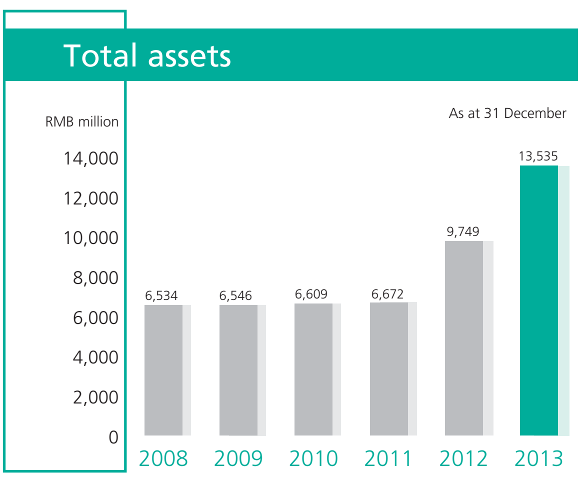
	Year ended 31 December					
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013** **RMB'000**
Revenues	3,411,524	2,065,904	2,241,717	3,069,703	3,745,921	**4,678,421**
Gross profit	611,518	437,840	565,001	587,813	616,883	**655,955**
Operating profit	506,146	322,821	459,728	449,545	570,126	**683,983**
Profit before income tax expense	502,067	310,771	458,649	450,288	548,941	**671,431**
Profit for the year	474,259	271,183	406,121	388,001	443,643	**520,196**
Profit attributable to owners of the Company	376,659	205,091	325,814	284,337	303,587	**332,789**
Earnings per share for profit attributable to owners of the Company during the year — Basic and diluted (in RMB cents)	13.82	7.52	11.95	10.43	11.14	**12.21**

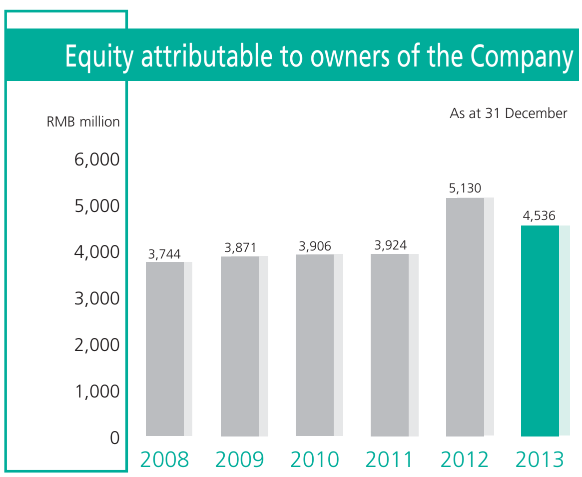




	As at 31 December					
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013** **RMB'000**
Total assets	6,534,122	6,546,137	6,609,407	6,671,807	9,749,410	**13,535,272**
Equity attributable to owners of the Company	3,743,916	3,871,063	3,906,187	3,924,498	5,130,429	**4,535,506**
Total liabilities	1,870,399	1,758,284	1,742,261	1,719,161	3,036,057	**5,038,363**
Cash and cash equivalents	844,665	806,557	1,154,304	926,176	827,469	**872,760**

	As at 31 December					
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013** **RMB'000**
Current ratio (times)	1.52	1.53	1.70	1.68	1.71	**0.90**
Gearing ratio (%)	(4.03)	(9.66)	(18.56)	(10.90)	(10.03)	**(11.12)**
Inventory turnover days	34	30	32	31	27	**26**
Accounts receivable turnover days	55	94	94	72	68	**60**





Chairman's Statement

I hereby present the annual report of the Group for the year ended 31 December 2013 to the shareholders.

In 2013, the global economy has continued to maintain the slow growth momentum. According to the IMF Report, the world economy only recorded a growth rate of 3% in 2013. In addition, taking into account of a number of factors such as the Chinese economy currently confronted with a greater recession pressure, continuous appreciation of RMB exchange rate and rising operating costs for enterprises, etc., the economic environment both at home and abroad faced by port operations were even more challenging. Confronted with such a sophisticated market condition, the Group hinged around the construction of the South-east International Shipping Centre (東南國際航運中心). When promoting the port container resources integration and internal control, we strived to explore the external market as well. We took full advantage of the overall business chain strengths of port integrated logistics service of the Group, deployed resources on a flexible basis, committed to strengthening and developing the core businesses such as the loading and unloading business of the port and its relevant ancillary value-added port services, allowing the Group to maintain a steady growth of its port business in 2013.

For the year ended 31 December 2013, the revenue of Xiamen Port was approximately RMB4,678,421,000, representing an increase of approximately 24.9% over the previous year; the profit after tax was approximately RMB520,196,000, representing an increase of approximately 17.3% over the previous year; while the profit attributable to owners of the Company was approximately RMB332,789,000, representing an increase of approximately 9.6% over the previous year. Earning per share attributable to owners of the Company (basic and diluted) was approximately RMB12.21 cents, representing an increase of approximately 9.6% over the previous year.

The board of directors (the "Board") recommended the payment of a final dividend of RMB5.5 cents per share (tax inclusive), amounting to a total final dividend of RMB149,941,000 (tax inclusive).

In 2013, the Group focused on the core business growth of the port, in particular, the Group made every effort to boost and has substantially completed the resources integration project for the port container. On 13 December 2013, Xiamen Container Terminal Group Co., Ltd. ("Xiamen Terminal Group") was formally established by way of joint venture by the respective parties, the Group holds 59.75% of the equity interest in Xiamen Terminal Group. Xiamen Terminal Group and its subsidiaries operated a total of twenty-five berths for containers, which further consolidated the Group's leading position in container loading and unloading business of Xiamen port. During the reporting period, the

Group insisted on implementing the strategies of scale-up operation and hinterland expansion through expanding external market, improving internal efficiency and endeavoring to increase the scale and synergies advantages, aimed at expanding and strengthening the principal business of the port. Firstly, there is significant business synergies effect. The Group planned and coordinated the operating resources to be mutually used among Haitian Terminal, Hairun Terminal and XICT in order to optimize allocation of resources. The container business for domestic trade was developed in joint efforts to promote its rapid growth. The Group also promoted joint marketing, formulated the business plan for the vessel transloading and packaging and coordinated its subsidiaries relating to terminals, agencies, tallying, shipping to implement the above-said plan so as to boost the business volume; secondly, the steady progress of hinterland strategy. Haiying Terminal was highlighted as the feeder base. It completed a container throughput of approximately 220,000 Twenty-foot Equivalent Units ("TEUs") during the year, increased by approximately 28.8%. Haiying-Malun joint venture commenced its formal operation and successfully launched the "Haiying-Haitian" point-to-point Fuzhou feeder, which was conducive to the development of cargo sources in the northwest of Fujian Province. The land-based port and cargo-canvassing outlet were orderly constructed. The second phase of Sanming Land-based Port (三明陸地港) project has started its preliminary work, and Ji'an Land-based Port (吉安陸地港) would be completed and put into operation in this year. Fifteen inland cargo-canvassing outlets in Economic Zone on the Western Coast of the Taiwan Strait were operated well; thirdly, the increasing development of incremental businesses. By expanding the newly created shipping routes, optimizing the structure of shipping routes, developing the emerging market shipping route and cross-strait shipping route, which resulted in additional five containers shipping routes for foreign trade in the year at Haitian Terminal, accounting for 83% of the total additional routes for foreign trade throughout the port, and its cross-strait business increased by approximately 15%. The domestic sub-routes as well as the international and domestic container transshipment business were also developed, which was demonstrated by the throughput from domestic sub-routes and container transshipment for domestic trade increased by approximately 18.9% and 55.4% respectively. The Group explored new business growth point, innovated marketing model and developed the vessel transloading as well as empty container transportation to promote the Group's throughput; fourthly, continuous enhancement of service capability. Information technology usage was strengthened; the service standard in the terminal was significantly enhanced, for example, Haitian Terminal completed the development and application of the modules of refrigerated container, inspection, shoreside operation as well as on-site safety management to ensure the on-site operational information were collected in a timely manner. Last year, Hairun Terminal set a record of 302M/H, the highest ship time efficiency in Xiamen port, when it operated for the relevant vessels,. The Group strengthened the upgrading and reconstruction of the terminal to effectively enhance its berthing capacity. As a result, Haicang berths No. 4 to

No. 6 could reliably berth such vessels as having 120,000 tonnes container after the upgrading and reconstruction of the terminal, which satisfied the berthing demand of large-scale carriers. The 110,000 volts boosting renovation project of Dongdu port was smoothly completed, which provided a safe and reliable power supply for terminal operation. The construction of new terminals was well underway. The hydraulic main work for Haicang berths No. 20 to No. 21 project has been contributed approximately RMB300,000,000, when completed and put into operation, it will create a development space for undertaking the bulk/general cargo business in Dongdu port as well as its future growth. During the period under review, the Group achieved a steady growth in container throughput and bulk/general cargo handling capacity in Xiamen with approximately 4,722,000 TEUs and approximately 9,495,000 tonnes respectively (the handling capacity of the aforesaid businesses of XICT was included on a 100% basis and the data below will be included on the same basis), among which the container throughput accounted for approximately 59% and 40.4% of the total container throughput of Xiamen City and Fujian Province respectively, which continued to maintain its leading market position in the port industry in Xiamen City and Fujian Province.

During the period under review, the Group continued to promote its corporate governance, strengthened the internal control and the refined management, and made best efforts to promote standardized operation of the Company. The Company believes that good corporate governance helps to enhance the investors' confidence in our governance capacity. During the year, the Group has made timely updates and disclosures on the relevant continuing connected transactions between the Group and its connected parties in the coming two years from 2014 to 2015, effectively assisted the progress of major projects such as container resources integration of Xiamen port, actively communicated with the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and obtained its approvals pursuant to the requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), and made timely and accurate disclosure of information to ensure the smooth progress and implementation of the projects. In 2013, the 2012 Annual Report of the Group 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 ranked Top 50 Chinese Annual Reports of 2012 in "2012 Vision Awards" (For Annual Report Competition), which was organized by the League of American Communications Professionals and with the participation of about 24 countries and more than 6,000 companies. Besides, the Company constantly strengthened the construction of the internal control system and promoted the systematic management and streamlining of management system as well. For example, the Group implemented the Measures for Asset Tenancy and Administration to further standardize the asset leases, in accordance with the requirements of the Law on State-owned Asset of Enterprises and upon the approval of the

Board, and based on the requirements on the constructions of comprehensive risk management system and quality management system, the Group arranged revisions and improvements on a number of management systems involving areas such as investment, finance, procurement and engineering technologies. Meanwhile, the Company has actively implemented the requirements of the refined management and constantly improved the internal management level, mainly: constantly promoted budget management, further strengthening the comprehensive budget analysis, degree of management and enforcement; intensified the auditing and supervision on the relevant construction projects and the fund management as well as the entertainment fees based on actual circumstances; promoted the overall management of funds classification, strengthened the market-oriented operation of fund management and improved capital use efficiency; reinforced the tax planning which helped to obtain the exemption from paying value-added tax and business tax imposed by tax authorities for the land resumption of Dongdu Terminal, and the approval of exemption from paying the value-added tax on cross-border taxable services of XICT, whereby efficiently reducing the tax cost of the Group; obtained the approval and verification of a total investment of RMB8,178,600,000 by Xiamen Investment Promotion Bureau, providing the Company with opportunities to explore financing channels; and strengthened energy conservation and emission reduction, well achieved the annual energy saving targets, and promoted the transformation of energy-saving technologies, whereby several enterprises under the Group obtained the corresponding energy-saving subsidies or incentives from the relevant government authorities, achieving remarkable results in green low-carbon development of the port.

In 2014, it is expected that the global economy will still maintain a low growth rate, which would yet be slightly higher than that of last year as affected by various factors, such as the economic recovery of the developed economies is accelerating. In Mainland China, according to the forecast of the Chinese government and its relevant authorities, the estimated national economic growth rate of China in 2014 will be approximately 7.5%, representing a slightly lower growth rate than in 2013. Along with speeding up the application of free trade zone by Xiamen City to the State Council of China, as well as after the establishment of the Terminal Group, the container terminal resources under the Group will gradually promote the overall development and further exert the scale operational advantages, which will in turn benefit the sustainable development of Xiamen port and the business of the Group. Furthermore, the progressive development of berths No. 14 to No. 17 of the Haicang port area of Xiamen port run predominantly by the domestic major shipping operators will have certain impact on part of the shipping routes business of the related terminals under the Group. As a result, the Group will face both opportunities and challenges in 2014.

Chairman's Statement

Looking forward to the year of 2014, for the purpose of maintaining sustainable development of the Company and maximizing the overall interests of the shareholders, the Group will focus on the principal business of integrated port logistics services, while based on the completion of the integration of port container resources, scientifically adjust the functional layout of the terminal berths and optimize the allocation of resources, promote intensive development of container business, and effectively consolidate and develop the Group's leading position in the port industry of Xiamen; the Group will also continuously promote overall marketing, improve the hinterland strategic layout, expand the scope of services while focusing on market expansion, optimize the mode of services, and further strengthen the Group's good brand image in the integrated port logistics services market of Xiamen, so as to attract new shipping routes and new cargo sources. Meanwhile, the Group will strictly abide by the Listing Rules, constantly promote the corporate governance, further improve the internal control system, standardize various management systems and continuously enhance the level of internal control; strictly implement refined management, improve the budget management level, make the best efforts to increase revenue and reduce expenses, enhance the corporate operational efficiency and strive to bring stable returns for the shareholders.

Last but not least, I, on behalf of the Board, would like to take this opportunity to express my sincere gratitude to the unrelenting trust and support of all shareholders, investors and business partners. Meanwhile, thanks to all employees for their persistent efforts and contributions in the previous year, enabling the Group in reaching a new height. In the future, with the mutual endeavors of all staff and the support of all shareholders, I believe that the Group will continue to grow steadily and create a new stage in ports business in Xiamen.

LIN Kaibiao
Chairman

Xiamen, the PRC
28 March 2014

Management Discussion and Analysis

INDUSTRY OVERVIEW

Continued growth of China's foreign trade and port container business

In 2013, China's overall economy illustrated a good momentum of stable growth. However, under the influence of various factors such as the continued inflation of Renminbi and the increased costs in production and operation of the enterprises, China's economy encountered a relatively greater downward pressure. On the other hand, due to the timely implementation of a series of effective measures by the Chinese government for stabilizing the growth of foreign trade and the good economic recovery momentum within major global economies since the fourth quarter of 2013, the foreign trade of China illustrated a positive and stable status. According to the relevant information released by the National Bureau of Statistics of the PRC, the gross national product of the PRC in 2013 was approximately RMB56,884.5 billion, representing an increase of approximately 7.7% over the corresponding period of 2012 (the same as below) with continued growth; the total import and export volume of goods of the PRC was approximately USD4,160.0 billion, representing an increase of approximately 7.6%, reaching USD4,000 billion for the first time. Out of this amount, exports of goods for the whole year increased by approximately 7.9% to approximately USD2,209.6 billion; imports of goods for the whole year increased by approximately 7.3% to approximately USD1,950.4 billion. After offsetting the import and export volume of goods, the foreign trade surplus was USD259.2 billion. For the port operation business, China's port cargo throughput was approximately 10.61 billion tonnes in 2013, representing a year-on-year increase of approximately 8.5%, while port container throughput was approximately 188.78 million TEUs, representing a year-on-year growth of approximately 6.7%.

Foreign trade of Fujian and ports in Xiamen

Benefiting from the sustained growth of China's macro-economy and the strategic effect of development of Economic Zone on the Western Coast of Taiwan Straits (the "Western Coast"), Fujian Province's economy has continued to maintain a stable growth. In particular, as the third phase of tax deduction under the Cross-Straits Economic Cooperation Framework Agreement ("ECFA") has been implemented since 1 January 2013, import duty of the cross-strait commodities under the early harvest list has reduced to zero, which effectively promoted the sustainable development in economy and trade in Fujian Province, particularly between Fujian Province and Taiwan. Based on the data provided by the Fujian provincial government, the gross domestic product of Fujian Province in 2013 amounted to approximately RMB2,176.0 billion, representing a year-on-year growth of approximately

11.0%, while the total value of exports and imports of foreign trade was approximately USD165.35 billion, representing a year-on-year growth of approximately 8.6%. Port cargo throughput amounted to approximately 455 million tonnes, representing an increase of approximately 10.0% over the previous year, while container throughput was approximately 11.694 million TEUs, representing an increase of approximately 9.0% over the previous year.

In 2013, Xiamen city continued to promote the construction of South-east International Shipping Centre, and intensify the implementation of the "Overall Trial Proposal of Integrated Ancillary Reform of Deepening the Cross-strait Exchange and Cooperation in Xiamen City", in which it has smoothly completed the integration of port container resources in Xiamen, accelerated the implementation of non-paper custom clearance for the ports, effectively promoted the sustainable and healthy development of Xiamen port. In 2013, the total container throughput of Xiamen port was approximately 8.008 million TEUs, representing an increase of approximately 11.2% over the year of 2012. It ranked the eighth in terms of container throughput among the ports in mainland China, accounting for approximately 68.5% of the total container throughput in Fujian Province.

BUSINESS REVIEW

For the year ended 31 December 2013, the Group was principally engaged in port terminal businesses in relevant terminals in Dongdu port area and Haicang port area in Xiamen and Qingzhou Operating Area in Fuzhou City, including container port operation, bulk/general cargo port operations and ancillary value-added port services. In addition, the Group was also engaged in the manufacturing, processing and sales of building materials as well as the trading business of merchandise (such as steel and chemical raw materials).

Scale of Operations

In 2013, according to a resolution passed at the 21st meeting of the third session of the Board and the first extraordinary general meeting in 2013 of the Company, the Company and the controlling shareholder of the Company, Xiamen Port Holding Group Co., Ltd. ("Xiamen Port Holding"), as well as Xiamen Xiangyu Logistics Group Corporation ("Xiangyu Logistics"), Xiamen ITG Group Corp., Ltd. ("Xiamen ITG") and New World (Xiamen) Port Investments Limited ("NWXP") jointly integrated the assets and businesses of the relevant container terminals in Xiamen port and jointly established Xiamen Terminal Group on 13 December 2013 (see the below section of "Establishment of New Companies" for details) to directly or indirectly operate eight terminals/twenty-five berths for international containers, including four terminals/twelve berths of Haitian, Hairun, XICT and XHICT originally owned by the Group, in which the Group effectively holds 59.75% of equity interest in Xiamen Terminal Group.

Therefore, for the year ended 31 December 2013, the Group owned and operated nine terminals with a total of twenty-nine berths for containers of international and domestic trade and bulk/general cargo, with a depth alongside ranging from 9.9 metres to 17.5 metres, which is able to accommodate vessels of up to 100,000 dwt and has a maximum carrying capacity of 18,000 TEUs. The Group also had a large area for warehousing facilities (depot/warehouse) and relevant auxiliary facilities both inside and outside the terminal areas.

Among all, the Group owned eight international container terminals, namely, (1) Haitian Terminal (Dongdu berths No. 5 to No. 11), Xiangyu Terminal (Dongdu berths No. 12 to No. 16), ITG Terminal (Dongdu berths No. 20 and No. 21) situated in Dongdu port area; (2) Songyu Terminal (Songyu berths No. 1 to No. 3), XHICT (Haicang berth No. 1) and XICT (Haicang berths No. 2 and No. 3, and Haicang berths No. 1 to No. 3 under unified operation) as well as Hairun Terminal (Haicang berths No. 4 and No. 5, and berth No. 6 which is newly admitted on 13 December 2013) and Xinhaida Terminal (Haicang berths No. 18 and No. 19), all situated in Haicang port area.

In addition, the Group also operated in Dongdu Terminal with four berths (Dongdu berths No. 1 to No. 4) situated in Dongdu port area for bulk/general cargo loading and unloading of both international and domestic trade, and container loading and unloading in respect of domestic trade.

Apart from the above-mentioned twenty-nine berths owned by the Group, the Group also leased berth No. 8 in Haicang port area (Mingda Terminal) from Mingda Terminal (Xiamen) Limited (明達碼頭（廈門）有限公司) for operation during the reporting year. In addition, the Group also leased berth No. 8 in Qingzhou Operating Area in Fuzhou City (Fuzhou Zhongying Terminal) from Fuzhou Zhongying Gangwu Co., Ltd. (福州中盈港務有限公司) ("Zhongying Gangwu") for operation of the container and general cargo loading and unloading and the port-related comprehensive logistics business from 20 November 2012.

Container port business

During the reporting year, a container throughput of 4,944,679 TEUs was achieved by the Group and details of container throughput achieved by each terminal were as follows:

	Container throughput		
	2013 (TEUs)	2012 (TEUs)	Increase/ (decrease)
Haitian Terminal and Hairun Terminal of the Group (international trade)#	**2,406,175**	2,285,765	5.27%
XICT and XHICT (international trade)*	**879,326**	1,030,443	(14.67%)
Songyu Terminal (international trade)⊕	**62,072**	–	100%
Xiangyu Terminal (international trade)⊕	**40,848**	–	100%
ITG Terminal (international trade)⊕	**9,090**	–	100%
Xinhaida Terminal (international trade)⊕	**4,518**	–	100%
Berth No. 1 of Dongdu Terminal (domestic trade)☆	**1,319,763**	1,105,299	19.40%
Total throughput in Xiamen region	**4,721,792**	4,421,507	6.79%
Fuzhou Zhongying Terminal (international and domestic trade)△	**222,887**	25,672	768%
Total throughput	**4,944,679**	4,447,179	11.19%

Prior to the establishment of Xiamen Terminal Group on 13 December 2013, Hairun Terminal only included berths No. 4 and No. 5 in Haicang port area, whereby it further leased and operated berth No. 6 in the same area from Xiamen Port Holding before 13 December 2013 due to the needs of its business development; following the establishment of Xiamen Terminal Group, berth No. 6 in Haicang port area became its assets and the berth should be included in the Hairun Terminal correspondingly. Therefore, for the purpose of operational information set out herein, the related operating figures of Hairun Terminal also contain the figures of berth No. 6 in Haicang port area of Xiamen port, which are consolidated in the calculation.

* Before 13 December 2013, Xiamen International Container Terminals Ltd. ("XICT") and Xiamen Haicang International Container Terminals Ltd. ("XHICT") are joint ventures established by Xiamen Haicang Port Company Limited ("Xiamen Haicang Port"), one of the Company's subsidiaries, or the Company with Hutchison Ports Xiamen Limited and Hutchison Port Haicang Limited, respectively. After 13 December 2013, XICT and XHICT become the joint ventures established by Xiamen Terminal Group with Hutchison Ports Xiamen Limited and Hutchison Port Haicang Limited, respectively. Since 1 September 2008, due to the commencement of unified operation between XICT and XHICT, the relevant operational information of XICT also contains the figures of XHICT correspondingly, which are consolidated in the calculation and 100% calculated into port business. The Company adopted HKFRS 11 "Joint arrangements" for the financial year beginning on 1 January 2013 and determined the Group's jointly controlled entities as joint ventures and the interest of which was accounted by equity method. Proportional consolidation of the joint ventures' financial results is no longer allowed and the financial information of the comparative period has been restated. The Group is still engaged in port business in the above terminals in 2013, and therefore the relevant operational information is set out herein.

⊕ Following the establishment of Xiamen Terminal Group on 13 December 2013, Songyu Terminal, Xiangyu Terminal, ITG Terminal and Xinhaida Terminal have become terminals controlled and operated, directly or indirectly, or joint controlled by the Group and Xiamen Terminal Group. Therefore, the relevant operating figures of the above four terminals during the period from 13 December 2013 to 31 December 2013 are also contained in this report correspondingly, which are 100% calculated into port business. For the purpose of operational information set out herein, the relevant information of the above four terminals are not included in that of the Group in 2012, resulting in a growth of 100% of the throughput of container business over the corresponding period last year.

☆ Since February 2012, Dongdu Terminal leased berth No. 3 of Songyu Terminal of Xiamen port due to the needs of business development, in order to operate the domestic trade container business, and therefore, for the purpose of operational information set out herein, the related operating figures of berth No. 1 of Dongdu Terminal also contain the relevant figures of berth No. 3 of Songyu Terminal of Xiamen port, which are consolidated in the calculation.

∆ Since 20 November 2012, the Group leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operating container and general cargo loading and unloading business and the port-related comprehensive logistics business. Due to the shorter operating period and smaller business figures of the terminal by the Group in 2012, the proportion of the terminal in the total relevant business volume of the Group is very small, and therefore, the increase in the operating figures of such terminal in 2013 is relatively high compared to the corresponding period last year.

In 2013, benefiting from the continuous growth of China's macro-economy and trade, successful completion of integrating container terminal resources of Xiamen port as well as the sustainable development of container incremental business of the Group, the container throughput of the Group increased by 11.19% over the previous year, among which, container business in Xiamen region increased 6.79% over the previous year. The major factors of the increase include: container throughput in the domestic trade was approximately 1.32 million TEUs, representing an increase of approximately 19.4% over the previous year; the container throughput in the domestic sub-routes was approximately 0.460 million TEUs, representing an increase of approximately 18.9% over the previous year respectively; following the establishment of Xiamen Terminal Group, the throughput of approximately 0.117 million TEUs from Songyu Terminal, Xiangyu Terminal, ITG Terminal and Xinhaida Terminal during the period from 13 to 31 December 2013 was included in the operating figures of the Group. The business of the domestic trade container and domestic sub-routes as well as the business from additional four terminals as mentioned above accounted for approximately 40.2% of the total container throughput of the Group in Xiamen region in 2013, the significant increase of which making a comparatively larger contribution to the growth of the Group's container throughput in Xiamen region during the year. On the other hand, as a result of a number of factors such as the diversion of the self-operated lines of relevant shipping operators to the relevant berths in Xiamen port which were dominantly run by them, as well as the reduction for European shipping routes of certain clients, the container business of XICT decreased by approximately 14.7% as compared with the previous year, which resulted in a slower growth of the Group's container business.

In response to the above-mentioned conditions of XICT, the Group has adopted appropriate countermeasures: firstly, to strengthen the connection and cooperation with relevant shipping operators, so as to closely monitor their plans in shipping route addition and reduction, adjust the business strategy on a timely basis and enhance our services from terminal to end users (cargo owners); secondly, to accelerate the upgrading and restructuring of the structure of relevant terminals and to enhance the berthing capacity of relevant berths in order to undertake appropriate new routes and businesses and actively explore relevant logistics services.

Bulk/General Cargo Port Business

In 2013, the bulk/general cargo throughput handled by the Group amounted to a total 9,565,802 tonnes for the year with details as follows:

	Bulk/general cargo throughput		
	2013 (Tonnes)	2012 (Tonnes)	Increase
Berths No. 2 to No. 4 of Dongdu Terminal*	**7,019,487**	6,808,300	3.10%
XICT and XHICT	**2,129,694**	256,104	731.6%
Songyu Terminal⊕	**6,553**	–	100%
ITG Terminal⊕	**339,074**	–	100%
Total throughput in Xiamen region	**9,494,808**	7,064,404	34.4%
Fuzhou Zhongying Terminal△	**70,994**	6,331	1,000.2%
Total throughput	**9,565,802**	7,070,735	35.3%

* Dongdu Terminal has leased part of berth No. 8 (Mingda Terminal) in Haicang port area of Xiamen port for the operating loading and unloading of bulk/general cargo transshipment businesses since November 2009. Therefore, for the purpose of the operational information set out herein, the relevant operating figures of bulk/general cargo of Dongdu Terminal also contain the figures of Mingda Terminal, which are consolidated in the calculation.

⊕ Following the establishment of Xiamen Terminal Group on 13 December 2013, Songyu Terminal and ITG Terminal become the terminals that controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group. Therefore, the relevant operating figures of the above two terminals during the period from 13 December to 31 December 2013 are also contained in this report correspondingly, and 100% calculated into port business. For the purpose of operational information set out herein, the relevant information of the above two terminals are not included in that of the Group in 2012, resulting in a growth of 100% of the throughput of bulk/general cargo port business over the corresponding period last year.

Δ Since 20 November 2012, the Group leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operating container and general cargo loading and unloading business and the port-related comprehensive logistics business. Due to the shorter operating period and smaller business figures of the terminal by the Group in 2012, the proportion of the terminal in the total relevant business volume of the Group is very small, and therefore, the increase in the operating figures of such terminal in 2013 is relatively higher over the corresponding period last year.

During the reporting period, the Group's bulk/general cargo port business significantly increased by 35.3% as compared with the previous year. Among which, the business of berth No. 8 in Haicang port area leased by Dongdu Terminal was adversely impacted by the market competition, which resulted in a decrease in the businesses including rolled steel and PTA. The berths No. 2 to No. 4 of Dongdu Terminal has recorded a decline in its stone business due to the impact of a number of factors such as the conditions of depots, but achieved a relatively large business growth in cargos such as imported food, steel materials for foreign trade and pulp paper plates, allowing the aggregate volume of the bulk/general cargo port business of Dongdu Terminal to record an increase of 3.1% over the previous year; XICT has commenced its new sand export business during the year with a throughput of 1.87 million tonnes. Its other business also maintained good growth momentum, enabling a significant growth of 7.3 times in terminal throughput over the previous year.

Ancillary value-added port services

During the reporting period, the Group persistently implemented the overall marketing strategy and actively developed various ancillary value-added port services such as shipping agency, tallying, tugboat berthing and unberthing, and port-related logistics services, demonstrating the interaction between these businesses and the loading and unloading business of the Group's terminals, as well as effectively enhancing the external competitiveness of relevant businesses, so as to promote a sustainable growth in ancillary value-added port services. During the year under review, the market shares of the relevant businesses of the Group such as tallying remained relatively stable. The in-port market business of the tugboat berthing and unberthing business was under the impact of competition from particular markets but the off-port market businesses have recorded different degrees of growth, which effectively stabilized the income level of its overall business. The Group's traditional logistics businesses such as empty container pile-ups showed a decline but and the modern logistics businesses such as cargo consolidation and bonded logistics business have recorded an overall growth. Of which, the project of South-east Shipping Cargo Consolidation Centre (東南航運拼

箱中心) jointly developed by the Group's terminals and logistics enterprises has been duly accepted by the Customs in the end of 2013 and has also been recognized as a "Highlighted Logistics Project of Xiamen city in 2013" by the relevant governmental authorities in Xiamen city. During the reporting year, the Group has proactively expanded the hinterland of cargo sources of the port and sea-rail joint transportation business. Of which, the land-based port business in Sanming City, Fujian Province has constantly developed and its second phase project would commence this year. The project of the land-based port in Ji'an, Jiangxi is expected to commence its operation recently. Sea-rail joint transportation business has completed a total volume of approximately 21 thousand TEUs of jointly transported containers during the year.

Trading business of merchandise

Adhering to the operation philosophy of port and trade integration and leveraging on the port business platform, the Group prudently commenced trading business of merchandise. In 2013, the Group focused on domestic trading agency business for large scale merchandise as well as self-operated business of steel and chemical materials; while strengthening the close cooperation among the relevant terminals under the Group, logistics enterprises and transportation enterprises, and on the basis of jointly improving the trading channels, the Group focused on developing business of various types of cargos including sugar, zircon sand and steel and recorded high revenue, which also facilitated the growth in the port throughput of the Group. Meanwhile, facing the current challenging environment of international macro-economies, the Group has also enhanced its internal risk management and continued to establish and improve various management systems, promoting the stable operation of trading business.

FINANCIAL REVIEW

Revenue

Revenues of the Group increased by approximately 24.9% from approximately RMB3,745,921,000 for the year ended 31 December 2012 to approximately RMB4,678,421,000 for the year ended 31 December 2013. The increase was mainly due to the increase in revenue from trading business of merchandise, container loading and unloading and ancillary value-added port services.

Revenue by business sector

Business	For the year ended 31 December 2013 (RMB'000)	2012 (RMB'000) (Restated)	Increase/ (Decrease)
Container loading and unloading and storage business	**986,819**	921,672	7.1%
Bulk/general cargo loading and unloading business	**172,672**	205,895	(16.1%)
Ancillary value-added port services	**882,141**	679,726	29.8%
Manufacturing and selling of building materials	**313,889**	404,674	(22.4%)
Trading business of merchandise	**2,322,900**	1,533,954	51.4%
Total	**4,678,421**	3,745,921	24.9%

The reasons for the changes in the revenue of each business sector for the year ended 31 December 2013 compared with 2012 are as follows:

1. The container throughput of the Group for the year ended 31 December 2013 was approximately 4,944,679 TEUs, representing an increase of approximately 11.19% compared with 2012. Being offset by the decreased tariff due to fierce competition, the revenue of container loading and unloading and storage business increased slightly.

2. The Group's total bulk/general cargo throughput, especially, the throughput of cargos with a higher tariff, including stone blocks etc., significantly decreased, which resulted in a decrease in the average tariff and also the revenue of the bulk/general cargo loading and unloading business.

3. The cargo throughput handled by ports of Xiamen increased, which led to an increase in the revenue of the ancillary value-added port services of the Group.

4. Due to the influence of the decreased market demand, the sales volume of concrete decreased, which led to a decrease in the revenue generated from manufacturing and selling of building materials of the Group.

5. The Group expanded the scope of trading business, which resulted in a significant increase in the revenue of the trading business of merchandise.

Cost of sales

Cost of sales increased by approximately 28.6% from approximately RMB3,129,038,000 for the year ended 31 December 2012 to approximately RMB4,022,466,000 for the year ended 31 December 2013. The increase was primarily due to the increase in the cost of trading merchandise and cost of inventories consumed, transportation and labor outsourcing cost, employee benefits expense as well as depreciation and amortization cost.

— Cost of trading merchandise and cost of inventories consumed increased by approximately 47.2% from approximately RMB1,819,889,000 for the year ended 31 December 2012 to approximately RMB2,679,728,000 for the year ended 31 December 2013. The increase was mainly due to the Group's expansion of the scope of trading business and the increase in the volume of merchandise trading business, which led to the corresponding increase in cost.

