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

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 3378)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**FINANCIAL HIGHLIGHTS**

- Revenues amounted to approximately RMB3,681,972,000, representing an increase of approximately 21.38% over approximately RMB3,033,342,000 in the corresponding period in 2015.
- Profit attributable to owners of the Company amounted to approximately RMB127,379,000, representing an increase of approximately 21.01% over approximately RMB105,263,000 in the corresponding period in 2015.
- Earnings per share for profit attributable to owners of the Company (basic and diluted) amounted to approximately RMB4.67 cents, representing an increase of approximately 21.01% over approximately RMB3.86 cents in the corresponding period in 2015.

**FINANCIAL RESULTS**

The board of directors (the “Board”) of Xiamen International Port Co., Ltd (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016. The interim results have been reviewed by the Company’s Audit Committee. The Group’s unaudited condensed consolidated interim income statement, unaudited condensed consolidated interim statement of comprehensive income, unaudited condensed consolidated interim balance sheet and explanatory notes 1 to 11 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2016, which has been reviewed by the Company’s auditors, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		<i>Unaudited</i>	
		Six months ended 30 June	
		2016	2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenues	4	3,681,972	3,033,342
Cost of sales		<u>(3,228,700)</u>	<u>(2,602,301)</u>
<b>Gross profit</b>		<b>453,272</b>	431,041
Other income		<b>70,123</b>	77,523
Other losses — net		<b>(1,158)</b>	(1,865)
Selling and marketing expenses		<b>(21,981)</b>	(20,233)
General and administrative expenses		<u><b>(127,364)</b></u>	<u>(121,308)</u>
<b>Operating profit</b>	5	<b>372,892</b>	365,158
Finance income	6	<b>26,362</b>	47,848
Finance costs	6	<u><b>(44,419)</b></u>	<u>(71,973)</u>
		<b>354,835</b>	341,033
Share of profits less losses of joint ventures		<b>16,078</b>	2,664
Share of profits less losses of associates		<u><b>(993)</b></u>	<u>1,866</u>
<b>Profit before income tax expense</b>		<b>369,920</b>	345,563
Income tax expense	7	<u><b>(99,030)</b></u>	<u>(95,853)</u>
<b>Profit for the period</b>		<u><b>270,890</b></u>	<u>249,710</u>
<b>Profit attributable to:</b>			
Owners of the Company		<b>127,379</b>	105,263
Non-controlling interests		<u><b>143,511</b></u>	<u>144,447</u>
		<u><b>270,890</b></u>	<u>249,710</u>
Earnings per share for profit attributable to owners of the Company during the period — Basic and diluted (in RMB cents)	9	<u><b>4.67</b></u>	<u>3.86</u>
Dividends — Dividend proposed	8	<u><b>—</b></u>	<u>—</u>

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Unaudited</i>	
	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>270,890</b>	249,710
<b>Other comprehensive income for the period, net of tax</b>		
<u>Items that may be reclassified to profit or loss</u>		
— Fair value (losses)/gains on available-for-sale financial assets, net of tax	(7,633)	21,299
<b>Total comprehensive income for the period</b>	<b>263,257</b>	271,009
<b>Total comprehensive income for the period attributable to:</b>		
— Owners of the Company	119,746	126,562
— Non-controlling interests	143,511	144,447
	<b>263,257</b>	271,009

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		<i>Unaudited</i>	<i>Audited</i>
		<b>30 Jun</b>	<b>31 Dec</b>
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		<b>120,781</b>	118,901
Property, plant and equipment		<b>6,815,283</b>	6,601,162
Land use rights		<b>2,057,146</b>	2,072,101
Intangible assets		<b>263,114</b>	266,903
Interests in joint ventures		<b>1,198,787</b>	1,178,344
Interests in associates		<b>57,010</b>	59,923
Available-for-sale financial assets		<b>65,730</b>	76,233
Long-term receivables and prepayments		<b>299,063</b>	320,372
Deferred income tax assets		<b>267,975</b>	264,742
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>11,144,889</b>	10,958,681
<b>Current assets</b>			
Inventories		<b>311,182</b>	327,644
Accounts and notes receivable	<i>10</i>	<b>1,256,131</b>	1,027,895
Other receivables and prepayments		<b>1,030,307</b>	867,240
Available-for-sale financial assets		<b>—</b>	130,000
Term deposits with initial term over three months		<b>4,120</b>	6,615
Restricted cash		<b>37,616</b>	44,511
Cash and cash equivalents		<b>1,324,785</b>	776,370
		<hr/>	<hr/>
<b>Total current assets</b>		<b>3,964,141</b>	3,180,275
		<hr/>	<hr/>
<b>Total assets</b>		<b>15,109,030</b>	14,138,956
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>2,726,200</b>	2,726,200
Reserves		<b>2,175,416</b>	2,164,718
		<hr/>	<hr/>
		<b>4,901,616</b>	4,890,918
<b>Non-controlling interests</b>		<b>4,529,507</b>	4,512,021
		<hr/>	<hr/>
<b>Total equity</b>		<b>9,431,123</b>	9,402,939
		<hr/>	<hr/>

