



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

Stock Code: 3378



2015

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	38
Other Information	48

# CORPORATE INFORMATION

## Executive Directors

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

## Non-executive Directors

ZHENG Yongen  
CHEN Dingyu  
FU Chengjing

## Independent Non-executive Directors

LIU Feng  
HUI Wang Chuen  
LIN Pengjiu  
HUANG Shumeng  
SHAO Zheping

## Supervisors

YU Mingfeng  
ZHANG Guixian  
LIAO Guosheng  
WU Weijian  
TANG Jinmu  
XIAO Zuoping

## Joint Company Secretaries

YANG Hongtu  
MOK Ming Wai

## Authorised Representatives

HUANG Zirong  
YANG Hongtu

## Registered address

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

## Principal Place of Business in Hong Kong

36/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
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

# FINANCIAL HIGHLIGHTS

The unaudited interim consolidated results for the six months ended 30 June 2015

	Six months ended 30 June		
	2015 RMB'000	2014 RMB'000	Change RMB'000
Revenues	<b>3,033,342</b>	2,837,192	196,150
Operating profit	<b>365,158</b>	416,463	(51,305)
Profit for the period	<b>249,710</b>	294,338	(44,628)
Profit attributable to owners of the Company	<b>105,263</b>	191,083	(85,820)
Earnings per share for profit attributable to owners of the Company during the period			
— Basic and diluted (in RMB cents)	<b>3.86</b>	7.01	(3.15)

# 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 37, 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 2015 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, 21 August 2015

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*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	6	119,596	121,866
Property, plant and equipment	6	6,324,429	6,085,363
Land use rights	6	2,137,387	2,275,530
Intangible assets	6	266,473	268,459
Interests in joint ventures	7	1,173,377	1,146,467
Interests in associates	8	41,131	41,260
Available-for-sale financial assets	11	100,544	73,350
Long-term receivables and prepayments	10	343,246	432,535
Deferred income tax assets		261,541	256,401
<b>Total non-current assets</b>		<b>10,767,724</b>	10,701,231
<b>Current assets</b>			
Inventories		407,698	443,955
Accounts and notes receivable	9	1,053,894	1,092,295
Other receivables and prepayments	10	763,087	830,982
Available-for-sale financial assets	11	—	72,200
Term deposits with initial term over three months		40,341	4,500
Restricted cash		155,348	281,908
Cash and cash equivalents		1,007,326	648,058
Assets of disposal group classified as held for sale	12	111,866	—
<b>Total current assets</b>		<b>3,539,560</b>	3,373,898
<b>Total assets</b>		<b>14,307,284</b>	14,075,129
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	2,726,200	2,726,200
Reserves		2,035,555	2,072,565
<b>Non-controlling interests</b>		<b>4,761,755</b>	4,798,765
		<b>4,338,202</b>	4,304,475
<b>Total equity</b>		<b>9,099,957</b>	9,103,240

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	1,189,502	893,962
Deferred government grants and income		157,330	159,471
Long-term payables and advances	14	3,509	3,537
Early retirement benefit obligations		302	414
Deferred income tax liabilities		332,512	332,332
<b>Total non-current liabilities</b>		<b>1,683,155</b>	1,389,716
<b>Current liabilities</b>			
Accounts and notes payable	13	715,064	844,105
Other payables and accruals	14	949,020	1,132,889
Borrowings	15	1,814,882	1,525,412
Taxes payable		45,112	79,767
Liabilities of disposal group classified as held for sale	12	94	—
<b>Total current liabilities</b>		<b>3,524,172</b>	3,582,173
<b>Total liabilities</b>		<b>5,207,327</b>	4,971,889
<b>Total equity and liabilities</b>		<b>14,307,284</b>	14,075,129
<b>Net current assets/(liabilities)</b>		<b>15,388</b>	(208,275)
<b>Total assets less current liabilities</b>		<b>10,783,112</b>	10,492,956

The notes on pages 11 to 37 form an integral part of the interim condensed consolidated financial information.



# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenues	17	3,033,342	2,837,192
Cost of sales		(2,602,301)	(2,457,741)
<b>Gross profit</b>		<b>431,041</b>	379,451
Other income	18	77,523	78,175
Other (losses)/gains — net	19	(1,865)	85,647
Selling and marketing expenses		(20,233)	(18,011)
General and administrative expenses		(121,308)	(108,799)
<b>Operating profit</b>	20	<b>365,158</b>	416,463
Finance income	21	47,848	30,917
Finance costs	21	(71,973)	(61,530)
		<b>341,033</b>	385,850
Share of profits less losses of joint ventures	7	2,664	(7,009)
Share of profits less losses of associates	8	1,866	114
<b>Profit before income tax expense</b>		<b>345,563</b>	378,955
Income tax expense	22	(95,853)	(84,617)
<b>Profit for the period</b>		<b>249,710</b>	294,338
<b>Profit attributable to:</b>			
Owners of the Company		105,263	191,083
Non-controlling interests		144,447	103,255
		<b>249,710</b>	294,338
Earnings per share for profit attributable to owners of the Company during the period			
— Basic and diluted (in RMB cents)	24	3.86	7.01
Dividends			
— Dividend proposed	23	—	—

The notes on pages 11 to 37 form an integral part of the interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>249,710</b>	294,338
<b>Other comprehensive income for the period, net of tax</b>		
Items that may be reclassified to profit or loss		
— Fair value gains/(losses) on available-for-sale financial assets, net of tax	<b>21,299</b>	(1,271)
<b>Total comprehensive income for the period</b>	<b>271,009</b>	293,067
<b>Total comprehensive income for the period attributable to:</b>		
— Owners of the Company	<b>126,562</b>	189,812
— Non-controlling interests	<b>144,447</b>	103,255
	<b>271,009</b>	293,067

The notes on pages 11 to 37 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		
<b>Balance at 1 January 2014</b>	2,726,200	2,054	1,807,252	4,535,506	3,961,403	8,496,909
<b>Comprehensive income</b>						
Profit for the period	—	—	191,083	191,083	103,255	294,338
<b>Other comprehensive income</b>						
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
<b>Total comprehensive income for the six months ended 30 June 2014</b>	—	(1,271)	191,083	189,812	103,255	293,067
<b>Transactions with owners, recognised directly in equity</b>						
2013 final dividend	—	—	(149,941)	(149,941)	—	(149,941)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	(20,564)	(20,564)
<b>Balance at 30 June 2014</b>	2,726,200	783	1,848,394	4,575,377	4,044,094	8,619,471
<b>Balance at 1 January 2015</b>	<b>2,726,200</b>	<b>(9,642)</b>	<b>2,082,207</b>	<b>4,798,765</b>	<b>4,304,475</b>	<b>9,103,240</b>
<b>Comprehensive income</b>						
Profit for the period	—	—	105,263	105,263	144,447	249,710
<b>Other comprehensive income</b>						
Fair value gains on available-for-sale financial assets	—	21,299	—	21,299	—	21,299
— Gross	—	28,399	—	28,399	—	28,399
— Related deferred income tax	—	(7,100)	—	(7,100)	—	(7,100)
<b>Total comprehensive income for the six months ended 30 June 2015</b>	—	21,299	105,263	126,562	144,447	271,009
<b>Transactions with owners, recognised directly in equity</b>						
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	4,655	4,655
2014 final dividend (Note 23)	—	—	(163,572)	(163,572)	—	(163,572)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	(115,375)	(115,375)
<b>Balance at 30 June 2015</b>	<b>2,726,200</b>	<b>11,657</b>	<b>2,023,898</b>	<b>4,761,755</b>	<b>4,338,202</b>	<b>9,099,957</b>