— Cost of transportation and labor outsourcing increased by approximately 78.1% from approximately RMB192,572,000 for the year ended 31 December 2012 to approximately RMB343,086,000 for the year ended 31 December 2013. The increase was primarily due to a significant increase in the Group's ancillary value-added port services.

— Employee benefits expense increased by approximately 10.8% from approximately RMB449,957,000 for the year ended 31 December 2012 to approximately RMB498,600,000 for the year ended 31 December 2013. The increase was mainly due to the increase in the trading business of merchandise of the Group which resulted in an increase in employee benefits expense based on business volume, and properly improving the standard for employee benefits expenditure by the Group.

— Depreciation and amortization cost increased by approximately 13.4% from approximately RMB249,186,000 for the year ended 31 December 2012 to approximately RMB282,473,000 for the year ended 31 December 2013. The increase was mainly due to the addition of property, plant and equipment by the Group during the year.

Gross profit

Due to the increase in the container port business of the Group, the Group's gross profit increased by approximately 6.3% from approximately RMB616,883,000 for the year ended 31 December 2012 to approximately RMB655,955,000 for the year ended 31 December 2013. Gross profit margin of the Group decreased from approximately 16.5% for the year ended 31 December 2012 to approximately 14.0% for the year ended 31 December 2013. The decrease in gross profit margin was due to the significant increase in revenues of the Group's manufacturing and selling business and trading business of merchandise which have a lower profit margin and their proportion to the total revenue increased from approximately 52% for the year ended 31 December 2012 to approximately 56% for the year ended 31 December 2013.

Other gains

Other gains of the Group increased by approximately 61.3% from approximately RMB110,549,000 for the year ended 31 December 2012 to approximately RMB178,363,000 for the year ended 31 December 2013. The increase was mainly due to the gains from the disposal of the land of berths No. 3 to No. 4 of Dongdu Terminal.

Operating expenses

The Group's operating expenses increased by approximately 8.6% from approximately RMB255,493,000 for the year ended 31 December 2012 to approximately RMB277,521,000 for the year ended 31 December 2013. The increase was primarily due to the increase in the cost for the establishment of Xiamen Terminal Group, a subsidiary of the Company, resulted from the resources integration of the Group.

Operating profit

The Group's operating profit increased by approximately 20.0% from approximately RMB570,126,000 for the year ended 31 December 2012 to approximately RMB683,983,000 for the year ended 31 December 2013. The Group's operating profit margin was approximately 15.2% for the year ended 31 December 2012 and approximately 14.6% for the year ended 31 December 2013, which was mainly due to the decreased gross profit margin partially offset by the increase in other gains as mentioned above.

Income tax expense

The Group's income tax expense increased by approximately 43.6% from approximately RMB105,298,000 for the year ended 31 December 2012 to approximately RMB151,235,000 for the year ended 31 December 2013. The increase was mainly due to the rise in the Group's operating profit. The Group's applicable corporate income tax rate (except for the Company, China Ocean Shipping Agency Xiamen Co., Ltd. ("Ocean Shipping Agency"), Trend Wood Investments Limited ("Trend Wood") and Xiamen Songyu Container Terminal Co., Ltd. ("Songyu Terminal")) was 25%, the same as that of last year.

Profit for the year

The Group's profit for the year increased by approximately 17.3% from approximately RMB443,643,000 for the year ended 31 December 2012 to approximately RMB520,196,000 for the year ended 31 December 2013. The Group's profit margin was approximately 11.8% for the year ended 31 December 2012 and approximately 11.1% for the year ended 31 December 2013. The decrease in profit margin for the year was mainly due to the decrease in operating profit margin and the increase in income tax expense as explained above.

Total comprehensive income for the year

Total comprehensive income for the year increased by approximately 18.3% from approximately RMB434,990,000 for the year ended 31 December 2012 to approximately RMB514,717,000 for the year ended 31 December 2013. Due to the market value of available-for-sale financial assets reflected a moderately rate of decline, other comprehensive loss after tax generated from the change of fair value of available-for-sale financial assets of the Group decreased by approximately RMB3,174,000 for the year ended 31 December 2013 compared with the year ended 31 December 2012.

Total comprehensive income for the year attributable to non-controlling interests

Total comprehensive income for the year attributable to non-controlling interests increased by approximately 33.8% from approximately RMB140,056,000 for the year ended 31 December 2012 to approximately RMB187,407,000 for the year ended 31 December 2013, which was primarily due to the increase in profit of the Group's non-wholly owned subsidiaries.

Total comprehensive income for the year attributable to owners of the Company

Total comprehensive income for the year attributable to owners of the Company increased by approximately 11.0% from approximately RMB294,934,000 for the year ended 31 December 2012 to approximately RMB327,310,000 for the year ended 31 December 2013. The increase was mainly due to the increase in profit for the year.

Accounts and notes receivable

The Group's net accounts and notes receivable increased from approximately RMB773,025,000 as at 31 December 2012 to approximately RMB778,201,000 as at 31 December 2013. The increase was primarily due to the increase of the business.

As at 31 December 2013, the Group's gross accounts and notes receivable were approximately RMB798,205,000, of which approximately RMB736,052,000 accounts and notes receivable were aged within six months, accounting for approximately 92.2% of the total accounts and notes receivable, approximately RMB18,517,000 were aged between six months to one year, approximately RMB32,488,000 were aged between one year to two years, approximately RMB1,561,000 were aged between two years to three years and approximately RMB9,587,000 were aged over three years.

Accounts and notes payable

The Group's accounts and notes payable decreased by approximately 17.4% from approximately RMB767,510,000 as at 31 December 2012 to approximately RMB633,640,000 as at 31 December 2013. This was primarily due to the decrease in the accounts payable as a result of the settlements of shipping companies with Ocean Shipping Agency, a subsidiary of the Company.

As at 31 December 2013, the Group's accounts and notes payable within one year were approximately RMB625,391,000, accounting for approximately 98.7% and due over one year were approximately RMB8,249,000, accounting for approximately 1.3%.

Borrowings

The Group's borrowings increased from approximately RMB1,576,279,000 as at 31 December 2012 to approximately RMB1,935,925,000 as at 31 December 2013, which was primarily due to the increase in bank loans for expansion of the operating businesses.

As at 31 December 2013, borrowings due within one year were approximately RMB920,088,000, due within one to two years were approximately RMB693,989,000, due within two to five years were approximately RMB121,001,000 and due over five years were approximately RMB200,847,000.

As at 31 December 2013, the Group's guaranteed loan was approximately RMB278,051,000, of which approximately RMB185,500,000 was guaranteed by Xiamen Port Holding, approximately RMB54,550,000 was guaranteed by a state-owned bank, approximately RMB25,000,000 was guaranteed by Xiamen Port Development Co., Ltd. ("XPD") and approximately RMB13,000,000 was guaranteed by Ocean Shipping Agency. The Group's secured loans were approximately RMB378,839,000, of which approximately RMB30,450,000 were secured by the letters of credit, approximately RMB87,342,000 were secured by a bank deposit of USD14,326,000, and approximately USD41,000,000 (approximately equivalent to RMB261,047,000) were secured by a bank deposit of RMB260,000,000.

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 2012 and 2013 respectively:

	2013 (RMB'000)	2012 (RMB'000) (Restated)
Net cash generated from operating activities	485,504	481,678
Net cash used in investing activities	(489,015)	(1,015,890)
Net cash generated from financing activities	53,567	488,916
Net increase/(decrease) in cash and cash equivalents	50,056	(45,296)
Cash and cash equivalents at beginning of year	827,469	872,820
Exchange losses on cash and cash equivalents	(4,765)	(55)
Cash and cash equivalents at end of year	872,760	827,469

Operating activities

The Group's net cash generated from operating activities increased by approximately 0.8% from approximately RMB481,678,000 in 2012 to approximately RMB485,504,000 in 2013. The main reasons for the increase in net cash of operating activities included the increase in net cash generated from operations of approximately RMB36,344,000 in 2013, which is partially offset by the increase in interest paid of approximately RMB9,541,000 and the increase in income tax expense paid of approximately RMB22,977,000.

Investing activities

The Group's net cash used in investing activities decreased from approximately RMB1,015,890,000 in 2012 to approximately RMB489,015,000 in 2013. The cash outflow in investment activities in 2013 was mainly due to the construction of fixed assets for operational use.

Financing activities

The Group's net cash generated from financing activities decreased from inflow of approximately RMB488,916,000 in 2012 to inflow of approximately RMB53,567,000 in 2013. The net cash generated from financing activities inflow in 2013 was primarily due to the cash inflow of approximately RMB1,418,931,000 from the newly borrowed loans, and the cash injection of approximately RMB26,600,000 by the non-controlling shareholders of the subsidiaries of the Company, partially offset by the cash outflow of borrowings repayment of approximately RMB1,279,235,000 and dividends paid during the year of approximately RMB112,729,000.

Capital expenditure

The Group's capital expenditures in 2012 and 2013 primarily included expenditures on port terminal infrastructure and purchase of equipments, machineries and land use rights. The following table sets out the Group's capital expenditure in 2012 and 2013:

	2013 RMB'000	2012 RMB'000 (Restated)
Total capital expenditure	**2,898,926**	2,770,724

Capital expenditure commitments

As at 31 December 2013, the Group's capital expenditure commitments were approximately RMB557,750,000 consisting of expenditure on constructing and improving port terminal and storage infrastructure, acquisition of loading machineries and other machineries, purchase of vessels and building renovation.

Exchange rate and interest rate risk

The Group's bank borrowings are denominated in both RMB and US dollars. To the extent that RMB appreciates (or depreciates) against US dollars, the value of bank borrowings and repayment cost of such borrowings will decrease (or increase) correspondingly. In addition, since only a minor part of the business revenue is settled in foreign currencies, fluctuation in RMB exchange rate has no material impact on the business operations of the Group. The Group believes that the appreciation of RMB had no material impact on the operating results for the year and financial position of the Group as at 31 December 2013.

The Group has not used any 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 arise.

Net debt to equity ratio

The Group's net debt to equity ratio changed from approximately 10.03% as at 31 December 2012 to approximately 11.12% as at 31 December 2013, which was mainly due to the increase in borrowings and payables resulted from the expansion of businesses, the reorganization and establishment of new subsidiaries.

Contingent liabilities

As at 31 December 2013, the Group had no significant contingent liabilities.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2013, the Group had a total of 6,687 employees, representing an increase of 1,017 employees as compared to 31 December 2012. The increase is mainly because: following the establishment of Xiamen Terminal Group, a total of 792 relevant employees who originally belonged to ITG Terminal, Xiangyu Terminal, Songyu Terminal have been included in Xiamen Terminal Group; after the Group leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu in late-2012, the original 120 employees of Fuzhou Zhongying Terminal were re-designated to and employed by the Group in 2013; the Group has newly established a number of companies in 2012 and 2013, such as Xiamen Hailong Terminal Co., Ltd. ("Hailong Terminal"), and employed approximately 61 new employees during the year. During the year, total staff costs accounted for approximately 13.55% of the Group's revenue. Employees' remunerations of the Group included basic salary, other allowances and performance-based bonus, which are determined by their job nature, individual performance, qualifications and experience as well as the prevailing practices of the industry. Employees may be offered 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.

ESTABLISHMENT OF NEW COMPANIES

On 8 January 2013, Sanming Port Development Co., Ltd. (三明港務發展有限公司), an indirect subsidiary of the Company, invested to establish Sanming Port Customs Declaration Co., Ltd. (三明港務報關有限公司) in the modern logistics industry development zone in Sha County, Sanming City, Fujian Province. On 15 April 2013, Xiamen Port Trading Co., Ltd. (廈門港務貿易有限公司), an indirect subsidiary of the Company, invested to establish Shanghai Haiheng Industrial Co., Ltd. (上海海衡實業有限公司) in Baoshan District, Shanghai City. On 16 May 2013, Ocean Shipping Agency, an indirect subsidiary of the Company, invested to establish Xiamen Agency Cruise Agency Co., Ltd. (廈門外代郵輪代理有限公司) on the 3rd Floor, No. 1 Huyu Road, Huli District, Xiamen city. On 4 July 2013, XPD (a subsidiary of the Company) and Zhangzhou Shi Economy Development Co., Ltd. jointly invested to establish Zhangzhou Shi Longchi Port Development Co., Ltd. (漳州市龍池港務發展有限公司) in No. 15 Longchi Commercial Street, Jinshan Village, Jiaomei Town, Zhangzhou Taiwanese Investment Zone. For details of the above, please refer to the section headed "Management Discussion and Analysis" in the 2013 Interim Report of the Company.

On 10 December 2013, Xiamen Port Shipping Co., Ltd. (廈門港務船務有限公司) (the "Xiamen Port Shipping"), an indirect subsidiary of the Company, and Zhangzhou City Gulei Port Development Co., Ltd. (漳州市古雷港口發展有限公司) (the "Zhangzhou Gulei Port Development") entered into the "Zhangzhou City Gulei Tugboat Co., Ltd. Joint Venture Contract", pursuant to which, both parties agreed to establish Zhangzhou City Gulei Tugboat Co., Ltd. (漳州市古雷拖輪有限公司) (the "Gulei Tugboat") by means of joint venture to provide services such as pushing or dragging services for vessels to enter or exit the port, to berth or to shift at the port. Gulei Tugboat had a registered capital of RMB0.1 billion, which was held as to 51% by Xiamen Port Shipping and as to 49% by Zhangzhou Gulei Port Development. On 16 December 2013, Gulei Tugboat was duly established and relevant industrial and commercial registration formalities had been completed.

On 25 February 2013, pursuant to the resolution passed at the 21st meeting of the third session of the Board of the Company, the "*Merger and Synchronous Contribution Agreement on the Establishment of Xiamen Container Terminal Group Co., Ltd. (tentatively named)* (廈門集裝箱碼頭集團有限公司)", the "*Joint Venture Contract of Xiamen Container Terminal Group Co., Ltd.*" and the "*Articles of Association of Xiamen Container Terminal Group Co., Ltd.*" were entered into by and among the Company and its controlling shareholder Xiamen Port Holding as well as the relevant companies such as Xiangyu Logistics, Xiamen ITG, and NWXP to integrate the assets and businesses of the relevant container terminals in Xiamen port. On 8 July 2013, a resolution was passed at the first extraordinary general meeting of 2013 of the Company to approve the above-mentioned agreements, the transactions contemplated thereunder and the relevant transactions in respect of acquisition of 6.55% JV equity interest in Xiamen Terminal Group by the Company from Xiamen Port Holding. Subject to the review and approval by the relevant PRC government authorities, on 13 December 2013, Xiamen Terminal Group was duly established, with a registered capital of RMB2,436,604,228.47. Its main business scope includes providing port facilities for vessels; supplying electricity to vessels at the port; providing port services to vessels; providing related port logistics services within the port area such as cargo and container loading and unloading; and leasing services and so on. Xiamen Terminal Group was owned as to 52.9% by the Company, as to 0.55% by Xiamen Port Logistics Co., Ltd*. (廈門港務物流有限公司) (the "XPL", an indirect subsidiary of the Company), as to 14.79% by Xiamen Port Holding, as to 7.82% by Xiamen ITG and as to 1.61% by its subsidiary Pointer Investment (Hong Kong) Limited (寶達投資（香港）有限公司), as to 8.53% by Xiangyu Logistics, and as to 13.8% by NWXP, respectively. On 27 January 2014, the above-mentioned resource integration of container terminals in Xiamen and the related acquisitions have been completed, among others, including (1) Xiamen Terminal Group acquired the 100% equity interest in Trend Wood (紀成投資有限公司) (together with TW Shareholders' Loan) held by NWS Ports Management (Haicang) Limited (新創建港口管理（海滄）有限公司) at a consideration of RMB369,864,752.17; (2) Xiamen Terminal Group acquired 15.35% equity interest in Songyu Terminal* (廈門嵩嶼集裝箱碼頭有限公司) held by Xiamen Port Holding at a consideration of RMB264,310,351.21; (3) the Company acquired 6.55% equity interest in Xiamen Terminal Group held by Xiamen Port Holding at a consideration of RMB459,582,877.51; (4) Xiangyu Logistics acquired 1.47% equity interest in Xiamen Terminal Group held by Xiamen Port Holding at a consideration of RMB103,143,027.47; (5) Xiamen ITG exercised option to acquire 0.57% equity interest in Xiamen Terminal Group held by Xiamen Port Holding at a consideration of RMB39,994,235.14. Therefore, on 27 January 2014, Xiamen Terminal Group was owned as to 59.45% by the Company, as to 0.55% by XPL, as to 6.2% by Xiamen Port Holding, as to 8.39% by Xiamen ITG and as to 1.61% by its subsidiary Pointer Investment (Hong Kong) Limited, as to 10% by Xiangyu Logistics and as to 13.80% by NWXP. For details of the above very substantial acquisitions and connected transactions, please refer to the Company's announcements dated 25 February 2013, 23 October 2013, 2 December 2013, 13 December 2013 and 27 January 2014, and the Company's notice and circular dated 6 May 2013.

OTHER IMPORTANT EVENTS IN 2013

On 18 February 2013, a resolution was passed at the 20th meeting of the third session of the Board of the Company to approve the Company's acquisition of 20% equity interest in Xiamen Port Group Electricity Service Co., Ltd (廈門港務集團港電服務有限公司, "Xiamen Electricity", a subsidiary of the Company) from Xiamen Port Group Haitian Container Terminals Co., Ltd (廈門港務集團海天集裝箱有限公司, another subsidiary of the Company). The formalities of the above equity transfer have been completed, and therefore Xiamen Electricity became a wholly-owned subsidiary of the Company.

On 27 August 2013, Hailong Terminal, an indirect subsidiary of the Company, entered into the respective construction contracts with the relevant contractors in relation to the need of constructing berths nos. 20 and 21 in the Haicang port area of Xiamen port, pursuant to which, the construction of berths nos. 20 and 21 in the Haicang port area of Xiamen port (section A) was granted to Fourth Navigational Engineering Bureau Co. Ltd. (中交第四航務工程局有限公司) (the "Fourth Navigational Bureau"), a subsidiary of China Communications Construction Co. Ltd. (中國交通建設股份有限公司) (the "CCCC"), for the total contract price of RMB218,303,300; and the construction of berths nos. 20 and 21 in the Haicang port area of Xiamen port (section B) was granted to Third Navigational Engineering Bureau Co., Ltd. (中交第三航務工程局有限公司) (the "Third Navigational Bureau"), another subsidiary of CCCC, for the total contract price of RMB295,071,103. The construction period for the above construction works was 600 calendar days. The relevant contract price would be paid directly to Fourth Navigational Bureau and Third Navigational Bureau by Hailong Terminal in accordance with the requirements of the contracts. For the details of the above transactions, please refer to the Company's announcement dated 27 August 2013.

On 26 December 2013, Xiamen Port Shipping and Xiamen Port Holding entered into the "*Asset Transfer Agreement*", pursuant to which Xiamen Port Shipping would acquire the berths for small vessels and the related ancillary assets in the first phase of Songyu port area at a consideration of RMB52,045,000, so as to satisfy the berthing need of tugboats in the Haicang port area for Xiamen Port Shipping and to promote its stable business growth. The above transfer price was based on the asset valuation results issued by the qualified valuation company engaged by both parties, and have been filed with the relevant authorities of state-owned assets administration in Xiamen city.

Xiamen Port Shipping has paid 30% of the total consideration, being RMB15,613,500, to Xiamen Port Holding within 5 working days from the effective date of the agreement. The balance payment would be paid up within one year. For the details of the above transaction, please refer to the Company's announcement dated 26 December 2013.

PROSPECTUS

The year of 2014 is the toughest year for the Chinese government to accomplish the "Twelfth Five-year Plan". Looking forward to the year of 2014, the global economy is expected to maintain a sluggish recovery. From an international perspective, it is expected that the global economic growth would be slightly higher than that of 2013, and the developmental environment of China's foreign trade will show signs of improvement. However, as it is difficult to eliminate the factors hampering the export competitiveness in a short term, the export trade of China is expected to maintain its slow growth rate. From a domestic perspective, despite a downward pressure on the growth of domestic demand, China is expected to maintain a steady economic growth in 2014, as the Chinese government will implement active fiscal policies and stable monetary policies and fully utilise the decisive role of market in resource distribution, further improve the structural tax reduction policy and expand value-added tax reform as well as increase pilot industries. In such regards, the Chinese government anticipated that the growth rate of its national economy will be approximately 7.5% in 2014, while the Fujian provincial government and Xiamen municipal government forecasted that their local national economy will grow by approximately 10.5% and 10% respectively, and the growth rates of the foreign trade export of Fujian Province and Xiamen City will be approximately 7% and 11% respectively. The national economy will strive to realize steady and rapid growth, which will lay solid foundation for sustainable development of Xiamen port and port business. In Xiamen port, though the operation of the relevant new terminals in Haicang port area will have certain impact on the businesses of the relevant jointly-invested terminals under the Group. However, along with integrated operation of the twenty-five container berths under Xiamen Terminal Group and taking advantage of its large scale, it is expected that the businesses of the terminals of the Group in Xiamen port shall be phased into the track of healthy development.

In view of the above forecast on the economic and trading conditions in 2014, the Company expected that the development of port business in 2014 will encounter a complicated overall situation with both favorable market opportunities and various challenges. The Company is optimistic yet prudent on this. Therefore, in 2014, the Company will be more proactive and aggressive, closely focus on port core businesses and take effective measures to positively cope with new challenges. The Company will also grasp the market opportunities and achieve good performance, safeguarding and promoting the interest of the shareholders as a whole. The Group plans to implement the following measures in 2014:

- To expand and strengthen the container port business. Firstly, the Group will promote work collaboration and business integration within Xiamen Terminal Group and further optimize the functional layout of the terminal berths and the resource allocation, so as to take the advantage of scale operation and enable a steady and coordinated development of each of the container terminals under the Group. Secondly, the Group will further upgrade the berthing capacity of relevant berths of the container terminals and speed up the upgrading and reconstruction of turnaround area of Songyu Terminal, so as to better meet the berthing demand of larger-scale carriers. Thirdly, the Group will strengthen the strategic cooperation with customers such as shippers and cargo owners, strive to enhance service quality and continue to create value-added services for its clients, so as to build up the service brand of the Group.

- To expand the development space for businesses such as bulk/general cargo. Firstly, the Group will expedite the business relocation of Dongdu Terminal. It will accelerate the construction of berths No. 20 to No. 21 of the Haicang port area, push forward the relocation and business adjustment of ITG Terminal, and procure the commencement in operation of the relevant bulk/general cargo berths of the Liuwudian port area, thereby efficiently undertaking the stone material business moved from Xiamen island and attracting cargo sources of domestic trade from Quanzhou City. Secondly, the Group will promote the integration of bulk/general cargo terminal resources and the integration of logistic resources, and constantly enhance the level of professionalism of bulk/general cargo terminals and port logistic business.

- To promote the coordinated development. In this regard, the Group will focus on promoting the interactive development between the container business of Xiamen Terminal Group and the bulk/general cargo and ancillary value-added services of XPD. Firstly, the Group will coordinate the businesses of Xiamen Terminal Group and XPD, and establish a standardized overall marketing system, so as to create an one-stop platform for the development of the integrated port businesses. Secondly, through taking advantage of the Group's leading role in its principal terminal businesses, so as to boost the synchronous development of other ancillary value-added port services such as shipping agency, tallying and logistics. Thirdly, the Group will apply its advantage of the overall port business chain to create innovative business model and constantly expand into emerging businesses.

- To expand the hinterland layout. Firstly, the Group will expand the business of and increase the investment in the ports of the coastal sub-routes. It will strengthen the service capability of the domestic sub-routes of Haiying Terminal (海盈碼頭), procure the construction of sub-route service terminals in various locations such as Meizhou Bay, and promote the expansion project of the freight terminal of Chaozhou port. Secondly, the Group will attract the container transshipment business for the containers from ports in Taiwan and actively expand the seaward hinterland. Thirdly, the Group will promote the construction of the existing land-based ports, further expand the land-based ports and freight service bases into the western and central areas, and actively develop the sea-rail joint transportation business, thus achieving the sustainable corporate development.

- To advance the refined management. Firstly, the Group will strengthen the construction of internal control system, amend and improve the rules and regulations, so as to prevent from the exposure of corporate operational risks. Secondly, the Group will enhance the investment management by standardizing the behaviors of the external directors, supervisors and senior management and safeguarding the interests of capital contributors. Thirdly, the Group will improve the strategic positioning of the Company, optimize institutional establishment of departments, and ensure a coordinated management. Fourthly, the Group will strengthen the management of funds to enhance the efficiency in the use of funds; explore new channels for financing while reducing costs of financing; and reduce tax costs by strengthening the tax planning.

- To promote transformation and upgrading through innovation. Firstly, the Group will enhance the level of informatization, and encourage the corporate development towards automation and intellectualization, with the focus on promoting the construction of informatization-based projects including container business platform, gantries with remote control and intelligent gates; support the e-commerce of Ocean Shipping Agency and develop a updated version of "X-Service" platform; implement the video-based intelligent remote operating system of container tallying. Secondly, the Group will increase the application of new technologies and enhance the measures in energy saving and emission reduction, focus on promoting energy-saving technological transformation projects including the change from oil to electricity, oil to gas for trailers and energy-saving lightings.

Corporate Governance Report

The corporate governance framework of the Company is designed to ensure the Company's performance and maintenance of a high level of corporate conduct. The Board fully believes that the implementation of good corporate governance is the core of proper management of an organization, enhancing the transparency of the Company's business, enabling accountability towards shareholders and meeting the expectations of the shareholders and other interested related parties, procuring the Company to achieve ultimate success.

The Company has adopted the code provisions of the Corporate Governance Code (the "Corporate Governance Code") under Appendix 14 of the Listing Rules as the code on corporate governance practices of the Company.

With reference to the Corporate Governance Code, this report elaborates the corporate governance practices of the Company for the period from 1 January 2013 to 31 December 2013 (the "Reporting Period") and covers the information regarding the mandatory disclosure requirements and most of the recommended disclosures set out in Appendix 14 of the Listing Rules. During the Reporting Period, the Directors consider that the Company has complied with all the code provisions set out in the Corporate Governance Code (effective since 1 April 2012). Details of the Company's compliance with the provisions of the Corporate Governance Code are set out below.

THE BOARD

The Board is accountable to shareholders and operates on the principle of maximizing the Company's profits, the corporate values as well as the returns for shareholders. Under the leadership of the Chairman of the Company, the Board is collectively responsible for formulating the business strategic direction, setting the management targets, supervising the performance of the Group and jointly facilitating the continuous development of the Group in accordance with the Articles of Association (the "Articles") of the Company.

DIRECTORS

The third session of the Board of the Company currently comprised fourteen directors ("Directors"). As at 27 August 2013, Mr. FANG Yao, an Executive Director of the Company, was appointed as the Vice Chairman of the third session of the Board of the Company at the 23rd meeting of the third session of the Board of the Company according to the nomination of the fourth meeting of the first session of the Nomination Committee of the Company. Therefore, as at 31 December 2013, the composition of the Board of the Company is set out below:

	Gender	Ethnicity	Age	Term of Service
Executive Directors				
LIN Kaibiao *(Chairman)*	Male	Han	47	Appointed on 28 February 2011
FANG Yao *(Vice Chairman)*	Male	Han	53	Appointed on 28 February 2011
MIAO Luping	Female	Han	49	Appointed on 28 February 2011
HUANG Zirong	Male	Han	50	Appointed on 28 February 2011
HONG Lijuan	Female	Han	49	Appointed on 28 February 2011
Non-executive Directors				
ZHENG Yongen	Male	Han	55	Appointed on 28 February 2011
CHEN Dingyu	Male	Han	56	Appointed on 28 February 2011
FU Chengjing	Male	Han	51	Appointed on 28 February 2011
KE Dong	Male	Han	53	Appointed on 28 February 2011
Independent Non-executive Directors				
LIU Feng	Male	Han	47	Appointed on 28 February 2011
ZHEN Hong	Male	Han	55	Appointed on 28 February 2011
HUI Wang Chuen	Male	Han	69	Appointed on 28 February 2011
LIN Pengjiu	Male	Han	47	Appointed on 28 December 2012
HUANG Shumeng	Male	Han	51	Appointed on 28 December 2012

THE SUPERVISORY COMMITTEE

The third session of the Supervisory Committee of the Company is composed of six supervisors (the "Supervisors"), including two Supervisors who were recommended by the shareholders, namely Mr. YAN Tengyun 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. XIAO Zuoping. As at 31 December 2013, the Supervisors of the Company are as follows:

Supervisors:
Mr. YAN Tengyun *(Chairman of the Supervisory Committee)*
Mr. LUO Jianzhong
Mr. WU Jianliang
Mr. WU Weijian
Mr. TANG Jinmu
Mr. XIAO Zuoping

The biographical details of the above Directors and Supervisors are set out on pages 60 to 74 of this annual report and published on the Company's website at http://www.xipc.com.cn.

The Board of the Company is consisted of five Executive directors, four Non-executive Directors and five Independent Non-executive Directors, and its structure, quorum and composition are well balanced and appropriate. All members of the Board possess skills and professional knowledge required for performing their duties as well as extensive operation and management experience. The Company believes that the Board is highly representative with strong capacity, and is capable of making more prudent and cautious decisions, performing its duties honestly, faithfully and diligently and supervising a highly professional management team.

During the year ended 31 December 2013, the Company has complied with the relevant requirements of Rule 3.10 and Rule 3.10A of the Listing Rules by appointing at least three Independent Non-executive Directors and having two Independent Non-executive Directors with appropriate professional qualifications or professional knowledge in accounting or relevant financial management, and the number of Independent Non-executive Directors appointed (i.e. five) is accounted for at least one-third of the quorum of the members of the Board of the Company (i.e. fourteen).

All Independent Non-executive Directors have confirmed their independence during the Reporting Period with the Company in accordance with Rule 3.13 of the Listing Rules. Based on the confirmations of the Independent Non-executive Directors, the Board is satisfied that, as at the date of this report, all Independent Non-executive Directors have the status of independence as defined in the Listing Rules.

RESPONSIBILITY OF THE BOARD

The Board is responsible for the leadership and control of the Group and jointly promoting the success of the Group through the guidance and supervision of the Group's business. The Board is also responsible for formulating the Company's corporate governance policy and performing the corporate governance duties and 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 publish inside information and other financial disclosure as and when 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 owed to the Company and the Group, and exercises a number of powers, including:

- formulating long-term strategy;
- formulating annual financial budget and final accounts proposal;
- approving public announcements including interim and annual financial statements;
- formulating dividend policy;
- deciding on the establishment of the Company's internal management structure;
- formulating the Company's basic management system;
- approving material borrowings and treasury policy;

- undertaking major acquisitions and disposals, formation of joint ventures and entering into capital transactions; and

- formulating the Company's corporate governance policy and performing the corporate governance duties.

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

- taking charge of the daily management and operation of the Company and the business of the Group;

- organizing and implementing the resolutions of the Board;

- organizing and implementing the Company's annual operating plans and investment proposals;

- drawing up the proposal of the establishment of the Company's internal management structure;

- drawing up the Company's basic management system; and

- formulating specific rules and regulations of the Company.

On 27 August 2013, Mr. KE Dong was appointed as the Deputy General Manager of the Company at the 23rd meeting of the third session of the Board of the Company. Accordingly, as of 31 December 2013, the senior management of the Company includes HUANG Zirong (General Manager), KE Dong (Deputy General Manager), HONG Lijuan (Deputy General Manager), YANG Hongtu (Deputy General Manager) and CHEN Zhaohui (Deputy General Manager).

To ensure that the Board can operate independently, accountably and dedicatedly, the roles of the Chairman and the General Manager have been separated. There is a clear division of responsibility between them. The Chairman, Mr. LIN Kaibiao, 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, and hence enabling an effective operation of the Board. The General Manager, Mr. HUANG Zirong, assumes the responsibility to perform the above duties and the other management duties in accordance with the relevant requirements of the Articles under the assistance and support of other members of the management, and is responsible for the operation and management of the Company to facilitate the Company to achieve its overall business targets. The Board of the Company has resolved to approve the "*Regulations for the Chairman's Works*" and the "*Regulations for the General Manager's Works*" of the Company, which further clarify and refine the above duties of the Chairman and the General Manager.

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 the year of 2013, or has entered into with the Company any service contract which shall be not terminable 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 in order to procure the Board to make more complete and prudent decisions, important functions of corporate governance are also borne by the five Independent Non-executive Directors of the Company. Each of the Independent Non-executive Directors also plays an important role on the Board respectively and four professional committees under the Board, of which three of these are chaired by three of them respectively, in order to promote good corporate governance in respect of financial audit and internal control, remuneration management, strategic planning and the Board structure. They also undertake the important functions of reviewing and monitoring the connected transactions of the Group and make sufficient checks and balances so as to protect the benefits of the shareholders and the Company as a whole. The Company strives to facilitate full attendance of all 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.

In 2013, the Company has arranged appropriate liability insurance for the Directors, Supervisors and senior management to indemnify them against all liabilities howsoever arising from the activities conducted by the senior management, such as the Directors of the Company. The insurance coverage will be reviewed by the Company on an annual basis.

BOARD MEETINGS

The Company strives to provide all Directors with sufficient information concerning the matters to be reviewed and resolved at the meetings of the Board and each professional committee, and provide each Director with the relevant information in respect of the operation, management and finance of the Company on a monthly basis in accordance with the Listing Rules to ensure that the Directors have readily available information in making reasoned decisions and fulfilling their functions and responsibilities. During the Reporting Period, all Directors have attended each of the Board meetings and professional committees meetings with an attendance rate of 100%. The Board believes that each of the Directors has devoted sufficient time to the business of the Company during the Reporting Period and all of them are capable of discharging their functions diligently.

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 Articles, the Board shall convene at least four meetings every year and the Board meetings shall be convened by the Chairman. In order to facilitate maximum attendance, notices (including the relevant agendas) of Board meetings were dispatched to all Directors at least 14 days in advance during the year of 2013. In respect of the extraordinary Board meeting, notices as to the time, venue, subject matters and meeting method to be applied shall be given to all the Directors at least ten days before the meeting was convened.