		<i>Unaudited</i> <b>30 Jun</b> <b>2016</b> <i>RMB'000</i>	<i>Audited</i> 31 Dec 2015 <i>RMB'000</i>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>1,352,144</b>	1,029,511
Deferred government grants and income		<b>151,753</b>	151,658
Long-term payables and advances		<b>1,849</b>	1,880
Early retirement benefit obligations		<b>30</b>	195
Deferred income tax liabilities		<b>341,416</b>	347,582
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>1,847,192</b>	1,530,826
<b>Current liabilities</b>			
Accounts and notes payable	<i>11</i>	<b>946,996</b>	795,036
Other payables and accruals		<b>837,052</b>	723,658
Borrowings		<b>1,988,076</b>	1,614,853
Taxes payable		<b>58,591</b>	71,644
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>3,830,715</b>	3,205,191
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>5,677,907</b>	4,736,017
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>15,109,030</b>	14,138,956
		<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		<b>133,426</b>	(24,916)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>11,278,315</b>	10,933,765
		<hr/>	<hr/>

# NOTES:

## 1. General information

Xiamen International Port Co., Ltd. (the “Company”) is 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 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 condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board on 26 August 2016.

## 2. Basis of preparation

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2016 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 condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2015 (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 amendments and improvements of HKFRSs adopted by the Group in 2016**

- HKFRS 14 “Regulatory Deferral Accounts”;
- Amendment to HKFRS 11 “Accounting for acquisitions of interests in joint operations”;
- Amendments to HKAS 16 and HKAS 38 “Clarification of acceptable methods of depreciation and amortisation”;
- Amendment to HKAS 27 “Equity method in separate financial statements”;
- Annual improvements 2014, affecting the following 4 standards: HKFRS 5 “Non-current assets held for sale and discontinued operations”, HKFRS 7 “Financial instruments: Disclosures”, “HKAS 19 Employee benefits”, “HKAS 34 Interim financial reporting”;
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 “Investment entities: applying the consolidation exception”;
- Amendments to HKAS 1 “Disclosure initiative”.

The adoption of the above new amendments and improvements starting from 1 January 2016 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 2016.

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 2016.

#### 4. 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 a 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 a geographical basis.

The segment results provided to management for the reportable segments for the six months ended 30 June 2016 and 2015 are as follows:

	Six months ended 30 June 2016 (Unaudited)					Total RMB'000
	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 segment revenues	738,648	88,260	479,434	145,435	2,307,087	3,758,864
Inter-segment revenues	—	—	(76,892)	—	—	(76,892)
Revenues	<u>738,648</u>	<u>88,260</u>	<u>402,542</u>	<u>145,435</u>	<u>2,307,087</u>	<u>3,681,972</u>
Operating profit	268,862	23,271	42,466	12,421	25,872	372,892
Finance income						26,362
Finance costs						<u>(44,419)</u>
						354,835
Share of profits less losses of joint ventures	20,663	—	(4,585)	—	—	16,078
Share of profits less losses of associates	—	—	(2,096)	1,103	—	<u>(993)</u>
<b>Profit before income tax expense</b>						369,920
Income tax expense						<u>(99,030)</u>
<b>Profit for the period</b>						<u><u>270,890</u></u>
<b>Other information</b>						
Depreciation	92,454	7,592	34,866	3,031	2,864	140,807
Amortisation	26,031	1,357	4,272	40	1,390	33,090
Net provision for/(reversal of) impairment of						
— inventories	365	—	—	—	(2,297)	(1,932)
— receivables	<u>(53)</u>	<u>570</u>	<u>2,217</u>	<u>494</u>	<u>(655)</u>	<u>2,573</u>

The segment results provided to management for the reportable segments for the six months ended 30 June 2016 and 2015 are as follows (continued):

	Six months ended 30 June 2015 ( <i>Unaudited</i> )					Total <i>RMB'000</i>
	Container loading and unloading and storage business <i>RMB'000</i>	Bulk/general cargo loading and unloading business <i>RMB'000</i>	Ancillary value-added port services <i>RMB'000</i>	Manufacturing and selling of building materials <i>RMB'000</i>	Trading business of merchandise <i>RMB'000</i>	
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	<u>655,454</u>	<u>75,805</u>	<u>516,169</u>	<u>170,039</u>	<u>1,615,875</u>	<u>3,033,342</u>
Operating profit	230,366	25,305	86,349	16,653	6,485	365,158
Finance income						47,848
Finance costs						<u>(71,973)</u>
						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	—	<u>1,866</u>
<b>Profit before income tax expense</b>						345,563
Income tax expense						<u>(95,853)</u>
<b>Profit for the period</b>						<u><u>249,710</u></u>
<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	<u>(85)</u>	<u>7</u>	<u>(386)</u>	<u>(3)</u>	<u>470</u>	<u>3</u>

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 condensed consolidated interim 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.

