



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

Stock Code: 3378

2014

INTERIM REPORT



* For identification purpose only

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

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CONTENTS

Corporate Information	2
Financial Highlights	3
Independent Review Report	4
Interim Condensed Consolidated Balance Sheet	5
Interim Condensed Consolidated Income Statement	7
Interim Condensed Consolidated Statement of Comprehensive Income	8
Interim Condensed Consolidated Statement of Changes in Equity	9
Interim Condensed Consolidated Statement of Cash Flows	10
Notes to the Unaudited Interim Condensed Consolidated Financial Information	11
Management Discussion and Analysis	40
Other Information	50



CORPORATE INFORMATION

Executive Directors

LIN Kaibiao (*Chairman*)
FANG Yao (*Vice Chairman*)
HUANG Zirong
KE Dong¹

Non-executive Directors

ZHENG Yongen
CHEN Dingyu
MIAO Luping²
FU Chengjing

Independent Non-executive Directors

LIU Feng
HUI Wang Chuen
LIN Pengjiu
HUANG Shumeng
SHAO Zheping³

Supervisors

YU Mingfeng³
ZHANG Guixian³
LIAO Guosheng⁴
WU Weijian
TANG Jinmu
XIAO Zuoping

Joint Company Secretaries

YANG Hongtu⁵
MOK Ming Wai⁵

Authorised Representatives

HUANG Zirong
YANG Hongtu⁵

Registered address

No. 439 Gangnan Road
Haicang District, Xiamen City
Fujian Province, the PRC

Principal Place of Business in Hong Kong

8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Auditors

International auditor:
PricewaterhouseCoopers

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

Hong Kong H Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

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

3378

Listing Date

19 December 2005

Notes:

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
5. Newly appointed since 8 July 2014

FINANCIAL HIGHLIGHTS

The unaudited interim consolidated results for the six months ended 30 June 2014

	Six months ended 30 June		
	2014 RMB'000	2013 RMB'000 (Restated)	Change RMB'000
Revenues	2,837,192	1,945,896	891,296
Operating profit	416,463	251,975	164,488
Profit for the period	294,338	198,526	95,812
Profit attributable to owners of the Company	191,083	135,578	55,505
Earnings per share for profit attributable to owners of the Company during the period			
— Basic and diluted (in RMB cents)	7.01	4.97	2.04

INDEPENDENT REVIEW REPORT



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF XIAMEN INTERNATIONAL PORT CO., LTD.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 39, which comprises the interim condensed consolidated balance sheet of Xiamen International Port Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related interim condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2014

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INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
ASSETS			
Non-current assets			
Investment properties	6	124,299	134,519
Property, plant and equipment	6	5,992,667	5,943,047
Land use rights	6	2,195,020	2,124,221
Intangible assets	6	270,313	271,396
Interests in joint ventures	7	1,134,436	1,123,055
Interests in associates	8	38,518	39,875
Available-for-sale financial assets		48,949	50,643
Long-term receivables and prepayments	10	378,952	348,392
Deferred income tax assets		266,075	272,114
Total non-current assets		10,449,229	10,307,262
Current assets			
Inventories		459,083	359,519
Accounts and notes receivable	9	1,087,379	778,201
Other receivables and prepayments	10	495,016	762,349
Available-for-sale financial assets		47,000	—
Term deposits with initial term over three months		20,458	51,683
Restricted cash		333,053	403,498
Cash and cash equivalents		489,721	872,760
Total current assets		2,931,710	3,228,010
Total assets		13,380,939	13,535,272
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	2,726,200	2,726,200
Reserves		1,849,177	1,809,306
		4,575,377	4,535,506
Non-controlling interests		4,044,094	3,961,403
Total equity		8,619,471	8,496,909

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	13	1,021,650	1,015,837
Deferred government grants and income		114,429	114,619
Long-term payables and advances	12	77,128	38,304
Early retirement benefit obligations		493	574
Deferred income tax liabilities		295,943	298,642
Total non-current liabilities		1,509,643	1,467,976
Current liabilities			
Accounts and notes payable	11	763,779	633,640
Other payables and accruals	12	1,019,507	1,972,702
Borrowings	13	1,415,960	920,088
Taxes payable		52,579	43,957
Total current liabilities		3,251,825	3,570,387
Total liabilities		4,761,468	5,038,363
Total equity and liabilities		13,380,939	13,535,272
Net current liabilities		(320,115)	(342,377)
Total assets less current liabilities		10,129,114	9,964,885

The notes on pages 11 to 39 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2014 RMB'000	2013 RMB'000 (Restated, Note 25)
Revenues	15	2,837,192	1,945,896
Cost of sales		(2,457,741)	(1,645,386)
Gross profit		379,451	300,510
Other income		78,175	56,476
Other gains — net	16	85,647	2,548
Selling and marketing expenses		(18,011)	(14,374)
General and administrative expenses		(108,799)	(93,185)
Operating profit	17	416,463	251,975
Finance income	18	30,917	23,255
Finance costs	18	(61,530)	(39,415)
		385,850	235,815
Share of profits less losses of joint ventures	7	(7,009)	5,620
Share of profits less losses of associates	8	114	1,323
Profit before income tax expense		378,955	242,758
Income tax expense	19	(84,617)	(44,232)
Profit for the period		294,338	198,526
Profit attributable to:			
Owners of the Company		191,083	135,578
Non-controlling interests		103,255	62,948
		294,338	198,526
Earnings per share for profit attributable to owners of the Company during the period — Basic and diluted (in RMB cents)	21	7.01	4.97
Dividends	20	—	—

The notes on pages 11 to 39 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000 (Restated, Note 25)
Profit for the period	294,338	198,526
Other comprehensive income for the period, net of tax		
Items that may be reclassified to profit or loss		
— Fair value (losses)/gains on available-for-sale financial assets, net of tax	(1,271)	42
Total comprehensive income for the period	293,067	198,568
Total comprehensive income for the period attributable to:		
— Owners of the Company	189,812	135,620
— Non-controlling interests	103,255	62,948
	293,067	198,568

The notes on pages 11 to 39 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2013 (Previously reported)	2,726,200	(268,525)	1,661,319	4,118,994	1,152,475	5,271,469
Business combination under common control (Note 25)	—	936,054	75,381	1,011,435	430,449	1,441,884
Balance at 1 January 2013 (Restated)	2,726,200	667,529	1,736,700	5,130,429	1,582,924	6,713,353
Comprehensive income						
Profit for the period	—	—	135,578	135,578	62,948	198,526
Other comprehensive income						
Fair value gains on available-for-sale financial assets	—	42	—	42	—	42
— Gross	—	56	—	56	—	56
— Related deferred income tax	—	(14)	—	(14)	—	(14)
Total comprehensive income for the six months ended 30 June 2013	—	42	135,578	135,620	62,948	198,568
Transactions with owners, recognized directly in equity						
Business combination under common control (Note 25)	—	(8,988)	—	(8,988)	—	(8,988)
Capital contribution from non-controlling shareholder of subsidiaries	—	—	—	—	13,600	13,600
2012 final dividend	—	—	(149,941)	(149,941)	—	(149,941)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	(37,177)	(37,177)
Balance at 30 June 2013 (Restated)	2,726,200	658,583	1,722,337	5,107,120	1,622,295	6,729,415
Balance at 1 January 2014	2,726,200	2,054	1,807,252	4,535,506	3,961,403	8,496,909
Comprehensive income						
Profit for the period	—	—	191,083	191,083	103,255	294,338
Other comprehensive loss						
Fair value losses on available-for-sale financial assets	—	(1,271)	—	(1,271)	—	(1,271)
— Gross	—	(1,694)	—	(1,694)	—	(1,694)
— Related deferred income tax	—	423	—	423	—	423
Total comprehensive income for the six months ended 30 June 2014	—	(1,271)	191,083	189,812	103,255	293,067
Transactions with owners, recognized directly in equity						
2013 final dividend (Note 20)	—	—	(149,941)	(149,941)	—	(149,941)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	(20,564)	(20,564)
Balance at 30 June 2014	2,726,200	783	1,848,394	4,575,377	4,044,094	8,619,471

The notes on pages 11 to 39 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000 (Restated, Note 25)
Cash flows from operating activities		
Net cash generated from operations	49,597	77,140
Interest paid	(69,645)	(40,208)
Income tax paid	(117,067)	(46,296)
Net cash used in operating activities	(137,115)	(9,364)
Cash flows from investing activities		
Purchases of property, plant and equipment, intangible assets and land use rights	(240,837)	(279,623)
Proceeds from disposals of property, plant and equipment and land use rights	57,589	582
Advance received for resumption of land	75,704	109,142
Interest received	52,092	13,757
Investment in joint ventures	(18,390)	—
Dividends received	3,820	2,204
Cash paid to acquire subsidiaries	(754,175)	—
Net decrease in restricted cash	81,131	51,526
Net increase in term deposits with initial term over three months	(8,775)	(112,304)
Net cash used in investing activities	(751,841)	(214,716)
Cash flows from financing activities		
Proceeds from borrowings	1,615,215	393,391
Repayments of borrowings	(1,366,713)	(280,518)
Contribution from non-controlling shareholders of subsidiaries	369,865	13,600
Dividends paid to owners of the Company	(95,855)	(16,087)
Dividends paid to non-controlling shareholders of subsidiaries	(17,041)	(17,209)
Net cash generated from financing activities	505,471	93,177
Net decrease in cash and cash equivalents	(383,485)	(130,903)
Cash and cash equivalents at beginning of period	872,760	827,469
Exchange gain on cash and cash equivalents	446	144
Cash and cash equivalents at end of period	489,721	696,710

The notes on pages 11 to 39 form an integral part of the interim condensed consolidated financial information.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2014

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 “Hong Kong Stock Exchange”).