The notes on pages 11 to 37 form an integral part of the interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Net cash generated from operations	592,330	49,597
Interest paid	(72,399)	(69,645)
Income tax paid	(142,568)	(117,067)
Net cash generated from/(used in) operating activities	377,363	(137,115)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment, intangible assets and land use rights	(229,518)	(240,837)
Proceeds from disposals of property, plant and equipment and land use rights	5,478	57,589
Investment in joint ventures	(9,600)	(18,390)
Investment in Build and Transfer project	(81,012)	—
Investment return from Build and Transfer project	134,440	—
Interested loan to a related party	(70,000)	—
Advance received for resumption of land	—	75,704
Interest received	50,411	52,092
Dividends received	9,776	3,820
Cash paid to acquire subsidiaries	—	(754,175)
Decrease in wealth management product	72,200	—
Cash paid for transaction with non-controlling shareholders of subsidiaries	(94,627)	—
Net decrease in restricted cash	127,991	81,131
Net increase in term deposits with initial term over three months	(35,841)	(8,775)
Net cash used in investing activities	(120,302)	(751,841)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,863,295	1,615,215
Repayments of borrowings	(1,277,156)	(1,366,713)
Contribution from non-controlling shareholders of subsidiaries	941	369,865
Dividends paid to shareholders of the Company	(93,659)	(95,855)
Dividends paid to non-controlling shareholders of subsidiaries	(51,472)	(17,041)
Cash paid for acquisition of further interests in a subsidiary in prior year (Note 14(a))	(339,583)	—
Net cash generated from financing activities	102,366	505,471
<b>Net increase/(decrease) in cash and cash equivalents</b>	359,427	(383,485)
Cash and cash equivalents at beginning of period	648,058	872,760
Exchange (losses)/gains on cash and cash equivalents	(159)	446
<b>Cash and cash equivalents at end of period</b>	1,007,326	489,721

The notes on pages 11 to 37 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 2015

## 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 address of its registered office is No. 439 Gangnan Road, Haicang District, Xiamen City, Fujian Province, the PRC.

The Company and its subsidiaries (together the “Group”) is principally engaged in container, bulk and general cargo loading and unloading businesses at Dongdu port area and Haicang port area in Xiamen 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 (the “Directors”) regard Xiamen Port Holding Group Co., Ltd. (“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 21 August 2015.

## 2. Basis of preparation

The unaudited interim condensed consolidated financial information of the Company for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 consolidated financial statements of the Company for the year ended 31 December 2014 (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 are consistent with those of the Annual Financial Statements.

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

New amendment and improvements of HKFRSs adopted by the Group in 2015

- Amendment to HKAS 19 “Defined Benefit Plans: Employee Contributions”;
- Annual improvements 2012, affecting the following 4 standards: HKFRS 8 “Operating Segments”, HKAS16 “Property, Plant and Equipment”, HKAS 24 “Related Party Disclosures” and HKAS 38 “Intangible Assets”;

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

For the six months ended 30 June 2015

### 3. Accounting policies (continued)

New amendment and improvements of HKFRSs adopted by the Group in 2015 (continued)

- Annual improvements 2013, affecting the following 3 standards: HKFRS 3 “Business Combinations”, HKFRS 13 “Fair Value Measurement” and HKAS 40 “Investment Property”.

The adoption of the above new amendments and improvements starting from 1 January 2015 did not give rise to any significant impact on the Group’s results of operations and financial position for the six months ended 30 June 2015.

The Group has not early adopted any new accounting and financial reporting standards, amendments and improvements to existing standards which have been issued but are not yet effective for the financial year ending on 31 December 2015.

### 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 this 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, cash flow 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 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.

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**  
For the six months ended 30 June 2015

**5. Financial risk management (continued)**

5.2 Liquidity risk (continued)

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.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. 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
<b>Unaudited At 30 June 2015</b>				
Bank borrowings	1,936,505	523,184	723,642	88,293
Long-term payable	—	528	875	2,106
Accounts and notes payable	715,064	—	—	—
Other payables and accruals	802,570	—	—	—
	<b>3,454,139</b>	<b>523,712</b>	<b>724,517</b>	<b>90,399</b>
<b>Audited At 31 December 2014</b>				
Bank borrowings	1,630,225	446,019	482,373	83,627
Long-term payable	—	556	875	2,106
Accounts and notes payable	844,105	—	—	—
Other payables and accruals	1,132,889	—	—	—
	3,607,219	446,575	483,248	85,733

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 2015

### 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 2015:

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<b>Assets</b>				
Available-for-sale financial assets				
— Equity investments	97,293	—	—	97,293

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014:

	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<b>Assets</b>				
Available-for-sale financial assets				
— Equity investments	68,894	—	—	68,894
— Wealth management products	—	—	72,200	72,200

During the six months ended 30 June 2015, 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 2015, 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 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current	1,190,690	882,081
Current	1,814,882	1,525,412
	<b>3,005,572</b>	2,407,493



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

For the six months ended 30 June 2015

### 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 listed in PRC)
- Long-term receivables
- 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

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

For the six months ended 30 June 2015

### 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
<b>Net book amount as at 1 January 2015</b>	<b>121,866</b>	<b>6,085,363</b>	<b>2,275,530</b>	<b>268,459</b>	<b>8,751,218</b>
Additions	—	381,043	—	2,497	383,540
Disposals	(60)	(6,736)	—	—	(6,796)
Depreciation and amortisation charge	(2,210)	(134,263)	(30,398)	(4,483)	(171,354)
Transferred to disposal group classified as held for sale (Note 12)	—	(978)	(107,745)	—	(108,723)
<b>Net book amount as at 30 June 2015</b>	<b>119,596</b>	<b>6,324,429</b>	<b>2,137,387</b>	<b>266,473</b>	<b>8,847,885</b>
<b>Net book amount as at 1 January 2014</b>	<b>134,519</b>	<b>5,943,047</b>	<b>2,124,221</b>	<b>271,396</b>	<b>8,473,183</b>
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)
<b>Net book amount as at 30 June 2014</b>	<b>124,299</b>	<b>5,992,667</b>	<b>2,195,020</b>	<b>270,313</b>	<b>8,582,299</b>

### 7. Interests in joint ventures

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

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>At 1 January</b>	<b>1,146,467</b>	1,123,055
Addition	29,346	18,390
Dividends received	(5,100)	—
Amortization of unrealized gains on transactions	3,093	3,222
Share of results before income tax expense	5,366	(8,192)
Share of income tax expense	(5,795)	(2,039)
	2,664	(7,009)
<b>At 30 June</b>	<b>1,173,377</b>	1,134,436

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

For the six months ended 30 June 2015

### 8. Interests in associates

Movement in interests in associates is set out as follows:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>At 1 January</b>	<b>41,260</b>	39,875
Dividends received	(1,995)	(1,471)
Share of results before income tax expense	2,332	239
Share of income tax expense	(466)	(125)
	<b>1,866</b>	114
<b>At 30 June</b>	<b>41,131</b>	38,518

### 9. Accounts and notes receivable

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Accounts receivable	938,906	1,031,771
Less: provision for impairment	(21,904)	(22,740)
	<b>917,002</b>	1,009,031
Due from parent company (Note 26(b))	529	—
Due from fellow subsidiaries (Note 26(b))	11,397	13,647
Due from joint ventures (Note 26(b))	35,735	28,477
Due from associates (Note 26(b))	874	—
Due from other related parties (Note 26(b))	193	400
Notes receivable	88,164	40,740
	<b>1,053,894</b>	1,092,295

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

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

For the six months ended 30 June 2015

### 9. Accounts and notes receivable (continued)

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

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Less than 6 months	878,737	1,004,033
6 months to 1 year	134,226	76,313
1 year to 2 years	46,637	20,540
2 years to 3 years	8,104	6,178
Over 3 years	8,094	7,971
	<b>1,075,798</b>	1,115,035
Less: provision for impairment	<b>(21,904)</b>	(22,740)
	<b>1,053,894</b>	1,092,295

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

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Other receivables	594,053	562,086
Advances to suppliers	116,333	298,846
Less: provision for impairment	<b>(9,616)</b>	(9,006)
	<b>700,770</b>	851,926
Due from parent company (Note 26(b))	704	12,931
Due from fellow subsidiaries (Note 26(b))	3,391	5,984
Due from joint ventures (Note 26(b))(d)	222,927	150,038
Due from associates (Note 26(b))	15	146
Prepayments and deposits	175,591	236,435
Interest receivable	2,639	6,057
Dividend receivable from an associate	296	—
	<b>1,106,333</b>	1,263,517
Less: long-term receivables and prepayments		
— Payments made to Build and Transfer project (a)	<b>(248,014)</b>	(283,003)
— Prepayments for operating leasing in the Qingzhou Operating Area (b)	<b>(55,731)</b>	(55,825)
— Prepayments for acquisition of land use right	<b>(6,580)</b>	(6,580)
— Prepayments for acquisition of property, plant and equipment (c)	<b>(32,921)</b>	(67,316)
— Prepayment for long-term investments	—	(19,811)
	<b>(343,246)</b>	(432,535)
	<b>763,087</b>	830,982

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

- (a) In July 2012, Xiamen Port Development Co., Ltd. (“XPD”), CCCC Third Harbor Engineering Co., Ltd. (“Third Harbor Engineering”) entered into a Build-Transfer (“BT”) agreement (the “BT Agreement”) with Zhangzhou Gulei Port Road Construction Co., Ltd.. The total investment amount of the BT Project was estimated to be approximately RMB523 million with an investment return which will be calculated at an annual interest rate of 8.63% to 10.70%. As at 30 June 2015, payment made by XPD together with the associated interests amounted to RMB516,894,000 (31 December 2014: RMB417,443,000), among which the first investment return of RMB134,440,000 was fully collected in February 2015, the second investment return of RMB134,440,000 (31 December 2014: RMB134,440,000) was recorded in other receivables and RMB248,014,000 (31 December 2014: RMB283,003,000) was recorded in long-term receivables.