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



## 5. Operating profit

Operating profit is stated after crediting and charging the following:

	<i>Unaudited</i>	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
<b>Crediting:</b>		
Dividend income	1,920	2,977
Gain/(losses) on disposal of property, plant and equipment	2,842	(1,318)
Reversal of impairment of		
— inventories	4,757	5,681
— receivables	15,383	—
	<u>15,383</u>	<u>—</u>
<b>Charging:</b>		
Cost of inventories sold/consumed	2,416,489	1,777,447
Depreciation of		
— investment properties	2,476	2,210
— property, plant and equipment	138,331	134,263
Amortisation		
— land use rights	28,511	30,398
— intangible assets	4,580	4,483
Provision for impairment of		
— inventories	2,825	8,986
— receivables	17,956	3
	<u>17,956</u>	<u>3</u>

## 6. Finance income and costs

	<i>Unaudited</i>	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest income	30,349	46,993
Net foreign exchange (losses)/gain	(3,987)	855
	<u>26,362</u>	<u>47,848</u>
Interests on bank borrowings	(60,607)	(82,290)
Less: amounts capitalised	16,188	10,317
	<u>(44,419)</u>	<u>(71,973)</u>
Finance costs, net	<u>(18,057)</u>	<u>(24,125)</u>

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowings for the six months ended 30 June 2016 was 4.94% (same period of 2015: 6.32%) per annum.

## 7. 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 2016.

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 2016 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%.

For the six months ended 30 June 2016, 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 condensed consolidated interim income statement represents:

	<i>Unaudited</i>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
PRC corporate income tax expense	<b>105,885</b>	107,913
Deferred income tax charge	<b>(6,855)</b>	(12,060)
	<b>99,030</b>	<b>95,853</b>

## 8. Dividends

At a meeting held on 24 March 2016, the Directors proposed a final dividend (the “2015 Final Dividend”) of RMB4.0 cents per share (tax inclusive) for the year ended 31 December 2015, which was subsequently approved at the annual general meeting on 15 June 2016. The 2015 Final Dividend has been reflected as an appropriation of retained earnings for the year ended 31 December 2015.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (same period of 2015: Nil).

## 9. Earnings per share

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

	<i>Unaudited</i>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
Profit attributable to the owners of the Company (in RMB)	<b>127,379,000</b>	105,263,000
Weighted average number of the Company’s shares in issue	<b>2,726,200,000</b>	2,726,200,000
Basic earnings per share (in RMB cents)	<b>4.67</b>	3.86

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

## 10. Accounts and notes receivable

	<i>Unaudited</i> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<i>Audited</i> 31 December 2015 <i>RMB'000</i>
Accounts receivable	<b>1,183,289</b>	944,476
Less: provision for impairment	<b>(46,484)</b>	(39,942)
	<b>1,136,805</b>	904,534
Due from parent company	<b>41</b>	523
Due from fellow subsidiaries	<b>21,370</b>	16,395
Due from joint ventures	<b>45,770</b>	27,806
Due from associates	<b>884</b>	274
Due from other related parties	<b>7,279</b>	16,480
Notes receivable	<b>43,982</b>	61,883
	<b>1,256,131</b>	1,027,895

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.

Ageing analysis of accounts and notes receivable based on invoice date at the respective balance sheet dates are as follows:

	<i>Unaudited</i> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<i>Audited</i> 31 December 2015 <i>RMB'000</i>
Less than 6 months	<b>1,018,632</b>	826,713
6 months to 1 year	<b>168,914</b>	157,348
1 year to 2 years	<b>89,428</b>	62,680
2 years to 3 years	<b>14,402</b>	8,137
Over 3 years	<b>11,239</b>	12,959
	<b>1,302,615</b>	1,067,837
Less: provision for impairment	<b>(46,484)</b>	(39,942)
	<b>1,256,131</b>	1,027,895

## 11. Accounts and notes payable

	<i>Unaudited</i> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<i>Audited</i> 31 December 2015 <i>RMB'000</i>
Accounts payable	682,706	574,413
Due to parent company	9,171	7,897
Due to fellow subsidiaries	48,776	8,868
Due to joint ventures	75,807	21,582
Due to associates	15	408
Due to other related party	—	10
Notes payable	<u>130,521</u>	<u>181,858</u>
	<u><b>946,996</b></u>	<u><b>795,036</b></u>

Ageing analysis of accounts and notes payable based on invoice date at the respective balance sheet dates are as follows:

	<i>Unaudited</i> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<i>Audited</i> 31 December 2015 <i>RMB'000</i>
Within 1 year	925,922	772,896
1 year to 2 years	17,774	17,282
2 years to 3 years	318	323
Over 3 years	<u>2,982</u>	<u>4,535</u>
	<u><b>946,996</b></u>	<u><b>795,036</b></u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING RESULTS REVIEW

In the first half of 2016, with the recovery of the global economy being slower than expected, the global trade continued to contract, while the PRC economy ran smoothly as a whole with increasing downward pressure. The gross domestic product (“GDP”) of the PRC for the first half of the year increased by 6.7% year-on-year with the economic operation confined within a reasonable range, whereas the PRC’s total exports and imports decreased by 3.3% year-on-year but demonstrated a recovery in the second quarter. Facing the complex and volatile economic and trade situations domestically and internationally, the Group had proactively taken various measures. On one hand, the Group strengthened its strategic cooperation with major shipping companies, endeavored to expand port hinterland, proactively developed the international and domestic trade container transshipment business and other businesses to promote the extensive operation of the ports. On the other hand, the Group actively leveraged its scale advantage, strengthened the overall marketing, expedited the construction of informationization and the upgrading of ports, improved port service capacity, and expanded the development space of businesses. Meanwhile, by continuing efforts in deepening the refined management, further promoting internal control, systematizing various management tasks and strictly monitoring various costs and expenses, the Group’s production and operation were able to maintain a relatively stable development.