Before each Board 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, all the Directors have the opportunity to include their motions in the meeting agenda. 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. If any Director is unable to attend the meeting, he or she shall also be informed of such matters to be addressed at the meeting, and has the opportunity to present his or her own opinion to the Chairman before the meeting is held and is also allowed to attend by teleconference or authorize other Directors to vote on his or her behalf.

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 make relevant declaration in advance and abstain from voting on such resolution.

During the year of 2013, the third session of the Board has held six meetings. The attendance of each Director is set out below:

Members of the Board	Number of the Board meetings attended in person/by proxy	Attendance rate
Executive Directors		
LIN Kaibiao	6/0	100%
FANG Yao	5/1[a]	100%
MIAO Luping	6/0	100%
HUANG Zirong	6/0	100%
HONG Lijuan	4/2[b]	100%
Non-executive Directors		
ZHENG Yongen	6/0	100%
CHEN Dingyu	6/0	100%
FU Chengjing	6/0	100%
KE Dong	6/0	100%
Independent Non-executive Directors		
LIU Feng	6/0	100%
ZHEN Hong	5/1[c]	100%
HUI Wang Chuen	6/0	100%
LIN Pengjiu	6/0	100%
HUANG Shumeng	6/0	100%

Note:

a Mr. FANG Yao was present in person in five of the six Board meetings, and the remaining one Board meeting was attended and voted on his behalf by other authorized Director during his business trip away from Xiamen.

b Ms. HONG Lijuan was present in person in four of the six Board meetings, and the remaining two Board meetings were attended and voted on her behalf by other authorized Director.

c Mr. ZHEN Hong was present in person in five of the six Board meetings, and the remaining one Board meeting was attended and voted on his behalf by other authorized Director during his business trip away from Xiamen.

The Chairman is responsible for conducting the procedures of the Board meetings to ensure that sufficient time is allocated for discussion and consideration of each item on the agenda, equal opportunities are given to all Directors to speak and express their opinions and share their concerns.

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 (the "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 reasoned decisions, 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.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Reporting Period, with the support of the Company Secretary, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. They also provided a record of training they received during the Reporting Period to the Company Secretary. Any newly-appointed Directors will also receive external induction training on relevant compliance, regulatory and legal matters for directors of companies listed in Hong Kong before their respective appointment became effective.

COMMITTEES ESTABLISHED UNDER THE BOARD

Four committees were set up under the Board by the Company to assist with the performance of its duties and to facilitate effective management, namely the Nomination Committee, the Audit Committee, the Remuneration Committee and the Business Strategy Committee, and the Board has delegated certain functions to these committees, which are required to review their 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 the above-mentioned Committees are set out below and their respective terms of reference are also published on the Company's website at www.xipc.com.cn. The terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee are also published on the website of the Hong Kong Stock Exchange.

NOMINATION COMMITTEE

The first session of the Nomination Committee of the Company consisted of three members, including the Chairman and the Executive Director, Mr. LIN Kaibiao, and two Independent Non-executive Directors, namely Mr. LIU Feng and Mr. HUI Wang Chuen, and was chaired by Mr. LIN Kaibiao.

The Board has adopted terms of reference of Nomination Committee which conform to the code provisions as set out in the Corporate Governance Code. The principal duty of the Nomination Committee is to review structure, quorum and composition of the Board, identify qualified person to be members of the Board and assess independence of Independent Non-executive Directors, and advise on relevant issues of succession plan of Directors (particularly the Chairman and the General Manager) to the Board.

In accordance with the relevant provisions in code provision A.5.6 of "*the Corporate Governance Code and Corporate Governance Report*" under the Appendix 14 of the Listing Rules revised by the Hong Kong Stock Exchange and implemented on 1 September 2013, the fourth meeting of the first session of the Nomination Committee of the Company has reviewed and examined and the twenty-third meeting of the third session of the Board of the Company has considered and approved the policy on Board diversity of the Company. To achieve Board diversity, when formulating the composition of the Board, the Company will consider Board diversity in many aspects, including but not limited to, gender, age, cultural and educational background, ethnicity, professional competence, industry experience, skills, knowledge and term of service. The Company will seek to appoint all members of the Board on the basis of "intellectual ability", fully taking into account the benefits of diversity based on the objective conditions when considering candidates and eventually determine the appointment based on the relevant expertise, contributions that he/she can bring to the Board and the Company and the balance of the composition of the Board. Such policies have been published on the Company's website at http://www.xipc.com.cn.

The Nomination Committee of the Company has evaluated the structure of the Board of the Company during the year and considers that its structure, quorum and composition are well balanced and appropriate. For details, please see the section "Directors" under "the Board" above.

During the Reporting Period, the Nomination Committee of the Company held a total of two meetings, mainly for conducting the following businesses: reviewing the aforesaid policy on Board diversity of the Company; reviewing the structure of the Board and assessing the independence of the Independent Non-executive Directors; and making recommendations to the Board in respect of the nomination of Mr. FANG Yao as the Vice Chairman of the Company.

During the Reporting Period, the members' attendance records of the meetings of the first session of the Nomination Committee are as follows:

Members of the Nomination Committee	Number of committee meetings attended in person/by proxy	Attendance rate
LIN Kaibiao	2/0	100%
LIU Feng	2/0	100%
HUI Wang Chuen	2/0	100%

NOMINATION OF DIRECTORS

All intended candidates for directorship of the Company shall be first considered by the Nomination Committee and, if suitable, then recommend to the Board for consideration and approval prior to the submission by the Board for consideration and approval at the general meetings. While considering candidates for directorship proposed for new appointment or nominated for re-election, the Nomination Committee will perform an appraisal on the candidates for directorship before making any recommendation to the Board. The underlying principles of the Nomination Committee in nominating, and of the Board in assessing, candidates for directorship (including incumbent Directors seeking reelection) are:

- the relevant knowledge, background, ability, industry experience and qualifications of a candidate and his/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' taking office of overseas listed companies; and
- compliance with the relevant requirements or provisions of Listing Rules in respect of Directors' taking office.

AUDIT COMMITTEE

During the year of 2013, the third session of the Audit Committee consisted of two Independent Non-executive Directors, namely Mr. LIU Feng and Mr. ZHEN Hong and one Non-executive Director, Mr. FU Chengjing, and was chaired by Mr. LIU Feng. All members of the Audit Committee possess relevant professional skills and experiences and one of them is an Independent Non-executive Director with professional qualifications and financial management expertise. Accordingly, 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 during the Reporting Period.

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 and remunerations of the external auditor and reviewing its performance, 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 reviewing the Company's 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 businesses: 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 the year ended 31 December 2012 and the interim report on interim results for the six months ended 30 June 2013; reviewing the audit results presented by the auditors and discussing with the external auditors in respect of any important findings and audit matters; reviewing the non-exempted continuing connected transactions of the Group; re-appointment of auditors and fixing its remuneration and submitting recommendations to the Board for approval; and discussing and approving the action plan for the internal audit of the Group in 2013 and auditing and approving the rectification measures of the Company on relevant internal control matters.

During the Reporting Period, the members' attendance records of the meetings of the third session of the Audit Committee are as follows:

Members of the Audit Committee	Number of committee meetings attended in person/by proxy	Attendance rate
LIU Feng	2/0	100%
ZHEN Hong	2/0	100%
FU Chengjing	2/0	100%

REMUNERATION COMMITTEE

During the year of 2013, the third session of the Remuneration Committee was chaired by Independent Non-executive Director, Mr. HUI Wang Chuen, and other members included one Independent Non-executive Director, Mr. LIU Feng and one Non-executive Director, Mr. CHEN Dingyu.

The Board has adopted the terms of reference of the Remuneration Committee which comply with the code provisions set out in the Corporate Governance Code. The primary functions of the Remuneration Committee are: to make recommendations to the Board in respect of the policy and structure of the remuneration of the Directors, Supervisors and senior management of the Group, to formulate formal and transparent procedures for such remuneration policy, to review and determine their remuneration levels, and to make recommendations to the Board in respect of directors' fees and directors' annual remuneration. The Remuneration Committee will engage professional consultants for provision of assistance and/or professional advice on related matters when needed.

During the Reporting Period, the Remuneration Committee of the Company held one meeting 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 comparable remuneration level of similar companies in the mainland of PRC, and the time commitments, 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 objectives set by the Board from time to time.

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

Members of the Remuneration Committee	Number of committee meetings attended in person/by proxy	Attendance rate
HUI Wang Chuen	1/0	100%
CHEN Dingyu	1/0	100%
LIU Feng	1/0	100%

REMUNERATION POLICY FOR DIRECTORS

The remuneration policy for Directors aims to ensure that the remuneration level is sufficiently competitive and effective to attract, retain and incentivize Directors. The purpose of the remuneration policy of the Non-executive Directors of the Company is to ensure that they 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 remuneration for Non-executive Directors is paid in the form of directors' fees. The principal elements of the remuneration package of Executive Directors include basic salary and related allowances, benefits in kind and discretionary cash bonus, pension scheme contribution and relevant insurance benefits. Cash bonuses for Executive Directors, as incentives for them to achieve corporate objectives, are pegged with the Group's operating results.

As our general practice, the Remuneration Committee submits the remuneration plan to the Board for initial consideration. After such plan has been approved by the Board, it will then be submitted to the general meeting for further consideration and approval by the shareholders before its implementation. The emoluments paid to each Director by the Company for the year ended 31 December 2013 are set out in Note 36 to the financial statements.

BUSINESS STRATEGY COMMITTEE

During the year of 2013, the third session of the Business Strategy Committee of the Company consisted of six members, including one Independent Non-executive Director, Mr. ZHEN Hong, and three Executive Directors, namely Mr. LIN Kaibiao, Mr. FANG Yao and Ms. MIAO Luping, and two Non-executive Directors, namely Mr. CHEN Dingyu and Mr. FU Chengjing, and was chaired by Independent Non-executive Director Mr. ZHEN Hong.

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.

In 2013, the Business Strategy Committee of the Company held one meeting in respect of discussing and reviewing business schedule issues of 2013 of the Company. During the Reporting Period, most of members of the Business Strategy Committee were also 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.

The members' attendance records of the meetings of the Business Strategy Committee are as follows:

Members of the Business Strategy Committee	Number of committee meetings attended in person/by proxy	Attendance rate
ZHEN Hong	1/0	100%
LIN Kaibiao	1/0	100%
FANG Yao	1/0	100%
MIAO Luping	1/0	100%
CHENG Dingyu	1/0	100%
FU Chengjing	1/0	100%

EXTERNAL AUDITORS

PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers were re-appointed as the PRC and international auditors of the Company respectively at the 2012 annual general meeting held on 31 May 2013, for a term until the expiration of the forthcoming annual general meeting.

For the year ended 31 December 2013, the total remuneration paid and payable to the external auditors by the Group amounted to RMB3,400,000 (of which, the remuneration payable by the Company are RMB2,740,000), exclusively for audit services. Furthermore, the Company paid RMB1,950,000 to PricewaterhouseCoopers for providing the auditing services for the very substantial acquisition and connected transaction regarding the merger and synchronized capital contribution by the Company and other investment parties on formation of Xiamen Terminal Group. Except for the above mentioned, the Company did not pay any fees for non-audit services to the external auditors.

INTERNAL CONTROL

Maintaining a high level of monitoring environment has always been a top priority of the Group, and thus, the Group continued its efforts to strengthen and improve the level of its monitoring. The Board of the Company assumes the ultimate responsibility for the effectiveness of the internal control and the risk control system. During the year of 2013, the Audit Committee of the Company has already assisted the Board in conducting efficiency review on the effectiveness and the adequacy of the internal control and risk control system twice a year, the scope of which covers all material aspects of the control system, including the financial, operational, compliance and risk management functions, etc. The review report will be examined by the Audit Committee and the relevant issues 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 satisfied with the existing internal control system of the Group and believes that the control system is adequate and effective in all material areas, and also complies with the code provisions on internal control set out in the Corporate Governance Code. No significant control deficiency and major area of concern matters which may affect the shareholders has been identified by or reported to the Board during the Reporting Period.

The management of the Company is highly concerned about the internal control, and principally takes charge of formulating, implementing and maintaining the internal control system of the Group, in order to provide a good and effective control system, which in turn protects the shareholders' investment and the safety of 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 the approval procedure of financial income and expenditure, and to enhance financial management. The Group also continues to perfect its management accounting system, to provide its management with an indicator to measure the financial and operational performance and provide relevant financial information for reporting and disclosure. Variances against actual performances and targets are prepared, analyzed and explained. Appropriate actions are also taken to rectify the identified deficiencies, if necessary. This helps the management of the Group monitor business operations closely and enables the Board to formulate and, if necessary, revise strategic plan properly and prudently. The Group values and requires the integrity of the accounts and finance personnel, as well as their qualification, and continuous training resources and its budgets have been adequately considered.

The Audit Committee of the Company 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 2013, 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 2012, 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 2013.

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. Besides, the Group also focuses on monitoring the activities with higher risks, including trading business, accounts receivables and other aspects that the management pays special concerns. The audit department, as the department of internal audit function in the Company, is accountable to the Board and the Audit Committee takes charge of the management and conducts performance assessment. The Audit Committee may make recommendations in respect of the appointment and removal of the employees of the audit department (including the person in charge of the department). The relevant audit documents are issued pursuant to prescribed procedures upon the approval by authorized representatives of the Audit Committee. 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. The management and reporting structure above enables the independence and effectiveness of the internal audit of the Company. The annual internal audit plan of the Company was reviewed and approved by the Audit Committee. As all the relevant audit works of the 2013 Internal Audit Plan considered and agreed by the Audit Committee were completed, the Company conducted a special audit and internal control inspection on the internal control systems or projects regarding the current accounts of project construction and fund management of the relevant entities under the Company and has also made corresponding recommendations for improvement.

(2) Operational Control

The Company's management and its respective departments exercise and discharge their respective powers 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 (once a month) to identify the market trends and changes, analyze and discuss the performance of each business segment, 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 agency business are controlled and monitored by computer systems. The Groups' terminals have already installed and utilized the ship dynamic and port production operation monitoring geographical information system, so the production manager at all levels can completely and directly master the basic information of real-time development of ship and terminal operation, and improve production monitoring level of terminals. 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.

The Group places great importance on the safety production in the ports and allocates adequate resources in terms of allocation of safety equipment and facilities, safety promotion, safety drilling and staff training. Regardless of the locations and nature of businesses, the Group makes a continuing effort to build the highest safety standard within the organizations so that the manager and staff at all levels put safety as the top priority, and make efforts to promote the safety standards to all positions.

(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 handled prudently 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 has adopted the code provisions of the Corporate Governance Code as the code on corporate governance practices of the Company, and 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 inside 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 Hong Kong Exchanges and Clearing Limited when handling relevant matters. The Company's policy includes a strict prohibition on any unauthorized use of confidential, sensitive or inside information. In addition, procedures have been established and implemented for responding to external enquiries about the Group's matters. In order to standardize information disclosure affairs of the Company, the "*Management System for Information Disclosure Affairs*" of the Company has made specific provisions of the basic principles, content, procedure, responsibility and confidentiality measures of information disclosure of the Company.

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 non-exhaustive name list of connected parties. The negotiation and execution of contracts relating to connected transactions shall be 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

In addition, pursuant to the Rule 3.10A of the Listing Rules and relevant regulations of the Articles of the Company, the Company has appointed five Independent Non-executive Directors, accounting for at least one-third of the quorum of the members of the Board. Also, the Company has published the relevant information about the Articles of the Company, list of the Directors and their roles and functions, and the procedures for shareholders to propose a person for election as a Director on the Company's website and the website of the Hong Kong Stock Exchange.

(4) Risk Management

Since the establishment of the Group, it has formulated various risk control regulations, including the "*Interim Provisions of Asset Supervision and Administration*", "*Investment and Management System (Trial)*", 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, new share subscription and inward/external investment, so as to regulate the operations and reduce the risks. During the Reporting Period, as per the requirements of the construction of internal control system and comprehensive risk management system, the Group has further adjusted and improved various business processes and the corresponding management documents, and has additionally developed and implemented systems such as the "Measures for Asset Tenancy and Administration" in 2013, so as to enhance the risk prevention capability of the Group.

The management of the Company had frequent discussions regarding the effectiveness of the risk management and internal control system with relevant Directors. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. With regard to the Company's actual circumstances, the Company prepared a Model Code for Securities Transactions by Directors of Xiamen International Port Co., Ltd. (the "Code") on terms no less than the required standards set out in the Model Code. The Code has been approved at the meeting of the Board and is now effective as the code of conduct for securities transactions by the Directors, Supervisors and senior management of the Company. The Company has obtained the respective confirmations from all Directors, Supervisors and senior management, and believed that they have at all times complied with the standards required in the Model Code and the Code in 2013, and the Company has not been aware of any violations thereof in 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors declared 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 2013, 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 and accurate disclosure in respect of the Group's financial position and results, and prepare 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 auditor's statement of responsibility report on the financial statements is set out on page 92 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. The Company believes that communication with shareholders on a regular and timely basis will help our shareholders to understand our business better.

The Company considers that annual general meetings are a forum at which shareholders can directly communicate with the Board and senior management, and all the shareholders will be given notice of the meeting 45 days before the meeting is held and they are encouraged to attend the annual general meeting or other extraordinary general meetings. The Company complies with the code provisions as stipulated in the Corporate Governance Code whose principle is to encourage shareholders' participation and encourages and welcomes the shareholders to raise their questions at the above meetings. The Company Secretary, on behalf of the chairman of the general meetings, explains the detailed procedures for conducting a poll at the commencement of general meetings. 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 all Directors and senior management will try their best to attend such meetings mentioned above, while the Chairman of each of the Board, the Nomination Committee, the Audit Committee, the Remuneration Committee and the Business Strategy Committee as well as the Company's auditors will use their best endeavor to attend the annual general meetings to answer shareholders' questions. During the year of 2013, the Company convened the 2012 annual general meeting and the first and second extraordinary general meeting in 2013. The attendance of each Director at the general meetings of the Company is set out below:

Members of the Board	Number of general meetings attended	Attendance rate
Executive Directors		
LIN Kaibiao *(Chairman of the Nomination Committee)*	3	100%
FANG Yao	2[a]	66.7%
MIAO Luping	3	100%
HUANG Zirong	3	100%
HONG Lijuan	3	100%
Non-executive Directors		
ZHENG Yongen	1[b]	33.3%
CHEN Dingyu	3	100%
FU Chengjing	2[a]	66.7%
KE Dong	2[a]	66.7%
Independent Non-executive Directors		
LIU Feng *(Chairman of the Audit Committee)*	3	100%
ZHEN Hong *(Chairman of the Business Strategy Committee)*	3	100%
HUI Wang Chuen *(Chairman of the Remuneration Committee)*	1[c]	33.3%
LIN Pengjiu	3	100%
HUANG Shumeng	3	100%

a Mr. FANG Yao, Mr. FU Chengjing and Mr. KE Dong all were present in person in two of the three general meetings, all being not present at the 2012 annual general meeting during their business trip away from Xiamen;

b Mr. ZHENG Yongen was present in person in one of the three general meetings, being not present at the 2012 annual general meeting and the second extraordinary general meeting in 2013 during his business trip away from Xiamen;

c Mr. HUI Wang Chuen was present in person in one of the three general meetings, being not present at the first and second extraordinary general meeting in 2013 during his business trip away from Xiamen.

The shareholders who individually or jointly hold 10% or more of the shares with voting right of the Company can request the Board or the Company Secretary of the Company to convene an extraordinary general meeting or a class general meeting in written form, elaborate the resolutions to be proposed at the meeting and state the reasons proposed and submit the relevant request(s) to the Company's principal place of business in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong. Any shareholder individually or jointly holding 3% or more of the shares with voting right of the Company has the right to propose an interim proposal no later than 10 days before the general meeting and to submit such proposal to the Board in written form. The Board shall inform other shareholders within two days after receiving the proposal and submit the proposal at the general meeting for review. 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. Shareholders can understand in a timely manner the Company's operating conditions, announcements and related news and information through the webpage of the Company. 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 place of business in Hong Kong.

INVESTOR RELATIONSHIP

The Company will continue to promote and strengthen investor relationship and place great emphasis on communication with investors. The Company Secretary shall be responsible for the investor relationship of the Company and external information disclosure and communication work. During the Reporting Period, the Company has maintained close communication with media, analysts and fund managers through different channels such as individual meetings, telephone conferences and the spot inspection at the terminals, and the relevant Executive Directors and senior management have used their best endeavor to answer the questions regarding the operations and financial performance of the Group, thereby enabling them to understand the latest developments of the Company and to make timely responses to any inquiries.

The Company has adopted and implemented a fair, transparent and timely disclosure policies and practices. Prior to any particular meeting with investors or analysts is convened, all price sensitive information or data should have been announced to the public in accordance with the disclosure policies and practices of the Company. The Company provides comprehensive information about the Group's business, business strategy and development in its annual and interim reports, and results announcements. Such information disclosure works have been very fruitful, with our 2012 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 being ranked Top 50 Chinese Annual Reports of 2012 in "2012 Vision Awards" (For Annual Report Competition), which was organized by League of American Communications Professionals and with the participation of about 24 countries/more than 6,000 companies, and our information disclosure level winning a good reputation in the industry. For promoting effective communication, the Company also timely issued the latest announcements of the Group as well as detailed information about the Group and the development dynamics of its new businesses by electronic means through its website www.xipc.com.cn as required by the Hong Kong Stock Exchange, 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 continue to keep communication channels with other parties in various industries, devote to improving the level of investor relationship and enhance its corporate governance level with reference to its accumulated experience, changes in regulatory policies and shareholders' advice to strive for best practice standards, so as to support the sustainable and healthy development of the Company.

By Order of the Board

LIN Kaibiao
Chairman

Xiamen, the PRC
28 March 2014

Biographies of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. LIN Kaibiao, aged 48, is the Chairman, an Executive Director and legal representative 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 Co., Ltd. ("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 appointed as a deputy general manager of Xiamen Port Holding Group Co., Ltd. ("Xiamen Port Holding") since February 2007. He had been re-designated as a Non-executive Director of the Company from 10 April 2007 to 28 February 2011. And he has been re-designated from a Non-executive Director to an Executive Director, the Chairman and legal representative of the Company since 28 February 2011. He was also the chairman and legal representative of Xiamen Haitian Company from 12 March 2012 to December 2013 and the chairman of Xiamen Songyu Container Terminal Co., Ltd. from 2012 to 2013. He was also a director of Xiamen Haixia Investment Co., Ltd. since August 2013 and the chairman and legal representative of Xiamen Container Terminal Group Co., Ltd since December 2013.

Mr. FANG Yao, aged 54, is an Executive Director and Vice Chairman 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 was also a director of Xiamen Haitian Company from March 2002 to December 2013. He was appointed as the general manager of the Company from March 2005 to March 2012. He has been an Executive Director of the Company since March 2005. He has also been the Vice Chairman of the Company since August 2013.

Mr. HUANG Zirong, aged 51, is an Executive Director and the 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, was a technician and deputy leader of the mechanical team of Dongdu operating area, and was also a deputy supervisor and deputy head of the harbour engineering factory of Xiamen Harbour Bureau. 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 was the general manager of Xiamen Haitian Company from March 2002 to 31 March 2012. Mr. Huang was an Executive Director and a deputy general manager of the Company from March 2005 to 27 March 2012. He has been the general manager of the Company and continues to be acting as an Executive Director of the Company since 27 March 2012. He has also been a director of Xiamen Container Terminal Group Co., Ltd since December 2013.

Biographies of Directors, Supervisors and Senior Management

Mr. KE Dong, aged 54, is an Executive Director and the deputy general manager of the Company. He graduated in 1982 from Shanghai Maritime University (formerly known as Shanghai Shipping Institute). 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 was a director of Xiamen Haitian Company from March 2002 to December 2013. He has also been the chairman of Xiamen Ocean Shipping Agency Co., Ltd. since 20 April 2006. He has also been the chairman of Zhangzhou Shi Gulei Port Development Co., Ltd. since 28 February 2012. He was a Non-executive Director of the Company from March 2005 to 28 February 2014. He has also been the deputy general manager of the Company since August 2013. He has been re-designated from a Non-executive Director to an Executive Director of the Company since 28 February 2014.

Ms. HONG Lijuan, aged 50, 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. She was also a director of Xiamen Haitian Company from 10 May 2007 to December 2013.

Non-executive Directors

Mr. ZHENG Yongen, aged 56, is a Non-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. He was the general manager of Xiamen Port Holding from July 2005 to January 2007 and has been acting as the chairman of Xiamen Port Holding since February 2007. He was the chairman and legal representative of Xiamen Haitian Company from 10 May 2007 to 12 March 2012. He was also a Non-executive Director of the Company from March 2005 to 9 April 2007. He had been appointed as an Executive Director, Chairman and legal representative of the Company from 10 April 2007 to 28 February 2011 and has been re-designated from an Executive Director to a Non-executive Director of the Company since 28 February 2011.

Mr. CHEN Dingyu, aged 57, is a Non-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 a Senior Economist and an Engineer. From 1980 to January 1998, he worked as the chief engineer of the Tugboat Company of Xiamen Harbour Bureau 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 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. He had been the deputy Chairman and an Executive Director of the Company from March 2005 to 28 February 2011 and has been re-designated from an Executive Director to a Non-executive Director of the Company since 28 February 2011.

Biographies of Directors, Supervisors and Senior Management

Ms. MIAO Luping, aged 50, 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, 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. 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 to December 2012. She acted as a Non-executive Director of the Company from March 2005 to 28 February 2011 and was an Executive Director of the Company from 28 February 2011 to 28 February 2014. She has also been an executive director and the chairman of Xiamen Haixia Venture Investment Co., Ltd (later renamed as Xiamen Haixia Investment Co., Ltd) since June 2009. She has also been the chairman of Xiamen International Cruise Home Port Group Co., Ltd. since October 2013. She has been re-designated from an Executive Director to a Non-executive Director of the Company since 28 February 2014.

Mr. FU Chengjing, aged 52, 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.

Independent Non-executive Directors

Mr. LIU Feng, aged 48, is an Independent Non-executive Director of the Company. He graduated from the accountancy department of Xiamen University in 1994 and obtained a doctoral degree in economics (accountancy). He was a teacher of Xiamen University since July 1987 and taught in Zhongshan University as a Distinguished Professor in January 2000, and was a supervisor of doctoral candidates of the accountancy of School of Management, Zhongshan University, the director of Modern Accountancy and Finance Research Center of Zhongshan University and the vice president of School of Management, Zhongshan University. He was invited as a professor and a supervisor of doctoral candidates of accountancy department of School of Management, Xiamen University since September 2010. He also acts an independent director in three listed companies, namely Qingdao Haier Co., Ltd, Cosco Shipping Co., Ltd. and Xiamen C&D Inc. (all listed on the Shanghai Stock Exchange in the PRC). He is also a director of Anhui Saunaking Co., Ltd (a company listed on the Shenzhen Stock Exchange in the PRC). Currently, he is a member of the Professional Responsibility Appraisal Committee of Chinese Institute of Certified Public Accountants. He also acts as an Independent Non-executive Director of the Company since 28 February 2011.

Mr. HUI Wang Chuen, aged 70, 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 also been appointed as an Independent Non-executive Director of the Company since March 2005.

Biographies of Directors, Supervisors and Senior Management

Mr. LIN Pengjiu, aged 48, is an Independent Non-executive Director of the Company. He graduated from the Department of Navigation of Dalian Maritime University with a Bachelor of Engineering Degree in 1988 and a Postgraduate Degree in Maritime Law in 1991 respectively. He also obtained a Master Degree in Laws from Jilin University. From 1991 to 1997, Mr. Lin taught maritime law in the Faculty of Law of Dalian Maritime University while engaging in the provision of legal services on a part-time basis. He joined Heng Xin Law Office in Liaoning in 1997 and became a qualified lawyer and partner of Heng Xin Law Office in 1998. He has been a full-time lawyer, partner and manager of Liaoning Tytop Law Firm since the end of 2008. He also acts as an arbitrator of the China Maritime Arbitration Commission, Vice President of Liaoning Province Maritime Law Institute, legal consultant for the Dalian Municipal Government, member of the Dalian Administrative Review Committee, council member of Dalian Lawyers Association, Vice President of the Supervisory Commission of the Dalian Maritime University Si Yuzhuo Maritime Law Education Fund, member of the Maritime Committee of All China Lawyers Association, and member of the Rescue and Salvage Committee of the China Maritime Law Association and an arbitrator of Dalian Arbitration Commission. He also acts as an Independent Non-executive Director of the Company since 28 December 2012.

Mr. HUANG Shumeng, aged 52, is an Independent Non-executive Director of the Company. Mr. Huang graduated from the Department of Oceanography of Xiamen University with a Bachelor of Science Degree in July 1983, and obtained a Master Degree and a Doctoral Degree in Economics from the Department of Finance of Xiamen University in July 1995 and 2001 respectively. He is an associate professor and a senior economist. He served in Unit 32417 of the People's Liberation Army of the PRC as a deputy company commander and political officer from July 1983 to June 1987. Mr. Huang also taught at Xiamen University from July 1987 to December 1993. He was a manager and assistant to the general manager of the investment banking department of Xiamen C&D Corporation Limited from January 1994 to May 2001. From June 2001 to August 2003, he was the general manager of the securities department in China Eagle Securities Company Limited. He has been the Deputy Director of the Department of Finance and the Deputy Head of the Faculty of Finance and Economics of Jimei University since September 2003. He also acts as an Independent Non-executive Director of the Company since 28 December 2012.

Mr. SHAO Zheping, aged 50, is an Independent Non-executive Director of the Company since 28 February 2014. He graduated from Jimei Navigation College in July 1982, majoring in navigation technology and obtained a master's degree in navigation technology from Shanghai Shipping Institute (currently known as Shanghai Maritime University) in July 1990, and then obtained a doctoral degree in transportation information engineering and control from Dalian Maritime University in January 2001. He is the Dean of the Maritime College of Jimei University and is also a standing member of Maritime Experts Committee under the Ministry of Transport and a member of the Navigation Technology Professional Teaching Steering Committee under the Ministry of Education, a member of the Xiamen Work Safety Experts Group, a standing director of China Institute of Navigation and a standing director of Xiamen Institute of Navigation. He was also an independent director of Xiamen Port Development (a company listed on the Shenzhen Stock Exchange in the PRC) from May 2006 to January 2014.

Mr. ZHEN Hong, aged 56, retired from the position of Independent Non-executive Director of the Company with effect from 28 February 2014. 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 was also an Independent Non-executive Director of the Company from March 2005 to 28 February 2014.

SUPERVISORS

Mr. YU Mingfeng, aged 51, is the Chairman of the Supervisory Committee of the Company since 28 February 2014. He graduated from Guangzhou Jinan University with a bachelor's degree in economics in July 1985, and is now a senior accountant. Mr. Yu joined Xiamen Automobile Transport Company (now known as Xiamen Teyun Group Co., Ltd ("Xiamen Teyun Group")) in 1985. He had been an accountant of the passenger transportation division and also the financial controller of the tourists' transportation division, of Xiamen Automobile Transport Company from July 1985 to April 1989; the deputy manager of finance department of Xiamen Teyun Group from April 1989 to November 1997; the manager of finance department of Xiamen City Traffic State-owned Assets Investment Co., Ltd from November 1997 to March 2005; the deputy manager of finance department of Xiamen Port Holding Group Co., Ltd from March 2005 to August 2005; the deputy manager of audit department of Xiamen Port Holding Group Co., Ltd from August 2005 to January 2007; and the manager of audit department of Xiamen Port Holding Group Co., Ltd from January 2007 to December 2011, during which period he was also the manager of the audit center of financial budgets and final accounts, and the director of the disciplinary inspection office, of Xiamen Port Holding Group Co., Ltd, and the legal representative of Shuichan Group. He has also been a staff supervisor of Xiamen Port Holding since April 2008. He also acts as the deputy secretary of the Disciplinary Inspection Committee of Xiamen Port Holding since November 2011. He has been the manager of finance department of Xiamen Port Holding since December 2011.

Mr. ZHANG Guixian, aged 47, is a Supervisor of the Company since 28 February 2014. He graduated from Hohai University with a bachelor's degree in engineering in July 1987. In April 1998, he graduated from Shanghai Maritime University with a master's degree in economics and is now an auditor, economist and engineer. From July 1987 to September 1995, he worked as an engineer and was engaged in the design of port and sea-route engineering at Fujian Traffic Planning & Design Institute. From April 1998 to July 2009, he worked as an economist at the corporate management department of Xiamen Port Holding. He has been working in the audit department of Xiamen Port Holding since August 2009, currently he is the manager assistant of the audit department.

Mr. LIAO Guosheng, aged 51, is the Staff Representative Supervisor of the Company since 28 February 2014. He graduated from Central Party School in 2002 and received the on-job bachelor degree in economic management. Currently, he is a senior economist. He had served as tallying officer, business representative, deputy office director, head of business division, deputy general manager and party secretary of China Ocean Shipping Tally Company Xiamen Branch from September 1983 to April 2001. He had been the general manager and party secretary of Xiamen Haicang Port Co., Ltd, and the deputy general manager and Chinese representative of Xiamen International Container Terminals Limited from May 2001 to March 2006. During the period from April 2006 to April 2009, he had been the director and general manager of Xiamen Port Development, concurrently served as the chairman of Xiamen Port Logistics Co., Ltd, Xiamen Port Shipping Co., Ltd and Xiamen Port Transportation Co., Ltd. From May 2009 to December 2013, he had been the party secretary of Xiamen Haitian Container Terminals Co., Ltd. He has been the deputy general manager of Xiamen Container Terminal Group Co., Ltd since December 2013.

Mr. WU Weijian, aged 55, 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 Instructor. 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 Co., Ltd., 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. He also acted as an executive director and the legal representative of Xiamen Port Group Labour Services Co., Ltd and the legal representative of Xiamen Port Group Hailongchang International Freight Co., Ltd from 2 July 2010 to September 2013. He has also been a supervisor of Zhangzhou Shi Gulei Port Development Co., Ltd since 28 February 2012. Since 23 October 2008, he has also been the Staff Representative Supervisor of the Company. He has also been the general manager of bulk/general cargo business department of Xiamen Port Development since October 2013.