As at 30 June 2015, the total investment commitment for the BT project is estimated to be approximately RMB35,952,000.

- (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 were paid by the Company in year 2012 and 2013, which will be refunded at the end of lease term. As at 30 June 2015, the prepayment for the coming one year of RMB34,269,000 (31 December 2014: RMB34,175,000) was recorded in short-term prepayments, and the remaining amount of approximately RMB55,731,000 (31 December 2014: RMB55,825,000) was disclosed as long-term prepayments.
- (c) As at 30 June 2015, the prepayment for acquisition of property, plant and equipment of the Group mainly composed of the prepayment of RMB23,191,950 made by Chaozhou Port Development Co., Ltd. a subsidiary of the Group and the prepayment of RMB8,799,245 made by Xiamen Hailong Terminal Co., Ltd., a subsidiary of the Group.
- (d) As at 30 June 2015, entrusted loans to Xiamen Haicang XinHaiDa Container Terminals Co.,Ltd. with an amount of RMB130,000,000 (31 December 2014: RMB70,000,000) were recorded in other receivables. The weighted average interest rate of the entrusted loans is 6.83% (2014: 6.78%) and the maturity is within one year.

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

For the six months ended 30 June 2015

### 11. Available-for-sale financial assets

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Equity investments listed in the PRC, at fair value (a)	97,293	68,894
Unlisted equity investments, at cost (b)	8,251	9,456
Wealth management products	—	72,200
Less: provision for impairment (b)	(5,000)	(5,000)
	<b>100,544</b>	145,550

- (a) The Group holds 6,436,350 (31 December 2014: 6,436,350) shares of Fujian Sansteel MinGuang Co., Ltd. (the “Sansteel Shares”) and 4,301,000 (31 December 2014: 4,301,000) shares of Bank of Communications Co., Ltd. (the “BOCOMM Shares”), which are listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively. The fair values of these investments are determined based on the quoted market prices of respective shares as of the balance sheet dates.

The aggregated costs of investments in the Sansteel Shares and the BOCOMM Shares amounted to RMB18,134,000 (31 December 2014: RMB18,134,000).

- (b) The directors have considered that the range of reasonable estimates on the fair value of the unquoted investments is significant and the probabilities of the various estimates cannot be reasonably assessed. These investments therefore remain to be stated at cost less provision for impairment losses. As at 30 June 2015 and 31 December 2014, impairment provision amounted to RMB5,000,000 for certain of the unlisted investments.

### 12. Assets of disposal group classified as held for sale

On 12 June 2015, the Board approved the plan to dispose 65% of its interest in Sanming Port Construction Co., Ltd.\* (三明港務建有限公司, “SPC”), a subsidiary of the Company. An equity transfer agreement was entered into with Xiamen Port Properties Co., Ltd.\* (廈門港務地產有限公司, “Xiamen Port Properties”) and Fujian Sanming Ecological Industrial and Trading Area Ecological New Town Group Co., Ltd.\* (福建三明生態工貿區生態新城集團有限公司, “FSE”) on 12 June 2015 and this transaction is expected to be completed in August 2015. Accordingly, the assets and liabilities of Sanming Construction have been reclassified and presented as “assets/liabilities of disposal group classified as held for sale” on the balance sheet.

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

For the six months ended 30 June 2015

### 12. Assets of disposal group classified as held for sale (continued)

(a) Assets of disposal group classified as held for sale

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Property, plant and equipment	978	—
Land use rights	107,745	—
Inventory	7	—
Other current assets	3,136	—
<b>Total</b>	<b>111,866</b>	<b>—</b>

(b) Liabilities of disposal group classified as held for sale

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade and note payables	94	—

### 13. Accounts and notes payable

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Accounts payable	381,669	560,121
Due to parent company (Note 26(b))	12,542	29,257
Due to fellow subsidiaries (Note 26(b))	16,519	10,635
Due to joint ventures (Note 26(b))	43,600	19,583
Due to associates (Note 26(b))	452	—
Notes payable	260,282	224,509
<b>Total</b>	<b>715,064</b>	<b>844,105</b>

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

For the six months ended 30 June 2015

### 13. Accounts and notes payable (continued)

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

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Within 1 year	688,762	811,972
1 year to 2 years	18,608	25,620
2 years to 3 years	2,242	3,279
Over 3 years	5,452	3,234
	<b>715,064</b>	844,105

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

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Due to parent company (Note 26(b)) (a)	30	359,149
Due to fellow subsidiaries (Note 26(b))	48,580	49,829
Due to other related parties (Note 26(b))	7,739	8,583
Due to associates (Note 26(b))	6,744	5,666
Due to joint ventures (Note 26(b))	4,200	—
Payables for purchases of property, plant and equipment and construction-in-progress	169,450	60,375
Salary and welfare payables	104,828	165,201
Customer deposits	250,704	240,650
Accrued expenses	3,282	3,907
Dividends payable to		
— parent company	102,174	93,659
— other shareholders of the Company	64,418	3,020
— non-controlling shareholders of subsidiaries (Note 26(b))	67,977	4,074
Interest payables	20,096	10,205
Other payables (b)	102,307	132,108
	<b>952,529</b>	1,136,426
Less: long-term payables and advances	<b>(3,509)</b>	(3,537)
Current portion	<b>949,020</b>	1,132,889



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

For the six months ended 30 June 2015

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

- (a) The balance due to parent company as at 31 December 2014 mainly includes an unpaid consideration of RMB339,583,000 for acquiring 6.55% equity interests of Xiamen Container Terminal Group Co., Ltd. (“Xiamen Terminal Group”), and an amount of RMB19,331,000 for the pre-acquisition profit attributable to the parent company relating to the business contributed by the parent company to the Xiamen Terminal Group pursuant to the Joint Venture Agreement. These amount was fully paid during this period.
- (b) The balance as at 31 December 2014 mainly includes an amount of RMB75,296,000 due to Xiamen ITG Terminal Co., Ltd. and Xiamen Xiangyu Logistics Group Co., Ltd. for the pre-acquisition profit for the business contributed by Xiamen ITG Terminal Co., Ltd and Xiamen Xiangyu Logistics Group Co., Ltd. to Xiamen Terminal Group pursuant to the Joint Venture Agreement. The amount was fully paid during this period.