For the six months ended 30 June 2016, the Group recorded a revenue of approximately RMB3,681,972,000, representing an increase of approximately 21.38% as compared with approximately RMB3,033,342,000 in the same period of 2015. Profit attributable to the owners of the Company was approximately RMB127,379,000, representing an increase of approximately 21.01% as compared with approximately RMB105,263,000 in the same period of 2015. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB4.67 cents (the same period of 2015: approximately RMB3.86 cents). The increase in revenue was mainly due to the rise in business volume of the container loading and unloading and storage business and trading business of merchandise. The increase in revenue led to the increase in profit correspondingly.

## 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).

## Container Port Business

During the first half of 2016, the Group achieved a total container throughput of 3,907,371 Twenty-foot Equivalent Units (“TEUs”) for its container business, and details of container throughput achieved by each terminal were as follows:

	<b>Container throughput</b>		
	<b>Six months ended 30 June</b>		
	<b>2016</b>	<b>2015</b>	<b>Increase/ (Decrease)</b>
	<i>(TEUs)</i>	<i>(TEUs)</i>	
Haitian Terminal and Hairun Terminal of the Group <sup>#</sup>	<b>2,001,617</b>	1,884,404	6.2%
XICT and XHICT <sup>*</sup>	<b>663,512</b>	524,947	26.4%
Songyu Terminal <sup>⊕</sup>	<b>517,926</b>	596,482	(13.2%)
Xinhaida Terminal <sup>⊕</sup>	<b>610,152</b>	705,002	(13.5%)
	<hr/>	<hr/>	
Total throughput in Xiamen region	<b>3,793,207</b>	3,710,835	2.2%
Fuzhou Zhongying Terminal <sup>△</sup>	<b>114,164</b>	120,306	(5.1%)
	<hr/>	<hr/>	
Total throughput	<b>3,907,371</b>	3,831,141	2.0%
	<hr/> <hr/>	<hr/> <hr/>	

<sup>#</sup> Since 1 January 2016, due to business development requirements, Xiamen Container Terminal Group Co., Ltd. (“Xiamen Terminal Group”) leased and operated berth No. 4 in Songyu port area (“Haitong Terminal”) from Xiamen Haitong Terminal Ltd., a non-wholly owned subsidiary of Xiamen Port Holding, and therefore, for the purpose of operation information set out herein, the related operating figures of Haitian Terminal also include the figures of the containers business of Dongdu berths No. 5 to No. 16 and Haitong Terminal, while the relevant operating figures of Hairun Terminal also include the figures of berths No. 4, No. 5 and No. 6 in Haicang port area of Xiamen port.

<sup>\*</sup> Xiamen International Container Terminals Ltd. (“XICT”) and Xiamen Haicang International Container Terminals Ltd. (“XHICT”) are 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> Songyu Terminal and Xinhaida Terminal are terminals controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group. The relevant operating figures of the above two terminals were 100% calculated into the port business.

<sup>△</sup> 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 had slightly increased by approximately 2.2% over the corresponding period of 2015, of which, the container throughput for international trade was approximately 2.75 million TEUs in the first half of the year, representing a decrease of approximately 1.6%, which was mainly due to the weak global economic growth, the sluggish demand in the international market, and the contraction in the PRC's foreign trade. The container throughput for domestic trade was approximately 1.043 million TEUs in the first half of the year, representing an increase of approximately 14%, which was mainly due to the business growth as a result of the shift from small vessels to larger ones in the major shipping routes of the related shipping companies as well as the increase in the shipping route density. The container business of Fuzhou Zhongying Terminal decreased by approximately 5.1% compared to the same period in 2015, which was mainly due to the unfavorable macroeconomic conditions and the closure of container shipping routes by relevant shipping companies.

Regarding the above situations, the Group has further strengthened the strategic port and shipping cooperation with international and domestic leading shipping companies, flexibly adjusted the pricing strategy, promoted shipping companies to develop various businesses which were beneficial to increase the container throughput of the Group, and actively implemented the win-win business cooperation for port and shipping. Meanwhile, the Group has also focused on enhancing the port service capability, accelerating the construction and improvement of the information platform serving port business and enhancing the operational coordination efficiency, which are expected to provide quality services in a more convenient and efficient manner for shipping companies and cargo owners, whereby attracting shipping routes and cargo sources and promoting the sustainable development of the container business.