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 the relevant terminal area in the Qingzhou Operating Area in Fuzhou, provision of ancillary value-added port services (including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying), building materials manufacturing, processing and selling, trading of merchandise, and investment holding.

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

This unaudited interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated. This unaudited interim condensed consolidated financial information was approved for issue by the board of directors of the Company (the “Board”) on 29 August 2014.

2. Basis of preparation

The unaudited interim condensed consolidated financial information of the Company for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2013 (the “Annual Financial Statements”), which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

3. Accounting policies

Except as described below, the accounting policies applied in the unaudited interim condensed consolidated financial information are consistent with those applied and described in the Annual Financial Statements.

- (a) New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2014 and adopted by the Group
The Group has adopted the following new standards, amendments and interpretations 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 2014:

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

For the six months ended 30 June 2014

3. Accounting policies (continued)

- (a) New standards, amendments and interpretations to existing standards which are effective for accounting periods beginning on or after 1 January 2014 and adopted by the Group (continued)

Amendment to HKAS 32 “Financial instruments: Presentation” on asset and liability offsetting	These amendments are to the application guidance in HKAS 32, “Financial instruments: Presentation”, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
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Amendments to HKAS 36, “Impairment of assets” on recoverable amount disclosures	This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
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HK(IFRIC) 21, “Levies”	This is an interpretation of HKAS 37, “Provisions, contingent liabilities and contingent assets”. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
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The above and other amendments to HKFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the Group.

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

There are no amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

- (b) Standards, amendments and interpretations to existing standards that are not yet effective for the financial year beginning 1 January 2014 and have not been early adopted

The HKICPA has also issued certain new standards, amendments or interpretations to existing standards (collectively the “New or Revised HKFRSs”) which are not yet effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group.

The Group will adopt the New or Revised HKFRSs in accordance with their respective effective dates.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s Annual Financial Statements, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The unaudited interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Financial Statements.

There have been no changes in the risk management department since year end or in any risk management policies since year end.

5.2 Liquidity risk

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

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

As at 30 June 2014, the retained earnings of the Group is RMB1,848 million (31 December 2013: RMB1,807 million), and the current liabilities exceed the current assets by RMB320 million (31 December 2013: RMB342 million). Based on the operating and financing cash inflows of the Company, the Board has fully assessed the Group's ability to repay the debt when preparing the consolidated financial statements.

As at 30 June 2014, the available bank facilities of the Group amount to RMB1,762 million (31 December 2013: RMB3,315 million). Subsequent to 30 June 2014, the Company has received additional RMB200 million and HKD70 million bank facilities from banks. The Board 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 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 confirms that the going-concern basis is appropriate for preparing the financial statements, and there is no need to include any adjustment which is not based on a going-concern basis for the Group and the Company.

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

For the six months ended 30 June 2014

5. Financial risk management (continued)

5.2 Liquidity risk (continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Unaudited				
At 30 June 2014				
Bank borrowings	1,511,614	303,648	746,570	128,756
Long-term payable	75,702	—	1,426	—
Accounts and notes payable	763,779	—	—	—
Other payables and accruals	1,019,507	—	—	—
	3,370,602	303,648	747,996	128,756
Audited				
At 31 December 2013				
Bank borrowings	1,004,802	749,800	153,145	212,972
Long-term payable	—	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

5.3 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).

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

For the six months ended 30 June 2014

5. Financial risk management (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's assets that are measured at fair value at 30 June 2014:

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Available-for-sale financial assets				
– Equity investments	44,493	–	–	44,493
– Wealth management products	–	47,000	–	47,000

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

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

During the six months ended 30 June 2014, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

During the six months ended 30 June 2014, there were no reclassifications or transfer of financial assets.

5.4 Fair value of financial assets and liabilities measured at amortisation cost

The fair values of borrowings are as follows:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Non-current	1,023,421	1,000,484
Current	1,467,518	977,797
	2,490,939	1,978,281

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

For the six months ended 30 June 2014

5. Financial risk management (continued)

5.4 Fair value of financial assets and liabilities measured at amortisation cost (continued)

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Available-for-sale financial assets (excluding equity investments)
- Long-term receivables and prepayments
 - payments made to Build and Transfer project (Note 10(a))
- Accounts and notes receivable
- Other receivables and prepayments
- Term deposits with initial term over three months
- Restricted cash
- Accounts and notes payable
- Other payable and accruals

6. Capital expenditure

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

	Unaudited				
	Investment properties RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Total RMB'000
Net book amount as at 1 January 2014	134,519	5,943,047	2,124,221	271,396	8,473,183
Additions	—	204,006	133,863	8,133	346,002
Disposals	(7,455)	(2,015)	(34,746)	(34)	(44,250)
Depreciation and amortisation charge	(2,765)	(152,371)	(28,318)	(9,182)	(192,636)
Net book amount as at 30 June 2014	124,299	5,992,667	2,195,020	270,313	8,582,299
Net book amount as at 1 January 2013 (Restated)	103,401	4,616,138	1,286,662	116,937	6,123,138
Additions	90	80,546	206	5,197	86,039
Disposals	—	(512)	(4,104)	(10)	(4,626)
Depreciation and amortisation charge	(1,666)	(130,639)	(15,190)	(2,912)	(150,407)
Net book amount as at 30 June 2013 (Restated)	101,825	4,565,533	1,267,574	119,212	6,054,144

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

For the six months ended 30 June 2014

7. Interests in joint ventures

Movement in interests in joint ventures is set out as follows:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
		(Restated)
At 1 January	1,123,055	767,940
Addition	18,390	—
Dividends received	—	(6,120)
Amortization of unrealized gains on transactions	3,222	3,774
Share of results before income tax expense	(8,192)	2,559
Share of income tax expense	(2,039)	(713)
	(7,009)	5,620
At 30 June	1,134,436	767,440

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

	Unaudited	Audited
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Total assets	2,406,934	2,446,616
Total liabilities	1,012,743	1,060,584

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
		(Restated)
Revenue	81,208	57,499
(Loss)/profit for the period	(10,231)	1,846

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

For the six months ended 30 June 2014

8. Interests in associates

Movement in interests in associates is set out as follows:

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000 (Restated)
At 1 January	39,875	37,227
Dividends received	(1,471)	(1,141)
Share of results before income tax expense	239	1,784
Share of income tax expense	(125)	(461)
	114	1,323
At 30 June	38,518	37,409

The Group's share of the results and of the aggregated assets (including goodwill) and liabilities of the associates are as follows:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Total assets	43,983	44,188
Total liabilities	5,465	4,313

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000 (Restated)
Revenue	15,018	17,211
Profit for the period	114	1,323

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

For the six months ended 30 June 2014

9. Accounts and notes receivable

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Accounts receivable	1,004,720	730,308
Less: provision for impairment	(19,397)	(20,004)
	985,323	710,304
Due from parent company (Note 23(b))	2,966	—
Due from fellow subsidiaries (Note 23(b))	18,915	2,376
Due from joint ventures (Note 23(b))	7,954	13,674
Due from other related parties (Note 23(b))	1,569	752
Notes receivable	70,652	51,095
	1,087,379	778,201

Ageing analysis of accounts and notes receivable at respective balance sheet dates are as follows:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Less than 6 months	1,025,646	736,052
6 months to 1 year	55,091	18,517
1 year to 2 years	15,025	32,488
2 years to 3 years	2,772	1,561
Over 3 years	8,242	9,587
	1,106,776	798,205
Less: provision for impairment	(19,397)	(20,004)
	1,087,379	778,201

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

For the six months ended 30 June 2014

10. Other receivables and prepayments (including long-term receivables and prepayments)

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Other receivables	497,647	714,843
Advances to suppliers	267,575	208,938
Less: provision for impairment	(8,771)	(8,122)
	756,451	915,659
Due from parent company (Note 23(b))	8,510	622
Due from fellow subsidiaries (Note 23(b))	555	10,138
Due from joint ventures (Note 23(b))	14,404	12,472
Due from other related parties (Note 23(b))	146	—
Prepayments and deposits	93,899	151,583
Interest receivable	3	19,389
Dividend receivable from an associate	—	878
	873,968	1,110,741
Less: long-term receivables and prepayments		
— Payments made to Build and Transfer project (a)	(313,224)	(195,809)
— Prepayments for operating leasing in the Qingzhou Operating Area (b)	(58,148)	(60,936)
— Prepayments for acquisition of land use right	(7,580)	(82,208)
— Prepayments for acquisition of property, plant and equipment	—	(8,439)
— Others	—	(1,000)
	(378,952)	(348,392)
Current portion	495,016	762,349

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

For the six months ended 30 June 2014

10. Other receivables and prepayments (including long-term receivables and prepayments) (continued)

- (a) In July 2012, Xiamen Port Development Co., Ltd. (“XPD”), a subsidiary of the Company, and CCCC Third Harbour Engineering Co., Ltd. (“CCCC”) entered into a Build-Transfer (“BT”) Agreement (the “BT Agreement”) with Zhangzhou Gulei Transportation Development Co., Ltd. (“Gulei”) regarding investment and construction of the 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 22 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 30 June 2014, payment made by XPD together with the associated interests amounted to a total of RMB366,804,000 (31 December 2013: RMB249,390,000), among which RMB53,580,000 (31 December 2013: RMB53,581,000) was included in other receivables and RMB313,224,000 (31 December 2013: RMB195,809,000) which will be repaid as repurchase price and thus is presented as long-term receivable.
- (b) The Company and its subsidiary, Fuzhou Haiying Port Co., Ltd., entered into a ten-year operating lease with Fuzhou Zhongying Port Co., Ltd.. RMB1,000,000 and RMB89,000,000 was paid by the Company in year 2012 and 2013 respectively as the rental deposit, which will be refunded at the end of lease term. The difference at any point in time between cash paid and annual charge is recognised as a prepayment or accrual on the balance sheet. As at 30 June 2014, the prepayment for the coming one year of RMB31,852,000 (31 December 2013: RMB29,064,000) was recorded in short-term prepayments, and the remaining approximately RMB58,148,000 (31 December 2013: RMB60,936,000) was disclosed as long-term prepayments.