Mr. TANG Jinmu, aged 48, is an independent Supervisor of the Company and a senior accountant and a member of the twelve 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 graduated from the Economics School of Xiamen University with a doctoral degree and academic qualification in finance in July 2011. 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 has been working in Xiamen Institute of Certified Public Accountants since January 2002, currently being the secretary general of Xiamen Institute of Certified Public Accountants and is also the secretary general of Xiamen Asset Appraisal Association. He has also been acting as an independent director of Fujian Jinsen Forestry Co., Ltd (a company listed on the Shenzhen Stock Exchange in the PRC) since September 2013. He has also been a Supervisor of the Company since March 2005.

Mr. XIAO Zuoping, aged 39, is an independent Supervisor of the Company. He graduated from the School of Management, Xiamen University in July 2004 and obtained a doctoral degree in Management (Finance). He was engaged in post-doctoral research from April 2005 to April 2007 in the School of Economics and Management, Tsinghua University and was exceptionally promoted to professor in July 2006. He has been the dean, a professor and a supervisor of doctoral candidates of the accountancy department of the School of Economics & Management, Southwest Jiaotong University since 2007. He is the excellent talent of Ministry of Education in the new century, the expert of excellence with outstanding contribution of Sichuan Province, a non-practicing member of Chinese Institute of Certified Public Accountants ("CPA"), a standing director of the Financial Cost Branch of China Accounting Society, a standing director of the Accounting Society of Sichuan Province, a member of the Accounting Society of America, a senior member of the Accounting Society of the PRC, a director of the Council of "China Accounting Review". He is also an evaluation expert of the Ministry of Education in degree and postgraduate education, a peer review expert of the State Natural Fund Commission, a peer review expert of the Doctoral Fund of the Ministry of Education, an evaluation expert of Scientific Research Fund and Awards for Science and Technology of the Ministry of Education and a specially requested member of Editorial Committee of the "Securities Market Herald", a journal published by the Shenzhen Stock Exchange. He also acts as independent Supervisor of the Company since 28 February 2011.

Mr. YAN Tengyun, aged 60, retired from the position of a Supervisor and the Chairman of the Supervisory Committee of the Company since 28 February 2014. He was a soldier and then a squad leader of the Forth Company, the Fifty-First Regimen, the Seventeenth Division of Air Force Antiaircraft Gun from the year 1972 to the year 1977. He studied in Fujian Communications College at the major of marine engineering from the year 1978 to the year 1980. He was an engineer officer, an officer of Organization Cadre Department, deputy head and head of Political Department of Tugboat Company of Xiamen Harbour Bureau from the year 1980 to the year 1998. He was a member of the Party Committee and the secretary of the Disciplinary Committee of Xiamen Port (Group) Co., Ltd from the year 1998 to the year 2005. He was a member of the Party Committee and the secretary of the Disciplinary Committee of Xiamen Port Holding Group Co., Ltd from the year 2005 to the year 2007. He is a member of the standing committee of the Party Committee, the secretary of the Disciplinary Committee and the deputy Chairman of the Supervisory Committee of Xiamen Port Holding Group Co., Ltd since the year 2007. Currently he is a Senior Political Instructor. He also acted as the Chairman of the Supervisory Committee of the Company from 28 February 2011 to 28 February 2014.

Mr. LUO Jianzhong, aged 59, retired from the position of a Supervisor of the Company since 28 February 2014. 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 (a company listed on the Shenzhen Stock Exchange in the PRC) from July 2004 to January 2014. Mr. Luo also acted as a Supervisor of the Company from March 2005 to 28 February 2014. 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 51, retired from the position of a Staff Representative Supervisor of the Company since 28 February 2014. 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 was a supervisor of Xiamen Haitian Company from March 2002 to November 2013. He was the deputy party secretary of Xiamen Haitian Company and also the secretary of the disciplinary committee of C.P.C. of Xiamen Haitian Company from April 2005 to November 2013. He was the chairman of the trade union of Xiamen Haitian Company from February 2006 to November 2013. He was also a Supervisor of the Company from March 2005 to 28 February 2014. He has been an executive director and the general manager of Xiamen Port Group Labor Services Co., Ltd since November 2013.

COMPANY SECRETARY

Ms. HONG Lijuan, aged 50, 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

HUANG Zirong, 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.

KE Dong, Deputy General Manager

Mr. KE Dong is one of the Executive Directors of the Company. For further details regarding Mr. KE Dong, 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.

YANG Hongtu, Deputy General Manager

Mr. YANG Hongtu, aged 39, is a deputy general manager of the Company and a Senior Accountant with graduate degree. He graduated from the Accounting Department of Xiamen University in June 1999 and obtained a bachelor's degree and a master's degree in management. He studied in a doctoral class of Accounting Department of Xiamen University from September 2002 to March 2005. He worked in the finance department of Xiamen Port (Group) Co., Ltd. from July 1999 to September 2002 and served as the staff and the deputy manager of finance department. He was the manager of finance department of Xiamen Port Holding from March 2005 to August 2011. He has been the deputy general manager of the Company since 24 August 2011. He has also been a director of Xiamen Port

Development (a company listed on the Shenzhen Stock Exchange in the PRC) since 27 December 2011. He was also a director of Xiamen Haitian Company from 12 March 2012 to December 2013. He has also been a supervisor of Xiamen Container Terminal Group Co., Ltd since 13 December 2013. He was also the financial controller of Xiamen Port Properties Co., Ltd from June 2006 to August 2009. He also acted as the secretary of the Internal Auditing Standards Committee of the China Institute of Internal Audit from September 2002 to January 2005 and also acted as the member and the secretary of the Internal Auditing Standards Committee of the China Institute of Internal Audit from January 2005 to December 2006. He has also been the member of Management Accounting and Application Specialized Committee of Accounting Society of China and the member of Experts Committee of China Accounting News since January 2009. He has been the standing director of Xiamen Accounting Industry Association since April 2011 and the standing director of Accounting Society of Xiamen since October 2011.

CHEN Zhaohui, Deputy General Manager

Mr. CHEN Zhaohui, aged 45, is a deputy general manager of the Company. He graduated in July 1990 from Wuhan Institute of Water Transport Engineering with a bachelor's degree in engineering. He graduated from the School of Management of Xiamen University in December 2000 and obtained a master's degree in business administration and is a Senior Engineer. He joined Xiamen Harbour Bureau in 1990 and was a technician and deputy leader of the gantry crane team of Dongdu operating area from July 1990 to August 1992. He was the leader of mechanical team, deputy general manager and general manager of Xiamen Port Shihushan Terminal Company from August 1992 to March 2006 (during this period, he attended the job training of "Advanced Course of the Terminal Management" (Magum) held by A.P. Moller Maersk Terminal from May 2004 to March 2006 and acted as the duty manager at the container terminal in Aqaba, Jordan and PIER 400 container terminal in Los Angeles, the United States respectively. He also acted as an executive director legal representative and the general manager of Xiamen Port Power Supply Service Co., Ltd from May 2003 to October 2006. He acted as an executive director and legal representative of Xiamen Port Power Supply Service Co., Ltd since August 2012. He was the deputy general manager, and then the general manager of Xiamen Songyu Container Terminal Co., Ltd from March 2006 to November 2013. He was also the director of the Office of Safety Committee of Xiamen Port Holding from October 2012 to December 2013. He has been a deputy general manager of the Company since 27 March 2012. He has also been a director of Xiamen Container Terminal Group Co., Ltd since December 2013 and the chairman of the supervisory committee of Xiamen Port Development (a company listed on the Shenzhen Stock Exchange in the PRC) since January 2014.

Report of the Directors

The Board of the Company is pleased to present the report of the Directors and the audited financial statements of the Group for the year ended 31 December 2013 (the "Year").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

During the Year, the principal activities of the Group include: (i) container, bulk and general cargo loading and unloading and storage 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 merchandise (the above collectively referred to as 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 41(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 during the year of 2013.

RESULTS

The Group's results for the Year are set out in the consolidated income statement on page 98.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB5.5 cents per share (tax inclusive), aggregating RMB149,941,000 (tax inclusive) to all shareholders whose names appeared on the Register of Members on 23 June 2014, subject to the consideration and approval of the same by shareholders at the forthcoming annual general meeting to be held on 11 June 2014.

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 of the Group and the Company 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 RMB186,500 in aggregate.

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 31 December 2013:

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.

RESERVES AVAILABLE FOR DISTRIBUTION

Pursuant to the PRC Company Law, the Company may distribute dividend only out of the annual profit available for distribution, being the balance of the profit after tax of the Company after deducting (i) the 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, for the purpose of 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 Rules and (ii) the generally accepted accounting principles in Hong Kong.

As at 31 December 2013, the amount of reserves available for distribution of the Company, calculated on the above basis, was approximately RMB1,010,667,000. Such amount was prepared under the PRC Accounting Standards.

PRE-EMPTION RIGHTS

Pursuant to the Articles 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 implement any share option scheme.

FINANCIAL HIGHLIGHTS

Highlights of the Group's results and assets and liabilities are set out on pages 4 and 5.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

During the Year, the Group had not purchased, sold or repurchased any of the securities of the Company (as defined in the Listing Rules).

ACQUISITIONS AND DISPOSALS

On 18 February 2013, the Company resolved to acquire 20% equity interest in Xiamen Electricity, (a subsidiary of the Company), from Xiamen Port Group Haitian Container Terminals Co., Ltd (廈門港務集團海天集裝箱有限公司), another subsidiary of the Company. The formalities of the above equity transfer have been completed. On 26 December 2013, Xiamen Port Shipping and Xiamen Port Holding entered into the *Asset Transfer Agreement*, pursuant to which Xiamen Port Shipping would acquire the berths for small vessels and the related ancillary assets in the first phase of Songyu port area at a consideration of RMB52,045,000 from Xiamen Port Holding, details of which are set out in the section titled "Management Discussion and Analysis" in this annual report. Besides, on 25 February 2013, the Company and its controlling shareholder Xiamen Port Holding as well as the relevant companies such as Xiangyu Logistics, Xiamen ITG, and NWXP entered into the "*Merger and Synchronous Contribution Agreement on the Establishment of Xiamen Container Terminal Group Co., Ltd. (tentatively named)*" (廈門集裝箱碼頭集團有限公司), the "*Joint Venture Contract of Xiamen Container Terminal Group Co., Ltd.*" and the "*Articles of Association of Xiamen Container Terminal Group Co., Ltd.*", and implemented a series of merger, acquisition and reorganization activities to integrate the assets and businesses of the relevant container terminals in Xiamen port. For details of such transactions, please see the section of "Connected transactions" below.

Save for aforesaid, the Group did not make any major acquisition or disposal of its subsidiaries, joint ventures and associated companies during the Year.

DIRECTORS AND SUPERVISORS

As of 31 December 2013, the third session of the Board of the Company originally comprised fourteen Directors, including five Executive Directors, namely Mr. LIN Kaibiao (Chairman), Mr. FANG Yao (Vice Chairman), Ms. MIAO Luping, Mr. HUANG Zirong and Ms. HONG Lijuan; four Non-executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Mr. FU Chengjing and Mr. KE Dong; and five Independent Non-executive Directors, namely Mr. LIU Feng, Mr. ZHEN Hong, Mr. HUI Wang Chuen, Mr. LIN Pengjiu and Mr. HUANG Shumeng. The third session of the Supervisory Committee of the Company is composed of six Supervisors, including two Supervisors who were recommended by the shareholders, namely Mr. YAN Tengyun (Chairman of the Supervisory Committee) 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. XIAO Zuoping.

According to the Articles, all Directors and Supervisors are appointed for a term of three years and subject to re-election upon the expiry of their terms. Besides, there is no requirement of retirement by rotation in the Articles.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

The Company did not enter into any service contract with any Director or Supervisor which cannot be terminated 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, none of the Directors or Supervisors had 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, at the end of the Year or any time during the Year.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biography of each of the existing and retired Directors, Supervisors and senior management of the Company as at the date of this report are set out on pages 60 to 74.

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 any Directors and 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', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2013, other than Mr. HUI Wang Chuen, an Independent Non-executive Director of the Company (the details of which are set out as below), none of the Directors, Supervisors, chief executives of the Company 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 SFO) which were required to be notified to the Company and 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 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 Hong Kong Stock Exchange pursuant to the Model Code.

Name of director	Class of shares	Number of shares	Capacity	As a % of the H shares
HUI Wang Chuen	H Shares (Long position)	5,000,000	Beneficial owner	0.51%

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2013, 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 should 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) Company (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%

* The 78,894,000 shares stated here referred to the same batch of shares.

Save as disclosed above, as at 31 December 2013, to the best of the knowledge of 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 were required 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.

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 or maintained by the Company.

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

In 2013, the Company and/or its related subsidiaries has entered into and completed the following one-off connected transactions with related parties:

On 25 February 2013, pursuant to the resolution passed at the 21st meeting of the third session of the Board of the Company, the "*Merger and Synchronous Contribution Agreement on the Establishment of Xiamen Container Terminal Group Co., Ltd. (tentatively named)*" (廈門集裝箱碼頭集團有限公司), the "*Joint Venture Contract of Xiamen Container Terminal Group Co., Ltd.*" and the "*Articles of Association of Xiamen Container Terminal Group Co., Ltd.*" were entered into by and among the Company and its controlling shareholder Xiamen Port Holding as well as the relevant companies such as Xiangyu Logistics, Xiamen ITG, and NWXP to integrate the assets and businesses of the relevant container terminals in Xiamen port. On 8 July 2013, a resolution was passed at the first extraordinary general meeting of 2013 of the Company to approve the above-mentioned agreements, the transactions contemplated thereunder and the relevant transactions in respect of acquisition of 6.55% JV equity interest in Xiamen Terminal Group by the Company from Xiamen Port Holding. Subject to the review and approval by the relevant PRC government authorities, on 13 December

2013, Xiamen Terminal Group was duly established. Xiamen Terminal Group was owned as to 52.9% by the Company, as to 0.55% by XPL (an indirect subsidiary of the Company), as to 14.79% by Xiamen Port Holding, as to 7.82% by Xiamen ITG and as to 1.61% by its subsidiary Pointer Investment (Hong Kong) Limited (寶達投資（香港）有限公司), as to 8.53% by Xiangyu Logistics, and as to 13.8% by NWXP, respectively. Therefore, NWXP became the connected person of the Company. On 27 January 2014, the above-mentioned resource integration of container terminals in Xiamen and the related acquisitions have been completed, among others, including (1) Xiamen Terminal Group acquired the entire equity interest in Trend Wood (紀成投資有限公司) (together with the Shareholders' Loan of Trend Wood) held by NWS Ports Management (Haicang) Limited (新創建港口管理（海滄）有限公司), the affiliated company of NWXP and the connected person of the Company, at a consideration of RMB369,864,752.17; (2) Xiamen Terminal Group acquired 15.35% equity interest in Songyu Terminal* (廈門嵩嶼集裝箱碼頭有限公司) held by Xiamen Port Holding at a consideration of RMB264,310,351.21; (3) the Company acquired 6.55% equity interest in Xiamen Terminal Group held by Xiamen Port Holding at a consideration of RMB459,582,877.51; (4) Xiangyu Logistics acquired 1.47% equity interest in Xiamen Terminal Group held by Xiamen Port Holding at a consideration of RMB103,143,027.47, which did not constitute connected transactions of the Company; (5) Xiamen ITG exercised option to acquire 0.57% equity interest in Xiamen Terminal Group held by Xiamen Port Holding at a consideration of RMB39,994,235.14, which did not constitute connected transactions of the Company. Therefore, on 27 January 2014, Xiamen Terminal Group was owned as to 59.45% by the Company, as to 0.55% by XPL, as to 6.2% by Xiamen Port Holding, as to 8.39% by Xiamen ITG and as to 1.61% by its subsidiary Pointer Investment (Hong Kong) Limited (寶達投資（香港）有限公司), as to 10% by Xiangyu Logistics and as to 13.80% by NWXP. For details of the above very substantial acquisitions and connected transactions, please refer to the Company's announcements dated 25 February 2013, 23 October 2013, 2 December 2013, 13 December 2013 and 27 January 2014, and the Company's notice and circular dated 6 May 2013.

On 12 December 2013, Xiamen Port Development and its subsidiary Xiamen Port Trading Co., Ltd.* (廈門港務貿易有限公司)("XPT") have entered into certain procurement agreements with Xiamen Strait Investment Co., Ltd.* (廈門海峽投資有限公司, being a wholly-owned subsidiary of Xiamen Port Holding)("XSI"), pursuant to which Xiamen Port Development and XPT have sold and XSI have acquired a total of 9,394 tonnes of zircon at a total consideration of RMB86,280,000 (the "Sale"). The consideration for the Sale was determined after arms length negotiation between the parties by reference to the comparable local market prices in Xiamen the Group has gathered and its own analysis of recently concluded sale and purchase transactions in the market similar to such sale, after taken the Group's appropriate profit margin over its estimated service costs into account. Such consideration was settled in full by XSI on 12 December 2013 by way of cash. For details of the Sale, please refer to the Company's announcement dated 16 April 2014.

On 26 December 2013, Xiamen Port Shipping and Xiamen Port Holding entered into the *"Asset Transfer Agreement"*, pursuant to which Xiamen Port Shipping would acquire the berths for small vessels and the related ancillary assets in the first phase of Songyu port area at a consideration of RMB52,045,000. The above transfer price was based on the asset valuation results issued by the qualified valuation company engaged by both parties, and have been filed with the relevant authorities of state-owned assets administration in Xiamen city. Xiamen Port Shipping has paid 30% of the total consideration, being RMB15,613,500, to Xiamen Port Holding within 5 working days from the effective date of the agreement. The balance payment will be paid up within one year. For details of the above transaction, please refer to the Company's announcement dated 26 December 2013.

The table below sets out the summary of the above one-off connected transactions:

Transactions	Connected persons	Date of agreement	Amount of transactions (RMB)
A. The Company and XPL jointly participated in the establishment of Xiamen Terminal Group and each performed the merger and capital contribution obligations	Xiamen Port Holding	25 February 2013	3,750,353,027.75
B. Xiamen Port Development and XPT sold a total of 9,394 tonnes of zircon to XSI	XSI	12 December 2013	86,280,000
C. Xiamen Terminal Group acquired the 100% equity interest in Trend Wood (together with the Shareholders' Loan of Trend Wood) held by NWS Ports Management (Haicang) Limited (新創建港口管理（海滄）有限公司)	NWS Ports Management (Haicang) Limited	13 December 2013	369,864,752.17
D. Xiamen Terminal Group acquired 15.35% equity interest in Songyu Terminal (廈門嵩嶼集裝箱碼頭有限公司) held by Xiamen Port Holding	Xiamen Port Holding	13 December 2013	264,310,351.21
E. The Company acquired 6.55% equity interest in Xiamen Terminal Group held by Xiamen Port Holding	Xiamen Port Holding	13 December 2013	459,582,877.51
F. Xiamen Port Shipping acquired the berths for small vessels and the related ancillary assets in the first phase of Songyu port area from Xiamen Port Holding	Xiamen Port Holding	26 December 2013	52,045,000

Besides, in 2013, due to its operation demands, the Group also entered into certain non-exempt continuing connected transactions with the Company's controlling shareholder, Xiamen Port Holding and its subsidiary companies (collectively known as the "Xiamen Port Holding Group") and certain other connected parties outside the Group during the Year. The table below sets out the summary of non-exempt continuing connected transactions:

		2013	
Services	**Connected Persons**	**Proposed annual cap (RMB)**	**Actual amount incurred (RMB)**
A. Office/premises/terminal facilities lease	Xiamen Port Holding Group	**96,800,000**	**49,839,000**
B. Logistics property services	Xiamen Port Holding Group	**12,560,000**	**11,052,000**
C. Comprehensive services	Xiamen Port Holding Group	**39,670,000**	**26,450,000**
D. Construction project management	Xiamen Port Holding Group	**4,000,000**	**2,080,000**
E. Port facilities engineering and construction	Xiamen Port Holding Group	**33,080,000**	**11,190,000**
F. Port-related labour services	Xiamen Port Holding Group	**51,840,000**	**31,210,000**
G. Electrical equipment maintenance	Xiamen Port Holding Group	**28,000,000**	**807,000**
H. Port services	COSCO Container Lines Co., Ltd	**110,500,000**	**69,938,000**
I. Power supply and maintenance	Xiamen Port Holding Group	**35,000,000**	**27,052,000**
J. Port services (received from Songyu Terminal by the Group)	Songyu Terminal	**66,000,000**	**16,335,000**
K. Port services (paid to Songyu Terminal by the Group)	Songyu Terminal	**77,000,000**	**61,682,000**
L. Port services	Xiamen Gangwu Haiyun Co., Ltd.	**30,000,000**	**18,848,000**
M. Information services	Xiamen Port Holding Group	**12,100,000**	**4,401,000**
N. Port services	Maersk (China) Shipping Co., Ltd	**75,000,000**	**5,933,000**
O. Port services	Xiamen Xiangyu Logistics Group Co., Ltd	**4,500,000**	**473,000**

Save for the delay in the disclosure of the Sale, the Company has complied with the requirements of the waivers granted by the Hong Kong Stock Exchange or the disclosure requirements under Chapter 14A of the Listing Rules.

All independent non-executive Directors of the Company had reviewed the above continuing connected transactions and confirmed that those transactions had 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 favorable 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.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules, and reported that:

(1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board.

(2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

(3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(4) with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements made by the Company in respect of each of the disclosed continuing connected transactions.

A copy of the auditor's letter has been submitted by the Company to the Hong Kong Stock Exchange.

PENSION SCHEME

Pursuant to the relevant laws and regulations of the PRC and Xiamen Municipal Government regarding the administration of corporate annuity, the Group has implemented corporate annuity schemes combined with its actual situation. According to the statistics, for the Year, the aggregate corporate contribution of the Group to the corporate annuity was approximately RMB10,340,000, of which the aggregate contribution of the Company to the corporate annuity was approximately RMB387,000.

The abovementioned corporate annuity is a contribution scheme. The forfeited contribution may be used by the Group. As of 31 December 2013, the forfeited contribution available for the use of the Group amounted to RMB451,178.31. The Group had not used the forfeited contribution during the Year.

The details of the Group's pension scheme are set out to Note 29 to the financial statements.

ENTRUSTED DEPOSITS AND OVERDUE DEPOSITS

As at 31 December 2013, 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 City, 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 corporate income taxes of a foreign investment enterprise so exempted or reduced shall be repayable. Therefore, the Company was subject to an applicable tax of 12.5% during the year ended 31 December 2013.

The Company's subsidiary, Ocean Shipping Agency, obtained the certificate of qualifying as "Advanced Technology Service Enterprise", therefore, it is subject to 15% corporate income tax rate for four years from 2010 to 2013. The Company acquired one subsidiary, Trend Wood incorporated in Hong Kong, in 2013 and Trend Wood is subject to an applicable income tax rate of 16.5%. The Company's subsidiary, Songyu Terminal, obtained the approval (Xiamen Guoshui Zhihan [2008] No.1) from the branch office of the State Tax Administration in Xiamen City, and enjoys 100% reduction in corporate income tax in the first five years since the first taxable profit year and 50% reduction in the sixth to the tenth years. The first profit year for Songyu Terminal is 2008. The applicable tax rate for Songyu Terminal is 0% in 2012 and 12.5% in 2013. Other than the above mentioned, the applicable corporate income tax rate for the Company's other subsidiaries is 25%.

Since 1 November 2012, Xiamen City was set as the pilot city of the reform from business tax to value-added tax, while the port industry was within the scope of the pilot reform, in which a value-added tax rate of 11% is applicable to the general taxpayers in the transportation industry (including land transport and water transport services, etc) and a value-added tax rate of 6% is applicable to the general taxpayers of some other modern services industries (including logistics auxiliary services such as port terminal service, cargo transport agency service, storage service and loading, unloading and transport services). Therefore, the main applicable value-added tax rates of the Company and its subsidiaries were 6% or 11%. In addition, according to the relevant provisions issued by Ministry of Finance and the State Administrative of Taxation, for the units in the above-mentioned pilot region, the taxable services including the provision of logistics auxiliary services to overseas units are exempted from value-added tax. As a result, with the consent given by the branch office of the State Tax Administration in Xiamen City, the profit of the Company and some of its subsidiaries generated from the provision of logistic auxiliary services to overseas clients was exempted from value-added tax.

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 CORPORATE GOVERNANCE CODE

The Company has been committed to maintaining a high standard of corporate governance, and the Board considers that the efficient corporate governance has made an important contribution to the success of the Company's operation and the value enhancement of shareholders as a whole. For the year ended 31 December 2013, the Company has been in compliance with the code provisions and most of the recommended best practices of the Corporate Governance Code 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 annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is 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 float as at the latest practicable date prior to the issue of this annual report, which adequately exceeded the requirements of the Listing Rules.

AUDITORS

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

By Order of the Board

LIN Kaibiao
Chairman

Xiamen, the PRC
28 March 2014

Report of the Supervisory Committee

To Shareholders of Xiamen International Port Co., Ltd:

According to the provisions of the Articles, in the year of 2013, the Supervisory Committee of the Company comprised six members, namely Mr. YAN Tengyun (Chairman of the Supervisory Committee), Mr. LUO Jianzhong (Supervisor), Mr. WU Jianliang (staff representative Supervisor), and Mr. WU Weijian (staff representative Supervisor), Mr. TANG Jinmu (independent Supervisor) and Mr. XIAO Zuoping (independent Supervisor).

The Supervisory Committee of the Company hereby presents the Report of the Supervisory Committee.

I. STATUS OF THE SUPERVISORY COMMITTEE IN 2013

For the year ended 31 December 2013, the Supervisory Committee of the Company had been conscientiously conducting its duties and working diligently and actively pursuant to the provisions of the Company Law, the Listing Rules, the Articles and other applicable laws and regulations. In the year of 2013, the Supervisory Committee of the Company convened two meetings, mainly for reviewing and approving the financial documents such as the annual report and interim report of the Company and the report on the work of the Supervisory Committee in 2012 and had formed specific resolutions.

During the Reporting Period, all members of the Supervisory Committee of the Company monitored and reviewed the agendas of the Board meetings and general meetings, the relevant resolutions passed and their implementations by ways such as attending all the Board meetings and all general meetings convened in 2013, was reported about work and financial position, reviewed the financial report and audit report and was reported by the external auditors about their auditing of the Company. The Supervisory Committee believes that the Directors and senior management of the Company were capable of performing their duties conscientiously according to the resolutions passed at the general meetings or by the Board.

II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE IN RESPECT OF RELEVANT MATTERS OF THE COMPANY IN 2013

1. Operation of the Company in compliance with the law

The Supervisory Committee had carefully monitored and inspected the performance of duties by the Directors and senior management of the Company as well as the execution of the Company's internal control system pursuant to the provisions of the Listing Rules, the applicable laws and regulations and the Articles. The Supervisory Committee is of the opinion that during the Reporting Period, the Company's decision-making procedures were standardized and legal, and the internal control system had been further improved and implemented strictly, the Company had strictly complied with all the applicable laws and regulations and had been operated regularly according to the requirements of the Listing Rules. The Board and senior management had diligently and duly discharged their duties and operated the Company with a standardized operational system in place. The Supervisory Committee neither found contravention of applicable laws or regulations or the Articles nor acts which are detrimental to the interests of the Company by the Directors and senior management.

2. Financial position of the Company

The Supervisory Committee had carefully audited the 2013 financial report and the 2013 profit allocation proposal of the Company as well as the 2013 auditor's report issued by the auditors of the Company, PricewaterhouseCoopers, Certified Public Accountants in Hong Kong, 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 standardized financial management strictly implemented. The 2013 financial report of the Company provides an objective, fair and true view of the financial conditions and operating results of the Company for the Reporting Period. The Supervisory Committee concurred with the auditors' opinions and also approved the 2013 profit allocation proposal of the Company.

3. Connected transactions of the Company

The Supervisory Committee is of the opinion that, during the Reporting Period, the considerations of the transactions in connection with the acquisition or disposal of assets were reasonable, no insider dealings were discovered, and there was no circumstance which would have been detrimental to any shareholders or would have resulted in any loss of the Company's assets. During the Reporting Period, each of the connected transactions was concluded in the ordinary course of business of the Company on normal commercial terms. These transaction prices were determined on the basis of fair market value, were fair and reasonable as to the Company and its shareholders and were in the interests of the Company and its shareholders as a whole.

In 2014, all members of the Supervisory Committee will continue to strictly comply with the provisions of the Articles and relevant requirements, 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

YU Mingfeng
Chairman of the Supervisory Committee

Xiamen, the PRC
28 March 2014

Independent Auditor's Report

pwc 羅兵咸永道

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 94 to 244, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

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羅兵咸永道

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2013, 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, 28 March 2014

Consolidated Balance Sheet

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000 (Restated, Note 43)	As at 1 January 2012 RMB'000 (Restated, Note 43)
ASSETS				
Non-current assets				
Investment properties	5	**134,519**	103,401	93,941
Property, plant and equipment	6	**5,943,047**	4,616,138	2,685,908
Land use rights	7	**2,124,221**	1,286,662	885,454
Intangible assets	8	**271,396**	116,937	6,468
Interests in joint ventures	10	**1,123,055**	767,940	760,625
Interests in associates	11	**39,875**	37,227	35,766
Available-for-sale financial assets	12	**50,643**	57,949	69,487
Long-term receivables and prepayments	16	**348,392**	140,013	–
Deferred income tax assets	13	**272,114**	54,182	51,926
Total non-current assets		**10,307,262**	7,180,449	4,589,575
Current assets				
Inventories	14	**359,519**	222,149	253,326
Accounts and notes receivable	15	**778,201**	773,025	632,947
Other receivables and prepayments	16	**762,349**	266,292	179,941
Term deposits with initial term over three months	17	**51,683**	66,907	59,347
Restricted cash	18	**403,498**	413,119	78,247
Cash and cash equivalents	19	**872,760**	827,469	872,820
Total current assets		**3,228,010**	2,568,961	2,076,628
Total assets		**13,535,272**	9,749,410	6,666,203
EQUITY				
Equity attributable to owners of the Company				
Share capital	25	**2,726,200**	2,726,200	2,726,200
Reserves	26	**1,809,306**	2,404,229	1,456,500
		4,535,506	5,130,429	4,182,700
Non-controlling interests		**3,961,403**	1,582,924	1,028,148
Total equity		**8,496,909**	6,713,353	5,210,848

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated, Note 43)	As at 1 January 2012 RMB'000 (Restated, Note 43)
LIABILITIES				
Non-current liabilities				
Borrowings	24	**1,015,837**	1,316,015	88,164
Derivative financial instrument	22	**–**	–	3,658
Deferred government grants and income	23	**114,619**	94,969	91,710
Long-term payables and advances	21	**38,304**	80,064	–
Early retirement benefit obligations		**574**	919	1,962
Deferred income tax liabilities	13	**298,642**	38,804	14,827
Total non-current liabilities		**1,467,976**	1,530,771	200,321
Current liabilities				
Accounts and notes payable	20	**633,640**	767,510	652,606
Other payables and accruals	21	**1,972,702**	440,320	434,615
Derivative financial instrument	22	**–**	1,225	–
Borrowings	24	**920,088**	260,264	148,292
Taxes payable		**43,957**	35,967	19,521
Total current liabilities		**3,570,387**	1,505,286	1,255,034
Total liabilities		**5,038,363**	3,036,057	1,455,355
Total equity and liabilities		**13,535,272**	9,749,410	6,666,203
Net current (liabilities)/assets		**(342,377)**	1,063,675	821,594
Total assets less current liabilities		**9,964,885**	8,244,124	5,411,169

The notes on pages 104 to 244 are an integral part of these consolidated financial statements.

The financial statements on pages 94 to 103 were approved by the Board of Directors on 28 March 2014 and were signed on its behalf.

LIN Kaibiao
Chairman

HUANG Zirong
Director

Balance Sheet

As at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**211,948**	1,334,342
Land use rights	7	**88,446**	461,713
Intangible assets	8	**751**	2,970
Investments in subsidiaries	9	**5,341,277**	1,417,633
Interests in joint ventures	10	**4,285**	286,628
Interests in associates	11	**—**	530,001
Available-for-sale financial assets	12	**46,187**	53,493
Long-term receivables and prepayments	16	**60,936**	—
Deferred income tax assets	13	**625**	778
Total non-current assets		**5,754,455**	4,087,558
Current assets			
Inventories	14	**—**	1,308
Accounts receivable	15	**—**	52,780
Other receivables and prepayments	16	**306,928**	194,363
Restricted cash	18	**260,080**	267,240
Cash and cash equivalents	19	**59,912**	133,247
Total current assets		**626,920**	648,938
Total assets		**6,381,375**	4,736,496
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**2,726,200**	2,726,200
Reserves	26	**2,306,702**	1,086,425
Total equity		**5,032,902**	3,812,625
LIABILITIES			
Non-current liabilities			
Borrowings	24	**182,325**	502,785
Deferred government grants and income	23	**—**	69,377
Long-term payables and advances	21	**36,074**	24,049
Deferred income tax liabilities	13	**7,013**	8,840
Total non-current liabilities		**225,412**	605,051

	Note	2013 RMB'000	2012 RMB'000
Current liabilities			
Accounts payable	20	–	33,756
Other payables and accruals	21	762,807	223,502
Derivative financial instrument	22	–	1,225
Borrowings	24	358,773	57,417
Taxes payable		1,481	2,920
Total current liabilities		1,123,061	318,820
Total liabilities		1,348,473	923,871
Total equity and liabilities		6,381,375	4,736,496
Net current (liabilities)/assets		(496,141)	330,118
Total assets less current liabilities		5,258,314	4,417,676

The notes on pages 104 to 244 are an integral part of these consolidated financial statements.

The financial statements on pages 94 to 103 were approved by the Board of Directors on 28 March 2014 and were signed on its behalf.