### 15. Borrowings

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
<b>Non-current</b>		
Long-term bank borrowings	<b>1,189,502</b>	893,962
<b>Current</b>		
Short-term bank borrowings	<b>1,175,985</b>	545,391
Long-term bank borrowings — current portion	<b>238,897</b>	680,021
Debentured other loans (c)	<b>400,000</b>	300,000
	<b>1,814,882</b>	1,525,412
<b>Total borrowings</b>	<b>3,004,384</b>	2,419,374
Representing:		
— guaranteed (a)	<b>788,994</b>	196,048
— secured (b)	<b>106,380</b>	206,793
— unguaranteed and unsecured	<b>2,109,010</b>	2,016,533
<b>Total borrowings</b>	<b>3,004,384</b>	2,419,374

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**  
For the six months ended 30 June 2015

**15. Borrowings (continued)**

- (a) As at 30 June 2015, a bank borrowing of RMB459,707,000 is guaranteed by the Company (31 December 2014: Nil); a bank borrowing of RMB106,000,000 is guaranteed by Xiamen Port Holding (31 December 2014: RMB132,500,000); bank borrowings of RMB105,777,000 are guaranteed by state owned banks (31 December 2014: RMB50,548,000); a bank borrowing of RMB55,580,000 is guaranteed by Xiamen Penavico International Freight and Forwarding Co., Ltd. (31 December 2014: Nil); a bank borrowing of RMB48,930,000 is guaranteed by Xiamen Port Development (31 December 2014: Nil); a bank borrowing of RMB13,000,000 is guaranteed by Xiamen Suntory Container Logistics Co., Ltd. (31 December 2014: RMB13,000,000).
- (b) As at 30 June 2015, the secured bank borrowings balance of the Group was USD17,445,000 (approximately equivalent to RMB106,380,000) (31 December 2014: RMB60,969,000), which is secured by bank deposits of USD18,950,000 (approximately equivalent to RMB115,853,000) (31 December 2014: RMB66,000,000); a bank borrowing of RMB5,722,000 secured by letters of credit and a bank borrowing of RMB140,102,000 secured by bank deposits of USD24,000,000 as at 31 December 2014 were repaid in this period.
- (c) On 11 September 2014, XPD issued the first tranche of the short-term notes with a term of one year from the date of issuance with an aggregate principal amount of RMB300 million at a fixed interest rate of 5.26% per annum (the "First Tranche Short-Term Notes") to certain domestic institutional investors in the PRC. On 27 May 2015, XPD issued the second tranche of the short-term notes with a term of one year from the date of issuance with an aggregate principal amount of RMB100 million at a fixed interest rate of 4.40% per annum (the "Second Tranche Short-Term Notes") to certain domestic institutional investors in the PRC.

Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
At 1 January	2,419,374	1,935,925
Additions	1,863,295	1,616,437
Repayments	(1,277,156)	(1,113,530)
Exchange differences	(1,129)	(1,222)
At 30 June	3,004,384	2,437,610

Interests on borrowings for the six months ended 30 June 2015 is RMB82,290,000 (same period of 2014: RMB66,137,000).

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

For the six months ended 30 June 2015

### 16. Share capital

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2015 and 31 December 2014	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 2015, there was no movement in the share capital of the Company.

### 17. 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 general manager that makes strategic decisions.

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

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

For the six months ended 30 June 2015

### 17. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2015 and 2014 are as follows:

	Six months ended 30 June 2015 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading business of merchandise RMB'000	Total RMB'000
Total segment revenues	655,454	75,805	593,322	170,039	1,615,875	3,110,495
Inter-segment revenues	—	—	(77,153)	—	—	(77,153)
Revenues	655,454	75,805	516,169	170,039	1,615,875	3,033,342
Operating profit	230,366	25,305	86,349	16,653	6,485	365,158
Finance income						47,848
Finance costs						(71,973)
						341,033
Share of profits less losses of joint ventures	9,250	—	(6,586)	—	—	2,664
Share of profits less losses of associates	18	—	788	1,060	—	1,866
<b>Profit before income tax expense</b>						<b>345,563</b>
Income tax expense						(95,853)
<b>Profit for the period</b>						<b>249,710</b>
<b>Other information</b>						
Depreciation	93,358	7,293	30,606	2,440	2,776	136,473
Amortisation	26,415	2,014	5,035	37	1,380	34,881
Net provision for/(reversal of) impairment of						
— inventories	303	—	—	—	3,002	3,305
— receivables	(85)	7	(386)	(3)	470	3

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

For the six months ended 30 June 2015

### 17. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2015 and 2014 are as follows (continued):

	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	Trading business of merchandise 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
<b>Profit before income tax expense</b>						378,955
Income tax expense						(84,617)
<b>Profit for the period</b>						294,338
<b>Other information</b>						
Depreciation	108,805	7,028	34,025	3,049	2,229	155,136
Amortisation	32,902	615	2,480	146	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 2015

### 17. Segment information (continued)

The segment information provided to management for the reportable segments as at 30 June 2015 and 31 December 2014 is as follows:

	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading business of merchandise RMB'000	Total RMB'000
<b>Unaudited</b>						
<b>As at 30 June 2015</b>						
Segment assets	8,604,678	1,165,905	2,701,810	232,998	1,239,808	13,945,199
Include:						
Interests in joint ventures	1,100,274	—	73,103	—	—	1,173,377
Interests in associates	13,958	—	21,410	5,763	—	41,131
Additions to non-current assets	25,116	291,491	60,474	5,613	846	383,540
Segment liabilities	546,077	166,133	335,513	90,209	687,387	1,825,319
<b>Audited</b>						
<b>As at 31 December 2014</b>						
Segment assets	9,385,130	235,283	2,440,528	237,863	1,374,374	13,673,178
Include:						
Interests in joint ventures	1,096,123	—	50,344	—	—	1,146,467
Interests in associates	14,453	—	22,104	4,703	—	41,260
Additions to non-current assets	564,760	2,385	249,769	7,657	1,679	826,250
Segment liabilities	951,697	46,316	410,754	94,927	636,722	2,140,416

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 2015

### 17. 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 2015 RMB'000	Audited 31 December 2014 RMB'000
Total segment assets	<b>13,945,199</b>	13,673,178
Add: Deferred income tax assets	<b>261,541</b>	256,401
Available-for-sale financial assets	<b>100,544</b>	145,550
Total assets per consolidated balance sheet	<b>14,307,284</b>	14,075,129

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

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Total segment liabilities	<b>1,825,319</b>	2,140,416
Add: Deferred income tax liabilities	<b>332,512</b>	332,332
Taxes payable	<b>45,112</b>	79,767
Borrowings	<b>3,004,384</b>	2,419,374
Total liabilities per consolidated balance sheet	<b>5,207,327</b>	4,971,889

### 18. Other income

	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
Government subsidies	<b>45,680</b>	35,562
Rental income	<b>27,408</b>	40,378
Dividend income	<b>2,977</b>	521
Others	<b>1,458</b>	1,714
	<b>77,523</b>	78,175

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

For the six months ended 30 June 2015

### 19. Other (losses)/gains — net

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
(Losses)/gains on disposal of property, plant and equipment	(1,318)	84,897
Others	(547)	750
	(1,865)	85,647

### 20. Operating profit

Operating profit is stated after crediting and charging the following:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Crediting:</b>		
Dividend income	2,977	521
(Losses)/gains on disposal of property, plant and equipment	(1,318)	84,897
Reversal of impairment of — inventories	5,681	1,970
<b>Charging:</b>		
Cost of inventories sold/consumed	1,777,447	1,648,614
Depreciation of		
— investment properties	2,210	2,765
— property, plant and equipment	134,263	152,371
Amortisation of		
— land use rights	30,398	28,318
— intangible assets	4,483	9,182
Provision for impairment of		
— inventories	8,986	2,808
— receivables	3	242



**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**  
For the six months ended 30 June 2015

**21. Finance income and costs**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest income	46,993	32,706
Net foreign exchange gains/(losses)	855	(1,789)
	<b>47,848</b>	30,917
Interests on bank borrowings	(82,290)	(66,137)
Less: amounts capitalised	10,317	4,607
	<b>(71,973)</b>	(61,530)
Finance costs — net	<b>(24,125)</b>	(30,613)

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowing costs for the six months ended 30 June 2015 was 6.32% (same period of 2014: 6.50%) per annum.

**22. 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 2015.

The Company is entitled to a five-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for the subsequent five years, commencing from 2007. The current year is the fourth 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 2015.

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"), a subsidiary of the Company, is entitled to a five-year corporate income tax exemption from the first profitable year followed by a 50% reduction in corporate income tax for the subsequent five years, Songyu Terminal became profitable in 2008, therefore the income tax rate for the six months ended 30 June 2015 is 12.5%.

Trend Wood Investments Limited ("Trend Wood") and Xiamen Ocean Shipping Agency Hongkong Limited ("Hong Kong Ocean Shipping Agency"), both being subsidiaries of the Company, are incorporated in Hong Kong, thus their applicable income tax rate is 16.5%.

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

For the six months ended 30 June 2015

### 22. Income tax expense (continued)

For the six months ended 30 June 2015, except for Songyu Terminal, Trend Wood and Hong Kong Ocean Shipping Agency, other subsidiaries of the Company are subjected to an income tax rate of 25%.