11. Accounts and notes payable

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Accounts payable	504,975	399,475
Due to parent company (Note 23(b))	54,193	61,815
Due to fellow subsidiaries (Note 23(b))	9,482	7,013
Due to joint ventures (Note 23(b))	667	1,450
Notes payable	194,462	163,887
	763,779	633,640

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

For the six months ended 30 June 2014

11. Accounts and notes payable (continued)

Ageing analysis of accounts and notes payable at respective balance sheet dates are as follows:

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Within 1 year	749,673	625,391
1 year to 2 years	6,450	3,735
2 years to 3 years	2,233	684
Over 3 years	5,423	3,830
	763,779	633,640

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Due to parent company (Note 23(b)) (a)	340,534	725,884
Due to fellow subsidiaries (Note 23(b))	45,476	15,421
Due to other related parties (Note 23(b))	27,112	17,792
Due to joint ventures (Note 23(b))	80	—
Payables for purchases of property, plant and equipment and construction-in-progress	49,898	48,469
Salary and welfare payables	95,964	142,307
Customer deposits	249,968	215,512
Accrued expenses	5,771	3,418
Dividends payable to		
— parent company (Note 23(b))	93,660	—
— other shareholders of the Company	57,288	96,862
— non-controlling shareholders of subsidiaries (Note 23(b))	6,129	2,606
Due to Xiamen Land Development Centre (c)	40,000	—
Other payables (d)	84,755	742,735
	1,096,635	2,011,006
Less: long-term payables and advances		
— Advance received for resumption of land (b)	(75,704)	(36,074)
— Others	(1,424)	(2,230)
	(77,128)	(38,304)
Current portion	1,019,507	1,972,702

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

- (a) The balance due to parent company as at 30 June 2014 includes an amount of RMB339,583,000 (31 December 2013: RMB459,583,000) for acquiring 6.55% equity interests of Xiamen Container Terminal Group Co., Ltd. ("Xiamen Terminal Group").
- (b) The Company, together with its subsidiaries XPD, entered into agreements ("Land Resumption Agreements") with the 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 compensations ("Compensations") for the Land and Assets Resumption amount to RMB1,080,591,353, which will be paid by Xiamen Land Development Centre by instalments. The subject land and assets shall be surrendered to the Xiamen Land Development Center within 30 months after the Land and Assets Resumption 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. A disposal gain of which was recognised in the consolidated income statement. As at 31 December 2012, the Company and XPD received the first instalment of Compensation totalling RMB24,049,000 and RMB192,069,000 respectively, of which RMB160,555,000 was attributable to the disposal of the XPD surrendered land and assets, therefore remaining RMB24,049,000 and RMB31,514,000 were advance payment received by the company and XPD, and both of which have been 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. 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.

In 2014, the Company surrendered the usage right of the subject land in Dongdu Ferry Berth and the relevant assets situated thereon to Xiamen Land Development Centre, the carrying amount of surrendered land and assets amounted to RMB35,116,000 in aggregate as at the date of surrender, and the attributable compensations for the surrendered land and assets amounted to RMB120,246,000, among which RMB36,074,000 has been received in prior years and RMB84,172,000 was recorded as other receivables as at 30 June 2014. A disposal gain of RMB85,130,000 was recognised in the consolidated income statement for the six months ended 30 June 2014.

As at 30 June 2014, XPD received the third instalment of Compensation of RMB132,000,000, resulting in a total of RMB75,704,000 recognised as long-term payables as advance payment received, after offsetting with the other receivables of RMB56,296,000 recognised as at 31 December 2013.

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.

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

For the six months ended 30 June 2014

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

- (c) In anticipation of the earlier business relocation of XPD's Dongdu port area as requested by Xiamen Land Development Centre, XPD has identified ITG Terminal for the temporary settlement for the business in Dongdu port area. The construction costs for the temporary settlement area currently is proposed to be borne by Xiamen Land Development Centre, where XPD will receive the amount from Xiamen Land Development Centre and will pay to the construction company selected by Xiamen Land Development Centre on behalf of Xiamen Land Development Centre.

As at 30 June 2014, pursuant to the proposed arrangement, XPD received RMB40,000,000 from Xiamen Land Development Centre, which is recognised as other payables due to Xiamen Land Development Centre.

- (d) An amount of RMB369,865,000 as at 31 December 2013 for acquiring 100% equity interests in Trend Wood Investments Limited ("Trend Wood") has been fully paid in January 2014 and the outstanding shareholder's loan of ITG Terminal due to Xiamen ITG amounted to RMB253,183,000 as at 31 December 2013 has been fully paid in March 2014.

13. Borrowings

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Non-current		
Long-term bank borrowings	1,021,650	1,015,837
Current		
Short-term bank borrowings	802,178	583,555
Long-term bank borrowings — current portion	613,782	336,533
	1,415,960	920,088
Total borrowings	2,437,610	1,935,925
Representing:		
— guaranteed (a)	244,973	278,051
— secured (b)	267,428	378,839
— unguaranteed and unsecured	1,925,209	1,279,035
Total borrowings	2,437,610	1,935,925

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2014

13. Borrowings (continued)

- (a) As at 30 June 2014, a bank borrowing of RMB159,000,000 (2013: RMB185,500,400) is guaranteed by XPHG; a bank borrowing of RMB52,723,000 (2013: RMB54,550,210) is guaranteed by a state-owned bank; a bank borrowing of RMB20,250,000 (2013: RMB25,000,000) is guaranteed by XPD and a bank borrowing of RMB13,000,000 (2013: RMB13,000,000) is guaranteed by China Ocean Shipping Agency Xiamen Co., Ltd. ("Ocean Shipping Agency").
- (b) As at 30 June 2014, bank borrowings of RMB48,537,000, USD5,420,000 (equivalent to RMB33,190,000), EUR 363,508 (equivalent to RMB3,060,000) (2013: RMB30,450,000, USD nil, EUR nil) are secured by letters of credit, a bank borrowing of USD29,684,236 (equivalent to RMB182,641,000) (2013: RMB87,342,000) is secured by bank deposits of USD27,000,000 and RMB87,275,000 (2013: USD14,326,000). A bank borrowing USD41,000,000 as at 31 December 2013 (equivalent to RMB261,048,000), which was secured by bank deposits of RMB260,000,000, has been repaid in March 2014.

Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
		(Restated)
At 1 January	1,935,925	796,139
Additions	1,616,437	393,391
Repayments	(1,113,530)	(278,792)
Exchange differences	(1,222)	(1,726)
At 30 June	2,437,610	909,012

Interests on borrowings for the six months ended 30 June 2014 is RMB66,137,000 (same period of 2013: RMB40,091,000).

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

For the six months ended 30 June 2014

14. Share capital

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2014 and 31 December 2013	1,739,500	986,700	2,726,200

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

During the six months ended 30 June 2014, there was no movement in the share capital of the Company.

15. 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) merchandise trading business. 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 receivables as at 30 June 2014 and the total revenue of the six months ended 30 June 2014.

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

For the six months ended 30 June 2014

15. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2014 and 2013 are as follows:

	Six months ended 30 June 2014 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Merchandise trading business RMB'000	Total RMB'000
Total segment revenues	630,478	89,340	589,957	183,943	1,444,074	2,937,792
Inter-segment revenues	—	—	(100,600)	—	—	(100,600)
Revenues	630,478	89,340	489,357	183,943	1,444,074	2,837,192
Operating profit	278,095	7,819	99,139	22,064	9,346	416,463
Finance income						30,917
Finance costs						(61,530)
						385,850
Share of profits less losses of joint ventures	101	—	(7,110)	—	—	(7,009)
Share of profits less losses of associates	(301)	—	499	(84)	—	114
Profit before income tax expense						378,955
Income tax expense						(84,617)
Profit for the period						294,338
Other information						
Depreciation	108,805	7,028	3,049	34,025	2,229	155,136
Amortisation	32,902	615	146	2,480	1,357	37,500
Net provision for/(reversal of) impairment of						
— inventories	99	—	143	—	—	242
— receivables	8	143	(1,970)	1,526	1,131	838

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

For the six months ended 30 June 2014

15. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2014 and 2013 are as follows (continued):

	Six months ended 30 June 2013 (Unaudited) (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	Merchandise trading business RMB'000	Total RMB'000
Total segment revenues	469,291	89,150	485,451	168,648	832,134	2,044,674
Inter-segment revenues	—	—	(98,778)	—	—	(98,778)
Revenues	469,291	89,150	386,673	168,648	832,134	1,945,896
Operating profit	125,709	6,992	76,275	29,989	13,010	251,975
Finance income						23,255
Finance costs						(39,415)
						235,815
Share of profits less losses of joint ventures	3,250	—	2,370	—	—	5,620
Share of profits less losses of associates	—	—	1,192	131	—	1,323
Profit before income tax expense						242,758
Income tax expense						(44,232)
Profit for the period						198,526
Other information						
Depreciation	84,250	14,911	28,525	4,344	275	132,305
Amortisation	12,805	1,572	3,710	12	3	18,102
Net provision for/(reversal of) impairment of						
— inventories	(227)	—	—	—	—	(227)
— receivables	14	(1,742)	(620)	(5,860)	554	(7,654)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2014

15. Segment information (continued)

The segment information provided to management for the reportable segments as at 30 June 2014 and 31 December 2013 is as follows:

	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Merchandise trading business RMB'000	Total RMB'000
Unaudited						
As at 30 June 2014						
Segment assets	8,907,221	369,738	2,270,414	211,364	1,260,178	13,018,915
Include:						
Interests in joint ventures	1,078,939	—	55,497	—	—	1,134,436
Interests in associates	14,402	—	20,568	3,548	—	38,518
Additions to non-current assets	281,751	769	61,780	789	913	346,002
Segment liabilities	791,931	207,477	349,079	87,815	539,034	1,975,336
Audited						
As at 31 December 2013						
Segment assets	9,616,446	346,800	2,215,058	231,859	802,352	13,212,515
Include:						
Interests 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

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 unaudited interim condensed consolidated financial information.