LIN Kaibiao
Chairman

HUANG Zirong
Director

Consolidated Income Statement

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000 (Restated, Note 43)
Revenues	27	**4,678,421**	3,745,921
Cost of sales		**(4,022,466)**	(3,129,038)
Gross profit		**655,955**	616,883
Other income	27	**127,186**	98,187
Other gains — net	28	**178,363**	110,549
Selling and marketing expenses		**(41,456)**	(41,689)
General and administrative expenses		**(236,065)**	(213,804)
Operating profit		**683,983**	570,126
Finance income	31	**50,048**	31,342
Finance costs	31	**(82,740)**	(81,050)
		651,291	520,418
Share of profits less losses of joint ventures	10	**16,955**	25,836
Share of profits less losses of associates	11	**3,185**	2,687
Profit before income tax expense		**671,431**	548,941
Income tax expense	32(a)	**(151,235)**	(105,298)
Profit for the year		**520,196**	443,643
Profit attributable to:			
Owners of the Company		**332,789**	303,587
Non-controlling interests		**187,407**	140,056
		520,196	443,643
Earnings per share for profit attributable to owners of the Company during the year			
— Basic and diluted (in RMB cents)	35	**12.21**	11.14
Dividends			
— Final dividends proposed	34	**149,941**	149,941

The notes on pages 104 to 244 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000 (Restated, Note 43)
Profit for the year	**520,196**	443,643
Other comprehensive loss, net of tax		
Items that may be reclassified subsequently to profit or loss		
— Fair value losses on available-for-sale financial assets, net of tax	**(5,479)**	(8,653)
Total comprehensive income for the year	**514,717**	434,990
Total comprehensive income for the year attributable to:		
— Owners of the Company	**327,310**	294,934
— Non-controlling interests	**187,407**	140,056
	514,717	434,990

The notes on pages 104 to 244 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital RMB'000 (Note 25)	Other reserves RMB'000 (Note 26)	Retained earnings RMB'000 (Note 26)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012 (Previously reported)	2,726,200	(274,541)	1,472,839	3,924,498	1,028,148	4,952,646
Business combination under common control (Note 42(b)(1)) (Note 43)	–	201,473	56,729	258,202	–	258,202
Balance at 1 January 2012 (Restated)	2,726,200	(73,068)	1,529,568	4,182,700	1,028,148	5,210,848
Comprehensive income						
Profit for the year	–	–	303,587	303,587	140,056	443,643
Other comprehensive loss						
Fair value losses on available-for-sale financial assets	–	(8,653)	–	(8,653)	–	(8,653)
– Gross	–	(11,538)	–	(11,538)	–	(11,538)
– Related deferred income tax	–	2,885	–	2,885	–	2,885
Total comprehensive (loss)/income	–	(8,653)	303,587	294,934	140,056	434,990
Total transactions with owners, recognised directly in equity						
Acquisition of Xiamen Songyu Container Terminal Co., Ltd. ("Songyu Terminal") (Note 42(b)(1)) (Note 43)	–	734,581	–	734,581	430,383	1,164,964
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	21,000	21,000
2011 final dividends	–	–	(81,786)	(81,786)	–	(81,786)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(36,663)	(36,663)
Profit appropriation	–	14,669	(14,669)	–	–	–
Total transactions with owners, recognised directly in equity	–	749,250	(96,455)	652,795	414,720	1,067,515
Balance at 31 December 2012 (Restated)	2,726,200	667,529	1,736,700	5,130,429	1,582,924	6,713,353

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital RMB'000 (Note 25)	Other reserves RMB'000 (Note 26)	Retained earnings RMB'000 (Note 26)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	2,726,200	667,529	1,736,700	5,130,429	1,582,924	6,713,353
Comprehensive income						
Profit for the year	–	–	332,789	332,789	187,407	520,196
Other comprehensive loss						
Fair value losses on available-for-sale financial assets	–	(5,479)	–	(5,479)	–	(5,479)
– Gross	–	(7,306)	–	(7,306)	–	(7,306)
– Related deferred income tax	–	1,827	–	1,827	–	1,827
Total comprehensive (loss)/income	–	(5,479)	332,789	327,310	187,407	514,717
Total transactions with owners, recognised directly in equity						
Establishment of Xiamen Container Terminal Group Co., Ltd. ("Xiamen Terminal Group") (Note 42)	–	(772,292)	–	(772,292)	2,205,345	1,433,053
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	26,600	26,600
2012 final dividends	–	–	(149,941)	(149,941)	–	(149,941)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(40,873)	(40,873)
Profit appropriation	–	112,296	(112,296)	–	–	–
Total transactions with owners, recognised directly in equity	–	(659,996)	(262,237)	(922,233)	2,191,072	1,268,839
Balance at 31 December 2013	2,726,200	2,054	1,807,252	4,535,506	3,961,403	8,496,909

The notes on pages 104 to 244 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000 (Restated, Note 43)
Cash flows from operating activities			
Net cash generated from operations	37(a)	**670,581**	634,237
Interest paid		**(87,919)**	(78,378)
Income tax paid		**(97,158)**	(74,181)
Net cash generated from operating activities		**485,504**	481,678
Cash flows from investing activities			
Purchases of property, plant and equipment, intangible assets and land use rights		**(653,031)**	(328,217)
Proceeds from disposals of property, plant and equipment and land use rights		**190,096**	167,480
Advance received for resumption of land		**12,024**	55,563
Acquisition of an associate (Note 11)		**–**	(530,001)
Prepayment for acquisition of an equity investment		**–**	(1,500)
Investment in Build and Transfer project (Note 16(c))		**(148,695)**	(80,000)
Interest received		**38,603**	18,693
Dividends received		**7,596**	24,524
Net decrease/(increase) in restricted cash		**9,621**	(334,872)
Net decrease/(increase) in term deposits with initial term over three months		**15,224**	(7,560)
Cash acquired from business combination (Note 42(b)(3))		**39,547**	–
Net cash used in investing activities		**(489,015)**	(1,015,890)

	Note	2013 RMB'000	2012 RMB'000 (Restated, Note 43)
Cash flows from financing activities			
Proceeds from borrowings		**1,418,931**	847,079
Repayments of borrowings		**(1,279,235)**	(272,158)
Contribution from non-controlling shareholders of subsidiaries		**26,600**	21,000
Dividends paid to owners of the Company		**(70,356)**	(67,529)
Dividends paid to non-controlling shareholders of subsidiaries		**(42,373)**	(39,476)
Net cash generated from financing activities		**53,567**	488,916
Net increase/(decrease) in cash and cash equivalents		**50,056**	(45,296)
Cash and cash equivalents at beginning of year		**827,469**	872,820
Exchange losses on cash and cash equivalents		**(4,765)**	(55)
Cash and cash equivalents at end of year	19	**872,760**	827,469

The notes on pages 104 to 244 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. General information

Xiamen International Port Co., Ltd. (the "Company") was a joint stock limited company established in the People's Republic of China (the "PRC"). The Company's H-shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Main Board").

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, Haicang port area, Songyu port area in Xiamen and Qingzhou operation area in Fuzhou and providing 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 merchandise, and investment holding.

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

In 2013, pursuant to a conditional merger and contribution agreement on 25 February 2013 (the "JV Agreement") and according to a board resolution at the 21st meeting of the third session of the Board and the first interim general meeting in 2013 of the Company, the Company and XPHG, as well as Xiamen Xiangyu Logistics Group Corporation ("Xiangyu Logistics"), Xiamen ITG Group Corp., Ltd. ("Xiamen ITG") and New World (Xiamen) Port Investments Limited ("NWXP") jointly established Xiamen Container Terminal Group Co., Ltd. ("Xiamen Terminal Group") on 13 December 2013, so as to integrate the assets and businesses of the related container terminals in Xiamen port. As at 31 December 2013, the Group effectively holds 59.75% equity interests in Xiamen Terminal Group (See Note 42).

These consolidated financial statements were approved for issue by the Board of Directors (the "Board") of the Company on 28 March 2014.

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 certain available-for-sale financial assets and derivative financial 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.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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 2013, details of which are as set out below.

(a) *New/revised standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2013 and adopted by the Group*

The Group has adopted the following new/revised 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 2013:

- HKAS 1 (Amendment), "Presentation of items of other comprehensive income"
- HKAS 27 (Revised 2011), "Separate financial statements"
- HKAS 28 (Revised 2011), "Associates and joint ventures"
- HKFRS 7 (Amendment), "Financial instruments: disclosures — offsetting financial assets and financial liabilities"
- HKFRS 10, "Consolidated financial statements"
- HKFRS 11, "Joint arrangements"
- HKFRS 12, "Disclosure of interests in other entities"
- HKFRS 13, "Fair value measurements"
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, "Consolidated financial statements, joint arrangements and disclosures of interests in other entities: transition guidance"
- Annual improvement 2012 — Amendment to HKFRS 13, "Fair value measurement"
- Annual improvements 2011 — HKAS 1(Amendment) "Presentation of financial statements", HKAS 16 (Amendment) "Property, plant and equipment", HKAS 32 (Amendment) "Financial instruments: Presentation", HKAS 34 (Amendment) "Interim financial reporting"

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) *New/revised standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2013 and adopted by the Group (continued)*

Except for the adoption of HKFRS 11 "Joint arrangements" and HKAS 28 (Revised 2011) "Associates and joint ventures" which have resulted in changes in accounting policies as described below, the adoption of those new/revised standards and amendments does not have any significant impact to the Group's results for the year ended 31 December 2013 and the Group's financial position as at 31 December 2013.

HKFRS 11, "Joint arrangements"

Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Proportional consolidation of joint ventures is no longer allowed.

Before 1 January 2013, the Group's interests in its jointly controlled entities were proportionately consolidated. Under HKFRS 11, the jointly controlled entities have been determined to be joint ventures and the interest of which shall be equity accounted for. This resulted in the Group changing its accounting policy to account for its interests in joint ventures using equity method.

The Group has applied the new policy for interests in joint ventures occurring on or after 1 January 2012 in accordance with the transition provisions of HKFRS 11. The Group recognised its investment in joint ventures at the beginning of the earliest period presented (1 January 2012), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's investments in joint ventures for applying equity accounting.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New/revised standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2013 and adopted by the Group (continued)

HKFRS 11, "Joint arrangements" (continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The change in accounting policy has been applied as from 1 January 2012. There is no impact on the net profit and net assets of the periods presented.

The impact of adoption on the consolidated financial statement is shown in Note 43.

HKAS 28 (Revised 2011), "Associates and joint ventures"

HKAS 28 (Revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. The impact of adoption on the consolidated financial statement is shown in Note 43.

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 2013 and have not been early adopted

The HKICPA has issued the following new/revised standards, amendments or interpretations to existing standards which are relevant to the operations of the Group, but not yet effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group (collectively the "New or Revised HKFRSs"):

	Effective for accounting periods beginning on or after
Amendment to HKAS 32, "Financial instruments: Presentation" on asset and liability offsetting	1 January 2014
Amendment to HKAS 36, "Impairment of assets" on recoverable amount disclosures	1 January 2014
HK(IFRIC) 21 "Levies"	1 January 2014
Annual improvements 2012	1 July 2014
Annual improvements 2013	1 July 2014
HKFRS 9, "Financial Instruments"	To be determined

The Group will adopt these New or Revised HKFRSs in accordance with their respective effective dates. The Group does not anticipate that any of the above New or Revised HKFRSs would have significant impact on the Group's consolidated financial statements.

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.

2.2.1 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

(i) Purchase method of accounting for non-common control combinations

The Group uses the acquisition method of accounting to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

2.2.1 Subsidiaries (continued)

(a) Business combinations (continued)

(i) Purchase method of accounting for non-common control combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (Note 2.8(d)).

(ii) Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs are recognised as expenses as incurred.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

2.2.1 Subsidiaries (continued)

(a) Business combinations (continued)

(ii) Merger accounting for common control combinations (continued)

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

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

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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.

2.2.3 Associates

An associate is an entity 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 in the consolidated financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

2.2.3 Associates (continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

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

Gains and losses on dilution of equity interest in associates are recognised in the income statement.

In the Company's balance sheet, investments in associates are accounted for at cost less impairment. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

2.2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2012. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The change in accounting policy has been applied as from 1 January 2012.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

2.2.4 Joint arrangements (continued)

The effects of the change in accounting policies on the financial position, comprehensive income and the cash flows of the Group at 1 January 2012 and 31 December 2012 are shown in Note 43. The change in accounting policies has no impact on earnings per share.

In the Company's balance sheet, investments in joint ventures are accounted for at cost less impairment. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated income statement.

Accounting policies of subsidiaries, joint arrangements and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chairman and the chief executive officer are responsible for allocating resources and assessing performance of the operating segments and make strategic decisions on a regular basis.

2. Summary of significant accounting policies (continued)

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 all the subsidiaries, joint ventures 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-net".

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised 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 other comprehensive income.

2. Summary of significant accounting policies (continued)

2.5 Investment properties

Investment properties 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 30 to 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 in the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment is 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.

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

— Buildings	10 to 40 years
— Port infrastructure	25 to 50 years
— Storage infrastructure	20 to 25 years
— Loading machineries	8 to 25 years
— Other machineries	6 to 15 years
— Vessels	5 to 18 years
— Vehicles	5 to 10 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.

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

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 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 48 years. Amortisation of port line use rights are calculated on the straight-line method over the period of the port line use rights of 48 years.

(b) Sea area use rights

Sea area use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the sea area for periods of 48 years. Amortisation of sea area use rights are calculated on the straight-line method over the period of the sea area use rights of 48 years.

(c) 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.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of the non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

2. Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

(d) Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or when events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 Impairment of 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 that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of significant accounting policies (continued)

2.10 Financial assets

(a) Classification

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.

(i) 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 if expected to be settled within 12 months; otherwise, they are classified as non-current assets.

(ii) 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 the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "long-term receivables and prepayments", "accounts and notes receivable", "other receivables and prepayments", "term deposits with initial term over three months", "restricted cash" and "cash and cash equivalents" in the balance sheet (Note 2.15 and 2.16).

(iii) 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.

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Recognition and measurement

Regular way 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.

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 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 the 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".

Financial assets are measured at cost where fair value cannot be determined.

2. Summary of significant accounting policies (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 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 carried at amortised cost is impaired. A financial asset or a group of such 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 into bankruptcy or other financial reorganisation;

2. Summary of significant accounting policies (continued)

2.12 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.

For loans and receivables category, 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 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)

2.12 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 available for sale 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 securities 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 profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the 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 consolidated income statement.

2.13 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 designated 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.

2. Summary of significant accounting policies (continued)

2.14 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.

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

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, 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).

2.17 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. Summary of significant accounting policies (continued)

2.18 Accounts and other payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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.

2.19 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.

2.20 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. Summary of significant accounting policies (continued)

2.21 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.

(a) Current income tax

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/regions where the Company, its subsidiaries, joint ventures 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.

(b) Deferred income tax

Inside basis differences

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 tax liabilities are not recognised if they arise from the initial recognition of goodwill, the 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.

2. Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Inside basis differences (continued)

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.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of significant accounting policies (continued)

2.22 Employee benefits

(a) Retirement benefit 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, the Group has participates 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 percentages of the annual salaries 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. Summary of significant accounting policies (continued)

2.23 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.

2.24 Government grants and subsidies

Grants and subsidies 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 and subsidies 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 and subsidies 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. Summary of significant accounting policies (continued)

2.25 Recognition of revenue and income

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described, as described below. The Group bases its estimates of return 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.

(d) Revenue from sales of building materials and other merchandise

Sales of building materials and other merchandise 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.

2. Summary of significant accounting policies (continued)

2.25 Recognition of revenue and income (continued)

(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 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.

2.26 Operating leases

(a) The Group as lessee

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) by the Group are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) The Group as lessor

Assets leased out under operating leases by the Group are included in the Group's 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 2.25(f) above.

2. Summary of significant accounting policies (continued)

2.27 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.

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.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders 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 shareholders or directors, where appropriate.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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, restricted cash, cash and bank balances, accounts receivable, accounts payable and borrowings as at 31 December 2013 which are denominated in currencies other than RMB (primarily with respect to United States Dollars ("USD"), European Dollars ("EURO") and Hong Kong Dollars ("HKD") (collectively the "Non-functional Currency Financial Assets/Liabilities"), are disclosed in Notes 17, 19, 15, 20 and 24 respectively.

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 2013, if RMB had weakened/strengthened by 5% against the USD, EURO and HKD with all other variables held constant, the Group's pre-tax profit for the year would have been RMB21,060,000 (2012: RMB21,233,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of the Non-functional Currency Financial Assets/Liabilities.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(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, cash and bank balances). 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 2013, approximately 38% (2012: 43%) 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.

At 31 December 2013, 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 RMB5,805,000 (2012: RMB3,640,000) lower/higher, mainly as a result of higher/lower finance costs on bank borrowings.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Price risk

The Group is exposed to equity securities price risk because the Group holds certain investments which are classified on the consolidated 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.

As at 31 December 2013, 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 RMB4,618,000 (2012: RMB5,349,000), excluding the tax effect.

(d) Credit risk

The Group's maximum exposure to credit risk in respect of financial assets is the 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.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(d) Credit risk (continued)

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. Majority of the Group's revenue is on open account terms and in accordance with the terms specified in the contracts governing the relevant transactions. A credit period, which may be extended for up to six months, may be granted to large or long-established customers with good repayment histories. Revenue from other customers are normally subject to credit period within 60 days from the date of billing. There is no concentration of credit risk with respect to accounts receivable as the Group has a large number of customers, the Group has no single customer accounted for greater than 10% of the total accounts receivable as at 31 December 2013 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 and Note 16.

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

(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.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(e) Liquidity risk (continued)

The Group's demand for cash is due to the port construction, purchase of cargo loading machines and debt repayment. The operating cash flow needed is satisfied by cash received from business operation and bank debt financing.

As at 31 December 2013, the retained earnings of the Group is RMB1,807 million, and the current liabilities exceed the current assets by RMB342 million, the cash and cash equivalent of the Group increases by RMB50 million. Based on the operating and financing cash inflows of the Company, the board of directors has fully assessed the Group's ability to repay the debt when preparing the consolidated financial statements.

As at 31 December 2013, the available bank facilities of the Group amount to RMB3,315 million. Subsequent to 31 December 2013, the Company has received additional RMB1,075 million bank facilities from banks. The board of directors of the Company believes that the credit period of these bank facilities can be extended if needed.

Based on the cash inflows from operating activities and bank facilities available to the Group, the board of directors believes that the Group would continue to receive enough finance to support the operation and debt repayment and capital expenditure. As a result of this, the board of directors confirms that the going-concern basis is appropriate for preparing this year financial statements, and there is no need to include any adjustment which is not based on going-concern basis for the Group and the Company.

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.

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
Group				
At 31 December 2013				
Bank borrowings	**1,004,802**	**749,800**	**153,145**	**212,972**
Long-term payables and advances	**–**	**36,390**	**475**	**1,439**
Accounts and notes payable	**633,640**	**–**	**–**	**–**
Other payables and accruals	**1,972,702**	**–**	**–**	**–**
	3,611,144	**786,190**	**153,620**	**214,411**
At 31 December 2012 (Restated)				
Bank borrowings	336,329	394,550	864,982	227,241
Long-term payables and advances	–	73,251	3,334	3,479
Accounts and notes payable	767,510	–	–	–
Other payables and accruals	440,320	–	–	–
Derivative financial instrument	1,225	–	–	–
	1,545,384	467,801	868,316	230,720

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 2013				
Bank borrowings	**382,681**	**69,281**	**111,392**	**28,282**
Long-term payables and advances	**—**	**36,074**	**—**	**—**
Other payables and accruals	**762,807**	**—**	**—**	**—**
	1,145,488	**105,355**	**111,392**	**28,282**
At 31 December 2012				
Bank borrowings	84,972	342,853	172,749	38,096
Long-term payables and advances	—	24,049	—	—
Accounts payable	33,756	—	—	—
Other payables and accruals	223,502	—	—	—
Derivative financial instrument	1,225	—	—	—
	343,455	366,902	172,749	38,096

The Group's trading derivative instrument has been included at its fair value of RMB1,225,000 as at 31 December 2012 within the time bucket less than 1 year. 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. Financial risk management (continued)

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.

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 2013, the Group's strategy, which was unchanged from 2012, was to maintain a low gearing ratio. The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013 RMB'000	2012 RMB'000 (Restated)
Total borrowings (Note 24)	**1,935,925**	1,576,279
Less: Cash and cash equivalents (Note 19)	**(872,760)**	(827,469)
Net debt	**1,063,165**	748,810
Total equity	**8,496,909**	6,713,353
Total capital	**9,560,074**	7,462,163
Gearing ratio (%)	**11.12%**	10.03%

The increase in the gearing ratio during 2013 resulted primarily from the increase in bank borrowings during the year (Note 24).

3. Financial risk management (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
— Equity investments	**46,187**	**–**	**–**	**46,187**

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 2012.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
— Equity investments	53,493	—	—	53,493
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instrument	—	(1,225)	—	(1,225)

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

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).

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Financial instruments in level 2

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.

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

- 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, 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 RMB25,219,200, if favourable; or

— decrease the carrying amounts of property, plant and equipment and increase the depreciation charge by RMB25,219,200, if unfavourable.

4. Critical accounting estimates and assumptions (continued)

4.2 Deferred income tax assets

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 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 substantively 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.

4.3 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 different 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 RMB15,228,666 (2012: RMB9,585,000), if unfavourable.

4. Critical accounting estimates and assumptions (continued)

4.4 Provision for impairment of receivables

The Group's management determines the provision for impairment of receivables (including the long-term receivables, accounts receivable and other receivables (Notes 15 and 16)). 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.

4.5 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

5. Investment properties

	Group	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At 1 January	**103,401**	93,941
Transfer from property, plant and equipment (Note 6)	**18,014**	12,809
Additions through business acquisitions (Note 42(b)(3))	**16,873**	—
Depreciation	**(3,769)**	(3,349)
At 31 December	**134,519**	103,401
Cost	**161,491**	126,602
Accumulated depreciation	**(26,972)**	(23,201)
Net book amount	**134,519**	103,401

5. Investment properties (continued)

During the year ended 31 December 2013, the Group transferred certain leased out buildings from property, plant and equipment to investment properties with carrying amount of approximately RMB18,014,000 (2012: RMB12,809,000) upon the commencement of the operating leases.

No independent valuation was carried out for the investment properties. The fair value of the Group's investment properties as at 31 December 2013 amounted to approximately RMB134,818,000 (2012: RMB103,515,000) as estimated by the management by making reference to the current prices in the market for similar properties in the similar location and condition and subject to similar leasing arrangement.

The depreciation charges recognised as expense and include in cost of sales of the Group amounted to RMB3,769,000 for the year ended 31 December 2013 (2012: RMB3,349,000) (Note 30).

6. Property, plant and equipment

(a) Group

	Buildings RMB'000	Port infrastructure RMB'000	Storage infrastructure RMB'000	Loading machineries RMB'000	Other machineries RMB'000	Vehicles RMB'000	Vessels RMB'000	Furniture, fittings and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2012 (Restated)										
Cost	215,030	1,100,870	244,627	1,412,103	226,240	204,454	367,258	126,187	231,877	4,128,646
Accumulated depreciation	(73,924)	(253,703)	(96,055)	(521,731)	(146,387)	(123,879)	(130,503)	(92,272)	–	(1,438,454)
Accumulated impairment losses	–	(26)	–	–	(636)	(452)	–	–	(3,170)	(4,284)
Net book amount	141,106	847,141	148,572	890,372	79,217	80,123	236,755	33,915	228,707	2,685,908
Year ended 31 December 2012 (Restated)										
Opening net book amount	141,106	847,141	148,572	890,372	79,217	80,123	236,755	33,915	228,707	2,685,908
Additions	4,174	620	13,036	27,624	8,977	23,843	–	10,989	148,959	238,222
Acquisition of Songyu Terminal (Note 42(b)(1))	66,313	1,465,648	–	443,139	–	4,078	–	9,509	–	1,988,687
Transfer	17,494	1,043	612	8,048	24,268	–	78,656	1,791	(131,912)	–
Transfer to investment properties (Note 5)	(12,809)	–	–	–	–	–	–	–	–	(12,809)
Transfer to land use rights (Note 7)	–	–	–	–	–	–	–	–	(51,888)	(51,888)
Disposals	(1,196)	(3,313)	–	(66)	(827)	(882)	–	(877)	–	(7,161)
Depreciation	(11,164)	(50,115)	(13,485)	(82,053)	(14,892)	(15,600)	(20,589)	(14,911)	–	(222,809)
Impairment	–	–	–	–	(1,793)	(215)	–	(4)	–	(2,012)
Closing net book amount	203,918	2,261,024	148,735	1,287,064	94,950	91,347	294,822	40,412	193,866	4,616,138
At 31 December 2012 (Restated)										
Cost	300,875	2,666,737	256,765	2,052,441	260,435	225,317	445,914	157,582	197,036	6,563,102
Accumulated depreciation	(96,957)	(405,687)	(108,030)	(765,377)	(162,841)	(133,518)	(151,092)	(117,166)	–	(1,940,668)
Accumulated impairment losses	–	(26)	–	–	(2,644)	(452)	–	(4)	(3,170)	(6,296)
Net book amount	203,918	2,261,024	148,735	1,287,064	94,950	91,347	294,822	40,412	193,866	4,616,138
Year ended 31 December 2013										
Opening net book amount	203,918	2,261,024	148,735	1,287,064	94,950	91,347	294,822	40,412	193,866	4,616,138
Additions	2,113	52,552	6,103	131	24,578	13,290	–	31,106	318,989	448,862
Additions through business acquisitions (Note 42(b)(3))	41,306	639,130	81,981	311,751	94,475	1,616	–	2,923	–	1,173,182
Transfer	25,749	21,081	3,156	1,510	6,307	667	–	1,605	(60,075)	–
Transfer to investment properties (Note 5)	(18,014)	–	–	–	–	–	–	–	–	(18,014)
Transfer to intangible assets (Note 8)	–	–	–	–	–	–	–	–	(604)	(604)
Disposals	(6,698)	(6,168)	(652)	(2,899)	(1,627)	–	–	(282)	–	(18,326)
Depreciation	(14,190)	(65,892)	(11,169)	(81,098)	(22,759)	(17,240)	(22,714)	(17,130)	–	(252,192)
Impairment	–	(1,823)	(394)	–	(4,234)	452	–	–	–	(5,999)
Closing net book amount	234,184	2,899,904	227,760	1,516,459	191,690	90,132	272,108	58,634	452,176	5,943,047
At 31 December 2013										
Cost	326,538	3,389,854	328,023	2,286,137	444,724	213,734	459,164	190,888	455,346	8,094,408
Accumulated depreciation	(92,354)	(488,101)	(99,869)	(769,678)	(246,156)	(123,602)	(187,056)	(132,250)	–	(2,139,066)
Accumulated impairment losses	–	(1,849)	(394)	–	(6,878)	–	–	(4)	(3,170)	(12,295)
Net book amount	234,184	2,899,904	227,760	1,516,459	191,690	90,132	272,108	58,634	452,176	5,943,047

The depreciation charges recognised as expense and include in cost of sales and operating expenses of the Group amounted to RMB252,192,000 (2012: RMB222,809,000) (Note 30).

During the year ended 31 December 2013, the Group has capitalised borrowing costs amounting to RMB2,707,000 (2012: RMB650,000) on qualifying assets (Note 31).

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 2012									
Cost	36,452	829,994	58,177	658,048	56,689	17,742	32,214	174,159	1,863,475
Accumulated depreciation	(7,121)	(167,448)	(23,020)	(175,462)	(47,185)	(4,339)	(26,117)	–	(450,692)
Accumulated impairment losses	–	–	–	–	–	–	–	(3,170)	(3,170)
Net book amount	29,331	662,546	35,157	482,586	9,504	13,403	6,097	170,989	1,409,613
Year ended 31 December 2012									
Opening net book amount	29,331	662,546	35,157	482,586	9,504	13,403	6,097	170,989	1,409,613
Additions	549	–	12,646	500	–	–	931	24,797	39,423
Transfer	1,192	–	–	–	23,541	–	581	(25,314)	–
Reclassification	980	36	(166)	(3,555)	4,344	–	(1,639)	–	–
Transfer to land use rights (Note 7)	–	–	–	–	–	–	–	(51,888)	(51,888)
Disposals	–	–	–	–	–	–	(6)	–	(6)
Depreciation	(1,561)	(19,927)	(2,523)	(25,028)	(8,529)	(1,160)	(4,072)	–	(62,800)
Closing net book amount	30,491	642,655	45,114	454,503	28,860	12,243	1,892	118,584	1,334,342
At 31 December 2012									
Cost	42,670	830,904	71,120	648,657	90,545	17,742	27,495	121,754	1,850,887
Accumulated depreciation	(12,179)	(188,249)	(26,006)	(194,154)	(61,685)	(5,499)	(25,603)	–	(513,375)
Accumulated impairment losses	–	–	–	–	–	–	–	(3,170)	(3,170)
Net book amount	30,491	642,655	45,114	454,503	28,860	12,243	1,892	118,584	1,334,342
Year ended 31 December 2013									
Opening net book amount	**30,491**	**642,655**	**45,114**	**454,503**	**28,860**	**12,243**	**1,892**	**118,584**	**1,334,342**
Additions	**148**	**1,403**	**–**	**819**	**815**	**–**	**2,041**	**44,907**	**50,133**
Transfer	**5,300**	**19,949**	**–**	**–**	**117**	**–**	**314**	**(25,680)**	**–**
Transfer to intangible assets (Note 8)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(604)**	**(604)**
Disposals	**(16,421)**	**(572,662)**	**(45,114)**	**(429,012)**	**(25,103)**	**(10,499)**	**(408)**	**(14,896)**	**(1,114,115)**
Depreciation	**(1,836)**	**(21,202)**	**–**	**(26,310)**	**(4,689)**	**(1,744)**	**(2,027)**	**–**	**(57,808)**
Closing net book amount	**17,682**	**70,143**	**–**	**–**	**–**	**–**	**1,812**	**122,311**	**211,948**
At 31 December 2013									
Cost	**20,432**	**98,489**	**–**	**–**	**–**	**–**	**12,578**	**125,481**	**256,980**
Accumulated depreciation	**(2,750)**	**(28,346)**	**–**	**–**	**–**	**–**	**(10,766)**	**–**	**(41,862)**
Accumulated impairment losses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,170)**	**(3,170)**
Net book amount	**17,682**	**70,143**	**–**	**–**	**–**	**–**	**1,812**	**122,311**	**211,948**

During the year ended 31 December 2013, the disposals of fixed assets of the Company mainly represent the injection of certain fixed assets into Xiamen Terminal Group as capital contributions (Note 42).

7. Land use rights

	Group RMB'000	Company RMB'000
At 1 January 2012 (i)		
Cost	1,049,963	507,342
Accumulated amortisation	(164,509)	(86,736)
Net book amount	885,454	420,606
Year ended 31 December 2012 (i)		
Opening net book amount	885,454	420,606
Additions	16,653	–
Transfer in from property, plant and equipment (Note 6)	51,888	51,888
Acquisition of Songyu Terminal (Note 42(b)(1))	410,693	–
Disposals	(53,060)	–
Amortisation	(24,966)	(10,781)
Closing net book amount	1,286,662	461,713
At 31 December 2012 (i)		
Cost	1,517,167	559,230
Accumulated amortisation	(230,505)	(97,517)
Net book amount	1,286,662	461,713
Year ended 31 December 2013		
Opening net book amount	**1,286,662**	**461,713**
Additions	**36,572**	**959**
Additions through business acquisitions (a)	**917,646**	**–**
Disposals (b)	**(82,442)**	**(371,210)**
Amortisation	**(34,217)**	**(3,016)**
Closing net book amount	**2,124,221**	**88,446**
At 31 December 2013		
Cost	**2,372,551**	**115,963**
Accumulated amortisation	**(248,330)**	**(27,517)**
Net book amount	**2,124,221**	**88,446**

(i): The balances of land use rights as at 1 January 2012 and 31 December 2012 and the movements during the year ended 31 December 2012 of the Group have been restated (Note 43).

7. Land use rights (continued)

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 and 50 years (2012: between 26 and 50 years).

The amortisation charges recognised as expense and include in cost of sales and operating expenses of the Group amounted to RMB34,217,000 (2012: RMB24,966,000) (Note 30).

(a) In 2013, the additions of the Group represent the land use rights injected into Xiamen Terminal Group by Xiamen ITG, Xiangyu Logistics and NWXY as capital contributions (Note 42(b)(3)). As at 31 December 2013, the transfers of related land use right certificates are in process. The Directors of the Company are of the opinion that the use of and the conduct of operating activities in these lands are not affected and this issue does not have any material impact on the financial position of the Group.

(b) In 2013, the disposals of the Company represent the land use rights injected into Xiamen Terminal Group as capital contributions (Note 42).

8. Intangible assets

Movement in intangible assets is set out as follows:

(a) Group

	Goodwill RMB'000	Port line use rights RMB'000	Sea area use rights RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2012 (Restated)					
Cost	–	–	–	20,677	20,677
Accumulated amortisation	–	–	–	(14,209)	(14,209)
Net book amount	–	–	–	6,468	6,468
Year ended 31 December 2012 (Restated)					
Opening net book amount	–	–	–	6,468	6,468
Acquisition of Songyu Terminal (Note 42(b)(1))	–	99,893	13,004	–	112,897
Additions	–	–	–	3,572	3,572
Amortisation	–	(1,340)	(1,761)	(2,899)	(6,000)
Closing net book amount	–	98,553	11,243	7,141	116,937
At 31 December 2012 (Restated)					
Cost	–	112,640	13,004	24,249	149,893
Accumulated amortisation	–	(14,087)	(1,761)	(17,108)	(32,956)
Net book amount	–	98,553	11,243	7,141	116,937
Year ended 31 December 2013					
Opening net book amount	**–**	**98,553**	**11,243**	**7,141**	**116,937**
Additions	**–**	**828**	**–**	**6,259**	**7,087**
Transfer in from property, plant and equipment (Note 6)	**–**	**–**	**–**	**604**	**604**
Additions through business acquisitions (Note 42(b)(3))	**129,261**	**7,454**	**–**	**16,061**	**152,776**
Amortisation	**–**	**(2,320)**	**(271)**	**(3,417)**	**(6,008)**
Closing net book amount	**129,261**	**104,515**	**10,972**	**26,648**	**271,396**
At 31 December 2013					
Cost	**129,261**	**120,922**	**13,004**	**47,173**	**310,360**
Accumulated amortisation	**–**	**(16,407)**	**(2,032)**	**(20,525)**	**(38,964)**
Net book amount	**129,261**	**104,515**	**10,972**	**26,648**	**271,396**

8. Intangible assets (continued)

(a) Group (continued)

Goodwill of RMB129,261,000 was resulted from the merger of Xiamen ITG Terminals Co.,Ltd. ("ITG Terminal") and Xiamen New World Xiangyu Terminals Co.,Ltd. ("NWXY Terminal") through the formation of Xiamen Terminal Group (Note 42), and the goodwill is allocated to the container loading and unloading and storage business segment.