## Bulk/General Cargo Port Business

In the first half of 2016, the bulk/general cargo throughput handled by the Group amounted to a total of 4,170,713 tonnes with details as follows:

	<b>Bulk/general cargo throughput</b>		
	<b>Six months ended 30 June</b>		
	<b>2016</b>	2015	Increase/ (Decrease)
	<i>(tonnes)</i>	<i>(tonnes)</i>	
Berth No. 2 of Dongdu Terminal and ITG Terminal <sup>#</sup>	<b>3,517,368</b>	3,529,924	(0.3%)
XICT and XHICT <sup>*</sup>	<b>628,765</b>	628,510	0.04%
Songyu Terminal <sup>⊕</sup>	<b>8,083</b>	21,056	(61.6%)
<b>Total throughput in Xiamen region</b>	<b>4,154,216</b>	4,179,490	(0.6%)
Fuzhou Zhongying Terminal <sup>△</sup>	<b>16,497</b>	38,247	(56.9%)
<b>Total throughput</b>	<b>4,170,713</b>	4,217,737	(1.1%)

<sup>#</sup> Due to the related land and assets resumption in Dongdu Terminal, the other bulk/general cargo business has been gradually transferred to berths No. 20 and No. 21 in Dongdu port area (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 in the first half of 2016; ITG Terminal has been leased to Xiamen Port Development Co., Ltd. (“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 business 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 berth No. 2 of Dongdu Terminal, ITG Terminal and Mingda Terminal, which are consolidated in the calculation.

<sup>\*</sup> Since 1 September 2008, due to the commencement of the 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. In addition, due to performing the non-competition undertaking to Xiamen Port Development by the Company, XICT has leased its underlying assets to Xiamen Port Development for operation of bulk/general cargo business since 1 July 2015; XICT and XHICT were no longer in operation of bulk/general cargo business since 1 July 2015 accordingly.

<sup>⊕</sup> Songyu Terminal was a terminal controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group, its relevant operating figures was 100% calculated into the port business.

<sup>△</sup> 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 1.1% as compared with the first half of 2015. The decrease was mainly due to the declined market demand for certain kinds of cargos such as copper concentrates resulting from the severe macroeconomic conditions, leading to the decrease in the orders received by hinterland enterprises, the restricted depot capacity and the competition from the neighboring ports. However, as the business of certain kinds of cargos, such as stone materials and cement, grew significantly in the first half of 2016, the Group overall recorded a slight decrease in the bulk/general cargo port business.



Regarding the above situation, the Group has further strengthened the marketing efforts for the major clients, actively satisfied clients' demands for the integrated logistics services in the port, and striven to consolidate and develop the traditional cargo source business. Meanwhile, the Group has also actively accelerated the construction of auxiliary facilities in Hailong Terminal (berths No. 20 and No. 21 in Haicang port area), expedited the transfer of the relevant grain business from berth No. 2 of Dongdu Terminal to Hailong Terminal as soon as possible during the second half of this year, so as to enhance business handling capability for grain and other relevant kinds of cargos and promote the stable development of the bulk/general cargo business of the Group.

#### *Ancillary Value-added Port Services*

The ancillary value-added port services of the Group mainly include shipping agency, tallying, tugboat berthing and unberthing and port-related logistics services. In the first half of 2016, the tugboat berthing and unberthing business of the Group in the market outside Xiamen port recorded a drop, while that in the market within Xiamen port overall maintained stable; the shipping agency business recorded a moderate increase in its share in the market of public vessel agency of container liners in Xiamen port, despite a decline in agency tariffs due to fierce market competition; tallying business maintained stable overall tariffs, though with the fluctuations in its conventional business in the first half of the year, and the extended tallying business made some progress in business expansion; despite a slight business decrease in the depot packing and devanning of containers, mainly due to the relocation of sites, the port-related logistics services registered a stable growth in warehousing business and the breakthrough was made in business transformation, which is expected to be further favored by the commencement of operations of the relevant joint venture business within the Xiamen Area in Fujian Pilot Free Trade Zone ("Xiamen Free Trade Zone") in the second half of the year.

#### *Trading business of merchandise*

In the first half of 2016, the Group, leveraging on the port business platform, operated its merchandise trading business by adhering to the operation concept of "Promoting Port with Trade, Driving Trade with Port and Combination of Port and Trade" and placed priority on the domestic trade and import agency business of bulk raw-materials, while prudently exploring new business growth points, attaching importance to strengthening strategic cooperation with larger state-owned enterprises and expanding energy-related trading business. Meanwhile, the Group also further improved business mode and management systems, and devoted to enhance comprehensive risk management to ensure that risks were under control.

## FINANCIAL REVIEW

### Revenue

Revenues of the Group increased by approximately 21.38% from approximately RMB3,033,342,000 for the six months ended 30 June 2015 to approximately RMB3,681,972,000 for the six months ended 30 June 2016. 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		Increase/ (Decrease)
	2016 (RMB'000)	2015 (RMB'000)	
Container loading and unloading and storage business	<b>738,648</b>	655,454	12.69%
Bulk/general cargo loading and unloading business	<b>88,260</b>	75,805	16.43%
Ancillary value-added port services	<b>402,542</b>	516,169	(22.01%)
Manufacturing and selling of building materials	<b>145,435</b>	170,039	(14.47%)
Merchandise trading business	<b>2,307,087</b>	1,615,875	42.78%
Total	<b><u>3,681,972</u></b>	<u>3,033,342</u>	<u>21.38%</u>

The major reasons for the changes in the revenue of each business sector for the six months ended 30 June 2016 compared with the corresponding period of last year are as follows:

1. The container throughput of the Group has increased by approximately 2.0% for the six months ended 30 June 2016, which led to the increase in the revenue of the container loading and unloading and storage business correspondingly;
2. Though the bulk/general cargo loading and unloading business volume decreased slightly compared to the same period of 2015, the adjustment of cargo structure still led to an overall increase in revenue;
3. Due to fierce market competition, the agency tariffs declined, which led to the decrease in the revenue of the ancillary value-added port services of the Group correspondingly;
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 led to a significant increase in the revenue of the trading business of merchandise such as coal, steel and food.