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 and borrowings. These are part of the reconciliation to total balance sheet liabilities.

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

For the six months ended 30 June 2014

15. Segment information (continued)

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

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Total segment assets	13,018,915	13,212,515
Add: Deferred income tax assets	266,075	272,114
Available-for-sale financial assets	95,949	50,643
Total assets per consolidated balance sheet	13,380,939	13,535,272

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Total segment liabilities	1,975,336	2,759,839
Add: Deferred income tax liabilities	295,943	298,642
Taxes payable	52,579	43,957
Borrowings	2,437,610	1,935,925
Total liabilities per consolidated balance sheet	4,761,468	5,038,363

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

For the six months ended 30 June 2014

16. Other gains — net

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
		(Restated)
Gain on disposal of property, plant and equipment (Note 12(b))	84,897	151
Others	750	2,397
	85,647	2,548

17. Operating profit

Operating profit is stated after crediting and charging the following:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
		(Restated)
Crediting:		
Gain on disposal of derivative financial instrument	—	1,225
Dividend income	521	1,072
Gain on disposal of property, plant and equipment	84,897	151
Reversal of impairment of		
— inventories	1,970	227
— receivables	—	8,222
Charging:		
Cost of inventories sold/consumed	1,648,614	1,010,493
Depreciation of		
— investment properties	2,765	1,666
— property, plant and equipment	152,371	130,639
Amortisation of		
— land use rights	28,318	15,190
— intangible assets	9,182	2,912
Provision for impairment of		
— inventories	2,808	—
— receivables	242	568

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

For the six months ended 30 June 2014

18. Finance income and costs

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000 (Restated)
Interest income	32,706	20,249
Net foreign exchange (losses)/gains	(1,789)	3,006
	30,917	23,255
Interests on bank borrowings	(66,137)	(40,091)
Less: amounts capitalised	4,607	676
	(61,530)	(39,415)
Finance costs, net	(30,613)	(16,160)

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowings for the six months ended 30 June 2014 was 6.50% (same period of 2013: 6.04%) per annum.

19. Income tax expense

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the six months ended 30 June 2014.

The Company is entitled to a five-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent five years, commencing from 2007. The current year is the third year which the Company enjoys the corporate income tax reduction by 50%, therefore the applicable income tax rate for the Company is 12.5% for the six months ended 30 June 2014 (2013: 12.5%).

Approved by Xiamen Guo Shui Zhi Han [2008] No. 1 issued by State Administration of Taxation Xiamen Branch, Xiamen Songyu Container Terminal Co.,Ltd. ("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 six months ended 30 June 2014 is 12.5% (2013: 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. Since 2014, its applicable income tax rate is 25%.

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

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

For the six months ended 30 June 2014

19. Income tax expense (continued)

Except for Songyu Terminal and Trend Wood, other subsidiaries of the Company are subjected to income tax rate of 25% for the six months ended 30 June 2014.

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

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000 (Restated)
PRC corporate income tax expense	80,853	40,056
Deferred income tax charge	3,764	4,176
	84,617	44,232

20. Dividends

At a meeting held on 28 March 2014, the Directors proposed a final dividend (the "2013 Final Dividend") of RMB5.5 cents per share (tax inclusive) for the year ended 31 December 2013, which was subsequently approved at the annual general meeting on 11 June 2014. The 2013 Final Dividend has been reflected as an appropriation of retained earnings for the six months ended 30 June 2014.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (same period of 2013: Nil).

21. Earnings per share

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

	Unaudited Six months ended 30 June	
	2014	2013 (Restated)
Profit attributable to owners of the Company (in RMB)	191,083,000	135,578,000
Weighted average number of the Company's shares in issue	2,726,200,000	2,726,200,000
Basic earnings per share (in RMB cents)	7.01	4.97

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

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

For the six months ended 30 June 2014

22. Commitments

(a) Capital Commitments

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred:	294,128	557,750

Committed capital expenditure as at 30 June 2014 mainly related to the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machineries, renovation of buildings. These commitments were entered into by the Group with its suppliers before 30 June 2014 but the related capital expenditure had not been incurred as at that date.

(b) Commitment for deposit of BT project

As at 30 June 2014, the total commitment for BT project is estimated to be approximately RMB56,671,100 (2013: RMB174,000,000). Details are set out in Note 10(a).

(c) Commitment for equity investment

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Contracted but not provided for — Investment of a joint venture	37,200	—

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

For the six months ended 30 June 2014

23. Significant related party transactions

- (a) During the six months ended 30 June 2014 and 30 June 2013, save as disclosed in Note 13(a), the Group had the following significant transactions with related parties:

	Unaudited	
	Six months ended 30 June 2014	2013
	RMB'000	RMB'000 (Restated)
Transactions with the parent company		
Expenses		
Operating lease rental in respect of land, port facilities and office premises	15,584	12,677
Transactions with fellow subsidiaries		
Revenues		
Electricity supply and maintenance services rendered	11,293	8,965
Expenses		
Operating lease rental in respect of land, port facilities and office premises	3,350	3,269
Comprehensive service fee	13,673	12,659
Labour services	18,102	13,822
Others		
Purchases of property, plant and equipment	4,357	5,770
Transactions with joint ventures		
Revenues		
Custom inspection services rendered	2,297	2,094
Transportation services rendered	6,661	4,513
Rental services rendered	5,702	5,438
Electricity supply and maintenance services rendered	1,376	3,124
Transactions with other related parties		
Revenues		
Loading and unloading services rendered	13,720	25,011

The above significant transactions with related parties were determined based on the terms mutually agreed by the parties involved.

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

For the six months ended 30 June 2014

23. Significant related party transactions (continued)

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

	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
Balances with the parent company		
Accounts receivable	2,966	—
Other receivables and prepayments	8,510	622
Accounts payable	54,193	61,815
Other payables and accruals	340,534	725,884
Balances with fellow subsidiaries		
Accounts receivable	18,915	2,376
Other receivables and prepayments	555	10,138
Accounts payable	9,482	7,013
Other payables and accruals	45,476	15,421
Balances with joint ventures		
Accounts receivable	7,954	13,674
Other receivables and prepayments	14,404	12,472
Accounts payable	667	1,450
Other payables and accruals	80	—
Balance with non-controlling shareholders of subsidiaries		
Dividends payable	6,129	2,606
Balances with other related parties		
Accounts receivable	1,569	752
Other receivables and prepayments	146	—
Other payables and accruals	27,112	17,792

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

For the six months ended 30 June 2014

23. Significant related party transactions (continued)

(c) Key management compensation:

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000 (Restated)
Basic salaries, housing allowances, other allowances and benefits-in-kind	1,678	1,669
Contributions to pension plans	233	207
	1,911	1,876

24. Contingent liabilities

As at 30 June 2014, the Group had no significant contingent liability (31 December 2013: Nil).

25. Business combination under common control

The acquisition of the Berth No.6 of Haicang Port and Songyu Terminal by the Group on 13 December 2013 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 business combination under common control on the financial position as at 1 January 2013 and 30 June 2013, comprehensive income and the cash flows of the Group for the six months ended 30 June 2013 are shown in the following tables:

	As at 1 January 2013 (previously stated) RMB'000	Impact of business combination under common control RMB'000	As at 1 January 2013 as presented RMB'000	As at 30 June 2013 (previously stated) RMB'000	Impact of business combination under common control RMB'000	As at 30 June 2013 As presented RMB'000
Equity attributable to owners of the Company						
Share capital	2,726,200	—	2,726,200	2,726,200	—	2,726,200
Reserves	1,392,794	1,011,435	2,404,229	1,368,699	1,012,221	2,380,920
	4,118,994	1,011,435	5,130,429	4,094,899	1,012,221	5,107,120
Non-controlling interests	1,152,475	430,449	1,582,924	1,190,431	431,864	1,622,295
Total equity	5,271,469	1,441,884	6,713,353	5,285,330	1,444,085	6,729,415

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

For the six months ended 30 June 2014

25. Business combination under common control (continued)

	For the six months ended 30 June 2013 (previously stated) RMB'000	Impact of business combination under common control RMB'000	For the six months ended 30 June 2013 as presented RMB'000
Revenues	1,871,753	74,143	1,945,896
Cost of sales	(1,605,050)	(40,336)	(1,645,386)
Gross profit	266,703	33,807	300,510
Other income	57,293	(817)	56,476
Other gains — net	2,065	483	2,548
Selling and marketing expenses	(13,950)	(424)	(14,374)
General and administrative expenses	(88,641)	(4,544)	(93,185)
Operating profit	223,470	28,505	251,975
Finance income	21,167	2,088	23,255
Finance costs	(18,829)	(20,586)	(39,415)
	225,808	10,007	235,815
Share of profits less losses of joint ventures	5,620	—	5,620
Share of profits less losses of associates	141	1,182	1,323
Profit before income tax expense	231,569	11,189	242,758
Income tax expense	(44,232)	—	(44,232)
Profit for the period	187,337	11,189	198,526
Profit attributable to:			
Owners of the Company	125,804	9,774	135,578
Non-controlling interests	61,533	1,415	62,948
	187,337	11,189	198,526