As at 31 December 2013, impairment testing of goodwill has been performed and the carrying value of goodwill is allocated to the assets group of Xiamen Terminal Group that are expected to benefit from the synergies of the combination. The recoverable amounts of the assets group of Xiamen Terminal Group have been estimated and determined based on the the present value of cash flow projections of the asset groups based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 14%. The growth rate used to extrapolate the cash flows beyond the five-year period is 3%, which is based on the relevant industry growth forecasts and does not exceed the relevant industry average long-term growth rate. Based on the impairment testing result, the recoverable amounts of the assets group is higher than that the carrying value of goodwill, thus there is no impairment of goodwill being recognised.

The amortisation charges recognised as expense and include in general and administrative expense amounted to RMB6,008,000 (2012: RMB6,000,000) (Note 30).

8. Intangible assets (continued)

(b) Company

	Computer software RMB'000	Total RMB'000
At 1 January 2012		
Cost	4,768	4,768
Accumulated amortisation	(850)	(850)
Net book amount	3,918	3,918
Year ended 31 December 2012		
Opening net book amount	3,918	3,918
Additions	5	5
Amortisation	(953)	(953)
Closing net book amount	2,970	2,970
At 31 December 2012		
Cost	4,773	4,773
Accumulated amortisation	(1,803)	(1,803)
Net book amount	2,970	2,970
Year ended 31 December 2013		
Opening net book amount	**2,970**	**2,970**
Transfer in from property, plant and equipment (Note 6)	**604**	**604**
Disposals	**(2,454)**	**(2,454)**
Amortisation	**(369)**	**(369)**
Closing net book amount	**751**	**751**
At 31 December 2013		
Cost	**1,842**	**1,842**
Accumulated amortisation	**(1,091)**	**(1,091)**
Net book amount	**751**	**751**

9. Investments in subsidiaries

	Company	
	2013 RMB'000	2012 RMB'000
Investments, at cost		
— Shares of a listed company (a)	**1,127,274**	1,127,274
— Unlisted equity investments	**4,214,003**	290,359
	5,341,277	1,417,633
Market value of the shares of a listed company (b)	**2,248,059**	1,744,587

(a) This represents the Company's investment in Xiamen Port Development Co., Ltd. ("XPD"), a company listed in the Shenzhen Stock Exchange.

(b) The market value of the above A-Shares held by the Company is determined by reference to the market price of RMB7.68 per share (2012: RMB5.96 per share) for the listed shares of XPD as at 31 December 2013.

Particulars of the Company's subsidiaries are set out in Note 41(a).

(c) Material non-controlling interests

The total non-controlling interests for the year is RMB3,961,403,000 of which RMB1,150,248,000 is for XPD and RMB2,811,155,000 is attributed to Xiamen Terminal Group.

9. Investments in subsidiaries (continued)

(c) Material non-controlling interests (continued)

Set out below are the summarised financial information for XPD and Xiamen Terminal Group that have non-controlling interests that are material to the Group.

Summarised balance sheet

	Xiamen Terminal Group 2013 RMB'000
Current assets	848,004
Current liabilities	(1,343,292)
Total current net liabilities	**(495,288)**
Non-current assets	7,703,579
Non-current liabilities	(927,405)
Total non-current net assets	**6,776,174**
Net assets	**6,280,886**
Equity attributable to owners of the Company	**5,844,703**
Non-controlling interests	**436,183**

The operation results and cash flow for the period from 13 December 2013 to 31 December 2013 of Xiamen Terminal Group and the corresponding non-controlling interests during that period are not material to the Group.

9. Investments in subsidiaries (continued)

(c) Material non-controlling interests (continued)

***Summarised balance sheet** (continued)*

	XPD 2013 RMB'000	2012 RMB'000
Current assets	**1,939,898**	1,814,085
Current liabilities	**(1,471,893)**	(1,382,250)
Total current net assets	**468,005**	431,835
Non-current assets	**2,162,253**	1,721,874
Non-current liabilities	**(227,748)**	(94,065)
Total non-current net assets	**1,934,505**	1,627,809
Net assets	**2,402,510**	2,059,644
Equity attributable to owners of the Company	**2,203,061**	1,895,457
Non-controlling interests	**199,449**	164,187

9. Investments in subsidiaries (continued)

(c) Material non-controlling interests (continued)

Summarised statement of comprehensive income

	XPD 2013 RMB'000	2012 RMB'000
Revenue	3,866,562	2,995,434
Profit before income tax	475,196	359,255
Income tax expense	(115,993)	(86,657)
Profit after income tax	359,203	272,598
Other comprehensive income	—	—
Total comprehensive income	359,203	272,598
Total comprehensive income allocated to non-controlling interests	32,463	33,761
Dividends paid to non-controlling interests	36,098	25,599

Summarised cash flows

	XPD 2013 RMB'000	2012 RMB'000
Cash generated from operations	306,268	301,947
Interest paid	(19,362)	(12,558)
Income tax paid	(115,992)	(86,656)
Net cash generated from operating activities	164,914	202,733
Net cash used in investing activities	(442,993)	(131,549)
Net cash generated from financing activities	196,391	60,675
Net (decrease)/increase in cash and cash equivalents	(81,688)	131,859
Cash and cash equivalents at beginning of year	632,226	499,190
Exchange gains on cash and cash equivalents	4,051	1,177
Cash and cash equivalents at end of year	554,589	632,226

The information above is the amount before inter-company eliminations.

10. Interests in joint ventures

(a) Group

	2013 RMB'000	2012 RMB'000 (Restated)
As at 1 January	**767,940**	760,625
Dividends received	**(7,937)**	(18,521)
Amortisation of unrealised gains on sale and contribution of assets to joint ventures	**6,445**	8,010
Acquisition of a new joint venture (Note 42(b)(3))	**346,097**	–
Share of results	**10,510**	17,826
As at 31 December	**1,123,055**	767,940

As at 31 December 2013, the Group had interests in six joint ventures, which are Xiamen International Container Terminals Limited ("XICT"), Xiamen Haicang International Container Terminals Limited ("XHICT"), Xiamen Port YCH Logistics Co., Ltd. ("XPYCH"), Xiamen Port Container Co., Ltd. ("XPC"), Xiamen Port Baohe Logistics Co., Ltd. ("XPBL"), and Xiamen Haicang XinHaiDa Container Terminals Co., Ltd. ("XinHaiDa").

All of the joint ventures are established in China and the significant financial and operating decisions shall be agreed by all the owners of the joint ventures. The Group's equity interests in XICT, XHICT, XPYCH, XPC, XPBL and XinHaiDa Terminal is 51%, 51%, 60%, 51%, 35% and 46% respectively as at 31 December 2013.

As at 31 December 2013, there are no significant commitments and contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures did not have significant contingent liabilities (2012: Nil).

All the joint ventures are private companies and there are no quoted market prices available for their shares.

Particulars of the Group's joint ventures are set out in Note 41(b).

10. Interests in joint ventures (continued)

(a) Group (continued)

Set out below are the summarised financial information for material joint ventures which are accounted for using the equity method.

Summarised balance sheet

	XICT		XHICT		XinHaiDa
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000
Current					
Cash and cash equivalents	209,395	183,222	22,503	18,026	8,385
Other current assets	68,856	61,324	6,474	6,598	7,356
Total current assets	278,251	244,546	28,977	24,624	15,741
Financial liabilities	(132,341)	(126,360)	(11,430)	(14,103)	(192,619)
Other current liabilities	(13,956)	(17,383)	(1,826)	(1,415)	(25,198)
Total current liabilities	(146,297)	(143,743)	(13,256)	(15,518)	(217,817)
Non-current					
Assets	1,058,104	1,086,602	994,606	1,020,100	2,279,986
Financial liabilities	—	—	(267,000)	(302,000)	(1,322,745)
Other non-current liabilities	—	—	—	—	(5,428)
Total non-current liabilities	—	—	(267,000)	(302,000)	(1,328,173)
Net assets	1,190,058	1,187,405	743,327	727,206	749,737

Note: XinHaida was newly acquired by the Group in December 2013 (Note 42(b)(3)).

10. Interests in joint ventures (continued)

(a) Group (continued)

Summarised statement of comprehensive income

	XICT		XHICT		XinHaiDa
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000
Revenue	111,501	125,326	109,571	122,681	–
Expenses	(45,804)	(46,237)	(23,781)	(21,819)	(2,433)
Interest income	3,259	3,238	209	116	11
Interest expense	(3,258)	–	(17,144)	(19,907)	–
Profit/(loss) before income tax	18,613	26,109	19,030	25,822	(2,422)
Income tax expense	(3,960)	(6,874)	(2,909)	(3,669)	(226)
Profit/(loss) after income tax	14,653	19,235	16,121	22,153	(2,648)
Other comprehensive income	–	–	–	–	–
Total comprehensive income/(loss)	14,653	19,235	16,121	22,153	(2,648)

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

10. Interests in joint ventures (continued)

(a) Group (continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint ventures.

Summarised financial information

	XICT		XHICT		XinHaiDa
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**
Opening net assets	**1,187,405**	1,211,170	**727,206**	705,053	**752,385**
Profit/(loss) for the period	**14,653**	19,235	**16,121**	22,153	**(2,648)**
Other comprehensive income	**–**	–	**–**	–	**–**
Dividends payable	**(12,000)**	(43,000)	**–**	–	**–**
Closing net assets	**1,190,058**	1,187,405	**743,327**	727,206	**749,737**
Interest in joint ventures	**51%**	51%	**51%**	51%	**46%**
	606,930	605,577	**379,097**	370,875	**344,879**
Less: unrealised gains on sale and contribution of assets to joint ventures	**(128,143)**	(130,355)	**(128,516)**	(131,387)	**–**
Carrying amount	**478,787**	475,222	**250,581**	239,488	**344,879**

(b) Company

	2013 RMB'000	2012 RMB'000
Unlisted investments, at cost	**4,285**	286,628

11. Interests in associates

	Group 2013 RMB'000	Group 2012 RMB'000 (Restated)	Company 2013 RMB'000	Company 2012 RMB'000
Share of net assets	**39,875**	37,227	**–**	529,405
Unlisted investments, at cost	**23,030**	23,030	**–**	530,001

Movement in investments in associates is set out as follows:

	Group 2013 RMB'000	Group 2012 RMB'000 (Restated)	Company 2013 RMB'000	Company 2012 RMB'000
At 1 January	**37,227**	35,766	**530,001**	–
Addition of an associate (a)	**–**	–	**–**	530,001
Contribution of an associate to a subsidiary (a)	**–**	–	**(530,001)**	–
Dividends received	**(537)**	(1,226)	**–**	–
Share of results before income tax expense	**4,247**	3,459	**–**	–
Share of income tax expense	**(1,062)**	(772)	**–**	–
	3,185	2,687	**–**	–
At 31 December	**39,875**	37,227	**–**	530,001

(a) On 14 May 2012, the Company acquired 25% equity interest of Songyu Terminal, which then became an associate of the Company as well as a non-wholly owned subsidiary of XPHG. The cash consideration for the investment was RMB530,000,800.

Pursuant to the JV Agreement, on 13 December 2013, the Company injected its 25% equity interests of Songyu Terminal into Xiamen Terminal Group as capital contribution (Note 42(a)(2)), as a result, in the Company's separate financial statements, Songyu Terminal ceased to be an associate of the Company, and in the Group's consolidated financial statements, Songyu Terminal is accounted for as a subsidiary of the Group from 14 May 2012 when it first came under the control of XPHG (Note 42(b)(1)).

11. Interests in associates (continued)

The profit, asset (including goodwill) and liabilities belong to the Group is shown as following:

	Group	
	2013 RMB'000	2012 RMB'000 (Restated)
Revenue	20,400	17,211
Profit for the year	3,185	2,687

	Group	
	2013 RMB'000	2012 RMB'000 (Restated)
Total assets	44,188	43,768
Total liabilities	4,313	6,541

Particulars of the Group's associates are set out in Note 41(c).

All the Group's associates are private companies and there are no quoted market prices available for their shares.

There are no contingent liabilities relating to the Group's interest in the associates.

12. Available-for-sale financial assets

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
At 1 January	**57,949**	69,487	**53,493**	65,031
Net fair value losses transferred to equity	**(7,306)**	(11,538)	**(7,306)**	(11,538)
At 31 December	**50,643**	57,949	**46,187**	53,493

Available-for-sale financial assets include the following:

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Equity investments listed in the PRC, at fair value (a)	**46,187**	53,493	**46,187**	53,493
Unlisted equity investments, at cost (b)	**9,456**	9,456	**5,000**	5,000
Less: provision for impairment (b)	**(5,000)**	(5,000)	**(5,000)**	(5,000)
	50,643	57,949	**46,187**	53,493

(a) The Group holds 6,436,350 (2012: 6,436,350) shares of Fujian Sansteel MinGuang Co., Ltd. (the "Sansteel Shares") and 4,301,000 (2012: 4,301,000) 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 quoted 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 RMB18,134,000 (2012: RMB18,134,000).

12. Available-for-sale financial assets (continued)

(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 2013 and 2012, impairment provision amounted to RMB5,000,000 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	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
Deferred income tax assets				
At 1 January	**54,182**	51,926	**778**	1,082
(Charged)/credit to consolidated income statement (Note 32)	**(3,299)**	2,256	**(153)**	(304)
Additions through business acquisitions (c)	**221,231**	—	**—**	—
At 31 December	**272,114**	54,182	**625**	778
To be recovered:				
Within 12 months	**3,819**	1,557	**—**	—
After more than 12 months	**268,295**	52,625	**625**	778
	272,114	54,182	**625**	778
Deferred income tax liabilities				
At 1 January	**38,804**	14,827	**8,840**	11,725
Charged/(credited) to:				
— consolidated income statement (Note 32)	**45,331**	26,862	**—**	—
— other comprehensive income (Note 26)	**(1,827)**	(2,885)	**(1,827)**	(2,885)
Additions through business acquisitions (e)	**216,334**	—	**—**	—
At 31 December	**298,642**	38,804	**7,013**	8,840
To be settled:				
Within 12 months	**379**	379	**—**	—
After more than 12 months	**298,263**	38,425	**7,013**	8,840
	298,642	38,804	**7,013**	8,840

13. Deferred income tax (continued)

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

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Deferred income tax assets				
Revaluation surplus in connection with asset swap with XPD (a)	25,322	28,353	—	—
Unrealised gain on sale and contribution of property, plant and equipment to a joint venture (b)	9,607	10,066	—	—
Deferred income	—	1,766	—	—
Unrealised gain on contribution of land use right to a joint venture (b)	1,570	1,608	—	—
Government grant to property, plant and equipment	1,050	1,101	—	—
Fair value loss on derivative financial instrument	—	153	—	153
Additions through business acquisitions (c)	221,231	—	—	—
Provisions for impairment of				
— receivables	7,032	8,735	—	
— available-for-sale financial assets	625	625	625	625
— inventories	2,603	993	—	—
— property, plant and equipment	3,074	782	—	—
	272,114	54,182	625	778

The movements of the deferred income tax assets are charged or credited to the consolidated income statement, except for the deferred income tax assets arising from a new subsidiary were credited to equity.

(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 revalued amount forms the base for calculating the future taxable profits, while the accounting base of the Assets has not been adjusted for such surplus in the consolidated financial statements.

13. Deferred income tax (continued)

(b) The balance represents the deferred income tax assets relating to the unrealised gain resulting from the transfer of certain property, plant and equipment, and land use rights to joint ventures in prior years.

(c) The balance represents the deferred income tax assets of RMB49,292,000 (Note 42(b)(1)) arising from the Berth No.6 of Haicang Port injected by XPHG into Xiamen Terminal Group as part of its capital contributions and the deferred income tax assets of RMB171,939,000 (Note 42(b)(2)) arising from the Berth No. 4–5 of Haicang Port and Berth No. 5–11 of Dongdu Port injected by the Company into Xiamen Terminal Group as part of its capital contributions. The valuation amounts form the base for calculating the future taxable profits, while the accounting base of these assets have not been adjusted for such surplus in the consolidated financial statements.

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
Deferred income tax liabilities				
Revaluation deficit in connection with transformation of Xiamen Haitian Container Terminal Co., Ltd. ("Haitian Terminal")	**2,345**	2,723	**–**	–
Fair value gain on available-for-sale financial assets	**7,013**	8,840	**7,013**	8,840
Gain on land and assets resumption (d)	**70,406**	27,241	**–**	–
Additions through business acquisitions (e)	**216,334**	–	**–**	–
Other	**2,544**	–	**–**	–
	298,642	38,804	**7,013**	8,840

The movements of the above deferred income tax liabilities are charged or credited to the consolidated income statement, except for the movement in deferred tax liabilities relating to the fair value gain on available-for-sale financial assets were credited to other comprehensive income statement and the deferred income tax liabilities arising from a new subsidiary were from business combination.

13. Deferred income tax (continued)

(d) The balance represents the deferred tax liability relating to the gain resulted from the disposal of land and certain assets situated thereon (such as infrastructure) of Dongdu Berth No. 1, No. 3 and No. 4 (Note 28).

(e) The balance represents the deferred tax liability of RMB216,334,000 (Note 42(b)(3)) resulting from Xiamen ITG and Xiangyu Logistics injecting their equity interests of ITG Terminal and NWXY Terminal respectively into Xiamen Terminal Group.

14. Inventories

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
Raw materials	**37,808**	4,052	**–**	–
Finished goods and merchandise	**313,305**	181,505	**–**	–
Spare parts and consumables	**18,822**	42,450	**–**	1,308
	369,935	228,007	**–**	1,308
Less: provision for impairment	**(10,416)**	(5,858)	**–**	–
	359,519	222,149	**–**	1,308

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

The cost of inventories recognised as expense and included in cost of sales and operating expenses of the Group amounted to RMB2,680,844,000 (2012: RMB1,990,811,000) (Note 30).

15. Accounts and notes receivable

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Accounts receivable	**730,308**	702,756	**–**	33,903
Less: provision for impairment	**(20,004)**	(27,405)	**–**	(291)
	710,304	675,351	**–**	33,612
Due from subsidiaries	**–**	–	**–**	18,529
Due from fellow subsidiaries (Note 40(b))	**2,376**	2,032	**–**	–
Due from an associate (Note 40(b))	**–**	5,767	**–**	639
Due from joint ventures (Note 40(b))	**13,674**	4,271	**–**	
Due from other related parties (Note 40(b))	**752**	7,353	**–**	–
Notes receivable	**51,095**	78,251	**–**	–
	778,201	773,025	**–**	52,780

As at 31 December 2013 and 2012, the ageing analysis of the gross accounts and notes receivable based on invoice date were as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Less than 6 months	**736,052**	742,226	**–**	53,063
6 months to 1 year	**18,517**	15,215	**–**	–
1 year to 2 years	**32,488**	25,916	**–**	–
2 years to 3 years	**1,561**	6,605	**–**	–
Over 3 years	**9,587**	10,468	**–**	8
	798,205	800,430	**–**	53,071
Less: provision for impairment	**(20,004)**	(27,405)	**–**	(291)
	778,201	773,025	**–**	52,780

Notes receivable are with average maturity dates of within 6 months. The carrying amounts of accounts and notes receivable approximate their fair values.

15. Accounts and notes receivable (continued)

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

As of 31 December 2013, the Group's trade receivables of RMB677,636,000 (2012: RMB655,653,000) were fully performing.

Generally, trade receivables that are past due less than 6 months are not considered as impaired. As at 31 December 2013, the Group's accounts receivable of RMB18,082,000 (2012: RMB14,413,000) were past due but not impaired.

The 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 31 December 2013, the Group did not hold any collateral as security for accounts receivables.

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

	Group	
	2013 RMB'000	2012 RMB'000 (Restated)
Less than 6 months	**7,037**	8,323
6 months to 1 year	**719**	802
1 year to 2 years	**32,488**	25,916
2 years to 3 years	**1,561**	6,605
Over 3 years	**9,587**	10,467
	51,392	52,113

As at 31 December 2013, 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	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
RMB	**755,309**	712,979	**–**	52,780
USD	**22,892**	60,046	**–**	–
	778,201	773,025	**–**	52,780

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

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
At 1 January	**27,405**	24,266	**291**	302
(Reversal of)/provision for impairment	**(6,628)**	5,929	**–**	–
Uncollectible receivables written off during the year	**(773)**	(2,790)	**(291)**	(11)
At 31 December	**20,004**	27,405	**–**	291

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.

16. Other receivables and prepayments

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
Other receivables (a)	**714,843**	137,164	**4,982**	4,512
Advances to suppliers	**208,938**	181,150	**84**	3,554
Less: provision for impairment	**(8,122)**	(8,196)	**–**	–
	915,659	310,118	**5,066**	8,066
Due from parent company (Note 40(b))	**622**	24,967	**–**	–
Due from subsidiaries (b) (Note 40(b))	**–**	–	**150,540**	88,888
Due from fellow subsidiaries (Note 40(b))	**10,138**	1,400	**–**	–
Due from joint ventures (Note 40(b))	**12,472**	2,858	**–**	–
Due from an associate (Note 40(b))	**–**	4,088	**–**	–
Prepayments and deposits (e)	**151,583**	54,930	**90,000**	–
Interest receivable	**19,389**	7,944	**19,384**	7,944
Dividends receivable	**878**	–	**102,874**	89,465
	1,110,741	406,305	**367,864**	194,363
Less: long-term receivables and prepayments				
– Payments made to Build and Transfer project (c)	**(195,809)**	(82,825)	**–**	–
– Prepayment for acquisition of land use rights (d)	**(82,208)**	(37,388)	**–**	–
– Prepayment for operating lease in the Qingzhou operating area (e)	**(60,936)**	(1,000)	**(60,936)**	–
– Prepayment for acquisition of property, plant and equipment	**(8,439)**	(15,643)	**–**	–
– Others	**(1,000)**	(3,157)	**–**	–
	(348,392)	(140,013)	**(60,936)**	–
Current portion	**762,349**	266,292	**306,928**	194,363

(a) The other receivables balance as at 31 December 2013 of the Group includes a capital contribution amounting to RMB369,865,000 due from NWXP, which was fully collected in January 2014 (Note 42(a)(3)), a receivable amount of RMB249,390,000 for BT project (Note 16(c)) and a receivable of RMB56,296,000 relating to the land and assets resumption in Dongdu port area, which was fully collected in February 2014 (Note 28).

16. Other receivables and prepayments (continued)

(b) The balance of the Company as at 31 December 2012 is mainly composed of the entrusted loans of RMB70,000,000 to XPD at the annual fixed interest rate of 5.26%, which was repaid by XPD in April 2013.

The balance of the Company as at 31 December 2013 is mainly composed of receivables due from Xiamen Terminal Group amounting to RMB149 million for the undistributed profit relating to the businesses contributed by the Company to Xiamen Terminal Group before Xiamen Terminal Group's establishment pursuant to the JV Agreement.

(c) In July 2012, XPD, a subsidiary of the Company, CCCC third Harbor Engineering Co., Ltd. ("third Harbor Engineering") entered into a Build-Transfer ("BT") agreement (the "BT Agreement") with Zhangzhou Gulei Port Road Construction Co., Ltd. ("Gulei") regarding investment and construction of BT Project. The total investment amount of the BT Project is estimated to be approximately RMB523 million which will be contributed by XPD and CCCC of RMB423 million and RMB100 million respectively. The construction period of the BT Project is approximately 18 months. According to the BT Agreement, XPD shall be responsible for the implementation of all investing and financing activities in respect of the BT Project while CCCC shall be responsible for implementing all of the construction work and post-completion maintenance work for two years after the completion of project construction. Upon the completion of the BT Project, Gulei shall settle the repurchase price (including the estimated total investment amount of RMB523 million plus investment return which will be calculated at an annual interest rate of 8.63% to 10.70%) to XPD and CCCC by instalment, and all the possession rights of the BT Project will be transferred to Gulei upon the full settlement of the repurchase price. As at 31 December 2013, payment made by XPD together with the associated interests amounted to a total of RMB249,390,000 (2012: RMB82,825,000), among which RMB53,581,000 (2012: nil) was included in other receivables and RMB195,809,000 (2012: RMB82,825,000) was included in long-term receivables respectively based on expected repurchase period by Gulei.

16. Other receivables and prepayments (continued)

(d) As at 31 December 2013, the prepayment for acquisition of land use rights of the Group mainly represents the prepayment of RMB66,827,000 made by Xiamen Hailong Terminal Co., Ltd, a subsidiary of the Group.

(e) The Company and its subsidiary, Fuzhou Haiying Port Co., Ltd., entered into a ten-year operating lease with Fuzhou Zhongying Gangwu Co., Ltd.. RMB1,000,000 and RMB89,000,000 was paid by the Company in 2012 and 2013 respectively as the rental deposits, which will be refunded at the end of lease term. The difference at any point of time between cash paid and annual charge is recognised as a prepayment or accrual on the balance sheet. As at 31 December 2013, the prepayment for the coming year of approximately RMB29,064,000 was recorded in short-term prepayments, and the rest of approximately RMB60,936,000 was recorded as long-term prepayments.

Except for the entrusted loan to XPD as mentioned above, the amounts due from the parent company, subsidiaries, fellow subsidiaries, joint ventures and associates 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 2013, none of the Company's receivable balances as mentioned above is either past due or impaired.

16. Other receivables and prepayments (continued)

As at 31 December 2013 and 2012, the ageing analysis of the gross other receivables and prepayments in nature (including amounts due from parent company, subsidiaries, fellow subsidiaries, joint ventures and associates) at respective balance sheet dates were as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
Less than 6 months	**726,508**	244,183	**277,354**	194,162
6 months to 1 year	**33,000**	4,652	**29,574**	–
1 year to 2 years	**3,434**	14,800	**–**	–
2 years to 3 years	**2,060**	3,744	**–**	–
Over 3 years	**5,469**	7,109	**–**	201
	770,471	274,488	**306,928**	194,363
Less: provision for impairment	**(8,122)**	(8,196)	**–**	–
	762,349	266,292	**306,928**	194,363

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

	Group	
	2013 RMB'000	2012 RMB'000 (Restated)
At 1 January	**8,196**	9,309
Provision for/(reversal of) impairment	**677**	(1,113)
Uncollectible receivables written off during the year	**(751)**	–
At 31 December	**8,122**	8,196

16. Other receivables and prepayments (continued)

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 2013 is the carrying amount of each class of receivables and prepayments mentioned above. The Group did not hold any collateral as security for other receivables and prepayments as at 31 December 2013.

17. Term deposits with initial term over three months

	Group	
	2013 RMB'000	2012 RMB'000 (Restated)
Term deposits denominated in:		
RMB	**33,349**	48,050
USD	**18,334**	18,857
	51,683	66,907

The weighted average effective interest rate on term deposits, with maturity ranging from 6 months to 1 year, is 3.77% (2012: 3.78%) per annum.

The maximum exposure to credit risk in respect of term deposits with initial term 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 as for the maintenance of staff quarters and as guarantee deposits for bank loans, notes payable, letters of credit and letters of guarantee.

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	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Cash at bank and in hand	**924,443**	888,221	**59,912**	133,247
Short-term bank deposits	**–**	6,155	**–**	–
	924,443	894,376	**59,912**	133,247
Less: term deposits with initial term over three months (Note 17)	**(51,683)**	(66,907)	**–**	–
Cash and cash equivalents	**872,760**	827,469	**59,912**	133,247
Maximum exposure to credit risk (net of cash in hand)	**872,701**	827,422	**59,912**	133,247
Denominated in:				
RMB	**848,812**	784,037	**59,906**	132,503
USD	**22,512**	43,016	**4**	744
HKD	**1,304**	286	**2**	–
EUR	**132**	130	**–**	–
	872,760	827,469	**59,912**	133,247

The weighted average effective interest rate on short-term bank deposits, with maturity ranging from 7 days to 90 days, was 2.33% (2012: 1.75%) per annum.

19. Cash and cash equivalents (continued)

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	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Accounts payable	399,475	468,923	–	2,451
Due to parent company (Note 40(b))	61,815	40,958	–	24,190
Due to an associate (Note 40(b))	–	8,466	–	–
Due to joint ventures (Note 40(b))	1,450	2,498	–	5,100
Due to fellow subsidiaries (Note 40(b))	7,013	17,019	–	2,015
Notes payable	163,887	229,646	–	–
	633,640	767,510	–	33,756

As at 31 December 2013 and 2012, the ageing analysis of accounts and notes payable were as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Within 1 year	625,391	764,421	–	33,230
1 year to 2 years	3,735	1,552	–	46
2 years to 3 years	684	751	–	480
Over 3 years	3,830	786	–	–
	633,640	767,510	–	33,756

20. Accounts and notes payable (continued)

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

The amounts due to the parent company, associates, joint ventures 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	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
RMB	**573,534**	636,471	**–**	33,756
USD	**60,106**	131,035	**–**	–
EUR	**–**	4	**–**	–
	633,640	767,510	**–**	33,756

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

21. Other payables and accruals (including long-term payables and advances)

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Due to parent company (a)(Note 40(b))	725,884	3,624	496,695	1,134
Due to subsidiaries	—	—	8,846	92,979
Due to fellow subsidiaries (Note 40(b))	15,421	1,335	828	382
Due to other related parties (Note 40(b))	17,792	10,250	—	9,225
Payables for purchases of property, plant and equipment and construction-in-progress	48,469	87,223	48,113	70,275
Salary and welfare payables	142,307	135,120	6,056	4,861
Customer deposits	215,512	137,749	17,237	18,232
Accrued expenses	3,418	5,001	2,318	2,541
Dividends payable to				
— shareholders of the Company	96,862	17,277	96,862	17,277
— non-controlling shareholders of subsidiaries (Note 40(b))	2,606	4,106	—	—
Other payables (b)	742,735	118,699	121,926	30,645
	2,011,006	520,384	798,881	247,551
Less: long-term payables and advances				
— Advance received for resumption of land (Note 28)	(36,074)	(55,563)	(36,074)	(24,049)
— Others	(2,230)	(24,501)	—	—
	(38,304)	(80,064)	(36,074)	(24,049)
Current portion	1,972,702	440,320	762,807	223,502

(a) The balance due to parent company as at 31 December 2013 includes an amount of RMB264,310,000 for acquiring 15.35% equity interests of Songyu Terminal (Note 42(a)(6)), which has been fully paid in January 2014, and an amount of RMB459,583,000 for acquiring 6.55% equity interests of Xiamen Terminal Group (Note 42(a)(4)).

21. Other payables and accruals (including long-term payables and advances) (continued)

(b) The balance of other payables as at 31 December 2013 mainly includes:

(i) an amount of RMB369,865,000 (Note 42(a)(5)) for acquiring 100% equity interests in Trend Wood Investments Limited ("Trend Wood"), which has been fully paid in January 2014;

(ii) an amount of RMB253,183,000 for the outstanding shareholder's loan balance of ITG Terminal due to Xiamen ITG, which shall be settled by Xiamen Terminal Group within 180 days after its establishment; and,

(iii) an amount of RMB74,034,000 due to Xiamen ITG and Xiangyu Losgitics for the undistributed profit for the business contributed by Xiamen ITG and Xiangyu Losgitics to Xiamen Terminal Group before Xiamen Terminal Group's establishment pursuant to the JV Agreement.

As at 31 December 2013, the payables due to parent company, subsidiaries, fellow subsidiaries and other related parties is unsecured, free of interest and without fixed repayment term.

The book value of other payables of the Group and the Company is the same as their fair value.

22. Derivative financial instrument

	Group and Company	
	2013	2012
	RMB'000	RMB'000
	Liabilities	Liabilities
Interest rate swap contract — short term	–	1,225

As at 31 December 2012, 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 2012 amounted to USD9,650,000, equivalent to approximately RMB60,655,000. This contract was matured during the year ended 31 December 2013.

The derivative financial instrument does not qualify for hedge accounting.

23. Deferred government grants and income

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Deferred income on tax credit related to purchases of domestic manufactured equipment (a)	**18,130**	18,554	**–**	–
Government grants on purchases of property, plant and equipment (b)	**96,489**	76,415	**–**	69,377
	114,619	94,969	**–**	69,377

(a) Prior to 2008, 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" 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.

Such 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.

(b) The Company received certain government grants in connection with the purchases of property, plant and equipment, land use right and intangible asset for the further development of the ports in Xiamen prior to 31 December 2005. 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, land use rights and intangible asset, or recognised in the consolidated income statement when the relevant assets associated with the government grants are disposed of.

24. Borrowings

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Non-current				
Long-term bank borrowings	**1,015,837**	1,316,015	**182,325**	502,785
Current				
Short-term bank borrowings	**583,555**	193,877	**40,000**	—
Long-term bank borrowings — current portion	**336,533**	66,387	**318,773**	57,417
	920,088	260,264	**358,773**	57,417
Total borrowings	**1,935,925**	1,576,279	**541,098**	560,202
Representing:				
— guaranteed (a)	**278,051**	329,156	**240,050**	299,155
— secured/pledged (b)	**378,839**	339,372	**261,048**	261,047
— unsecured	**1,279,035**	907,751	**40,000**	—
Total borrowings	**1,935,925**	1,576,279	**541,098**	560,202
Analysed as follows:				
— wholly repayable within five years	**1,735,078**	1,370,711	**515,558**	526,675
— not wholly repayable within five years	**200,847**	205,568	**25,540**	33,527
Total borrowings	**1,935,925**	1,576,279	**541,098**	560,202

(a) As at 31 December 2013, a bank borrowing of RMB185,500,400 (2012: RMB238,500,400) is guaranteed by XPHG; a bank borrowing of RMB54,550,210 (2012: RMB60,655,102) is guaranteed by a state-owned bank; a bank borrowing of RMB25,000,000 (2012: RMB30,000,000) is guaranteed by XPD and a bank borrowing of RMB13,000,000 (2012: Nil) is guaranteed by China Ocean Shipping Agency Xiamen Co., Ltd. ("Ocean Shipping Agency").