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

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
PRC corporate income tax expense	107,913	80,853
Deferred income tax charge	(12,060)	3,764
	95,853	84,617

### 23. Dividends

At a meeting held on 27 March 2015, the directors of the Company proposed a final dividend (the "2014 Final Dividend") of RMB6.0 cents per share (tax inclusive) for the year ended 31 December 2014, which was subsequently approved at the annual general meeting on 12 June 2015. The 2014 Final Dividend has been reflected as an appropriation of retained earnings for the six months ended 30 June 2015.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (same period of 2014: Nil).

### 24. 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	
	2015	2014
Profit attributable to owners of the Company (in RMB)	105,263,000	191,083,000
Weighted average number of the Company's shares in issue	2,726,200,000	2,726,200,000
Basic earnings per share (in RMB cents)	3.86	7.01

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 2015

### 25. Commitments

#### (a) Capital Commitments

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred	<b>716,085</b>	945,025

Committed capital expenditure as at 30 June 2015 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 2015 but the related capital expenditure had not been incurred as at that date.

#### (b) Commitment for deposit of BT project

As at 30 June 2015, the total commitment for BT project is estimated to be approximately RMB35,952,000 (31 December 2014: RMB116,964,000). Details are set out in Note 10(a).

#### (c) Commitment for equity investment

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Contracted but not provided for — Investment of a joint venture	<b>27,600</b>	37,200

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

For the six months ended 30 June 2015

### 26. Significant related party transactions

- (a) During the six months ended 30 June 2015 and 30 June 2014, save as disclosed elsewhere in the notes in the unaudited interim condensed consolidated financial statements, the Group had the following significant transactions with related parties:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Transactions with the parent company</b>		
<b>Revenues</b>		
Electricity supply and maintenance services rendered	878	—
<b>Expenses</b>		
Operating lease rental in respect of land, port facilities and office premises	13,874	15,584
<b>Transactions with fellow subsidiaries</b>		
<b>Revenues</b>		
Port services	11,126	—
Electricity supply and maintenance services rendered	21,692	11,293
<b>Expenses</b>		
Office and property management	5,297	—
Operating lease in respect of land and office premises	3,077	3,350
Comprehensive service fee	10,310	13,673
Labour services	17,403	18,102
Information Services	3,847	—
<b>Others</b>		
Purchases of property, plant and equipment	25,414	4,357

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

For the six months ended 30 June 2015

### 26. Significant related party transactions (continued)

(a) (continued)

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Transactions with joint ventures</b>		
<b>Revenues</b>		
Power supply and maintenance and electrical equipment maintenance	4,695	1,376
Transportation service rendered	13,605	6,661
Project management service rendered	12,846	—
Custom inspection service rendered	2,742	2,297
Operating lease in respect of land and office premises rendered	2,706	5,702
<b>Expenses</b>		
Loading and unloading services	43,929	—
<b>Transactions with other related parties</b>		
<b>Revenues</b>		
Loading and unloading services rendered	9,713	13,720
<b>Expenses</b>		
Purchase of commercial goods	18,836	—

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 2015

### 26. 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 2015 RMB'000	Audited 31 December 2014 RMB'000
<b>Balances with the parent company</b>		
Accounts receivable	529	—
Other receivables and prepayments	704	12,931
Accounts payable	12,542	29,257
Other payables and accruals	30	359,149
<b>Balances with fellow subsidiaries</b>		
Accounts receivable	11,397	13,647
Other receivables and prepayments	3,391	5,984
Accounts payable	16,519	10,635
Other payables and accruals	48,580	49,829
<b>Balances with associates</b>		
Accounts receivable	874	—
Other receivables and prepayments	15	146
Accounts payable	452	—
Other payables and accruals	6,744	5,666
<b>Balances with joint ventures</b>		
Accounts receivable	35,735	28,477
Other receivables and prepayments	222,927	150,038
Accounts payable	43,600	19,583
Other payables and accruals	4,200	—
<b>Balance with non-controlling shareholders of subsidiaries</b>		
Dividends payable	67,977	4,074
<b>Balances with other related parties</b>		
Accounts receivable	193	400
Other payables and accruals	7,739	8,583

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

For the six months ended 30 June 2015

### 26. Significant related party transactions (continued)

(c) Key management compensation:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	1,709	1,678
Contributions to pension plans	171	233
	1,880	1,911

### 27. Contingent liabilities

As at 30 June 2015, the Group had no significant contingent liability (31 December 2014: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Operating Results Review

In the first half of 2015, while the overall global economy displayed a slow recovery, the overall Chinese national economy, under relatively strong downward pressure, showed a slow yet steady growth. The gross domestic product (“GDP”) of China for the first half of the year increased by 7.0% as compared with the corresponding period of last year, representing the economic operation within a reasonable interval, whereas China’s total exports and imports decreased by 6.9% year on year, and the trade surplus expanded about 1.5 times. Facing the complex and volatile economic and trade situations both at home and abroad, the Group deepened the refined management and strengthened its cost control and risk management. Meanwhile, it also continuously upgraded and reconstructed its terminals, made greater efforts to consolidate internal resources and optimized the layout of berths and shipping routes so as to improve the efficiency of services. The Group utilized the advantage of such scale, actively promoted the overall marketing and strived to promote the reform of the port charge system so as to increase the revenue of the Group’s port business. In the meantime, by taking full advantages of the opportunities brought by the construction of the Xiamen Area in Fujian Pilot Free Trade Zone (“Xiamen Free Trade Zone”) as well as the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road (“One Belt, One Road”), the Group actively explored opportunities for development and made great efforts to promote the stable development of the Group’s production and operation.

For the six months ended 30 June 2015, the Group recorded revenue of approximately RMB3,033,342,000, representing an increase of approximately 6.91% as compared with approximately RMB2,837,192,000 in the same period of 2014. Profit attributable to the owners of the Company was approximately RMB105,263,000, representing a decrease of approximately 44.91% as compared with approximately RMB191,083,000 in the same period of 2014. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB3.86 cents (the same period of 2014: approximately RMB7.01 cents). The increase in revenue was mainly due to the rising in business volume of container loading and unloading and storage business, trading business of merchandise and value-added port services. The decrease in profit was mainly due to the fact that the Company recognised a one-off disposal gain of RMB85,130,000 in the first half year of 2014 regarding the Dongdu Ferry Berth Resumption, while there was no such asset disposal gain in this period.

## Business Review

The Group is principally engaged in the relevant port terminal businesses at 26 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 is also engaged in the manufacturing, processing and selling business of building materials as well as trading business of merchandise (such as chemical products and steel).



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Container Port Business

During the first half of 2015, the Group achieved a total container throughput of 3,831,141 Twenty-foot Equivalent Units (“TEUs”) and details of container throughput achieved by each terminal were as follows:

	Container throughput		
	Six months ended 30 June		Increase
	2015 (TEUs)	2014 (TEUs)	
Haitian Terminal and Hairun Terminal of the Group <sup>#</sup>	<b>1,884,404</b>	1,711,439	10.1%
XICT and XHICT <sup>*</sup>	<b>524,947</b>	441,776	18.8%
Songyu Terminal <sup>Ⓞ</sup>	<b>596,482</b>	489,137	22.0%
Xinhaida Terminal <sup>Ⓞ</sup>	<b>705,002</b>	193,225	264.9%
Berth No. 1 of Dongdu Terminal <sup>*</sup>	—	547,141	—
Total throughput in Xiamen region	<b>3,710,835</b>	3,382,718	9.7%
Fuzhou Zhongying Terminal <sup>^</sup>	<b>120,306</b>	111,657	7.8%
Total throughput	<b>3,831,141</b>	3,494,375	9.6%

<sup>#</sup> Haitian Terminal formerly included Dongdu berths No. 5 to No. 11. Following the establishment of Xiamen Container Terminal Group Co., Ltd. (“Xiamen Terminal Group”) on 13 December 2013, Xiangyu Terminal (Dongdu berths No. 12 to No. 16) and ITG Terminal (Dongdu berths No. 20 to No. 21) became terminals controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group. In 2014, Xiamen Terminal Group carried out integration in respect of its terminals resources, and accordingly Xiangyu Terminal and ITG Terminal were included in the management by Haitian Terminal, while ITG Terminal has been leased to Xiamen Port Development Co., Ltd. (“Xiamen Port Development”) for operation of bulk/general cargo business since 1 April 2014. Therefore, for the purpose of operational information set out herein, the related operating figures of Haitian Terminal contain the figures of containers business of Dongdu berths No. 5 to No. 16 and ITG Terminal during the relevant period. In addition, 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 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 such berth was included in the Hairun Terminal, correspondingly. Therefore, for the purpose of operational information set out herein, the related operating figures of Hairun Terminal also contain the figures of berth No. 6 in Haicang port area of Xiamen port, which are consolidated in the calculation.