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

For the six months ended 30 June 2014

25. Business combination under common control (continued)

	For the six months ended 30 June 2013 (previously stated) RMB'000	Impact of business combination under common control RMB'000	For the six months ended 30 June 2013 as presented RMB'000
Profit for the period	187,337	11,189	198,526
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	42	—	42
Total comprehensive income for the period	187,379	11,189	198,568
Total comprehensive income for the period attributable to:			
— Owners of the Company	125,846	9,774	135,620
— Non-controlling interests	61,533	1,415	62,948
	187,379	11,189	198,568

	For the six months ended 30 June 2013 (previously stated) RMB'000	Impact of business combination under common control RMB'000	For the six months ended 30 June 2013 as presented RMB'000
Net cash generated from/(used in) operating activities	27,400	(36,764)	(9,364)
Net cash used in investing activities	(214,254)	(462)	(214,716)
Net cash generated from/(used in) financing activities	94,903	(1,726)	93,177
Net change in cash and cash equivalents	(91,951)	(38,952)	(130,903)
Cash and cash equivalents at beginning of period	777,452	50,017	827,469
Exchange (loss)/gains on cash and cash equivalents	(447)	591	144
Cash and cash equivalents at end of period	685,054	11,656	696,710

26. Subsequent events

- (a) On 10 July 2014, the Board announced that the Company has entered into a facility agreement with a bank involving a revolving credit facility of an actual amount to the extent of HKD70,000,000 to be made available to the Company for a tenor of 1 year.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results Review

In the first half of 2014, the overall global economy displayed a trend of slow growth, and the overall Chinese economy ran stably. The gross domestic production (GDP) of China for the first half of the year increased by 7.4% as compared with the corresponding period of last year, representing a stable growth in the reasonably expected range, while China's total exports and imports only showed a slight increase of 1.2% year on year. Facing the complex and volatile economic and trade situations both at home and abroad, on the one hand, the Group fully utilized the favorable opportunity arising from container resources integration in Xiamen port, and optimized the berth functions and routes layout in port area so as to improve service efficiency; on the other hand, the Group put more efforts in joint marketing, and proactively expanded container transit and other incremental businesses so as to increase the business revenue. Besides, the Group sought to promote sustainable efficiency growth of its production and operations through deepening the refined management and strictly controlling its operating costs.

For the six months ended 30 June 2014, the Group recorded revenue of approximately RMB2,837,192,000, representing an increase of approximately 45.8% as compared with approximately RMB1,945,896,000 in the same period of 2013. Profit attributable to the owners of the Company was approximately RMB191,083,000, representing an increase of approximately 40.9% as compared with approximately RMB135,578,000 in the same period of 2013. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB7.01 cents (the same period of 2013: approximately RMB4.97 cents). The increase was mainly due to the increase in revenues from merchandise trading, container loading and unloading and storage business, ancillary value-added port services, and the manufacturing and selling of building materials of the Group.

Business Review

The Group is principally engaged in port terminal businesses, operating 29 berths in Dongdu port area and Haicang port area in Xiamen and berth No. 8 in Qingzhou Operating Area in Fuzhou ("Fuzhou Zhongying Terminal"), including container port operation, bulk/general cargo port operations and ancillary value-added port services.

In addition, the Group also operates manufacturing, processing and selling business of building materials, as well as the merchandise trading business (such as chemical products and steel).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Container Port Business

During the first half of 2014, a total container throughput of 3,494,375 Twenty-foot Equivalent Units (“TEUs”) was achieved by the Group with details of the container throughput achieved by each terminal as follows:

	Container throughput		
	Six months ended 30 June		Increase
	2014 (TEUs)	2013 (TEUs)	
Haitian Terminal and Hairun Terminal of the Group [#]	1,152,131	1,152,016	0.01%
XICT and XHICT [*]	441,776	394,101	12.1%
Songyu Terminal [Ⓢ]	489,137	—	100%
Xiangyu Terminal [Ⓢ]	508,307	—	100%
ITG Terminal [Ⓢ]	51,001	—	100%
Xinhaida Terminal [Ⓢ]	193,225	—	100%
Berth No. 1 of Dongdu Terminal [*]	547,141	544,372	0.51%
Total throughput of Xiamen region	3,382,718	2,090,489	61.81%
Fuzhou Zhongying Terminal [^]	111,657	97,365	14.68%
Total throughput	3,494,375	2,187,854	59.72%

[#] 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 in this report, 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”) were 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 became 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. The Group is still engaged in port business in the above terminals in 2014, and therefore the relevant operational information is set out in this report.

[Ⓢ] Following the establishment of Xiamen Terminal Group on 13 December 2013, Songyu Terminal, Xiangyu Terminal, ITG Terminal and Xinhaida Terminal became terminals controlled and operated, directly, indirectly or jointly, by the Group and Xiamen Terminal Group. Therefore, the relevant operating figures of the above four terminals for the six months ended 30 June 2014 are also set out in this report correspondingly, which are 100% calculated into port business. For the purpose of operational information set out in this report, the relevant figures of the above four terminals are not included in that of the Group for the six months ended 30 June 2013, resulting in a growth of 100% of the throughput of container business over the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

☆ 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 in this report, 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. In addition, due to the implementation of land resumption in Dongdu Terminal, the container business of berth No. 1 of Dongdu Terminal has been transferred to other berths of the Group since 1 June 2014.

△ Since 20 November 2012, the Group leased and operated Fuzhou Zhongying Terminal from Fuzhou Zhongying Gangwu Co., Ltd. ("Zhongying Gangwu") for operating container and general cargo loading and unloading business and the port-related comprehensive logistics business.

In the first half of 2014, the container business of the Group maintained a continuous growth. The container business in Xiamen region has increased by approximately 61.81% over the corresponding period of 2013, of which the container throughput of domestic trade container business increased by approximately 62.4%, as compared with the corresponding period of the previous year, to approximately 884,100 TEUs in the first half of 2014, such increase was primarily due to the rapid growth of its transshipment business. The container throughput of international trade container business was approximately 2,498,600 TEUs, representing an increase of approximately 61.6% over the same period of last year. Such increase was primarily due to the inclusion of four new terminals: Songyu Terminal, Xiangyu Terminal, ITG Terminal and Xinhaida Terminal during the first half of the year over the same period of last year. On the other hand, following the establishment of Xiamen Terminal Group on 13 December 2013, the Group has gradually adjusted and utilized the berth functions of the relevant terminals as well as the routes layout based on the needs of business development. As a result of the foregoing, the container business of Haitian Terminal and Hairun Terminal of the Group during the first half of the year was basically equivalent to the same period of last year.

Bulk/General Cargo Port Business

In the first half of 2014, the total bulk/general cargo throughput handled by the Group amounted to 5,846,906 tonnes with details as follows:

	Bulk/general cargo throughput		
	Six months ended 30 June		
	2014 (Tonnes)	2013 (Tonnes)	Increase/ (Decrease)
Berths No. 2 to No. 4 of Dongdu Terminal* XICT and XHICT	3,656,753	3,425,846	6.74%
Songyu Terminal [☆]	746,237	1,189,450	(37.3%)
ITG Terminal [☆]	44,959	—	100%
	1,375,241	—	100%
Total throughput in Xiamen region	5,823,190	4,615,296	26.2%
Fuzhou Zhongying Terminal [△]	23,716	43,132	(45%)
Total throughput	5,846,906	4,658,428	25.5%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- * Dongdu Terminal has leased part of berth No. 8 (Mingda Terminal) in Haicang port area of Xiamen port for the operation of transshipment businesses of the loading and unloading of bulk/general cargo since November 2009. Therefore, for the purpose of operational information set out in this report, the operating figures in relation to the 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 became terminals controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group. Therefore, the relevant operating figures of the above four terminals for the six months ended 30 June 2014 are also set out in this report correspondingly, which are 100% calculated into port business. For the purpose of operational information set out in this report, the relevant figures of the above four terminals are not included in that of the Group for the six months ended 30 June 2013, resulting in a growth of 100% of throughput of bulk/general cargo port business over the corresponding period of last year.
- △ Since 20 November 2012, the Group leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operation of container and general cargo loading and unloading business and the port-related comprehensive logistics business.

The Group's bulk/general cargo port business increased by approximately 25.5% as compared with the first half of 2013. Among them, businesses with a higher loading and unloading tariff in Dongdu Terminal, such as stones and imported food, significantly increased in the first half of this year as compared with the corresponding period of the previous year, which effectively made up for the decline of certain cargo businesses such as chemical fertilizers, which allowed the aggregate volume of the bulk/general cargo port business in Dongdu Terminal to record an increase of approximately 6.7% over the corresponding period of the previous year; the throughput of XICT recorded a decrease of approximately 37.3% as compared with the corresponding period of the previous year, mainly due to the significant decrease of throughput in the lower-tariff sand gravel export business by 407,000 tonnes as compared to the corresponding period of the previous year, affected by government's rectification of mining areas; as the berthing of container vessels increased and the terminal was unable to meet the requirements of general cargo vessels' berthing operation, the general cargo business of Fuzhou Zhongying Terminal decreased significantly by approximately 45%; as the newly-added terminals of the Group at the end of 2013, ITG Terminal and Songyu Terminal brought along a throughput of approximately 1,420,000 tonnes in the first half of this year, which facilitated continuous increase of the overall volume of the bulk/general cargo port business of the Group in the first half of this year.

