



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

Stock Code: 3378

2016 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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CORPORATE INFORMATION

Executive Directors

LIN Kaibiao (*Chairman*)
CAI Liqun (*Vice Chairman*)
FANG Yao (*Vice Chairman*)
CHEN Zhaohui
KE Dong

Non-executive Directors

ZHENG Yongen
CHEN Dingyu
FU Chengjing
HUANG Zirong

Independent Non-executive Directors

LIU Feng
LIN Pengjiu
YOU Xianghua¹
JIN Tao¹
JI Wenyuan¹

Supervisors

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

Joint Company Secretaries

CAI Changzhen²
MOK Ming Wai

Authorised Representatives

CHEN Zhaohui³
CAI Changzhen²

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
Wan Chai
Hong Kong

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

Listing Date

19 December 2005

Notes:

1. Newly appointed since 26 February 2016
2. Newly appointed since 18 April 2016
3. Newly appointed since 5 January 2016

FINANCIAL HIGHLIGHTS

The unaudited interim consolidated results for the six months ended 30 June 2016

	Six months ended 30 June		
	2016 RMB'000	2015 RMB'000	Change RMB'000
Revenues	3,681,972	3,033,342	648,630
Operating profit	372,892	365,158	7,734
Profit for the period	270,890	249,710	21,180
Profit attributable to owners of the Company	127,379	105,263	22,116
Earnings per share for profit attributable to owners of the Company during the period			
— Basic and diluted (in RMB cents)	4.67	3.86	0.81

INDEPENDENT REVIEW REPORT



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS 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 36, which comprises the condensed consolidated interim balance sheet of Xiamen International Port Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related condensed consolidated interim 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, 26 August 2016

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
ASSETS			
Non-current assets			
Investment properties	6	120,781	118,901
Property, plant and equipment	6	6,815,283	6,601,162
Land use rights	6	2,057,146	2,072,101
Intangible assets	6	263,114	266,903
Interests in joint ventures	7	1,198,787	1,178,344
Interests in associates	8	57,010	59,923
Available-for-sale financial assets	11	65,730	76,233
Long-term receivables and prepayments	10	299,063	320,372
Deferred income tax assets		267,975	264,742
Total non-current assets		11,144,889	10,958,681
Current assets			
Inventories		311,182	327,644
Accounts and notes receivable	9	1,256,131	1,027,895
Other receivables and prepayments	10	1,030,307	867,240
Available-for-sale financial assets	11	—	130,000
Term deposits with initial term over three months		4,120	6,615
Restricted cash		37,616	44,511
Cash and cash equivalents		1,324,785	776,370
Total current assets		3,964,141	3,180,275
Total assets		15,109,030	14,138,956
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	2,726,200	2,726,200
Reserves		2,175,416	2,164,718
Non-controlling interests		4,901,616	4,890,918
		4,529,507	4,512,021
Total equity		9,431,123	9,402,939

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	14	1,352,144	1,029,511
Deferred government grants and income		151,753	151,658
Long-term payables and advances	13	1,849	1,880
Early retirement benefit obligations		30	195
Deferred income tax liabilities		341,416	347,582
Total non-current liabilities		1,847,192	1,530,826
Current liabilities			
Accounts and notes payable	12	946,996	795,036
Other payables and accruals	13	837,052	723,658
Borrowings	14	1,988,076	1,614,853
Taxes payable		58,591	71,644
Total current liabilities		3,830,715	3,205,191
Total liabilities		5,677,907	4,736,017
Total equity and liabilities		15,109,030	14,138,956
Net current assets\liabilities		133,426	(24,916)
Total assets less current liabilities		11,278,315	10,933,765

The notes on pages 11 to 36 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenues	16	3,681,972	3,033,342
Cost of sales		(3,228,700)	(2,602,301)
Gross profit		453,272	431,041
Other income	17	70,123	77,523
Other losses — net	18	(1,158)	(1,865)
Selling and marketing expenses		(21,981)	(20,233)
General and administrative expenses		(127,364)	(121,308)
Operating profit	19	372,892	365,158
Finance income	20	26,362	47,848
Finance costs	20	(44,419)	(71,973)
		354,835	341,033
Share of profits less losses of joint ventures	7	16,078	2,664
Share of profits less losses of associates	8	(993)	1,866
Profit before income tax expense		369,920	345,563
Income tax expense	21	(99,030)	(95,853)
Profit for the period		270,890	249,710
Profit attributable to:			
Owners of the Company		127,379	105,263
Non-controlling interests		143,511	144,447
		270,890	249,710
Earnings per share for profit attributable to owners of the Company during the period			
— Basic and diluted (in RMB cents)	23	4.67	3.86
Dividends			
— Dividend proposed	22	—	—