<sup>\*</sup> 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”), formerly 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.

<sup>Ⓞ</sup> Following the establishment of Xiamen Terminal Group on 13 December 2013, Songyu Terminal and Xinhaida Terminal (Haicang berths No.18 and No.19) became the terminals controlled and operated, directly, indirectly or jointly, by the Group and Xiamen Terminal Group. The relevant operating figures of the above two terminals were 100% calculated into the port business.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

☆ Due to the implementation of the related land and assets 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 the year, the Group maintained a continuous growth of its container business. The container business in Xiamen region has increased by 9.7% over the corresponding period of 2014, of which, the container throughput for international trade was approximately 2.796 million TEUs in the first half of the year, representing an increase of approximately 11.9%, which was mainly due to the ongoing advancement of the “One Belt, One Road” national strategy, in response of which Xiamen port developed 4 new Southeast Asian routes under the 21<sup>st</sup> Century Maritime Silk Road, and the number of international trade container routes also increased slightly due to the adjustment of shipping routes by the shipping companies in pursuit of alliances. The container throughput for domestic trade was approximately 0.915 million TEUs in the first half of the year, representing an increase of approximately 3.5%, which was mainly due to the improvement of shipping capacity as a result of the shift from small vessels to larger ones in the major shipping routes of the related shipping companies. In addition, benefiting from the adjustment of the functions of terminals and berths and of the layout of shipping routes by the Group and Xiamen Terminal Group, as well as the development of the port business, the container throughput of XICT, Songyu Terminal and Xinhaida Terminal in the first half increased significantly compared to the same period of last year.

### Bulk/General Cargo Port Business

In the first half of 2015, the bulk/general cargo throughput handled by the Group amounted to a total of 4,217,737 tonnes with details as follows:

	Bulk/general cargo throughput		
	Six months ended 30 June		
	2015 (Tonnes)	2014 (Tonnes)	Increase/ (Decrease)
Berths No. 2 to No. 4 of Dongdu Terminal and ITG Terminal*	<b>3,529,924</b>	5,031,994	(29.9%)
XICT and XHICT	<b>628,510</b>	746,237	(15.8%)
Songyu Terminal <sup>®</sup>	<b>21,056</b>	44,959	(53.2%)
Total throughput in Xiamen region	<b>4,179,490</b>	5,823,190	(28.2%)
Fuzhou Zhongying Terminal <sup>△</sup>	<b>38,247</b>	23,716	61.3%
Total throughput	<b>4,217,737</b>	5,846,906	(27.9%)

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- \* Due to the implementation of the related land and assets resumption in Dongdu Terminal, the other bulk/general cargo business has been gradually transferred to ITG terminal since 1 April 2014, except that the related bulk cargo businesses, such as grain bulk business in berth No. 2, were still operated in this berth; ITG Terminal has been leased to Xiamen Port Development correspondingly for specializing in operation of bulk/general cargo business since 1 April 2014. In addition, Dongdu Terminal has leased part area of berth No. 8 (Mingda Terminal) in Haicang port area of Xiamen port for operating transshipment businesses of the loading and unloading of bulk/general cargo since November 2009. Therefore, for the purpose of the operational information set out herein, the relevant operating figures of bulk/general cargo of Dongdu Terminal also contain the figures of Mingda Terminal, which are consolidated in the calculation.
- Ⓔ Following the establishment of Xiamen Terminal Group on 13 December 2013, Songyu Terminal became the terminal controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group, the relevant operating figures of such terminal are 100% calculated into port business.
- Ⓐ Since 20 November 2012, the Group leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operating container and general cargo loading and unloading business and the port-related comprehensive logistics business.

The Group's bulk/general cargo port business decreased by approximately 27.9% as compared with the first half of 2014. Among them, due to the slower macroeconomic growth and the supporting facilities limitations on the site after the temporary migration of the terminal business from Dongdu Terminal to ITG Terminal, the overall business of Dongdu Terminal and ITG Terminal decreased significantly, which became the main reason for the decrease of the Group's bulk/general cargo port business in the first half of the year; due to the faltering demand of Taiwan sand gravel market, the lower-tariff sand gravel export business decreased significantly, leading to the corresponding decrease of XICT's general cargo business. On the other hand, according to two non-compete undertakings given by the predecessors of the Company on 6 June 2004 and the Company on 24 June 2014 in favour of Xiamen Port Development, XICT has already ceased the operations of the bulk/general cargo business since 30 June 2015.

Regarding the above situation, the Group has further integrated internal bulk/general cargo business resources, and paid close attention to improving relevant supporting facilities and optimizing the operating processes to improve the operation ability and business throughput. Meanwhile, the Group will also facilitate the construction progress of berths No. 20 and No. 21 in Haicang port area of Xiamen port (Hailong Terminal) and plans to put into operation within this year to meet the needs of sustainable development of the bulk/general cargo business.

### *Ancillary Value-added Port Services*

The ancillary value-added port services of the Group mainly included various businesses, such as shipping agency, tallying, tugboat berthing and unberthing and port-related logistics services. In the first half of 2015, the tugboat berthing and unberthing business of the Group maintained overall steady growth and stable market shares; the relevant tariffs of shipping agency business declined and business development suffered setbacks due to mega-vessels and fierce market competition; the operational efficiency of tallying business delivered steady growth which benefited from the positive effects of tallying market's standard conformity of Xiamen port; the port-related logistics services was under the pressure of transformation development as the Group's ocean routes were becoming increasingly layout and adjustment to offshore, so far, by taking advantage of the development

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

opportunities supported by policies in Xiamen Free Trade Zone, Bonded Logistics Park is mainly promoting the construction of “Bonded Exhibition and Trade Center (保稅展示交易中心)” and has led to successful formal contract implementation of “Xiamen Port YCH Baoxiang International Free Trade Lifestyle Store Project (廈門港務葉水福寶象國際自貿生活館項目)”.

### *Trading business of merchandise*

In the first half of 2015, based on strengthening of risk control, the Group 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”, grasped the market opportunity actively and prudently operated the domestic trade and import agency business of bulk raw-materials as well as promoted the appropriate growth of business scale and trade business profitability; actively expanded new business, focused on portside supply chain business and increased its terminal throughput.

## Financial Review

### *Revenue*

Revenues of the Group increased by approximately 6.91% from approximately RMB2,837,192,000 for the six months ended 30 June 2014 to approximately RMB3,033,342,000 for the six months ended 30 June 2015. The increase was mainly due to the increase in revenues from the trading business of merchandise and container loading and unloading and storage business of the Group.

### Revenue by business sector

Business	Six months ended 30 June		
	2015 (RMB'000)	2014 (RMB'000)	Increase/ (Decrease)
Container loading and unloading and storage business	<b>655,454</b>	630,478	3.96%
Bulk/general cargo loading and unloading business	<b>75,805</b>	89,340	(15.15%)
Ancillary value-added port services	<b>516,169</b>	489,357	5.48%
Manufacturing and selling of building materials	<b>170,039</b>	183,943	(7.56%)
Trading business of merchandise	<b>1,615,875</b>	1,444,074	11.90%
Total	<b>3,033,342</b>	2,837,192	6.91%

The major reasons for the changes in the revenue of each business sector for the six months ended 30 June 2015 compared with the corresponding period of last year are as follows:

1. The container throughput of the Group has increased by approximately 9.6% for the six months ended 30 June 2015, as a result, revenue of the container loading and unloading and storage business increased accordingly;
2. Due to the slower macroeconomic growth and the limitation of the supporting facilities on the site after the temporary migration of the bulk cargo business from Dongdu Terminal to ITG Terminal, the bulk/general cargo loading and unloading business volume decreased significantly compared to the same period of 2014, which resulted in a decrease in revenue;

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. The cargo throughput of Xiamen port increased, which led to the increase in the revenue of the ancillary value-added port services of the Group;
4. Due to the overall downturn of the construction industry, the revenue of the manufacturing and selling of building materials business showed a downward trend in this period; and
5. The Group expanded the scale of trading business, which resulted in a significant increase in the revenue of the trading business of merchandise such as steel and food.