Ancillary Value-added Port Services

During the reporting period, the Group's various ancillary value-added port services such as shipping agency, tallying, tugboat berthing and unberthing and port-related logistics services maintained a relatively stable growth. Among them, although further development of shipping agency business and tallying business was partly affected by the downturn in shipping industry and the increasing competition of shipping agency and tallying market of Xiamen port, their market shares were stable as a whole; as the tugboat berthing and unberthing business was affected by a variety of factors such as large-scale carriers, the tugboat business volume in Xiamen port declined slightly. Whereas, the expansion of its off-port business continued to maintain a positive development trend and Hainan Xiangang Tugboat Co., Ltd. (海南廈港拖輪有限公司) ("Hainan Xiangang") was established at Yangpu port in Hainan Province in the first half of this year. At the same time, as the four newly-purchased tugboats were put into operation one after another in the first half of this year, the service capacity of the Group has continuously improved. The port-related logistics services continued to maintain

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

a stable growth as a whole, which benefited from the continuous promotion of the Group's joint marketing and successful integration of container resources of Xiamen port at the end of 2013. In addition, the bonded warehouse for imported cargos and customs custody warehouses for exported cargos jointly established by the affiliated terminal enterprises and logistics enterprises under the Group further expanded its port comprehensive logistics services.

Merchandise Trading Business

In the first half of 2014, the Group strictly controlled the risks and prudently operated its merchandise trading business by firmly adhering to the operation concept of "Promoting Port with Trade, Driving Trade with Port and Combination of Port and Trade". Relying on the Group's advantages of port business platform, the Group promoted the collaboration of its trading business and the terminals and land-based ports business with the focus on operating the domestic trade agency business of bulk raw-materials and continuously expanding the combination scale of port and trade. Such active and prudent operation of these businesses provided the Group with considerable cargo sources and enhanced its terminal throughput during the period under review.

Financial Review

Revenue

Revenues of the Group increased by approximately 45.8% from approximately RMB1,945,896,000 for the six months ended 30 June 2013 to approximately RMB2,837,192,000 for the six months ended 30 June 2014. The increase was mainly due to the increase in revenues from merchandise trading, container loading and unloading and storage business, ancillary value-added port services, and the manufacturing and selling of building materials of the Group.

Revenue by business sector

Business	Six months ended 30 June		Increase
	2014 (RMB'000)	2013 (RMB'000) (Restated)	
Container loading and unloading and storage business	630,478	469,291	34.35%
Bulk/general cargo loading and unloading business	89,340	89,150	0.21%
Ancillary value-added port services	489,357	386,673	26.56%
Manufacturing and selling of building materials	183,943	168,648	9.07%
Merchandise trading business	1,444,074	832,134	73.54%
Total	2,837,192	1,945,896	45.80%

The major reasons for the changes in the revenue of each business sector for the six months ended 30 June 2014 compared with the corresponding period of last year are as follows:

1. The container throughput of the Group increased by approximately 59.72% for the six months ended 30 June 2014, which was mainly due to the four newly-increased terminals of the Group, namely Songyu Terminal, Xiangyu Terminal, ITG Terminal and Xinhaida Terminal, in the first half of this year compared with the corresponding period of last year. As a result, revenue of the container loading and unloading and storage business increased by approximately 34.35%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. The cargo throughput handled by Xiamen port increased, which led to the increase in the revenue of the ancillary value-added port services of the Group.
3. The Group expanded the scale of trading business, which resulted in a significant increase in the revenue of the merchandise trading business.

Cost of Sales

Cost of sales of the Group increased by approximately 49.37% from approximately RMB1,645,386,000 for the six months ended 30 June 2013 to approximately RMB2,457,741,000 for the six months ended 30 June 2014. The increase was primarily due to the increases in the cost of inventories sold, employee benefits expense, transportation and labour outsourcing cost as well as depreciation and amortization of assets.

- Cost of inventories sold of the Group increased by approximately 63.15% from approximately RMB1,010,493,000 for the six months ended 30 June 2013 to approximately RMB1,648,614,000 for the six months ended 30 June 2014. The increase was mainly due to the Group's expansion of the scale of trading business and the increase in the volume of the merchandise trading business, which led to the corresponding increase in cost.
- Employee benefits expense of the Group (which included in the cost of sales) increased by approximately 17% from approximately RMB240,959,000 (restated) for the six months ended 30 June 2013 to approximately RMB281,492,000 for the six months ended 30 June 2014. The increase was mainly due to the increase in the overall business volume of the Group for the six months ended 30 June 2014 which resulted in a corresponding increase of average remuneration and bonus expenditure related to the business volume.
- Transportation and labour outsourcing cost of the Group increased by approximately 65% from approximately RMB90,002,000 (restated) for the six months ended 30 June 2013 to approximately RMB148,903,000 for the six months ended 30 June 2014. The increase was mainly due to the increase in container throughput of the Group's port business which resulted in more outsourcing of transportation and labour works.
- Depreciation and amortization cost of the Group (which included in the cost of sales) increased by approximately 30% from approximately RMB133,280,000 (restated) for the six months ended 30 June 2013 to approximately RMB172,880,000 for the six months ended 30 June 2014. The increase was mainly due to the establishment of Xiamen Terminal Group at the end of 2013 and the newly-added semi-annual depreciation and amortization of the assets of ITG Terminal and Xiangyu Terminal to the depreciation of this year.

Other Gains

Other gains of the Group increased by approximately 3,261% from approximately RMB2,548,000 for the six months ended 30 June 2013 to approximately RMB85,647,000 for the six months ended 30 June 2014. The increase was mainly due to the relevant gain arising from certain land resumption and asset resumption transactions carried out between the Group and Xiamen Land Development Centre (as disclosed in the Company's announcement dated 14 October 2012 and the Company's circular dated 16 November 2012).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Liquidity, Financial Resources and Capital Structure

The Group mainly used its cash for investments, operating costs, construction of terminals and berths and repayment of loans. As at 30 June 2014, the balance of the Group's cash and cash equivalents amounted to approximately RMB489,721,000 (31 December 2013: approximately RMB872,760,000). The decrease was mainly due to the increases in inventory purchased from trading business, capital expenditure and external investment activities of the Group.

Borrowings of the Group increased by approximately 25.91% from approximately RMB1,935,925,000 as at 31 December 2013 to approximately RMB2,437,610,000 as at 30 June 2014, which was mainly due to the borrowings required for the construction work of berths No. 20 and No. 21 in Haicang port area and the maintaining of the normal operations.

As at 30 June 2014, the Group's guaranteed loan was approximately RMB244,973,000, of which approximately RMB159,000,000 was guaranteed by Xiamen Port Holding, approximately RMB52,723,000 was guaranteed by a state-owned bank, approximately RMB20,250,000 was guaranteed by XPD and approximately RMB13,000,000 was guaranteed by Ocean Shipping Agency. The Group's secured loans was approximately RMB267,428,000, of which approximately RMB84,787,000 was secured by the letters of credit, approximately RMB68,326,000 was secured by a bank deposit of RMB87,275,000, and approximately RMB114,315,000 was secured by a bank deposits of USD27,000,000.

Gearing Ratio

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

The gearing ratios as at 30 June 2014 and 31 December 2013 were as follows:

	Unaudited 30 June 2014 (RMB'000)	Audited 31 December 2013 (RMB'000)
Total borrowings	2,437,610	1,935,925
Less: cash and cash equivalents	(489,721)	(872,760)
Net debt	1,947,889	1,063,165
Total equity	8,619,471	8,496,909
Total capital	10,567,360	9,560,074
Gearing ratio (%)	18.43%	11.12%

As at 30 June 2014, the Group had a net debt position.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital Expenditure Commitments

As at 30 June 2014, the Group's capital expenditure commitments amounted to approximately RMB294,128,000, primarily consisting of expenditure for constructing and upgrading port and storage infrastructure, acquisition of loading machinery and other machineries, purchase of freighters 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 of the Group is settled in foreign currencies, the 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 and financial position of the Group as at 30 June 2014. The Group has not used any means to hedge its foreign currency exposure currently, nevertheless, the foreign currency exposure is still monitored by the Board, who will consider hedging any significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 June 2014, the Group had no significant contingent liabilities.

Employees

As of 30 June 2014, the Group had a total of 6,516 employees, representing a decrease of 171 employees as compared to 31 December 2013, which was mainly due to the optimization and integration of internal staff of Xiamen Terminal Group upon its establishment. Employees' remunerations of the Group were determined by their positions, individual performance, qualifications and industry practices. Employees may be granted with bonus and awards depending on the annual results of operations and the performance assessment. In addition, the grant of awards is an impetus to motivate each employee, while the enterprise annuity will enhance the pension insurance treatment of the employees after retirement. Employees shall also be entitled to enjoying public holidays as stipulated by the relevant regulations.

Establishment of New Company

On 8 April 2014, Xiamen Port Shipping Co., Ltd. (廈門港務船務有限公司) ("Port Shipping"), an indirect subsidiary of the Company, invested to establish Hainan Xiagang in the economic development zone of Yangpu, Hainan Province, which is principally engaged in the port tugboat berthing and unberthing services. The registered capital of Hainan Xiagang, a wholly-owned subsidiary of Port Shipping, is RMB72,000,000 and the relevant industrial and commercial registration formalities have been completed.