### *Cost of Sales*

Cost of sales of the Group increased by approximately 24.07% from approximately RMB2,602,301,000 for the six months ended 30 June 2015 to approximately RMB3,228,700,000 for the six months ended 30 June 2016. The increase was primarily due to the increases in the cost of inventories sold, transportation and labour services outsourcing cost.

- Cost of inventories sold of the Group increased by approximately 35.95% from approximately RMB1,777,447,000 for the six months ended 30 June 2015 to approximately RMB2,416,489,000 for the six months ended 30 June 2016. 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 services outsourcing cost of the Group decreased by approximately 8.41% from approximately RMB272,413,000 for the six months ended 30 June 2015 to approximately RMB221,031,000 for the six months ended 30 June 2016. The decrease was mainly due to the decreases in the Group's transportation and logistics business.

### *Other Losses — Net*

Other losses — net of the Group decreased by approximately 37.91% from approximately RMB1,865,000 for the six months ended 30 June 2015 to approximately RMB1,158,000 for the six months ended 30 June 2016.

### *Liquidity, Financial Resources and Capital Structure*

The Group mainly utilized its cash for investments, operating costs, construction of terminals and berths and repayment of loans. As at 30 June 2016, the balance of the Group's cash and cash equivalents amounted to approximately RMB1,324,785,000 (as at 31 December 2015: approximately RMB776,370,000). The increase was mainly due to the issuance of short-term note and corporate bond by the Group during this period.

Borrowings of the Group increased by approximately 26.31% from approximately RMB2,644,364,000 as at 31 December 2015 to approximately RMB3,340,220,000 as at 30 June 2016. The increase was mainly due to the newly-issued short-term note, corporate bond and new borrowings by the Group for maintaining the normal operations and satisfying the demands for the construction work of berths No. 20 and No. 21 in Haicang port area.

As at 30 June 2016, the guaranteed bank borrowings of the Group was approximately RMB45,472,000, which are guaranteed by state-owned banks (as at 31 December 2015: RMB47,519,000).

## *Gearing Ratio*

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

The gearing ratios as at 30 June 2016 and 31 December 2015 were as follows:

	<i>Unaudited</i> <b>30 June</b> <b>2016</b> <i>RMB'000</i>	<i>Audited</i> 31 December 2015 <i>RMB'000</i>
Total borrowings	<b>3,340,220</b>	2,644,364
Less: cash and cash equivalents	<b>(1,324,785)</b>	(776,370)
Net debt	<b>2,015,435</b>	1,867,994
Total equity	<b>9,431,123</b>	9,402,939
Total capital	<b>11,446,558</b>	11,270,933
Gearing ratio (%)	<b>17.61%</b>	16.57%

As at 30 June 2016, the Group had a net debt position.

## *Other Financial Information*

As at 30 June 2016, the available-for-sale financial assets of the Group decreased from approximately RMB76,233,000 as at 31 December 2015 to approximately RMB65,730,000, the decrease was mainly due to the decrease in the fair value of stocks investment held by the Group.

## *Capital Expenditure Commitments*

As at 30 June 2016, the Group's capital expenditure commitments amounted to approximately RMB396,044,000, primarily consisting of expenditure for constructing and upgrading port and storage infrastructure, acquisition of new loading machinery and other machineries and building renovation.

## *Exchange Rate and Interest Rate Risk*

The Group's bank borrowings are denominated in RMB, Hong Kong dollars and US dollars. To the extent that RMB appreciates (or depreciates) against Hong Kong dollars and 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 Board believes that the appreciation of RMB had no material impact on the operating results and financial position of the Group as at 30 June 2016. 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 2016, the Group had no significant contingent liabilities.

## **EMPLOYEES**

As at 30 June 2016, the Group had a total of 6,172 employees, representing a decrease of 109 employees as compared to 31 December 2015. 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 are also entitled to public holidays as stipulated by the relevant regulations.

## **ESTABLISHMENT OF NEW COMPANIES**

On 15 March 2016, Xiamen Port Development and China United Tally Co., Ltd. (中聯理貨有限公司) ("China Tally") established China United Tally Co., Ltd. Xiamen Branch (廈門中聯理貨有限公司) ("China Tally Xiamen") as a joint venture in Xiamen, Fujian Province, which is principally engaged in vessel cargo and container tallying for international and domestic shipping routes as well as tallying for container packing and devanning, cargo measuring, vessel draft measuring, cargo loading and unloading inspection, cargo damage survey, container damage survey and inspection, etc. The registered capital of China Tally Xiamen is RMB3.0 million, which is owned as to 60% by China Tally and 40% by Xiamen Port Development, and the relevant industrial and commercial registration formalities have been completed.

On 30 April 2016, Xiamen Terminal Group injected funds to establish Xiamen Hairun Container Terminal Co., Ltd. (廈門海潤集裝箱碼頭有限公司) ("Hairun Company") in Haicang Bonded Port Area of 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. The registered capital of Hairun Company is RMB10.0 million. It is a wholly-owned subsidiary of Xiamen Terminal Group, and the relevant industrial and commercial registration formalities have been completed.