The notes on pages 11 to 36 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

The notes on pages 11 to 36 form an integral part of the interim condensed consolidated financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2015	2,726,200	(9,642)	2,082,207	4,798,765	4,304,475	9,103,240
Comprehensive income						
Profit for the period	—	—	105,263	105,263	144,447	249,710
Other comprehensive income						
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)
Total comprehensive income for the six months ended 30 June 2015	—	21,299	105,263	126,562	144,447	271,009
Transactions with owners, recognised directly in equity						
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	4,655	4,655
2014 final dividend (Note 22)	—	—	(163,572)	(163,572)	—	(163,572)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	(115,375)	(115,375)
Balance at 30 June 2015	2,726,200	11,657	2,023,898	4,761,755	4,338,202	9,099,957
Balance at 1 January 2016	2,726,200	(24,302)	2,189,020	4,890,918	4,512,021	9,402,939
Comprehensive income						
Profit for the period	—	—	127,379	127,379	143,511	270,890
Other comprehensive income						
Fair value losses on available-for-sale financial assets	—	(7,633)	—	(7,633)	—	(7,633)
— Gross	—	(10,177)	—	(10,177)	—	(10,177)
— Related deferred income tax	—	2,544	—	2,544	—	2,544
Total comprehensive income for the six months ended 30 June 2016	—	(7,633)	127,379	119,746	143,511	263,257
Transactions with owners, recognised directly in equity						
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	11,250	11,250
2015 final dividend (Note 22)	—	—	(109,048)	(109,048)	—	(109,048)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	(137,275)	(137,275)
Balance at 30 June 2016	2,726,200	(31,935)	2,207,351	4,901,616	4,529,507	9,431,123

The notes on pages 11 to 36 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Cash flows from operating activities		
Net cash generated from operations	405,107	592,330
Interest paid	(92,556)	(72,399)
Income tax paid	(118,938)	(142,568)
Net cash generated from operating activities	193,613	377,363
Cash flows from investing activities		
Purchases of property, plant and equipment, intangible assets and land use rights	(388,697)	(229,518)
Proceeds from disposals of property, plant and equipment and land use rights	1,294	5,478
Investment in joint ventures	—	(9,600)
Investment in Build and Transfer project	—	(81,012)
Investment return from Build and Transfer project	—	134,440
Interested loan to a related party	(99,645)	(70,000)
Take back loan from a related party	2,450	—
Interest received	64,090	50,411
Dividends received	1,920	9,776
Decrease in wealth management product	130,000	72,200
Cash paid for transaction with shareholders of subsidiaries	—	(94,627)
Net decrease in restricted cash	6,895	127,991
Net decrease/(increase) in term deposits with initial term over three months	2,495	(35,841)
Net cash used in investing activities	(279,198)	(120,302)
Cash flows from financing activities		
Proceeds from borrowings	2,502,825	1,863,295
Repayments of borrowings	(1,810,405)	(1,277,156)
Interested loan from a related party	14,000	—
Contribution from non-controlling shareholders of subsidiaries	11,250	941
Dividends paid to shareholders of the Company	—	(93,659)
Dividends paid to non-controlling shareholders of subsidiaries	(84,489)	(51,472)
Cash paid for transactions with non-controlling interests	—	(339,583)
Net cash generated from financing activities	633,181	102,366
Net increase in cash and cash equivalents	547,596	359,427
Cash and cash equivalents at beginning of period	776,370	648,058
Exchange gains/(losses) on cash and cash equivalents	819	(159)
Cash and cash equivalents at end of period	1,324,785	1,007,326

The notes on pages 11 to 36 form an integral part of the interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

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 condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company 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 amendment 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”;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

3. Accounting policies (continued)

New amendment and improvements of HKFRSs adopted by the Group in 2016 (continued)

- 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. 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 condensed consolidated interim 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 condensed consolidated interim 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

5. Financial risk management (continued)

5.2 Liquidity risk

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

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

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
Unaudited				
At 30 June 2016				
Bank borrowings	2,100,276	156,010	1,057,037	322,597
Long-term payable	—	71	213	1,565
Accounts and notes payable	946,996	—	—	—
Other payables and accruals	837,052	—	—	—
	3,884,324	156,081	1,057,250	324,162
Audited				
At 31 December 2015				
Bank borrowings	1,714,818	352,268	605,163	248,655
Long-term payable	—	139	209	1,532
Accounts and notes payable	795,036	—	—	—
Other payables and accruals	723,658	—	—	—
	3,233,512	352,407	605,372	250,187

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

5. Financial risk management (continued)

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).