### *Cost of Sales*

Cost of sales of the Group increased by approximately 5.88% from approximately RMB2,457,741,000 for the six months ended 30 June 2014 to approximately RMB2,602,301,000 for the six months ended 30 June 2015. The increase was primarily due to the increases in the cost of inventories sold, transportation and labour outsourcing cost.

- Cost of inventories sold of the Group increased by approximately 7.81% from approximately RMB1,648,614,000 for the six months ended 30 June 2014 to approximately RMB1,777,447,000 for the six months ended 30 June 2015. The increase was mainly due to the Group's expansion of the scale of trading business and the increase in the volume of the trading business of merchandise, which led to the corresponding increase in cost.
- Transportation and labour outsourcing cost of the Group increased by approximately 12.88% from approximately RMB241,325,000 for the six months ended 30 June 2014 to approximately RMB272,413,000 for the six months ended 30 June 2015. The increase was mainly due to the increase in the Group's transportation and logistics business.

### *Other (Losses)/Gains – Net*

Other (losses)/gains – net of the Group decreased by approximately 102.18% from a gain position with an amount of approximately RMB85,647,000 for the six months ended 30 June 2014 to a loss position with an amount of approximately RMB1,865,000 for the six months ended 30 June 2015. The decrease was mainly due to the fact that the Company recognised a one-off disposal gain of RMB85,130,000 in the first half year of 2014 regarding the Dongdu Ferry Berth Resumption, while there was no such asset disposal gain in this period.

### *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 2015, the balance of the Group's cash and cash equivalents amounted to approximately RMB1,007,326,000 (as at 31 December 2014: approximately RMB648,058,000). The increase was mainly due to the cash generated from operating activities of the Group in this period.

Borrowings of the Group increased by approximately 24.18% from approximately RMB2,419,374,000 as at 31 December 2014 to approximately RMB3,004,384,000 as at 30 June 2015, which was mainly due to the newly-added borrowings for maintaining the normal operations of the Group and the construction work of berths No. 20 and No. 21 in Haicang port area.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 June 2015, the guaranteed bank borrowings of the Group was approximately RMB788,994,000, among which: a bank borrowing of RMB459,707,000 is guaranteed by the Company (as at 31 December 2014: Nil); a bank borrowing of RMB106,000,000 is guaranteed by Xiamen Port Holding (as at 31 December 2014: RMB132,500,000); bank borrowings of RMB105,777,000 are guaranteed by state-owned banks (as at 31 December 2014: RMB50,548,000); a bank borrowing of RMB55,580,000 is guaranteed by Xiamen Penavico International Freight and Forwarding Co., Ltd. (as at 31 December 2014: Nil); a bank borrowing of RMB48,930,000 is guaranteed by Xiamen Port Development (as at 31 December 2014: Nil); a bank borrowing of RMB13,000,000 is guaranteed by Xiamen Suntory Container Logistics Co., Ltd. (as at 31 December 2014: RMB13,000,000).

As at 30 June 2015, the secured bank borrowings balance of the Group was USD17,445,000 (approximately equivalent to RMB106,380,000) (as at 31 December 2014: RMB60,969,000), which is secured by bank deposits of USD18,950,000 (approximately equivalent to RMB115,853,000) (as at 31 December 2014: RMB66,000,000); a bank borrowing of RMB5,722,000 secured by letters of credit and a bank borrowing of RMB140,102,000 secured by bank deposits of USD24,000,000 as at 31 December 2014 were repaid in this period.

### 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 2015 and 31 December 2014 were as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Total borrowings	<b>3,004,384</b>	2,419,374
Less: cash and cash equivalents	<b>(1,007,326)</b>	(648,058)
Net debt	<b>1,997,058</b>	1,771,316
Total equity	<b>9,099,957</b>	9,103,240
Total capital	<b>11,097,015</b>	10,874,556
Gearing ratio (%)	<b>18.00%</b>	16.29%

As at 30 June 2015, the Group had a net debt position.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Other Financial Information*

As at 30 June 2015, the available-for-sale financial assets of the Group increased from approximately RMB73,350,000 as at 31 December 2014 to approximately RMB100,544,000, the increase was mainly due to the increase in the fair value of stocks investment held by the Group.

### *Capital Expenditure Commitments*

As at 30 June 2015, the Group's capital expenditure commitments amounted to approximately RMB716,085,000, primarily consisting of expenditure for constructing and upgrading port and storage infrastructure, acquisition of loading machinery and other machineries 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 2015. 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 2015, the Group had no significant contingent liabilities.

### **Employees**

As at 30 June 2015, the Group had a total of 6,296 employees, representing a decrease of 181 employees as compared to 31 December 2014. The decrease was mainly due to the business relocation of Dongdu Terminal and the optimization and integration of staff of the relevant companies. Employees' remunerations of the Group were determined by their positions, performance, qualifications and the prevailing practices of the industry. Employees may be granted with bonus and awards depending on the annual results of operations and the assessment of their performance. 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 1 March 2015, Xiamen Terminal Group, a subsidiary of the Company, established Xiamen Container Terminal Group Co., Ltd. Haitian Branch (廈門集裝箱碼頭集團有限公司海天分公司) ("Haitian Branch") in the core zone of the Cross-strait Trade Center in Xiamen Free Trade Zone, which is principally engaged in freight port cargo loading and unloading and storage services, terminal and other port facilities services and vessel port services, and as at the date of this interim report, the relevant industrial and commercial registration formalities have been completed.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Prospect And Outlook

Overall, the domestic and international economic environment in the second half of this year will be rather complex. Internationally, the global economy is expected to maintain a slow growth, and the growth momentum of international trade is mild. Accordingly to the Global Economic Outlook published by the World Bank in June this year, the World Bank has lowered its prediction on the global economic growth rate from 3% to 2.8%, and maintained the prediction on the Chinese GDP growth for 2015 unchanged at 7.1%. In the PRC, according to the analysis of the National Bureau of Statistics, driven by the policies and measures (i.e. boosting the stable growth of investment and foreign trade, expanding imports, and the “One Belt, One Road” initiative) put in place previously, the growth of Chinese economy will maintain steady and improve in the second half of the year. Furthermore, according to the analysis of the General Administration of Customs of China, in the absence of world political or economic incidents of a significant nature, it is expected that the foreign trade in the PRC in the second half of this year will outperform that of the first half, with a recovery in exports. 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, make calm responses, capture market opportunities, always focus on efficiency, actively utilize our overall advantages, and improve our corporate operation efficiency to ensure a better investment return for all shareholders of the Company. Combined with our actual circumstances, the Group will focus on the following work in the second half of this year:

- To deepen overall marketing. Firstly, the Group will adhere to the value marketing and perfect the coordination mechanism of overall marketing, and utilize the linkage effects of terminal business and ancillary value-added port services business through combining with the reform of the port charge system, so as to facilitate the port fee to resume a reasonable level; secondly, the Group will increase marketing efforts, refine the market management, accelerate the development of emerging markets, further propel large customer strategy and expand the space for strategic cooperation with major customers.
- To capture the development opportunity offered by the strategy of “One Belt, One Road” and booster a radiating development. The Group will work with reputable shipping companies and ports both at home and abroad, focus on exploiting international routes along the “21<sup>st</sup> Century Maritime Silk Road”, add new container lines and increase shipping frequency, as well as expand the radiating coverage of the terminal business of the Group.
- To seize the development opportunity in Xiamen Free Trade Zone for transformation and development. The Group will strive for the policy support of Xiamen Free Trade Zone and promote the business innovation of the port of the Group, proactively build the business platforms of bonded warehouse display and sale, the consolidation and deconsolidation for international transshipment cargoes, cold chain logistics, etc., and endeavor to provide our customers with overall logistics solutions.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- To seize the development opportunity in Internet+ for innovation and development. The Group will exert great efforts to develop “Internet+” port comprehensive logistics, utilize the new service model of “Single Window” of “Internet + Free Trade Zone + Port” in an innovative manner, construct a sharing and inter-connect system of port logistics information, perfect the intelligent logistics distribution and allocation system and focus on promoting the cross-border E-commerce business.
- To seize the opportunity of the construction of the Southeast International Shipping Center in Xiamen for upgrading and development. Firstly, the Group will promote the upgrading and restructuring of terminal berths and accelerate the construction and operation of new terminals so as to improve service capacity; secondly, the Group will deepen the construction of the intelligent port, build a information-based port production management platform; thirdly, the Group will promote the technical transformation of equipment energy-saving and construct green port, thereby improving enterprise value continuously.
- To intensify the construction of hinterland. Firstly, the Group will implement the hinterland strategy, focus on the inland and feeder business network layout, and guide the flow directions of cargo sources to Xiamen port and the terminals of the Group gradually through the cargo-canvassing networks of land-based port and inland, so as to expand the development space of comprehensive port logistics; secondly, the Group will actively explore the market cargo sources, strengthen the canvassing efforts of basic supply and high value-added cargo sources, improve and optimize the structure of customer and cargo sources to enhance the percentage of basic supply and direct customers gradually.
- To deepen the refined management. Firstly, the Group will strengthen the cost control efforts and reinforce the refined management of cost, further explore the cost space to reduce the overall operating costs of the Group; secondly, the Group will allocate the available resources flexibly, enhance the deployment capacity and use efficiency of resources, so as to promote the operating efficiency of the Group; thirdly, the Group will strengthen and reinforce the risk management and further improve the internal control system to ensure the sound 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 2015:

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

There is no movement in the share capital of the Company during the six months ended 30 June 2015.

## INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend during the six months ended 30 June 2015 (same period of 2014: 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 2015, none of the Directors, supervisors of the Company (the "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 Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any Director, 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").

## OTHER INFORMATION (CONTINUED)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2015, 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)	1,721,200,000	Beneficial owner	98.95%	63.14%

Save as disclosed above, as at 30 June 2015, 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 2015.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six months ended 30 June 2015, the Group had not purchased, sold or repurchased any listed securities of the Company.

### ACQUISITION AND DISPOSAL

On 12 June 2015, Sanming Port Development Co., Ltd. \* (三明港務發展有限公司, "SPD", an indirect non-wholly owned subsidiary of the Company) has entered into an equity transfer agreement with Xiamen Port Properties (a subsidiary of Xiamen Port Holding, the controlling shareholder of the Company) and FSE, pursuant to which SPD disposed of (i) its 52% equity interest in SPC to Xiamen Port Properties for a consideration of approximately RMB5,381,605; and (ii) its 13% equity interest in SPC to FSE for a consideration of approximately RMB1,345,401. As at the date of this interim report, the relevant equity transfer procedures are still being processed. The above equity transfers constituted connected transactions of the Company under the Listing Rules. For further details, please refer to the Company's announcement published on 12 June 2015.

Save as disclosed above, for the six months ended 30 June 2015, 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 HK\$70,000,000 to be made available to the Company for a tenor of 1 year.

On 12 June 2015, the Company (as guarantor) and its subsidiary Songyu Container (as borrower) entered into a facility agreement with a bank (as lender) relating to an unsecured 3-year term loan of RMB300,000,000 to be made available to Songyu Terminal guaranteed by the Company.

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 maintaining 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 2015, 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*

For the six months ended 30 June 2015, the fourth session of the Board previously comprised thirteen Directors, including four Executive Directors, namely Mr. LIN Kaibiao, Mr. FANG Yao, Mr. HUANG Zirong and Mr. KE Dong, four Non-executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Ms. MIAO Luping (resigned on 29 June 2015) 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.

On 29 June 2015, Ms. MIAO Luping resigned from the position of Non-executive Director of the Company due to her change of employment.

## OTHER INFORMATION (CONTINUED)

Accordingly, as at the date of this interim report, the fourth session of the Board comprised twelve Directors, details of which are as follows:

### Executive Directors:

Mr. LIN Kaibiao (*Chairman*)  
Mr. FANG Yao (*Vice Chairman*)  
Mr. HUANG Zirong  
Mr. KE Dong

### Non-executive Directors:

Mr. ZHENG Yongen  
Mr. CHEN Dingyu  
Mr. FU Chengjing

### Independent Non-executive Directors:

Mr. LIU Feng  
Mr. HUI Wang Chuen  
Mr. LIN Pengjiu  
Mr. HUANG Shumeng  
Mr. SHAO Zheping

### *The Supervisory Committee*

As at the date of this interim report, the fourth session of the Supervisory Committee of the Company comprised six Supervisors, details of which are as follows:

Mr. YU Mingfeng (*Chairman of the Supervisory Committee*)  
Mr. ZHANG Guixian  
Mr. LIAO Guosheng  
Mr. WU Weijian  
Mr. TANG Jinmu  
Mr. XIAO Zuoping

## OTHER INFORMATION (CONTINUED)

### *Nomination Committee*

The second session of the Nomination Committee of the Company comprises Mr. LIN Kaibiao, the Chairman and an Executive Director, and two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. HUANG Shumeng. The Nomination Committee is chaired by Mr. LIN Kaibiao.

The primary functions of the Nomination Committee are to: 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, 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 have been published on the websites of the Hong Kong Stock Exchange and the Company according to the regulations.

### *Audit Committee*

The fourth session of the Audit Committee of the Company comprises two Independent Non-executive Directors, Mr. LIU Feng and Mr. HUANG Shumeng, and one Non-executive Director, Mr. FU Chengjing. The Audit Committee is chaired by Mr. LIU Feng.

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 have been published on the websites of the Hong Kong Stock Exchange and the Company according to the regulations.

The Audit Committee has reviewed the Company's interim results for the six months ended 30 June 2015 and agreed with the accounting policies adopted by the Company.

### *Remuneration Committee*

The fourth session of the Remuneration Committee of the Company comprises two Independent Non-executive Directors, Mr. HUI Wang Chuen and Mr. LIU Feng, and one Non-executive Director, Mr. CHEN Dingyu. The Remuneration Committee is chaired by Mr. HUI Wang Chuen.

The primary functions of the Remuneration Committee are: to formulate the remuneration policy for the directors, supervisors and senior management of the Group, review and 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.

## OTHER INFORMATION (CONTINUED)

### *Business Strategy Committee*

The fourth session of the Business Strategy Committee of the Company previously comprised Independent Non-executive Director Mr. SHAO Zheping, and Executive Directors, Mr. LIN Kaibiao and Mr. HUANG Zirong, and Non-executive Directors, Mr. CHEN Dingyu and Ms. MIAO Luping. On 29 June 2015, Ms. MIAO Luping resigned from the position of Non-executive Director of the Company and member of the Business Strategy Committee due to her change of employment. As a result, as at the date of this interim report, the fourth session of the Business Strategy Committee comprises Mr. SHAO Zheping, Mr. LIN Kaibiao, Mr. HUANG Zirong, and Mr. CHEN Dingyu. The Business Strategy Committee is chaired by Mr. SHAO Zheping.

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*

The first session of the Corporate Governance Committee of the Company comprises two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. SHAO Zheping, and one Executive Director, Mr. FANG Yao. The Corporate Governance Committee is chaired by Mr. LIN Pengjiu.

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 2015, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2015.

## OTHER INFORMATION (CONTINUED)

### *Amendments to the Articles of Association of the Company*

- (1) According to Guozi Chanquan [2014] No. 1212 “Reply on the Relevant Problems of Free Transfer of Shares Held by State-owned Shareholder of Xiamen International Port Co., Ltd.” issued by the State-owned Assets Supervision and Administration Commission of the State Council, 廈門夏商集團有限公司 (Xiamen Seashine Group Co., Ltd\*) has transferred its entire share interests in the Company, namely 18,300,000 shares, to Xiamen Port Holding. Accordingly, 1,721,200,000 shares of the Company are being held by Xiamen Port Holding, representing approximately 63.14% in aggregate of the Company’s total equity interest. The Board is of the view that corresponding amendments should be made to several existing articles of the articles of association the Company (the “Articles of Association”) so as to reflect the changes regarding the holders of the domestic shares; and
- (2) Necessary amendments to the relevant articles of the Articles of Association regarding the method of notification for convening a Board meeting of the Articles of Association should also be made in order to allow sending a notice of Board meeting to the Directors by electronic means.

In view of the above, the Company held its first extraordinary general meeting in 2015 on 27 March 2015 to approve necessary amendments to the relevant articles of the Articles of Association by way of a special resolution. For further amendment details, please refer to the announcement and circular dated 9 February 2015 published by the Company.

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