Prospect and Outlook

Overall, the domestic and international economic environment in the second half of the year will be more complex with both driving forces for promoting sustained and stable economic recovery and the pressure of restricting rapid economic development existing. Internationally, driven by the developed economies such as the United States, the European Union and Japan, the global economy

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

is expected to be improved modestly in the second half of 2014. However, certain imbalance of the recovery of developed economies and emerging economies is still evident. According to the “Global Economic Prospects” Report published by the International Monetary Fund in July this year, the International Monetary Fund has lowered its prediction on the global economic growth rate to 3.4% from its previous estimate of 3.7% and has warned that the recession risk of the global economy is rather worrying and that the global economic growth is likely in a weak state for a longer time. In China, according to the analysis of the National Bureau of Statistics, the emerging industrialization, informationization, the agricultural modernization and urbanization in China are still the basic impetus to drive the national economic development and there are favorable conditions for maintaining steady and rapid growth of the China’s economy in the second half of the year. Furthermore, according to the analysis of the General Administration of Customs of China, although the export and import business of foreign trade in China showed a trend of gradual recovery and the growth rate of export and import business is expected to significantly higher than the first half of the year, the situation of foreign trade is still severe and it is extremely difficult to achieve the target of annual growth rate of 7.5%. The above changes in the domestic and international economic environment will have a significant impact on the sustainable development of port operations in Xiamen. Facing the complicated and challenging economic environment, the Group will strengthen our confidence, always focus on benefit-orientation, actively utilize our overall advantages, deploy resources flexibly and improve the efficiency of business operation to ensure a better investment return for all shareholders of the Company. Based on our actual circumstances, the Group will focus on the following work in the second half of this year:

- To accelerate the integration of resources. The Group will capture the opportunities of the internal integration of Xiamen Terminal Group, promote the integration of port resources and the restructuring and upgrading of port businesses, improve the utilization rate of port resources, and enhance its competitiveness. Firstly, the Group will optimize the functional layout of terminal berths and routes deployment and fully exploit the resources potential based on the principle of “Utilizing Deep Water for Deep Use, and Shallow Water for Shallow Use”; secondly, after ITG Terminal has been leased to Dongdu Terminal for operating relevant business, the Group will accelerate the transformation of related equipments and facilities of ITG Terminal and promote the smooth relocation and undertakings of the business; thirdly, the Group will actively facilitate the production collaboration among each terminal members under the Group, strengthen the allocation of various resources and reduce the operating costs.
- To promote overall marketing. For one thing, the Group will exert integration effect of container terminals to facilitate the interactive development of terminal business and ancillary value-added port services business, enhance the cooperation level of such businesses in commercial negotiations, business collaborations and other aspects and gradually rationalize and standardize the port tariff; for another, the Group will increase marketing efforts, promote the implementation of the strategy of developing large customers and large cooperation, expand the scale of external cooperation and strengthen strategic alliance with large customers.
- To implement extensive operation. Firstly, the Group will promote the business growth with market orientation, and devote more efforts to develop new routes and new business and implement the global route network layout by leveraging on its existing cooperation routes, customer bases and related resources; secondly, the Group will reasonably adjust the structure

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

of terminal charges and increase efforts in supporting the growing businesses, such as inland feeder transshipment, international transshipment, empty container reposition and vessel transloading; thirdly, the Group will innovate business lines, promote the integration of upstream and downstream business of terminal platforms, improve the extension of service chains, expand the business model of port comprehensive logistics services and increase the proportion of value-added services.

- To intensify the construction of cargo sources hinterland. Firstly, the Group will strengthen the network construction in hinterland, and increased efforts in expanding and supporting both the hinterland cargo sources and non-local cargo sources; secondly, the Group will strengthen the construction of land-based ports and feeder ports, promote the development of sea-railway joint transportation business, whereby guiding the flow directions of cargo sources in hinterland and attracting cargo sources from all directions to provide support for the continued growth of port operations; thirdly, the Group will make efforts to adjust the cargo sources structure of customers and increase the percentage of basic supply and the proportion of high value-added cargo sources such as special containers and refrigerated containers, so as to promote the stable improvement of the Group's effectiveness.
- To improve service capacity. Firstly, the Group will actively deal with the trend of large-sized vessels, promote the restructuring and upgrading of deep-water berths at Hairun Terminal, Songyu Terminal and XICT, and enhance the berth rating and safe berthing capacity, so as to cater for the berthing operation requirements of larger container vessels; secondly, the Group will facilitate the construction of Hailong Terminal (berths No. 20 and No. 21 in Haichang port area), promote the related bulk cargo berths in Liuwudian port area to put into operation as soon as possible, whereby creating favorable conditions for sustainable development of the bulk/general cargo business of the Group; thirdly, the Group will promote the construction of port informationization with the focus on promoting the construction of the container business management platforms, the integration of production and management systems of related terminals under Xiamen Terminal Group and the construction of intelligent entrance gates, for the purpose of improving the informationization level of services and better meeting clients' need.
- To enhance internal control. Firstly, the Group will enhance the overall budget and implement the refined management to improve the level of budget management; secondly, the Group will boost capital operation, expand financing channels and strengthen overseas financing, so as to provide adequate financial support for the enterprise development; thirdly, the Group will further explore the potential of cost control, strictly control all costs expenditure, and focus on promoting the "Change from Oil to Electricity" for gantry cranes to reduce terminal operating costs and push on energy saving through scientific technology and green development; fourthly, the Group will strengthen risk prevention to ensure stable development of all businesses.
- Pursuant to the "Options and Rights of First Refusal Agreement" entered into between the Company and Xiamen Port Holding, the Company will actively follow up the progress of construction works of relevant terminals of Xiamen Port Holding so as to facilitate the Board to make appropriate decisions based on the management and operational circumstances at the time.

OTHER INFORMATION

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2014:

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

There was no movement in the share capital of the Company during the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend during the six months ended 30 June 2014 (same period of 2013: Nil).

SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2014, other than Mr. HUI Wang Chuen, an Independent Non-executive Director of the Company (details of which are set out below), none of the Directors, supervisors of the Company ("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 Securities and Futures Ordinance (the "SFO")) which would have 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, Supervisor or chief executives of the Company was deemed or taken to be under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

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

All the interests stated above represent long positions. No short positions were recorded in the register maintained by the Company under section 352 of the SFO as at 30 June 2014.

Note: On 14 July 2014, after obtained the approval of the Chairman of the Company pursuant to the regulation, Mr. HUI Wang Chuen sold all the 5,000,000 H shares stated above, and Mr. HUI Wang Chuen has reported the same to the Hong Kong Stock Exchange pursuant to Part XV of the SFO (Chapter 571).

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2014, so far as was known to the Directors, Supervisors or chief executives of the Company, the following persons (other than Directors, Supervisors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Class of Shares	Number of Shares	Capacity	As a % of the relevant class of share capital	As a % of the total share capital
Xiamen Port Holding	Domestic shares (Long Position)	1,702,900,000	Beneficial owner	97.90%	62.46%
China Shipping (Group) Co. (Note)	H shares (Long Position)	78,894,000	Interest of controlled corporation	8.00%	2.89%
China Shipping (Hong Kong) Holdings Co., Limited (Note)	H shares (Long Position)	78,894,000	Interest of controlled corporation	8.00%	2.89%
China Shipping Terminal Development (Hong Kong) Company Limited (Note)	H shares (Long Position)	78,894,000	Beneficial owner	8.00%	2.89%

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

Save as disclosed above, as at 30 June 2014, so far as was known to the Directors, Supervisors or chief executives of the Company, no other persons (other than the Directors, Supervisors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO. In addition, No short positions were recorded in the register maintained by the Company under section 352 of the SFO as at 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six months ended 30 June 2014, the Group had not purchased, sold or repurchased any listed securities of the Company.

ACQUISITION AND DISPOSAL

For the six months ended 30 June 2014, the Group did not make any major acquisitions or disposals of its subsidiaries, joint ventures and associated companies.

OTHER INFORMATION (CONTINUED)

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 13 March 2014, the Board approved the entering into of a facility agreement with a bank (as lender) relating to an unsecured 3-year term loan of RMB265,000,000 to be made available to the Company (as borrower).

On 10 July 2014, the Company (as borrower) has entered into a facility agreement with a bank (as lender) involving a revolving credit facility of an actual amount to the extent of HKD70,000,000 to be made available to the Company for a tenor of 1 year.

Pursuant to the facility agreements of the above loan facilities, the Company has undertaken to, inter alia, ensure that the ultimate beneficial shareholding in the Company held by the relevant governmental authorities in Xiamen for the supervision and administration of state-owned assets and its associates (including without limitation, the Xiamen Municipal State-owned Assets Supervision and Administration Commission (廈門市人民政府國有資產監督管理委員會)) will be maintained at not less than 51% during the continuance of the respective facility agreements. Failure to comply with such undertakings may constitute a breach of the Company's contractual obligation under the said facility agreements and upon which damages may be available to the lender as of right.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintain a high level of corporate governance standards to enhance the transparency of corporate governance and to ensure better protection of the interests of the shareholders as a whole.

The Company has been complying with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 of the Listing Rules and has adopted the Corporate Governance Code. For the six months ended 30 June 2014, the Company had complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Also, so far as was known to the Directors, no incident of non-compliance of the Corporate Governance Code was noted by or reported to the Company.

The Board

During the reporting period, the third session of the Board comprised fourteen Directors, including five Executive Directors, namely Mr. LIN Kaibiao, Ms. MIAO Luping, Mr. FANG Yao, 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.