24. Borrowings (continued)

(b) As at 31 December 2013, a bank borrowing of RMB30,450,000 (2012: RMB40,762,000) is secured by letters of credit, a bank borrowing of RMB87,342,000 (2012: RMB37,562,000) is secured by bank deposits of USD14,326,000, a bank borrowing of USD41,000,000 (approximately equivalent to RMB261,047,000) (2012: USD41,000,000, approximately equivalent to RMB261,048,000) is secured by bank deposits of RMB260,000,000 (Note 18).

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

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
Bank borrowings repayable:				
— within 1 year	**920,088**	260,264	**358,774**	57,417
— between 1 and 2 years	**693,989**	327,889	**58,209**	318,919
— between 2 and 5 years	**121,001**	782,558	**98,575**	150,339
— over 5 years	**200,847**	205,568	**25,540**	33,527
	1,935,925	1,576,279	**541,098**	560,202

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

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Restated)	**2013 RMB'000**	2012 RMB'000
RMB	**1,399,899**	1,079,559	**225,500**	238,500
USD	**536,026**	496,720	**315,598**	321,702
Total borrowings	**1,935,925**	1,576,279	**541,098**	560,202

24. Borrowings (continued)

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

	Group		Company	
	2013	2012 (Restated)	2013	2012
Bank borrowings				
— RMB	5.80%	5.92%	6.28%	6.40%
— USD	3.30%	3.27%	3.79%	3.82%

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	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
Carrying amounts	1,015,837	1,316,015	182,325	502,785
Fair values	1,000,484	1,234,913	180,419	493,749

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, and are within level 2 of the fair value hierarchy.

25. Share capital

	Domestic shares of RMB1 each RMB'000	H-shares of RMB1 each RMB'000	Total RMB'000
At 31 December of 2013 and 2012	**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 owners, 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.

25. Share capital (continued)

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. In addition, Xiamen Port Holding transferred 11,700,000 domestic shares of the Company to National Council for Social Security Fund (the "NCSSF"), which in turn 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 2013, there was no movement in the share capital of the Company (2012: Nil).

26. Reserves

(a) Group

	Note	Other reserves					
		Capital surplus RMB'000 (ii)	Statutory surplus reserve RMB'000	Investment revaluation reserve RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2012 (Restated)		(258,057)	149,817	35,172	(73,068)	1,529,568	1,456,500
Fair value losses on available-for-sale financial assets		–	–	(8,653)	(8,653)	–	(8,653)
– Gross		–	–	(11,538)	(11,538)	–	(11,538)
– Related deferred income tax		–	–	2,885	2,885	–	2,885
Acquisition of Songyu Terminal	(iii)	734,581	–	–	734,581	–	734,581
Profit for the year		–	–	–	–	303,587	303,587
2011 final dividends		–	–	–	–	(81,786)	(81,786)
Profit appropriation	(i)	–	14,669	–	14,669	(14,669)	–
Balance at 31 December 2012 (Restated)		476,524	164,486	26,519	667,529	1,736,700	2,404,229
Representing:							
– 2012 proposed final dividends		–	–	–	–	149,941	149,941
– Others		476,524	164,486	26,519	667,529	1,586,759	2,254,288
		476,524	164,486	26,519	667,529	1,736,700	2,404,229
Fair value losses on available-for-sale financial assets		**–**	**–**	**(5,479)**	**(5,479)**	**–**	**(5,479)**
– Gross		**–**	**–**	**(7,306)**	**(7,306)**	**–**	**(7,306)**
– Related deferred income tax		**–**	**–**	**1,827**	**1,827**	**–**	**1,827**
Establishment of Xiamen Terminal Group	(iv)	**(772,292)**	**–**	**–**	**(772,292)**	**–**	**(772,292)**
Profit for the year		**–**	**–**	**–**	**–**	**332,789**	**332,789**
2012 final dividends		**–**	**–**	**–**	**–**	**(149,941)**	**(149,941)**
Profit appropriation	(i)	**–**	**112,296**	**–**	**112,296**	**(112,296)**	**–**
Balance at 31 December 2013		**(295,768)**	**276,782**	**21,040**	**2,054**	**1,807,252**	**1,809,306**
Representing:							
– 2013 proposed final dividends		**–**	**–**	**–**	**–**	**149,941**	**149,941**
– Others		**(295,768)**	**276,782**	**21,040**	**2,054**	**1,657,311**	**1,659,365**
		(295,768)	**276,782**	**21,040**	**2,054**	**1,807,252**	**1,809,306**

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 opening balance of RMB459,530,000 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.

(iii) The movements of other reserves mainly represent the impact of including Songyu Terminal's financial information in the consolidated financial statements of the Company since 14 May 2012 when Songyu Terminal first came under the control of XPHG (Note 42(b)(1)) (Note 43).

(iv) On 13 December 2013, the Company, together with other parties, established a new subsidiary, Xiamen Terminal Group, in which the Company effectively holds 59.75% equity interests. Refer to Note 42(b) for the financial impact.

26. Reserves (continued)

(b) Company

	Note	Other reserves: Capital surplus RMB'000	Statutory surplus reserve RMB'000	Investment revaluation reserve RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2012		(61,484)	149,817	35,172	123,505	915,268	1,038,773
Fair value losses on available-for-sale financial assets		–	–	(8,653)	(8,653)	–	(8,653)
– Gross		–	–	(11,538)	(11,538)	–	(11,538)
– Related deferred income tax		–	–	2,885	2,885	–	2,885
Profit for the year	33	–	–	–	–	138,091	138,091
2011 final dividends		–	–	–	–	(81,786)	(81,786)
Profit appropriation	26(a)(i)	–	14,699	–	14,699	(14,699)	–
Balance at 31 December 2012		(61,484)	164,516	26,519	129,551	956,874	1,086,425
Representing:							
– 2012 proposed final dividends		–	–	–	–	149,941	149,941
– Others		(61,484)	164,516	26,519	129,551	806,933	936,484
		(61,484)	164,516	26,519	129,551	956,874	1,086,425
Fair value losses on available-for-sale financial assets		**–**	**–**	**(5,479)**	**(5,479)**	**–**	**(5,479)**
– Gross		**–**	**–**	**(7,306)**	**(7,306)**	**–**	**(7,306)**
– Related deferred income tax		**–**	**–**	**1,827**	**1,827**	**–**	**1,827**
Profit for the year	33	**–**	**–**	**–**	**–**	**1,375,697**	**1,375,697**
2012 final dividends		**–**	**–**	**–**	**–**	**(149,941)**	**(149,941)**
Profit appropriation	26(a)(i)	**–**	**112,296**	**–**	**112,296**	**(112,296)**	**–**
Balance at 31 December 2013		**(61,484)**	**276,812**	**21,040**	**236,368**	**2,070,334**	**2,306,702**
Representing:							
– 2013 proposed final dividends		**–**	**–**	**–**	**–**	**149,941**	**149,941**
– Others		**(61,484)**	**276,812**	**21,040**	**236,368**	**1,920,393**	**2,156,761**
		(61,484)	**276,812**	**21,040**	**236,368**	**2,070,334**	**2,306,702**

27. Revenues and segment information

(a) Revenues and other income

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

	2013 RMB'000	2012 RMB'000 (Restated)
Revenues	**4,678,421**	3,745,921
Other income		
Government subsidies	**76,243**	51,807
Dividend income	**1,032**	1,368
Rental income	**41,520**	33,815
Others	**8,391**	11,197
	127,186	98,187
Total	**4,805,607**	3,844,108

(b) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior executive management team, including the chairman and the chief executive officer that makes strategic decisions.

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 business of merchandise. 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.

The Group has no single customer accounted for greater than 10% of the total accounts receivable as at 31 December 2013 and the total revenue for the year then ended.

27. Revenues and segment information (continued)

(b) Segment information (continued)

The segment results provided to management for the reportable segments for the year ended 31 December 2013 and 2012 are as follows:

	For the year ended 31 December 2013					
	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 business of merchandise RMB'000	Total RMB'000
Total segment revenues	986,819	172,672	1,086,916	313,889	2,322,900	4,883,196
Inter-segment revenues	–	–	(204,775)	–	–	(204,775)
Revenues	986,819	172,672	882,141	313,889	2,322,900	4,678,421
Operating profit	195,535	208,060	212,061	39,157	29,170	683,983
Finance income						50,048
Finance costs						(82,740)
						651,291
Shares of profits less losses of joint ventures	20,300	–	(3,345)	–	–	16,955
Share of profits less losses of associates	–	–	2,845	340	–	3,185
Profit before income tax expense						671,431
Income tax expense						(151,235)
Profit for the year						520,196
Other information						
Depreciation	166,126	28,541	52,515	4,333	4,446	255,961
Amortisation	30,655	2,837	2,637	35	4,061	40,225
Net provision for/(reversal of) impairment of						
– inventories	(222)	–	123	–	5,392	5,293
– receivables and advances to suppliers	2,453	(1,987)	(14)	(6,965)	562	(5,951)
– property, plant and equipment	–	–	–	5,999	–	5,999

27. Revenues and segment information (continued)

(b) Segment information (continued)

The segment results provided to management for the reportable segments for the year ended 31 December 2013 and 2012 are as follows (continued):

	For the year ended 31 December 2012 (Restated)					
	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 business of merchandise RMB'000	Total RMB'000
Total segment revenues	921,672	205,895	785,137	404,674	1,533,954	3,851,332
Inter-segment revenues	–	–	(105,411)	–	–	(105,411)
Revenues	921,672	205,895	679,726	404,674	1,533,954	3,745,921
Operating profit	185,616	154,003	175,601	32,182	22,724	570,126
Finance income						31,342
Finance costs						(81,050)
						520,418
Shares of profits less losses of joint ventures	21,645	–	4,191	–	–	25,836
Share of profits less losses of associates	(596)	–	2,012	1,271	–	2,687
Profit before income tax expense						548,941
Income tax expense						(105,298)
Profit for the year						443,643
Other information						
Depreciation	138,462	28,490	54,058	5,033	115	226,158
Amortisation	20,076	4,009	6,826	41	14	30,966
Net provision for/(reversal of) impairment of						
– inventories	–	–	(59)	–	(29)	(88)
– receivables and advances to suppliers	–	918	972	4,739	(1,807)	4,822
– property, plant and equipment	–	–	–	2,012	–	2,012

27. Revenues and segment information (continued)

(b) Segment information (continued)

The segment information provided to management for the reportable segments as at 31 December 2013 and 31 December 2012 is as follows:

	For the year ended 31 December 2013					
	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 business of merchandise RMB'000	Total RMB'000
As at 31 December 2013						
Segment assets	9,616,446	346,800	2,215,058	231,859	802,352	13,212,515
Include:						
Interest in joint ventures	1,077,913	–	45,142	–	–	1,123,055
Interests in associates	14,703	–	21,540	3,632	–	39,875
Additions to non-current assets	2,520,102	112,401	255,463	10,288	672	2,898,926
Segment liabilities	1,922,154	24,772	362,123	101,677	349,113	2,759,839
As at 31 December 2012 (Restated)						
Segment assets	5,773,812	395,046	2,694,789	271,127	502,505	9,637,279
Include:						
Interest in joint ventures	719,453	–	48,487	–	–	767,940
Interests in associates	13,802	–	20,133	3,292	–	37,227
Additions to non-current assets	2,557,897	33,941	173,061	5,228	597	2,770,724
Segment liabilities	363,055	77,197	594,491	134,903	214,136	1,383,782

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.

27. Revenues and segment information (continued)

(b) Segment information (continued)

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 deferred income tax liabilities, taxes payable, derivative financial instrument and borrowings. These are part of the reconciliation to total balance sheet liabilities.

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 consolidated income statement.

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

	2013 RMB'000	2012 RMB'000 (Restated)
Total segment assets	**13,212,515**	9,637,279
Add: Deferred income tax assets	**272,114**	54,182
Available-for-sale financial assets	**50,643**	57,949
Total assets per consolidated balance sheet	**13,535,272**	9,749,410

27. Revenues and segment information (continued)

(b) Segment information (continued)

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

	2013 RMB'000	2012 RMB'000 (Restated)
Total segment liabilities	**2,759,839**	1,383,782
Add: Deferred income tax liabilities	**298,642**	38,804
Taxes payable	**43,957**	35,967
Derivative financial instrument	**—**	1,225
Borrowings	**1,935,925**	1,576,279
Total liabilities per consolidated balance sheet	**5,038,363**	3,036,057

28. Other gains — net

	2013 RMB'000	2012 RMB'000 (Restated)
Gain on disposal of property, plant and equipment and land use rights (a)	**177,138**	108,799
Fair value gain on derivative financial instrument	**1,225**	2,433
Others	**—**	(683)
	178,363	110,549

28. Other gains — net (continued)

(a) The Company, together with its subsidiaries, XPD, Xiamen Port Power Supply Service Co., Ltd. and Xiamen Port Domestic Shipping Agent Co., Ltd. entered into agreements ("Land Resumption Agreements") with Xiamen Land Development Centre regarding the resumption of land and certain assets situated thereon in Dongdu port area ("Land and Assets Resumption"), which took effect on 1 November 2012. Pursuant to the Land Resumption Agreements, the total compensation ("Compensation") for the Land and Assets Resumption amounts to RMB1,086,614,353, which will be paid by Xiamen Land Development Centre by instalments. The subject land and assets shall be surrendered to Xiamen Land Development Center within 30 months after the Land and Assets Resumption Agreements took effective.

As part of the Land and Assets Resumption exercise, on 28 December 2012, XPD surrendered the usage right of a piece of the subject land in Dongdu Berth No. 1 and the relevant assets situated thereon to Xiamen Land Development Center. The carrying amount of the surrendered land and assets amounted to RMB54,199,143 in aggregate as at the date of surrender, and the attributable compensations for the surrendered land and assets amounted to RMB160,554,759. A disposal gain of RMB106,055,616 was recognised in the consolidated income statement. As at 31 December 2012, the Company and XPD received the first instalment of Compensation totalling RMB216,118,259, of which RMB160,554,759 was attributable to the disposal of the surrendered land and assets, and remaining RMB55,563,500 was advance payment received and was recorded as long-term payables.

In 2013, XPD surrendered the usage right of the subject land in Dongdu Berth No. 3 and Dongdu Berth No. 4 and the relevant assets situated thereon to Xiamen Land Development Centre, the carrying amount of surrendered land and assets amounted to RMB97,764,000 in aggregate as at the date of surrender, and the attributable compensations for the surrendered land and assets amounted to RMB270,445,000. A disposal gain of RMB172,681,000 was recognised in the consolidated income statement. As at 31 December 2013, XPD received the second instalment of Compensation of RMB182,635,000, and the remaining compensation of RMB56,296,000 was recorded as other receivables, and the Company received the second instalment of Compensation of RMB12,024,000, resulting in a total of RMB36,074,000 recognised as long-term payables as advance payment received.

The business tax and land value added tax relating to the above surrender of land and assets are exempted according to a notice issued by the tax authority.

29. Employee benefit expenses

	2013 RMB'000	2012 RMB'000 (Restated)
Salaries, wages and bonuses	**478,483**	441,588
Welfare, medical and other expenses	**58,865**	54,513
Contributions to pension plans	**88,620**	73,957
Contributions to supplementary pension scheme	**7,734**	7,179
	633,702	577,237

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 16.7% to 35% (2012: 16.7% to 35%) 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.

30. Expenses by nature

	2013 RMB'000	2012 RMB'000 (Restated)
Cost of inventories sold/consumed (Note 14)	**2,680,844**	1,990,811
Employee benefit expenses (Note 29)	**633,702**	577,237
Depreciation of		
— investment properties (Note 5)	**3,769**	3,349
— property, plant and equipment (Note 6)	**252,192**	222,809
Distribution, transportation and labour outsourcing	**345,359**	201,728
Business tax, stamp duty and real estate tax	**40,635**	76,631
Advertising and marketing expenses	**29,983**	36,405
Amortisation of		
— land use rights (Note 7)	**34,217**	24,966
— intangible assets (Note 8)	**6,008**	6,000
Operating lease rental in respect of property, plant and equipment	**119,240**	96,059
General office expenses	**25,208**	24,620
Repairs and maintenance	**43,446**	34,784
Insurance expenses	**17,972**	16,597
Auditors' remuneration	**5,350**	3,069
Net provision for/(reversal of) impairment of		
— inventories	**5,293**	(88)
— receivables and advances to suppliers	**(5,951)**	4,822
— property, plant and equipment	**5,999**	2,012
Others	**56,721**	62,720
Total cost of sales, selling and marketing expenses and general and administrative expenses	**4,299,987**	3,384,531

31. Finance income and costs

	2013 RMB'000	2012 RMB'000 (Restated)
Interest income	**47,863**	31,182
Net foreign exchange gain	**2,185**	160
	50,048	31,342
Interests on bank borrowings	**(85,447)**	(81,700)
Less: amounts capitalised	**2,707**	650
	(82,740)	(81,050)
Finance costs — net	**(32,692)**	(49,708)

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 2013 was 6.15% (2012: 6.11%) 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 2013 (2012: 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 second year which the Company enjoys the corporate income tax reduction by 50%, therefore the applicable income tax rate for the Company is 12.5% for the year ended 31 December 2013 (2012: 12.5%).

Ocean Shipping Agency, a subsidiary of the Company, obtained a certificate of "advanced technology company" and is subjected to 15% corporate income tax rate for 4 years from 2010 to 2013.

32. Taxation (continued)

(a) Income tax expense (continued)

Approved by Xiamen Guo Shui Zhi Han [2008] No. 1 issued by State Administration of Taxation Xiamen Branch, Songyu Terminal 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 2008. The income tax rate for the year ended 31 December 2013 is 12.5% (2012: 0%).

Trend Wood is incorporated in Hong Kong, thus its applicable income tax rate is 16.5%.

Except for Ocean Shipping Agency, Songyu Terminal and Trend Wood, other subsidiaries of the Company are subjected to income tax rate of 25% for the year ended 31 December 2013 (2012: 25%).

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

	2013 RMB'000	2012 RMB'000 (Restated)
PRC corporate income tax	**102,605**	80,692
Deferred income tax charge (Note 13)	**48,630**	24,606
	151,235	105,298

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:

	2013 RMB'000	2012 RMB'000 (Restated)
Profit before income tax expense	**671,431**	548,941
Less: share of profits less losses of joint ventures	**(16,955)**	(25,836)
Less: share of profits less losses of associates	**(3,185)**	(2,687)
	651,291	520,418
Tax calculated at the applicable tax rate of 25% (2012: 25%)	**162,823**	130,105
Effect of preferential tax rate of:		
— the Company	**(14,153)**	(16,892)
— Ocean Shipping Agency	**(7,609)**	(6,218)
— Songyu Terminal	**(2,528)**	(527)
Income not subject to income tax	**(2,764)**	(4,764)
Expenses not deductible for income tax purposes	**6,112**	3,594
Tax losses of unrealised deferred tax assets	**1,322**	—
Others	**8,032**	—
Income tax expense	**151,235**	105,298

33. Profit attributable to owners of the Company

The profit attributable to owners of the Company for the year ended 31 December 2013 are dealt with in the financial statements of the Company to the extent of RMB1,375,697,000 (2012: RMB138,091,000).

34. Dividends

	2013 RMB'000	2012 RMB'000
Proposed final dividends		
— Domestic share	**95,673**	95,673
— H-share	**54,268**	54,268
	149,941	149,941

The dividends paid in 2013 and 2012 were RMB149,941,000 (RMB5.5 cents per share) and RMB81,786,000 (RMB3 cents per share) respectively.

At a meeting held on 28 March 2014, the directors of the Company proposed a final dividend of RMB5.5 cents per share (tax inclusive) for the year ended 31 December 2013. 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 11 June 2014, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

35. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the year ended 31 December 2013 of RMB332,789,000 (2012: RMB303,587,000) by the weighted average number of the Company's shares in issue during the year of 2,726,200,000 (2012: 2,726,200,000) shares.

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

36. Emoluments of directors and supervisors

	2013 RMB'000	2012 RMB'000
Directors and supervisors		
Emoluments	**1,320**	1,132
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,018**	1,859
Contributions to pension plans	**461**	381
Discretionary bonuses	**2,605**	2,491
	6,404	5,863

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

36. Emoluments of directors and supervisors (Continued)

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

Year ended 31 December 2013

Name (*)	Emoluments RMB'000	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
Executive Directors:					
Lin Kaibiao	–	270	59	382	711
Miao Luping	–	247	59	344	650
Fang Yao	–	290	59	320	669
Huang Zirong	–	290	59	333	682
Hong Lijuan	–	266	56	298	620
Non-executive Directors:					
Zheng Yongen	95	–	–	–	95
Chen Dingyu	95	–	–	–	95
Fu Chengjing	95	–	–	–	95
Ke Dong	95	250	61	418	824
Independent Non-executive Directors:					
Xu Hongquan	200	–	–	–	200
Zhen Hong	95	–	–	–	95
Liu Feng	95	–	–	–	95
Lin Pengjiu	95	–	–	–	95
Huang Shumeng	95	–	–	–	95
Supervisors:					
Yan Tengyun	60	–	–	–	60
Luo Jianzhong	60	–	–	–	60
Wu Jianliang	60	145	52	188	445
Wu Weijian	60	260	56	322	698
Tang Jinmu	60	–	–	–	60
Xiao Zuoping	60	–	–	–	60
	1,320	2,018	461	2,605	6,404

* Directors and supervisors are listed by their positions as at 31 December 2013.

36. Emoluments of directors and supervisors (Continued)

Year ended 31 December 2012

Name (*)	Emoluments RMB'000	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
Executive Directors:					
Lin Kaibiao	–	265	49	362	676
Miao Luping	–	242	49	325	616
Fang Yao	–	292	49	300	641
Huang Zirong	–	281	49	264	594
Hong Lijuan	–	266	46	264	576
Non-executive Directors:					
Zheng Yongen	95	–	–	–	95
Chen Dingyu	95	–	–	–	95
Fu Chengjing	95	–	–	–	95
Ke Dong	95	196	50	404	745
Independent Non-executive Directors:					
Xu Hongquan	200	–	–	–	200
Zhen Hong	95	–	–	–	95
Liu Feng	95	–	–	–	95
Lin Pengjiu (**)	1	–	–	–	1
Huang Shumeng (**)	1	–	–	–	1
Supervisors:					
Yan Tengyun	60	–	–	–	60
Luo Jianzhong	60	–	–	–	60
Wu Jianliang	60	143	43	270	516
Wu Weijian	60	174	46	302	582
Tang Jinmu	60	–	–	–	60
Xiao Zuoping	60	–	–	–	60
	1,132	1,859	381	2,491	5,863

* Directors and supervisors are listed by their positions as at 31 December 2012.

** Appointed on 28 December 2012.

36. Emoluments of directors and supervisors (Continued)

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 for the year include three (2012: four) directors and one supervisor (2012: Nil) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2012: one) individual (the "Individual") during the year are as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	333	262
Contributions to pension plans	60	49
Discretionary bonuses	378	354
	771	665

The emoluments of the Individual fall within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
Nil to HK$1,000,000 (equivalent to RMB786,900)	1	1

37. Notes to consolidated statement of cash flows

(a) Reconciliation of profit before income tax expense to net cash generated from operations:

	2013 RMB'000	2012 RMB'000 (Restated)
Profit before income tax expense	**671,431**	548,941
Adjustments for:		
— Share of profits less losses of associates	**(3,185)**	(2,687)
— Share of profits less losses of joint ventures	**(16,955)**	(25,836)
— Depreciation of property, plant and equipment	**252,192**	222,809
— Depreciation of investment properties	**3,769**	3,349
— Amortisation of land use rights	**34,217**	24,966
— Amortisation of intangible assets	**6,008**	6,000
— Gain on disposal of property, plant and equipment	**(177,138)**	(108,799)
— Fair value gain on derivative financial instrument	**(1,225)**	(2,433)
— Provision for impairment of property, plant and equipment	**5,999**	2,012
— Provision for/(reversal of) impairment of inventories	**5,293**	(88)
— (Reversal of)/provision for impairment of receivables and advances to suppliers, net	**(5,951)**	4,822
— Dividend income	**(1,032)**	(1,368)
— Interest income	**(47,863)**	(31,182)
— Interest expenses	**82,740**	81,050
— Unrealised foreign exchange gain	**(4,765)**	(55)
	803,535	721,501
Changes in working capital:		
— Accounts and notes receivable	**(5,176)**	(140,078)
— Other receivables and prepayments	**(70,868)**	(15,705)
— Inventories	**(137,370)**	31,177
— Accounts and notes payable	**(133,870)**	114,904
— Other payables and accruals	**214,330**	(77,562)
Net cash generated from operations	**670,581**	634,237

(b) No significant non-cash transactions for the year ended 31 December 2012.

For the year ended 31 December 2013, except for the establishment of Xiamen Terminal Group (Note 42), there are no other significant non-cash transactions.

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	
	2013 RMB'000	2012 RMB'000 (Restated)
Purchases of property, plant and equipment	**557,750**	172,842

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

	Company	
	2013 RMB'000	2012 RMB'000
Purchases of property, plant and equipment	**58,172**	70,056

Committed capital expenditure as at 31 December 2013 mainly related to the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machineries, acquisitions of vessels, renovation of buildings and acquisitions of land use rights.

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 2013 RMB'000	2012 RMB'000 (Restated)
Not later than 1 year	**67,732**	61,903
Later than 1 year and not later than 5 years	**147,456**	161,227
Later than 5 years	**170,242**	167,078
	385,430	390,208

The Company has no operating lease commitment as at 31 December 2013 (2012: Nil).

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group 2013 RMB'000	2012 RMB'000 (Restated)
Not later than 1 year	**15,551**	7,813
Later than 1 year and not later than 5 years	**5,877**	5,267
Later than 5 years	**16,400**	17,453
	37,828	30,533

38. Commitments (continued)

(c) Commitment for deposit of BT project

As at 31 December 2013, the total investment commitment for BT project is estimated to be approximately RMB174,000,000. Details are set out in Note 16(c).

39. Contingent liabilities

As at 31 December 2013, the Group and the Company have no significant contingent liabilities (2012: Nil).

40. Significant related party transactions

The Company is controlled by XPHG, the parent company, which is in turn subject to the control of the PRC Government.

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, during the year ended 31 December 2013 and balances arising from these significant related party transactions.

40. Significant related party transactions (continued)

(a) During the year, besides the guarantee from XPHG mentioned in Note 24, the Group had the following significant transactions with related parties:

	Note	2013 RMB'000	2012 RMB'000 (Restated)
Transactions with parent company			
Revenues			
Power supply and maintenance and electrical equipment maintenance	(i)	**27,859**	15,235
Expenses			
Operating lease rental in respect of land, port facilities and office premises	(ii)	**43,293**	48,582
Logistics property services and information services	(iii)	**15,453**	16,980
Acquire the berths for small vessels and the related ancillary assets in the first phase of Songyu port area	(x)	**52,045**	–
Transactions with fellow subsidiaries			
Revenues			
Port services	(iv)	**18,848**	11,890
Trading sales	(xi)	**86,280**	–
Expenses			
Operating lease rental in respect of land, port facilities and office premises	(ii)	**6,546**	4,191
Comprehensive service fee	(v)	**26,450**	25,192
Labour service fee	(vi)	**31,210**	27,387
Others			
Purchases of property, plant and equipment	(vii)	**11,190**	14,573
Transactions with associates			
Revenues			
Loading and unloading services rendered	(viii)	**16,335**	17,716
Expenses			
Labour service fee	(vi)	**51,740**	33,473
Operating lease in respect of land and port facilities	(ii)	**9,943**	9,167
Transaction with joint ventures			
Revenues			
Loading and unloading services rendered	(viii)	**23,654**	34,861
Expenses			
Project management	(ix)	**2,080**	–
Transactions with other related parties			
Revenues			
Loading and unloading services rendered	(viii)	**46,284**	50,804

40. Significant related party transactions (continued)

(a) (continued)

(i) Power supply and maintenance and electrical equipment maintenance rendered to the related parties were carried out on terms that were mutually agreed among the involved parties.

(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) Logistics property services and information services provided to the Group were carried out on terms that were mutually agreed among the involved parties.

(iv) Port services rendered to the related parties were carried out on terms that were mutually agreed among the involved parties.

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

(vi) 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 the Master Labour Service Agreement as entered into among the parties involved.

(vii) 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.

(viii) The loading and unloading services rendered to the related parties were carried out on terms that were mutually agreed among the involved parties.

(ix) The project management services rendered to the related parties were carried out on terms that were mutually agreed among the involved parties.

(x) The purchase price to acquire the berths for small vessels and the related ancillary assets in the first phase of Songyu port area was based on the asset valuation result.

(xi) The trading sales rendered to the related parties were carried out on terms that were mutually agreed among the involved parties.

40. Significant related party transactions (continued)

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

	Note	2013 RMB'000	2012 RMB'000 (Restated)
Balances with parent company			
Other receivables and prepayments	(i)	**622**	24,967
Accounts payable	(i)	**61,815**	40,958
Other payables and accruals (Note 21)		**725,884**	3,624
Balances with fellow subsidiaries			
Accounts receivable	(i)	**2,376**	2,032
Other receivables and prepayments	(i)	**10,138**	1,400
Accounts payable	(i)	**7,013**	17,019
Other payables and accruals	(i)	**15,421**	1,335
Balances with associates			
Accounts receivable	(i)	**–**	5,767
Other receivables and prepayments	(i)	**–**	4,088
Accounts payable	(i)	**–**	8,466
Balances with joint ventures			
Accounts receivable	(i)	**13,674**	4,271
Other receivables and prepayments	(i)	**12,472**	2,858
Accounts payable	(i)	**1,450**	2,498
Balances with non-controlling shareholders of subsidiaries			
Dividends payable	(i)	**2,606**	4,106
Balances with other related parties			
Accounts receivable	(ii)	**752**	7,353
Other payables and accruals	(iii)	**17,792**	10,250

40. Significant related party transactions (continued)

(b) (continued)

(i) As of 31 December 2013, these balances with the parent company, associates, fellow subsidiaries, joint ventures and non-controlling shareholders of subsidiaries are unsecured, interest free and have no fixed terms of repayment or subject to agreed credit terms for trade receivables.

(ii) As of 31 December 2013, these balances arose from the ordinary course of the Group's business and are unsecured, interest free and are subject to agreed credit terms.

(iii) As of 31 December 2013, the balance referred to port construction fee collected on behalf of Xiamen Port Authority and the balance is unsecured, interest free and has no fixed terms of repayment.