## **OTHER MAJOR EVENTS**

On 15 June 2016, the Company completed the issue of the first tranche of super short-term notes with a term of 270 days from the date of issue with a total principal amount of RMB450,000,000 at a fixed interest rate of 3.01% per annum. The net proceeds from such issue are principally for supplementing the Group's liquidity and repayment of the Group's bank loans so as to satisfy the working capital requirements of the Group's business operations and investment projects.

On 27 June 2016, the Company completed the issue of the second tranche of short-term notes with a term of one year from the date of issue with a total principal amount of RMB300,000,000 at a fixed interest rate of 3.04% per annum. The net proceeds from such issue are principally for supplementing the Group's liquidity and repayment of the Group's bank loans so as to satisfy the working capital requirements of the Group's business operations and investment projects.

On 29 June 2016, Xiamen Port Development completed the issue of the first tranche of corporate bonds with a term of five years from the date of issue with a total principal amount of RMB600,000,000 at a fixed interest rate of 3.25% per annum (the "XPD First Tranche Corporate Bonds"). Pursuant to the principal terms of the XPD First Tranche Corporate Bonds, at the end of the third year of the term, Xiamen Port Development is entitled to increase the interest rate for the remaining term and the holders of the XPD First Tranche Corporate Bonds may put back all or part of their bonds to Xiamen Port Development at the nominal value. The net proceeds from such issue are principally for satisfying working capital needs and adjusting its debt structure (including, without limitation, repayment of bank loans) or other purposes not in violation of the relevant law and regulations.

On 29 June 2016, a resolution was considered and passed at the 25th meeting of the fourth session of the Board to approve the entering into of Equity Interest Transfer Agreement between Xiamen Port Development and Xiamen Port Holding in relation to the acquisition by Xiamen Port Development from Xiamen Port Holding of the 51% of the equity interest held by it in Xiamen Port Group Shihushan Terminal Company Limited (廈門港務集團石湖山碼頭有限公司) ("Shihushan Terminal Company"). In this regard, on 12 August 2016, a resolution was considered and passed at the 26th meeting of the fourth session of the Board to approve the entering into of a supplemental agreement to the aforesaid Equity Interest Transfer Agreement. These agreements were entered into on the date of approval by the Board, and the transaction consideration was RMB716,494,250.79. For details, please refer to the announcements of the Company dated 29 June 2016 and 12 August 2016, respectively. The foregoing transactions shall be subject to the submission to the general meetings of the Company and Xiamen Port Development for approval respectively.

## **SUBSEQUENT EVENTS**

On 8 July 2016, Xiamen Port Development completed the issue of the first tranche of the super short-term notes with a term of 90 days from the date of issue with a total principal amount of RMB100,000,000 at a fixed interest rate of 2.92% per annum. The net proceeds from such issue are principally for supplementing its liquidity, etc., so as to satisfy its working capital requirements and reduce its finance costs.



## PROSPECT AND OUTLOOK

Overall, the domestic and international economic environment in the second half of the year will be comparatively complex and challenging. Internationally, it is expected that the global economic growth will further experience a slowdown and the international trade will continue to weaken. Accordingly to the “Global Economic Prospects” report published by the World Bank in June this year, the World Bank has lowered its prediction on the global economic growth rate to 2.4% from its previous estimate of 2.9%, and maintained the prediction on the Chinese GDP growth for 2016 unchanged at 6.7%. In the PRC, according to the relevant analysis of the National Bureau of Statistics and the General Administration of Customs, the national economy overall ran smoothly and progressively in the first half of the year. However, as the PRC’s economy has proceeded to a critical stage of structural adjustment, transformation and upgrading, and the costs of various production factors of enterprises such as labor, land and finance have been rising, the actual economic operations are still difficult and the economy is still subject to severe downward pressure. In response to this, the Chinese government is expected to moderately expand aggregate demand, continue to implement a proactive fiscal policy and a prudent monetary policy, continuously facilitate the effective implementation of all measures to stabilize the growth of foreign trade, and proactively deal with the economic slowdown and the pressure from declining foreign trade. Facing this complicated and challenging economic environment, the Group will strengthen its confidence, proactively utilize its overall advantages, fully leverage its overall advantages, flexibly adopt various countermeasures, and make progress while ensuring stability to ensure a stable return for all shareholders of the Company. Combined with the actual circumstances, the Group will focus on the following work in the second half of this year:

- To deepen the overall marketing. Firstly, the Group will improve the customer and market-oriented overall marketing model, make full use of its advantage of the comprehensive and integrated logistics service chain of the ports, improve the synergic effect of all of its service nodes and enhance its customers’ service experience. Secondly, the Group will strengthen its marketing capability, optimize the structure of its customers and cargo sources, and continuously reinforce the exploration of basic and direct customers.
- To implement extensive operation. Firstly, the Group will further strengthened its strategic cooperation with major shipping companies, reinforce marketing targeting on headquarters of shipping companies, and encourage shipping companies to provide additional routes and shipments. Secondly, the Group will roll out more supporting policies, adopt flexible price policies, and attract shipping companies to expand container incremental businesses such as international container transshipment, domestic feeder-line container transshipment, empty container reposition and vessel transloading in the terminals under the Group. Thirdly, the Group will seize the development opportunities brought by “Silk Road Economic Belt” and “21st Century Maritime Silk Road” (“One Belt, One Road”), and explore shipping routes business under “One Belt, One Road” jointly with the shipping companies.
- To develop hinterlands of ports. Firstly, the Group will consolidate and develop feeder terminals. The priority is to further improve the auxiliary equipment and facilities of Fuzhou Zhongying Terminal, expedite the construction progress of Chaozhou Feeder Terminal, and expand the cargo sources in feeder terminals. Secondly, the Group will expand the business of land-based ports. The Group will implement its large customer-oriented strategy by deeply

exploring cargo sources in hinterlands, such as Northern Fujian, Western Fujian, Southern Jiangxi, Chaozhou-Shantou area, etc., whereby guiding the flow directions of cargo sources in hinterland, particularly bulk cargo sources and key cargo sources, so as to provide support of cargo sources for the business development of the Group.

- To improve quality and efficiency. Firstly, the Group will enhance its service level, further optimize its operation procedures, focus on the refined level of services, lower the operating costs for the Group and its customers through increasing the direct berthing rates of vessels, securing the berthing and unberthing schedule punctuality of vessels and improving the efficiency of trailers in retrieving and unloading of containers etc., and improve the cost-effectiveness of its services. Secondly, the Group will improve its service capacity. The Group will enhance the coordination level of production and commerce, and accelerate the upgrade and transformation of relevant terminals as well as the progress of purchase of auxiliary equipment, so that these terminals can quickly and fully leverage on their own production capacity to cater for the operational requirements of larger vessels and relevant sources of goods.
- To intensify the refined management. Firstly, the Group will enhance the budget management level and reinforce the budget tracking and implementation efforts. Secondly, the Group will enhance the investment and funds management level, expand financing channels, accelerate the progress of relevant investment projects and improve the capital operational capacity of the Group. Thirdly, the Group will improve the internal control level with a focus on perfecting the internal control system and strengthening the management of receivables, safety production management and auditing supervision.
- To build smart ports and green ports. Firstly, the Group will intensify the information construction of ports. The Group will focus on promoting the improvement and application of both the container business management platform and the smart container logistics platform, further enhance the intelligence level of vessel agency and tallying business, and promote the remote control projects of the relevant key equipment of terminals. Secondly, the Group will promote the green development of ports. The Group will focus on the “Change from Oil to Electricity” transformation of gantry cranes, the transformation of green lighting and the use of shore-power supply for vessels as well as the application of liquefied natural gas (LNG) and solar energy and other clean energy, strengthen the efficiency management and promote energy saving and emission reduction.
- Pursuant to the “Options and Rights of First Refusal Agreement” entered into between the Company and Xiamen Port Holding, the Company will actively scrutinize the progress of construction works of relevant terminals of Xiamen Port Holding, so as to facilitate the Board to make the appropriate decisions based on the management and operational circumstances at the time.



## OTHER INFORMATION

### SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2016:

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

There was no movement in the share capital of the Company during the six months ended 30 June 2016.

### INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend during the six months ended 30 June 2016 (same period of 2015: Nil).

### SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2016, the Group did not purchase, sell or redeem any listed securities of the Company.

### ACQUISITION AND DISPOSAL

Save for the proposed acquisition by Xiamen Port Development of the 51% equity interest in Shihushan Terminal Company held by Xiamen Port Holding as set out in the “OTHER MAJOR EVENTS” section of this announcement, for the six months ended 30 June 2016, the Group did not make any major acquisitions or disposals of its subsidiaries, joint ventures and associated companies.

### 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 to the Listing Rules and has adopted the Corporate Governance Code. For the six months ended 30 June 2016, 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.

#### *Code for Securities Transactions by Directors and Supervisors*

The Company originally adopted the Model Code set out in Appendix 10 to 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 2016, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2016.

#### *The Review of the Interim Results in 2016*

The Company’s external auditor PricewaterhouseCoopers and the Company’s Audit Committee have reviewed the Group’s interim results for the six months ended 30 June 2016.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The electronic version of this announcement will be published on the websites of “HKExnews” (<http://www.hkexnews.hk>) and the Company (<http://www.xipc.com.cn>). The Company will timely dispatch the interim report for the six months ended 30 June 2016, which contains all the information required under Appendix 16 to the Listing Rules, to shareholders of the Company and publish it on the websites of “HKExnews” and the Company.

By order of the Board  
**Xiamen International Port Co., Ltd**  
**Lin Kaibiao**  
*Chairman*

Xiamen, the PRC, 26 August 2016

*As at the date of this announcement, the executive Directors of the Company are Mr. Lin Kaibiao, Mr. Cai Liqun, Mr. Fang Yao, Mr. Chen Zhaohui and Mr. Ke Dong; the non-executive Directors of the Company are Mr. Zheng Yongen, Mr. Chen Dingyu, Mr. Fu Chengjing and Mr. Huang Zirong; and the independent non-executive Directors of the Company are Mr. Liu Feng, Mr. Lin Pengjiu, Mr. You Xianghua, Mr. Jin Tao and Mr. Ji Wenyuan.*

\* For identification purpose only