OTHER INFORMATION (CONTINUED)

In accordance with the Articles of Association of the Company, the term of office of each of the Directors is three years and each of them shall be eligible for re-election and re-appointment upon the expiration of the term. On 28 February 2014 at the Company's first extraordinary general meeting in 2014, the thirteen Directors of the Company in office, namely Mr. LIN Kaibiao, Mr. FANG Yao, Mr. ZHENG Yongen, Mr. CHEN Dingyu, Ms. MIAO Luping, Mr. FU Chengjing, Mr. HUANG Zirong, Mr. KE Dong, Ms. HONG Lijuan, Mr. LIU Feng, Mr. HUI Wang Chuen, Mr. LIN Pengjiu and Mr. HUANG Shumeng, were re-elected and Mr. SHAO Zheping was newly appointed as the Director of the fourth session of the Board, of which, Mr. LIU Feng, Mr. HUI Wang Chuen, Mr. LIN Pengjiu, Mr. HUANG Shumeng and Mr. SHAO Zheping (the newly appointed Director) were Independent Non-executive Directors. On the same date, the Company convened the first meeting of the fourth session of the Board to elect Mr. LIN Kaibiao as the Chairman and Mr. FANG Yao as the Vice Chairman, appointed Mr. LIN Kaibiao, Mr. FANG Yao, Mr. HUANG Zirong, Mr. KE Dong and Ms. HONG Lijuan as Executive Directors, and appointed Mr. ZHENG Yongen, Mr. CHEN Dingyu, Ms. MIAO Luping and Mr. FU Chengjing as Non-executive Directors and continued to appoint Ms. HONG Lijuan as the secretary to the Board/company secretary ("Company Secretary").

On 27 May 2014, Ms. HONG Lijuan passed away following an illness and ceased to be an Executive Director and the Company Secretary of the Company. On 8 July 2014, the Company convened the sixth meeting of the fourth session of the Board to appoint Mr. YANG Hongtu, a deputy general manager of the Company, and Ms. MOK Ming Wai, a director of KCS Hong Kong Limited (a company providing a range of corporate accounting and corporate secretarial services in Hong Kong), as the joint company secretaries of the Company.

Accordingly, as at the date of this report, the fourth session of the Board comprised four Executive Directors, namely Mr. LIN Kaibiao (Chairman), Mr. FANG Yao (Vice Chairman), Mr. HUANG Zirong and Mr. KE Dong, four Non-executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Ms. MIAO Luping, and Mr. FU Chengjing, and five Independent Non-executive Directors, namely Mr. LIU Feng, Mr. HUI Wang Chuen, Mr. LIN Pengjiu, Mr. HUANG Shumeng and Mr. SHAO Zheping.

The Supervisory Committee

The third session of the Supervisory Committee of the Company comprised six Supervisors, including two Shareholders representative Supervisors, 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.

In accordance with the Articles of Association of the Company, the term of office of each of the Supervisors is three years and each of them shall be eligible for re-election and re-appointment upon the expiration of the term. On 28 February 2014 at the Company's first extraordinary general meeting in 2014, two Supervisors in office, namely Mr. TANG Jinmu and Mr. XIAO Zuoping, were re-elected, Mr. YU Mingfeng and Mr. ZHANG Guixian were newly appointed as the Supervisors of the fourth session of the Supervisory Committee of the Company (Mr. WU Weijian was a staff representative Supervisor who had been re-elected and re-appointed at the general meeting of staff representatives of the Company held on 27 February 2014, at the same time, Mr. LIAO Guosheng was newly appointed as a staff representative Supervisor of the fourth session of the Supervisory Committee at the same general meeting), of which, Mr. TANG Jinmu and Mr. XIAO Zuoping were independent Supervisors. On the same date, the Company convened the first meeting of the fourth session of the Supervisory Committee to elect Mr. YU Mingfeng as the Chairman of the Supervisory Committee.

OTHER INFORMATION (CONTINUED)

Therefore, as at the date of this report, the member of the fourth session of the Supervisory Committee of the Company included two Shareholders representative Supervisors, namely Mr. YU Mingfeng (being the Chairman of Supervisory Committee) and Mr. ZHANG Guixian, two staff representative Supervisors, namely Mr. LIAO Guosheng and Mr. WU Weijian, and two independent Supervisors, namely Mr. TANG Jinmu and Mr. XIAO Zuoping.

Nomination Committee

The first session of the Nomination Committee of the Company comprised Mr. LIN Kaibiao, the Chairman and an Executive Director of the Company, and two Independent Non-executive Directors, Mr. LIU Feng and Mr. HUI Wang Chuen. The Nomination Committee was chaired by Mr. LIN Kaibiao. On 28 February 2014, upon the formation of the fourth session of the Board of the Company, Mr. LIN Kaibiao, the Chairman and an Executive Director of the Company, and two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. HUANG Shumeng, were appointed as members of the second session of the Nomination Committee, of which, Mr. LIN Kaibiao continued to be appointed as the Chairman of the Nomination Committee, following the approval of resolution at the first meeting of the fourth session of the Board of the Company on the same date.

The primary functions of the Nomination Committee are: review the structure, size and composition of the board, identify individuals suitably qualified to become board members and assess the independence of independent non-executive directors, and make recommendations to the board on relevant matters relating to the succession planning for directors, in particular, the chairman and the general manager. The above-mentioned terms of reference has been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Audit Committee

The third session of the Audit Committee of the Company comprised two Independent Non-executive Directors, Mr. LIU Feng and Mr. ZHEN Hong, and one Non-executive Director, Mr. FU Chengjing. The Audit Committee was chaired by Mr. LIU Feng. On 28 February 2014, upon the formation of the fourth session of the Board of the Company, Mr. LIU Feng and Mr. HUANG Shumeng, the Independent Non-executive Directors, and Mr. FU Chengjing, a Non-executive Director, were appointed as members of the fourth session of the Audit Committee, of which, Mr. LIU Feng continued to be appointed as the Chairman of the fourth session of the Audit Committee, following the approval of resolution at the first meeting of the fourth session of the Board of the Company on the same date.

The primary functions of the Audit Committee are: to propose the re-appointment, oversee the performance and approve the remuneration of the external auditors; to review the completeness and accuracy of the Company's financial accounts; to evaluate and supervise the Company's financial reporting procedures and to oversee the Company's internal control procedures and their effectiveness. The above-mentioned terms of reference has been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

The Audit Committee has reviewed the Company's interim results for the six months ended 30 June 2014 and agrees with the accounting policies adopted by the Company.

Remuneration Committee

The third session of the Remuneration Committee of the Company comprised two Independent Non-executive Directors, Mr. HUI Wang Chuen and Mr. LIU Feng, and one Non-executive Director, Mr. CHEN Dingyu. The Remuneration Committee was chaired by Mr. HUI Wang Chuen. On 28 February 2014, upon the formation of the fourth session of the Board of the Company, Mr. HUI Wang Chuen and Mr. LIU Feng, the Independent Non-executive Directors, and Mr. CHEN Dingyu, a Non-executive Director, were appointed as members of the fourth session of the Remuneration Committee, of which, Mr. HUI Wang Chuen continued to be appointed as the Chairman of the Remuneration Committee, following the approval of resolution at the first meeting of the fourth session of the Board on the same date.

The primary functions of the Remuneration Committee are to formulate the remuneration policy for the directors, supervisors and senior management of the Group, review and formulate their remunerations and benefits, as well as make recommendations on the remunerations of directors, supervisors and senior management to the board. The above-mentioned terms of reference has been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Business Strategy Committee

The third session of the Business Strategy Committee of the Company comprised six Directors, namely Independent Non-executive Director, Mr. ZHEN Hong, and Executive Directors, Mr. LIN Kaibiao, Mr. FANG Yao, Ms. MIAO Luping and Non-executive Directors, Mr. CHEN Dingyu and Mr. FU Chengjing. The Business Strategy Committee was chaired by Mr. ZHEN Hong. On 28 February 2014, upon the formation of the fourth session of the Board of the Company, Mr. SHAO Zheping, an Independent Non-executive Director, Mr. LIN Kaibiao and Mr. Huang Zirong, the Executive Directors, and Mr. CHEN Dingyu and Ms. MIAO Luping, the Non-executive Directors, were appointed as members of the fourth session of the Business Strategy Committee, of which, Mr. SHAO Zheping was appointed as the Chairman of the Business Strategy Committee, following the approval of resolution at the first meeting of the fourth session of the Board on the same date.

The Business Strategy Committee is responsible for considering, evaluating and reviewing long-term strategic development plan and material capital operations and asset management projects, such as major investments and financing exercises, as well as acquisitions and disposals, and making recommendations to the board in respect thereof. Meanwhile, it assumes responsibility for carrying out subsequent evaluation of investment projects and for reviewing and considering business development direction of the Company. The above-mentioned terms of reference has been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Corporate Governance Committee

On 28 February 2014, the Corporate Governance Committee was established under the Board following the approval of the resolution at the first meeting of the fourth session of the Board of the Company so as to improve the corporate governance of the Company. Mr. LIN Pengjiu, Mr. SHAO Zheping, the Independent Non-executive Directors, and Mr. FANG Yao, an Executive Director were also appointed as members of the first session of the Corporate Governance Committee at the same meeting, of which, Mr. LIN Pengjiu was appointed as the Chairman of the Corporate Governance Committee.

OTHER INFORMATION (CONTINUED)

The Board has adopted the terms of reference of the Corporate Governance Committee which comply with the code provisions of the Corporate Governance Code. The primary functions of the Corporate Governance Committee are: to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the Corporate Governance Code and relevant disclosure requirements. The above-mentioned terms of reference has been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Code for Securities Transactions by Directors and Supervisors

The Company originally adopted the Model Code set out in Appendix 10 of the Listing Rules, and with regard to the Company's actual circumstances, the Company prepared a Model Code for Securities Transactions by Directors for Xiamen International Port Co., Ltd (the "Code") on terms no less than the required standard set out in the Model Code. The Code was adopted as the code of conduct for securities transactions by the Directors, Supervisors and senior management of the Company after the consideration and approval by the Board. Upon making specific enquiries to all Directors, Supervisors and senior management, the Company confirmed that they had complied with the standards required in the Model Code and the Code throughout the six months ended 30 June 2014, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2014.

SUBSEQUENT EVENTS

On 10 July 2014, the Board announced that the Company has entered into a facility agreement with a bank involving a revolving credit facility of an actual amount to the extent of HKD70,000,000 to be made available to the Company for a tenor of 1 year.