(c) Key management compensation:

	2013 **RMB'000**	2012 RMB'000
Emoluments	**1,320**	1,132
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,018**	1,859
Contributions to pension plans	**461**	381
Discretionary bonuses	**2,605**	2,491
	6,404	5,863

41. Particulars of subsidiaries, joint ventures and associates

(a) Subsidiaries

As at 31 December 2013, the Company had direct and indirect interests in the following subsidiaries:

Name	Type of legal entity	Issued share/ paid-in capital (RMB'000) 2013	2012	Attributable equity interests 2013 Directly held	2013 Indirectly held	2012 Directly held	2012 Indirectly held	Principal activities
Listed								
Xiamen Port Development Co., Ltd. ("XPD")	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. ("Ocean Shipping Agency")#	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	135,000	100,000	10%	49.62%	10%	49.62%	Tugboat berthing and unberthing
Xiamen Haicang Port Co., Ltd. ("XMHCP")	Limited liability company	120,000	120,000	–	59.75%	70%	–	Cargo stevedoring and barging
Xiamen Port Logistics Co., Ltd. ("XPL")	Limited liability company	65,000	65,000	–	55.26%	–	55.26%	Container deposit, land transport, international freight agency
Xiamen Port Group Haitian Container Co., Ltd. ("Haitian Terminal")	Limited liability company	200,000	200,000	–	59.75%	85%	8.29%	Container loading and unloading for international trade

41. Particulars of subsidiaries, joint ventures and associates (continued)

(a) Subsidiaries (continued)

Name	Type of legal entity	Issued share/ paid-in capital 2013 (RMB'000)	Issued share/ paid-in capital 2012 (RMB'000)	Attributable equity interests 2013 Directly held	Attributable equity interests 2013 Indirectly held	Attributable equity interests 2012 Directly held	Attributable equity interests 2012 Indirectly held	Principal activities
Unlisted (Continued)								
Xiamen Port Domestic Shipping Agent Co., Ltd.#	Limited liability company	2,000	2,000	–	44.10%	–	44.10%	Shipping agency services for domestic trade
Xiamen Port Group Power Supply Service Co., Ltd.	Limited liability company	10,000	10,000	100%	–	80%	18.66%	Operation and management of the equipment at the transformer substation
Xiamen Road and Bridge Building Materials Corporation Ltd.	Limited liability company	70,000	20,000	–	52.37%	–	52.37%	Manufacturing, processing and selling of building materials
Xiamen Penavico International Freight and Forwarding Co., Ltd.#	Limited liability company	12,000	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 company	2,000	2,000	–	33.08%	–	33.08%	Domestic transportation agency and labour services
Xiamen Penavico Customs Broker Co., Ltd.#	Limited liability company	5,000	1,800	–	33.08%	–	33.08%	Agency services for customs declaration
Xiamen Penavico Logistics Co., Ltd.#	Limited liability company	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	8,000	5,000	–	33.08%	–	33.08%	Agency services for international air transportation

41. Particulars of subsidiaries, joint ventures and associates (continued)

(a) Subsidiaries (continued)

Name	Type of legal entity	Issued share/ paid-in capital 2013 (RMB'000)	2012 (RMB'000)	Attributable equity interests 2013 Directly held	2013 Indirectly held	2012 Directly held	2012 Indirectly held	Principal activities
Unlisted (Continued)								
Xiamen Port Logistics Free Trade Co., Ltd.	Limited liability company	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	81,000	65,000	–	55.17%	–	55.17%	Container deposit, land transport
Xiamen Port Trading Co., Ltd.	Limited liability company	85,000	85,000	–	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
Xiamen Port Haicang Container Inspection Services Co., Ltd. ("Haicang Container Inspection")#	Limited liability company	1,000	1,000	–	44.81%	–	69.97%	Container loading and unloading, stacking and storage management, container packing and unpacking, storage and container cargo inspection

41. Particulars of subsidiaries, joint ventures and associates (continued)

(a) Subsidiaries (continued)

		Issued share/ paid-in capital		Attributable equity interests				
				2013		2012		
Name	Type of legal entity	2013 (RMB'000)	2012 (RMB'000)	Directly held	Indirectly held	Directly held	Indirectly held	Principal activities
Unlisted (Continued)								
Sanming Port Development Co., Ltd # (Changed from "Samming Lugang Logistics Co., Ltd.")	Limited liability company	135,000	70,000	–	44.10%	–	44.10%	Freight forwarding and agency business, warehousing services, packing and processing, logistics and distribution and logistics information consulting services
Sanming Port Logistics Co., Ltd *#	Limited liability company	10,000	10,000	–	44.10%	–	44.10%	National and international freight agency, cargo storage, deposit and packing services
Sanming Port Construction Co., Ltd *#	Limited liability company	10,000	10,000	–	44.10%	–	44.10%	Construction and operation of the relevant projects of Sanming land-based port
Ji'an Lugang Logistics Co., Ltd.	Limited liability company	70,000	10,000	–	55.13%	–	55.13%	Freight forwarding and agency business, warehousing services and logistics information services
Fuzhou Haiying Port Co., Ltd. *	Limited liability company	15,000	15,000	100.00%	–	100.00%	–	Container loading and unloading, stacking and storage management, container packing and unpacking
Zhangzhou City Gulei Port Development Co., Ltd. *#	Limited liability company	30,000	20,000	–	38.59%	–	38.59%	Port supporting services, investment and development

41. Particulars of subsidiaries, joint ventures and associates (continued)

(a) Subsidiaries (continued)

Name	Type of legal entity	Issued share/ paid-in capital 2013 (RMB'000)	Issued share/ paid-in capital 2012 (RMB'000)	Attributable equity interests 2013 Directly held	Attributable equity interests 2013 Indirectly held	Attributable equity interests 2012 Directly held	Attributable equity interests 2012 Indirectly held	Principal activities
Unlisted (Continued)								
Zhangzhou Gulei Harbour Highway Co., Ltd. *	Limited liability company	40,000	40,000	–	55.13%	–	55.13%	Road construction,port supporting services, investment and development
Xiamen Hailong Terminal Co., Ltd. *	Limited liability company	160,000	10,000	–	55.13%	–	55.13%	Terminal construction and development
Chaozhou Port Development Co., Ltd. *#	Limited liability company	10,000	2,000	–	38.59%	–	38.59%	Port supporting services, investment and development
Xiamen Port Wine Co., Ltd. *#	Limited liability company	8,000	8,000	–	38.59%	—	38.59%	Wholesale of pre-packaged food; import and export of merchandise and technology
Sanming Port Customs Declaration Co., Ltd. #&	Limited liability company	1,500	–	–	44.10%	–	–	Customs Declaration services
Shanghai Haiheng Industrial Co., Ltd.&	Limited liability company	10,000	–	–	55.13%	–	–	Steel trading
Xiamen Agency Cruise Agency Co., Ltd.#&	Limited liability company	2,000	–	–	33.08%	–	–	Belt tightening pulley agency services for domestic trade
Zhangzhou City Longchi Port Development Co., Ltd.#&	Limited liability company	20,000	–	–	30.32%	–	–	Port supporting services, investment and development
Xiamen Container Terminal Group Co., Ltd. ("Xiamen Terminal Group") &	Limited liability company	2,436,604	–	59.45%	0.3%	–	–	Container loading and unloading services
Zhangzhou City Gulei Tugboat Co., Ltd.&	Limited liability company	25,378	–	–	64.7%	–	–	Port logistics

41. Particulars of subsidiaries, joint ventures and associates (continued)

(a) Subsidiaries (continued)

Name	Type of legal entity	Issued share/paid-in capital 2013 (RMB'000)	Issued share/paid-in capital 2012 (RMB'000)	Attributable equity interests 2013 Directly held	Attributable equity interests 2013 Indirectly held	Attributable equity interests 2012 Directly held	Attributable equity interests 2012 Indirectly held	Principal activities
Unlisted (Continued)								
Xiamen Songyu Container Terminal Co., Ltd. ("Songyu Terminal")#	Limited liability company	1,680,000	1,680,000	–	44.81%	25%	–	Container loading and unloading services

Name	Type of legal entity	Issued share/paid-in capital 2013	Issued share/paid-in capital 2012	Attributable equity interests 2013 Directly held	Attributable equity interests 2013 Indirectly held	Attributable equity interests 2012 Directly held	Attributable equity interests 2012 Indirectly held	Principal activities
Unlisted and incorporated in Hong Kong								
Trend Wood Investments Limited ("Trend Wood")	Limited liability company	HKD1	HKD1	–	59.75%	–	–	Investment holding

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.

* Established during the year ended 31 December 2012.

& Established during the year ended 31 December 2013.

41. Particulars of subsidiaries, joint ventures and associates (continued)

(b) Joint ventures

As at 31 December 2013, the Group had interests in the following joint ventures:

Name	Paid-in capital 2013 (RMB'000)	Paid-in capital 2012 (RMB'000)	Proportion of ownership held by the Group and profit sharing 2013	Proportion of ownership held by the Group and profit sharing 2012	Proportion of voting rights held by the Group 2013	Proportion of voting rights held by the Group 2012	Principal activities
Xiamen International Container Terminals Ltd. ("XICT")	1,148,700	1,148,700	51%	51%	56%	56%	Container loading and unloading for international trade
Xiamen Haicang International Container Terminals Ltd. ("XHICT")	555,515	555,515	51%	51%	56%	56%	Container loading and unloading for international trade
Xiamen Port YCH Logistics Co., Ltd. ("XPYCH")	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. ("XPC")	5,000	5,000	51%	51%	60%	60%	Container loading and unloading for international trade
Xiamen Port Baohe Logistics Co., Ltd. ("XPBL")	6,000	6,000	35%	35%	43%	43%	Container deposit, land transport, international freight agency
Xiamen Haicang XinHaiDa Container Terminals Co., Ltd. ("XinHaiDa")	756,000	756,000	46%	–	46%	–	Terminal operation and rendering of relevant port services

41. Particulars of subsidiaries, joint ventures and associates (continued)

(c) Associates

As at 31 December 2013, the Group had interests in the following associates:

Name	Type of legal entity	Issued share/ paid-in capital (RMB'000)		Attributable equity interests		Principal activities
		2013	2012	2013	2012	
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 Jida Building Materials Technology Co., Ltd.	Limited liability company	1,500	1,500	40%	40%	Manufacturing, processing and selling of building materials

Except for Trend Wood is incorporated in Hong Kong, all other subsidiaries, joint ventures and associates are incorporated in the PRC.

The operations of all subsidiaries except for Trend Wood, joint ventures and associates are principally carried out in the PRC.

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

The English names of certain subsidiaries, joint ventures and associates referred to in this report represent the English translation of the Chinese names of these companies for identification purpose only as no English names have been registered.

42. Establishment of Xiamen Terminal Group

(a) Establishment of Xiamen Terminal Group and related transactions

The Company, XPHG, XPL, NWXP, Xiangyu Logistics, Xiamen ITG and Pointer Investment (Hong Kong) Limited ("Pointer Investment") (collectively, the "JV Parties"), Haitian Terminal, XMHCP, ITG Terminal and NWXY Terminal (collectively, the "Merged Companies") and NWS Ports Management (Haicang) Limited ("NWSHC") signed a conditional merger and contribution agreement on 25 February 2013 (the "JV Agreement") and signed a supplemental agreement on 23 October 2013, for the establishment of a new limited liability company in the PRC by the JV parties, with the strategy to integrate the assets and businesses of the related container terminals in Xiamen port.

Pursuant to the JV Agreement and approvals of relevant governmental authorities, Xiamen Terminal Group was established on 13 December 2013, with a registered capital of RMB2,436,604,000 and total investment amount of RMB7,309,813,000. All contributions injected into Xiamen Terminal Group were made by the JV Parties as explained in (1)–(3) below, followed with certain further acquisitions as explained in (4)–(6) below (collectively "Transactions").

(1) Injections of the Merged Companies

- The Company and XPL injected 85% and 15% equity interests of Haitian Terminal (including Haitian Terminal's 75% equity interests in its subsidiary, Haicang Container Inspection) into Xiamen Terminal Group, respectively, as capital contributions, and Haitian Terminal was then merged into Xiamen Terminal Group upon its establishment.

- The Company and Xiamen ITG injected 70% and 30% equity interests of XMHCP (including XMHCP's 51% equity interests in a joint venture, XICT) into Xiamen Terminal Group, respectively, as capital contributions, and XMHCP was then merged into Xiamen Terminal Group upon its establishment.

42. Establishment of Xiamen Terminal Group (continued)

(a) Establishment of Xiamen Terminal Group and related transactions (continued)

(1) Injections of the Merged Companies (continued)

- Xiamen ITG and Pointer Investment injected 75% and 25% equity interests of ITG Terminal into Xiamen Terminal Group, respectively, as capital contributions, and ITG Terminal was then merged into Xiamen Terminal Group upon its establishment.

- NWXP and Xiangyu Logistics each injected 50% equity interests of NWXY Terminal into Xiamen Terminal Group, respectively, as capital contributions, and NWXY Terminal was then merged into Xiamen Terminal Group upon its establishment.

(2) Assets contribution

- XPHG injected the Berth No. 6 of Haicang Port and the 34.65% equity interests of Songyu Terminal into Xiamen Terminal Group as its capital contributions.

- The Company injected the Berth nos. 4–5 of Haicang Port and Berth nos. 5–11 of Dongdu Port, the 25% equity interests of Songyu Terminal, and 51% equity interests of XHICT into Xiamen Terminal Group as part of its respective capital contributions.

(3) Cash contribution

Pursuant to the JV agreement, NWXP should make a cash injection of RMB369,865,000 to Xiamen Terminal Group as its capital injection. Such cash contribution was recorded as other receivables as at 31 December 2013 (Note 16(a)) and was subsequently received in January 2014.

42. Establishment of Xiamen Terminal Group (continued)

(a) Establishment of Xiamen Terminal Group and related transactions (continued)

Upon its establishment, Xiamen Terminal Group was directly owned as to 52.9% by the Company, 0.55% by XPL (a subsidiary of the Company), 14.79% by XPHG, 7.82% by Xiamen ITG, 1.61% by Pointer Investment, 8.53% by Xiangyu Logistics and 13.80% by NWXP, respectively.

(4) Further acquisition of 6.55% equity interests in Xiamen Terminal Group

Pursuant to the JV Agreement, on 13 December 2013, the Company further acquired 6.55% equity interests of Xiamen Terminal Group from XPHG at a consideration of RMB459,583,000. The consideration was not being paid as at 31 December 2013 and was recorded as other payables (Note 21(a)). After this acquisition, the Company owned 59.75% of Xiamen Terminal Group through its direct shareholding and indirect shareholding through XPL.

(5) Trend Wood acquisition

Pursuant to the JV Agreement, on 13 December 2013, Xiamen Terminal Group acquired 100% equity interests of Trend Wood for a total consideration of RMB369,865,000. As an investment holding company, Trend Wood does not have any operations other than its long-term equity investment in XinHaiDa, as a result of that, this acquisition does not constitute business combination, instead, it mainly represents an acquisition of the 46% equity investment in XinHaiDa. The consideration has not been paid as at 31 December 2013 and was recorded as other payables (Note 21(b)) and was subsequently paid in January 2014.

42. Establishment of Xiamen Terminal Group (continued)

(a) Establishment of Xiamen Terminal Group and related transactions (continued)

(6) Songyu acquisition

Pursuant to the JV Agreement, right after its establishment on 13 December 2013, Xiamen Terminal Group further acquired 15.35% equity interests in Songyu Terminal from XPHG ("Songyu Acquisition") at a consideration of RMB264,310,000. The consideration has not been paid as at 31 December 2013 and was recorded as other payables (Note 21(a)) and was subsequently paid in January 2014. After Songyu Acquisition, Songyu Terminal becomes a 75% subsidiary of Xiamen Terminal Group.

(b) Financial impact of the establishment of Xiamen Terminal Group

Upon completion of the Transactions, the Group disposed of partial interests in the businesses contributed by the Group to Xiamen Container Group, without loss of control over those contributed businesses, in exchange of controlling equity interests in the businesses/ assets contributed by the other JV Parties to Xiamen Container Group. The effects of the Transactions to the consolidated financial statements are explained as follows:

(1) Business combination under common control

Because Songyu Terminal and the Berth no. 6 of Haicang Port are under common control of XPHG before and after the Transactions, the financial information of Songyu Terminal and the Berth no. 6 of Haicang Port are included in consolidated financial statements of the Company as if they had been combined from the date when they first came under the control of XPHG.

42. Establishment of Xiamen Terminal Group (continued)

(b) Financial impact of the establishment of Xiamen Terminal Group (continued)

(1) Business combination under common control (continued)

Sonyu Terminal was previously owned as to 50% by XPHG and was a joint venture of XPHG. On 14 May 2012, the Company acquired 25% equity interests in Songyu Terminal from an independent third party for a consideration of RMB530,000,800. Thereafter, Songyu Terminal became an associate of the Company and a 75% subsidiary of XPHG. Therefore, Songyu Terminal's financial information has been included in the consolidated financial information of the Company from 14 May 2012 when it first came under the control of XPHG, as if it was acquired by the Company since then. The difference between the net assets value of Songyu Terminal of RMB1,694,965,000 being included in the consolidated financial statements of the Company as at 14 May 2012 and the consideration paid by the Company of RMB530,000,800 was recorded as other reserves of RMB734,581,000 and as non-controlling interests of RMB430,383,000 (Note 26(a)(iii)).

The Berth no. 6 of Haicang Port has been under control of XPHG from its start of operation in 2009. Therefore, the financial information of Berth no. 6 of Haicang Port has been included in the consolidated financial statements of the Company as if it was acquired by the Company since then.

The impact of the business combinations under common control is further disclosed in Note 43.

Upon completion of the Transactions, there is an effective dilution of XPHG's interests in Songyu Terminal and the Berth no. 6 of Haicang Port. Upon the completion of the Transactions, the Company effectively owns the Berth no. 6 of Haicang Port and Songyu Terminal as to 59.75% and 44.81% respectively. The difference between the considerations for the acquisition and the effective interests in the Berth no. 6 of Haicang Port and Songyu Terminal are recorded in equity.

42. Establishment of Xiamen Terminal Group (continued)

(b) Financial impact of the establishment of Xiamen Terminal Group (continued)

(1) Business combination under common control (continued)

	13 December 2013 RMB'000
Carrying amount of additional non-controlling interests	(531,474)
Consideration payable for the equity interests in the Berth no. 6 of Haicang Port and Songyu Terminal (Note 42(b)(4))	(708,261)
Deferred tax arose from the Transactions (Note 13(c))	49,292
Excess of consideration paid recognised within equity	(1,190,443)

(2) Transaction with non-controlling interests

Upon completion of the Transactions in (a) above, the financial results of the following companies or businesses have been and will continue to be consolidated into the Company's consolidated financial statements: (i) Haitian Terminal, (ii) XMHCP, (iii) Haicang Container Inspection and (iv) the Berth nos. 4–5 of Haicang Port, and Berth nos. 5–11 of Dongdu Port. The net assets and net profit attributable to the non-controlling interests will be increased as a result of the Transactions, as there was an effective dilution of the Company's interests in the above mentioned entities or businesses.

	13 December 2013 RMB'000
Carrying amount of additional non-controlling interests from the dilution of interests	(947,964)
Consideration receivable for the additional non-controlling interests (Note 42(b)(4))	1,194,176
Deferred tax arose from the Transactions (Note 13(c))	171,939
Gain on disposal recognised within equity	418,151

42. Establishment of Xiamen Terminal Group (continued)

(b) Financial impact of the establishment of Xiamen Terminal Group (continued)

(3) Acquisitions under non-common control

The financial results of the following companies are consolidated into the Company's consolidated financial statements as a result of the Transactions: (i) ITG Terminal; (ii) NWXY Terminal and (iii) Trend Wood.

The acquisitions of ITG Terminal and NWXY Terminal are business acquisitions under non-common control. The following table summarises the consideration for the acquisitions, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

Consideration: At 13 December 2013	ITG Terminal RMB'000	NWXY Terminal RMB'000	Total RMB'000
Total consideration (Note 42(b)(4))	270,698	715,156	985,854
Recognised amounts of identifiable assets acquired and liabilities assumed			
Investment properties	—	16,873	16,873
Property, plant and equipment	440,941	732,241	1,173,182
Land use rights	272,431	645,215	917,646
Intangible assets	1,520	21,995	23,515
Deferred income tax assets	10	—	10
Inventories	3,328	11,179	14,507
Accounts and notes receivable	14,833	37,029	51,862
Other receivables and prepayments	903	3,353	4,256
Cash and cash equivalents	422	39,125	39,547
Borrowings	—	(49,950)	(49,950)
Long-term payables and advances	—	(5,079)	(5,079)
Accounts and notes payable	(2,913)	(6,961)	(9,874)
Other payables and accruals	(276,741)	(69,119)	(345,860)
Borrowings	—	(170,000)	(170,000)
Tax payable	(1,683)	(1,649)	(3,332)
Deferred income tax liabilities (Note 13(e))	(62,277)	(154,057)	(216,334)
Total identifiable net assets	390,774	1,050,195	1,440,969
Non-controlling interests	(157,287)	(419,750)	(577,037)
Goodwill (Note 8)	37,211	92,050	129,261

42. Establishment of Xiamen Terminal Group (continued)

(b) Financial impact of the establishment of Xiamen Terminal Group (continued)

(3) Acquisitions under non-common control (continued)

The acquisition of Trend Wood is an acquisition of assets as Trend Wood does not have any business other than holding the equity investment in XinHaiDa. The following table summarises the consideration for the acquisition, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

	13 December 2013 RMB'000
Total consideration (Note 42(b)(4))	223,954
Recognised amounts of identifiable assets acquired	
Other receivables	26,727
Interests in a joint venture	346,097
	372,824
Non-controlling interests	(148,870)

42. Establishment of Xiamen Terminal Group (continued)

(b) Financial impact of the establishment of Xiamen Terminal Group (continued)

(4) Net consideration payable for the Transactions

	13 December 2013 Rmb'000
Consideration for transaction with non-controlling interests (Note 42(b)(1))	(708,261)
Consideration for business combination under common control (Note 42(b)(2))	1,194,176
Consideration for business acquisitions under non-common control (Note 42(b)(3))	(985,854)
Consideration for assets acquisitions under non-common control (Note 42(b)(3))	(223,954)
Net consideration payable	(723,893)
Representing:	
— Payable for 6.55% equity interests in Xiamen Container Group (Note 21(a))	(459,583)
— Payable for 15.35% equity interests in Songyu Terminal (Note 21(a))	(264,310)
— Payable for Trend Wood acquisition (Note 21(b))	(369,865)
— Receivable for NWXP's cash injection (Note 16(a))	369,865
	(723,893)

43. Changes in accounting policies and business combination under common control

(a) Changes in accounting policies

The Group adopted HKFRS 11, "Joint arrangements" and consequential amendments to HKAS 28, "Investments in associates and joint ventures" on 1 January 2012. The new accounting policies had the following impact on the consolidated financial statements:

The Group has interests in six joint arrangements: XHICT, XICT, XPYCH, XPC, XPBL and XinHaiDa (Note 10). The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, the Group has reassessed the classification of this joint arrangement under HKFRS 11 and determined them to be joint ventures. Therefore, the equity method of accounting has been used in the consolidated financial statements. Prior to the adoption of HKFRS 11, the Group's interest in joint ventures was proportionately consolidated.

The Group recognised its investment in the joint venture at the beginning of the earliest period presented (1 January 2012), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's investment in the joint venture for applying equity accounting.

(b) Business combination under common control

The acquisition of the Berth No. 6 of Haicang Port and Songyu Terminal by the Group are under the common control of XPHG, hence the consolidated financial statements of the Company incorporate the financial statements of the above businesses in which the common control combination occurs as if they had been consolidated from the date when the entity or businesses first came under the control of XPHG.

The effects of the changes to the accounting policies and the business combination under common control are shown in the following tables.

43. Changes in accounting policies and business combination under common control (continued)

Impact of change in accounting policy and business combination under common control on consolidated balance sheet

	As at 31 December 2013 RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	As at 31 December 2013 as presented RMB'000	As at 31 December 2012 (previously stated) RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	As at 31 December 2012 (Restated) RMB'000	As at 1 January 2012 (previously stated) RMB '000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	As at 1 January 2012 (Restated) RMB'000
ASSETS												
Non-current assets												
Investment properties	106,929	27,590	–	134,519	74,363	29,038	–	103,401	63,455	30,486	–	93,941
Property, plant and equipment	6,797,074	(854,027)	–	5,943,047	3,281,472	(826,214)	2,160,880	4,616,138	3,230,765	(770,811)	225,954	2,685,908
Land use rights	2,258,258	(134,037)	–	2,124,221	985,665	(137,607)	438,604	1,286,662	994,383	(141,177)	32,248	885,454
Intangible assets	318,541	(47,145)	–	271,396	54,789	(48,155)	110,303	116,937	55,633	(49,165)	–	6,468
Interests in joint ventures	39,875	–	–	39,875	–	767,940	–	767,940	–	760,625	–	760,625
Interests in associates	344,879	778,176	–	1,123,055	567,228	–	(530,001)	37,227	35,766	–	–	35,766
Available-for-sale financial assets	50,643	–	–	50,643	57,949	–	–	57,949	69,487	–	–	69,487
Long-term receivables and prepayments	348,392	–	–	348,392	140,013	–	–	140,013	–	–	–	–
Deferred income tax assets	272,114	–	–	272,114	54,182	–	–	54,182	51,926	–	–	51,926
Total non-current assets	10,536,705	(229,443)	–	10,307,262	5,215,661	(214,998)	2,179,786	7,180,449	4,501,415	(170,042)	258,202	4,589,575
Current assets												
Inventories	367,326	(7,807)	–	359,519	228,032	(7,712)	1,829	222,149	261,274	(7,948)	–	253,326
Accounts and notes receivable	803,628	(25,427)	–	778,201	766,396	(17,677)	24,306	773,025	647,966	(15,019)	–	632,947
Other receivables and prepayments	771,928	(9,579)	–	762,349	268,850	(5,532)	2,974	266,292	184,279	(4,338)	–	179,941
Term deposits with initial term over three months	141,448	(89,765)	–	51,683	77,107	(10,200)	–	66,907	72,097	(12,750)	–	59,347
Restricted cash	404,403	(905)	–	403,498	414,184	(1,065)	–	413,119	78,600	(353)	–	78,247
Cash and cash equivalents	902,752	(29,992)	–	872,760	827,918	(50,466)	50,017	827,469	926,176	(53,356)	–	872,820
Total current assets	3,391,485	(163,475)	–	3,228,010	2,582,487	(92,652)	79,126	2,568,961	2,170,392	(93,764)	–	2,076,628
Total assets	13,928,190	(392,918)	–	13,535,272	7,798,148	(307,650)	2,258,912	9,749,410	6,671,807	(263,806)	258,202	6,666,203

43. Changes in accounting policies and business combination under common control (continued)

Impact of change in accounting policy and business combination under common control on consolidated balance sheet (continued)

	As at 31 December 2013 RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	As at 31 December 2013 as presented RMB'000	As at 31 December 2012 (previously stated) RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	As at 31 December 2012 (Restated) RMB'000	As at 1 January 2012 (previously stated) RMB '000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	As at 1 January 2012 (Restated) RMB'000
EQUITY												
Equity attributable to owners of the Company												
Share capital	2,726,200	–	–	2,726,200	2,726,200	–	–	2,726,200	2,726,200	–	–	2,726,200
Reserves	1,784,810	–	24,496	1,809,306	1,392,794	–	1,011,435	2,404,229	1,198,298	–	258,202	1,456,500
	4,511,010	–	24,496	4,535,506	4,118,994	–	1,011,435	5,130,429	3,924,498	–	258,202	4,182,700
Non-controlling interests	3,956,923	–	4,480	3,961,403	1,152,475	–	430,449	1,582,924	1,028,148	–	–	1,028,148
Total equity	8,467,933	–	28,976	8,496,909	5,271,469	–	1,441,884	6,713,353	4,952,646	–	258,202	5,210,848
LIABILITIES												
Non-current liabilities												
Borrowings	1,274,463	(258,626)	–	1,015,837	781,216	(245,341)	780,140	1,316,015	291,266	(203,102)	–	88,164
Deferred government grants and income	136,075	(21,456)	–	114,619	117,708	(22,739)	–	94,969	115,732	(24,022)	–	91,710
Long-term payables and advances	38,304	–	–	38,304	80,064	–	–	80,064	–	–	–	–
Early retirement benefit obligations	574	–	–	574	919	–	–	919	1,962	–	–	1,962
Deferred income tax liabilities	298,642	–	–	298,642	38,804	–	–	38,804	14,827	–	–	14,827
Total non-current liabilities	1,748,058	(280,082)	–	1,467,976	1,018,711	(268,080)	780,140	1,530,771	423,787	(227,124)	–	196,663
Current liabilities												
Accounts and notes payable	640,440	(6,800)	–	633,640	752,417	(404)	15,497	767,510	645,989	6,617	–	652,606
Other payables and accruals	2,009,391	(101,715)	(28,976)	1,878,700	458,815	(29,952)	11,457	440,320	473,885	(39,270)	–	434,615
Derivative financial instrument	–	–	–	–	1,225	–	–	1,225	3,658	–	–	3,658
Borrowings	920,088	–	–	920,088	266,264	(6,000)	–	260,264	148,292	–	–	148,292
Taxes payable	142,280	(4,321)	–	137,959	29,247	(3,214)	9,934	35,967	23,550	(4,029)	–	19,521
Total current liabilities	3,712,199	(112,836)	(28,976)	3,570,387	1,507,968	(39,570)	36,888	1,505,286	1,295, 374	(36,682)	–	1,258,692
Total liabilities	5,460,257	(392,918)	(28,976)	5,038,363	2,526,679	(307,650)	817,028	3,036,057	1,719,161	(263,806)	–	1,455,355
Total equity and liabilities	13,928,190	(392,918)	–	13,535,272	7,798,148	(307,650)	2,258,912	9,749,410	6,671,807	(263,806)	258,202	6,666,203

43. Changes in accounting policies and business combination under common control (continued)

Impact of change in accounting policy and business combination under common control on the consolidated income statement

	Year ended 31 December 2013 RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2013 as presented RMB'000	Year ended 31 December 2012 (previously stated) RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2012 (Restated) RMB'000
Revenues	4,578,187	(131,722)	231,956	4,678,421	3,642,048	(129,217)	233,090	3,745,921
Cost of sales	(3,965,784)	88,446	(145,128)	(4,022,466)	(3,062,241)	77,161	(143,958)	(3,129,038)
Gross profit	612,403	(43,276)	86,828	655,955	579,807	(52,056)	89,132	616,883
Other income	124,011	2,572	603	127,186	88,039	4,109	6,039	98,187
Other gains – net	178,580	–	(217)	178,363	110,549	158	(158)	110,549
Selling and marketing expenses	(41,456)	–	–	(41,456)	(41,689)	801	(801)	(41,689)
General and administrative expenses	(224,855)	13,918	(25,128)	(236,065)	(189,289)	6,480	(30,995)	(213,804)
Operating profit	648,683	(26,786)	62,086	683,983	547,417	(40,508)	63,217	570,126
Finance income	51,798	(2,773)	1,023	50,048	31,342	(1,720)	1,720	31,342
Finance costs	(57,420)	8,813	(34,133)	(82,740)	(45,301)	10,470	(46,219)	(81,050)
Share of profits less losses of joint ventures	–	16,955	–	16,955	–	25,836	–	25,836
Share of profits less losses of associates	3,185	–	–	3,185	2,687	–	–	2,687
Profit before income tax expense	646,246	(3,791)	28,976	671,431	536,145	(5,922)	18,718	548,941
Income tax expense	(155,026)	3,791	–	(151,235)	(111,220)	5,922	–	(105,298)
Profit for the year	491,220	–	28,976	520,196	424,925	–	18,718	443,643

43. Changes in accounting policies and business combination under common control (continued)

Impact of change in accounting policy and business combination under common control on the consolidated statement of comprehensive income

	Year ended 31 December 2013 RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2013 as presented RMB'000	Year ended 31 December 2012 (previously stated) RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2012 (Restated) RMB'000
Profit for the year	491,220	–	28,976	520,196	424,925	–	18,718	443,643
Other comprehensive loss, net of tax								
Items that may be reclassified subsequently to profit or loss								
– Fair value losses on available-for-sale financial assets, net of tax	(5,479)	–	–	(5,479)	(8,653)	–	–	(8,653)
Total comprehensive income for the year	485,741	–	28,976	514,717	416,272	–	18,718	434,990
Total comprehensive income for the year attributable to:								
– Owners of the Company	302,814	–	24,496	327,310	276,282	–	18,652	294,934
– Non-controlling interests	182,927	–	4,480	187,407	139,990	–	66	140,056
	485,741	–	28,976	514,717	416,272	–	18,718	434,990

43. Changes in accounting policies and business combination under common control (continued)

Impact of change in accounting policy and business combination under common control on the consolidated statement of cash flows

	Year ended 31 December 2013 RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2013 as presented RMB'000	Year ended 31 December 2012 (previously stated) RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2012 (Restated) RMB'000
Cash flows from operating activities								
Net cash generated from operations	648,650	(97,062)	118,993	670,581	594,114	(67,938)	108,061	634,237
Interest paid	(65,003)	8,373	(31,289)	(87,919)	(51,271)	18,169	(45,276)	(78,378)
Income tax paid	(101,327)	4,169	–	(97,158)	(80,918)	6,737	–	(74,181)
Net cash generated from operating activities	482,320	(84,520)	87,704	485,504	461,925	(43,032)	62,785	481,678
Cash flows from investing activities								
Purchases of property, plant and equipment, intangible assets and land use rights	(662,773)	27,813	(18,071)	(653,031)	(391,352)	75,525	(12,390)	(328,217)
Proceeds from disposals of property, plant and equipment and land use rights	190,096	–	–	190,096	167,480	–	–	167,480
Advance received for resumption of land	12,024	–	–	12,024	55,563	–	–	55,563
Purchase of a new associate	–	–	–	–	(530,001)	–	–	(530,001)
Prepayment for acquisition of an equity investment	–	–	–	–	(1,500)	–	–	(1,500)
Investment in Build and Transfer project	(148,695)	–	–	(148,695)	(80,000)	–	–	(80,000)
Interest received	41,376	(2,773)	–	38,603	20,213	(1,520)	–	18,693
Dividends received	(1,217)	8,813	–	7,596	2,594	21,930	–	24,524
Net decrease/(increase) in restricted cash	9,781	(160)	–	9,621	(335,584)	712	–	(334,872)
Net (increase)/decrease in term deposits with initial term over three months	(64,341)	79,565	–	15,224	(5,010)	(2,550)	–	(7,560)
Cash acquired from business combination	39,547	–	–	39,547	–	–	–	–
Net cash used in investing activities	(584,202)	113,258	(18,071)	(489,015)	(1,097,597)	94,097	(12,390)	(1,015,890)

43. Changes in accounting policies and business combination under common control (continued)

Impact of change in accounting policy and business combination under common control on the consolidated statement of cash flows (continued)

	Year ended 31 December 2013 RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2013 as presented RMB'000	Year ended 31 December 2012 (previously stated) RMB'000	Equity accounting for joint ventures RMB'000	Impact of business combination under common control RMB'000	Year ended 31 December 2012 (Restated) RMB'000
Cash flows from financing activities								
Proceeds from borrowings	1,440,396	(27,565)	6,100	1,418,931	889,599	(62,520)	20,000	847,079
Repayments of borrowings	(1,172,775)	14,280	(120,740)	(1,279,235)	(266,001)	14,280	(20,437)	(272,158)
Contribution from non-controlling shareholders of subsidiaries	26,600	–	–	26,600	21,000	–	–	21,000
Dividends paid to owners of the Company	(70,356)	–	–	(70,356)	(67,529)	–	–	(67,529)
Dividends paid to non-controlling shareholders of subsidiaries	(42,373)	–	–	(42,373)	(39,541)	65	–	(39,476)
Net cash generated from/(used in) financing activities	181,492	(13,285)	(114,640)	53,567	537,528	(48,175)	(437)	488,916
Net increase/(decrease) in cash and cash equivalents	79,610	15,453	(45,007)	50,056	(98,144)	2,881	49,967	(45,296)
Cash and cash equivalents at beginning of year	827,918	(45,456)	45,007	827,469	926,176	(53,356)	–	872,820
Exchange losses on cash and cash equivalents	(4,776)	11	–	(4,765)	(114)	9	50	(55)
Cash and cash equivalents at end of year	902,752	(29,992)	–	872,760	827,918	(50,466)	50,017	827,469

44. Subsequent events

(a) In February 2014, XPD received Compensation of RMB132,000,000 from Xiamen Land Development Centre pursuant to the Land Resumption and Assets Agreements (Note 28).

(b) On 13 March 2014, the board of directors of the Company approved the entering into of a facility agreement with a bank (as lender) relating to an unsecured term loan of RMB265,000,000 to be made available to the Company (as borrower). The facility is for a term of three years from the date of drawdown, which will be available within three months from the date of acceptance of the facility.

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