The following table presents the Group's assets that are measured at fair value at 30 June 2016:

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Available-for-sale financial assets				
— Equity investments	63,090	—	2,640	65,730

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015:

	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Available-for-sale financial assets				
— Equity investments	73,268	—	2,965	76,233
— Wealth management products	—	—	130,000	130,000

During the six months ended 30 June 2016, 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 2016, there were no reclassifications or transfer of financial assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

5. Financial risk management (continued)

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

The fair values of borrowings are as follows:

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Non-current	1,352,144	1,029,511
Current	1,988,076	1,614,853
	3,340,220	2,644,364

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

- Available-for-sale financial assets
- 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

6. Capital expenditure

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

	Unaudited				
	Investment properties RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Total RMB'000
Net book amount as at 1 January 2016	118,901	6,601,162	2,072,101	266,903	9,059,067
Additions	4,356	354,352	13,556	790	373,054
Disposals	—	(1,900)	—	—	(1,900)
Depreciation and amortisation charge	(2,476)	(138,331)	(28,511)	(4,579)	(173,897)
Net book amount as at 30 June 2016	120,781	6,815,283	2,057,146	263,114	9,256,324
Net book amount as at 1 January 2015	121,866	6,085,363	2,275,530	268,459	8,751,218
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	—	(978)	(107,745)	—	(108,723)
Net book amount as at 30 June 2015	119,596	6,324,429	2,137,387	266,473	8,847,885

7. Interests in joint ventures

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

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
At 1 January	1,178,344	1,146,467
Addition	—	29,346
Dividends received	—	(5,100)
Amortization of unrealized gains on transactions	2,629	3,093
Share of results before income tax expense	25,030	5,366
Share of income tax expense	(7,216)	(5,795)
	20,443	2,664
At 30 June	1,198,787	1,173,377

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

8. Interests in associates

Movement in interests in associates is set out as follows:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
At 1 January	59,923	41,260
Dividends received	(1,920)	(1,995)
Share of results before income tax expense	(437)	2,332
Share of income tax expense	(556)	(466)
	(993)	1,866
At 30 June	57,010	41,131

9. Accounts and notes receivable

	Unaudited	Audited
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Accounts receivable	1,183,289	944,476
Less: provision for impairment	(46,484)	(39,942)
	1,136,805	904,534
Due from parent company (Note 25(c))	41	523
Due from fellow subsidiaries (Note 25(c))	21,370	16,395
Due from joint ventures (Note 25(c))	45,770	27,806
Due from associates (Note 25(c))	884	274
Due from other related parties (Note 25(c))	7,279	16,480
Notes receivable	43,982	61,883
	1,256,131	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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

9. Accounts and notes receivable (continued)

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

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

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Other receivables(a)	620,157	633,292
Advances to suppliers	302,800	250,225
Less: provision for impairment	(10,246)	(14,215)
	912,711	869,302
Due from parent company (Note 25(c))	263	734
Due from fellow subsidiaries (Note 25(c))	5,744	8,752
Due from joint ventures (Note 25(c))(d)	335,480	238,631
Due from associates (Note 25(c))	—	10
Prepayments and deposits	74,550	69,007
Interest receivable	622	312
Due from other related parties	—	864
	1,329,370	1,187,612
Less: long-term receivables and prepayments		
— Payments made to Build and Transfer project (b)	(243,238)	(264,641)
— Prepayments for operating leasing in the Qingzhou Operating Area (c)	(55,825)	(55,731)
	(299,063)	(320,372)
Current portion	1,030,307	867,240

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

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

- (a) The other receivables balance as at 30 June 2016 of the Group includes a receivable amount of RMB415,238,000 (31 December 2015: RMB398,846,000) for BT project (Note 10(b)), a receivable amount of RMB97,435,000 (31 December 2015: RMB97,435,000) relating to the land and assets resumption in Dongdu area, a prepayment to Fuzhou Zhongying port Co. Ltd. amount of RMB90,000,000 (31 December 2015: RMB90,000,000), a prepayment by Xiamen Port Trading Co., Ltd. amount of RMB238,854,000 (31 December 2015: RMB183,974,000) and deductible VAT-in amounted to RMB19,998,000 (31 December 2015: RMB48,907,000).
- (b) 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 2016, payment made by XPD together with the associated interests amounted to RMB549,678,000 (31 December 2015: RMB533,286,000), among which the first investment return of RMB134,440,000 was fully collected in February 2015, the second investment return of RMB172,000,000 (31 December 2015: RMB134,440,000) was expected to be paid within 1 year, thus was recorded in other receivables’ current portion and RMB243,238,000 (31 December 2015: RMB264,641,000) was recorded in long-term receivables.
- In August 2016, second investment return of RMB172,000,000 was fully collected.
- As at 30 June 2016, the total investment commitment for the BT project is estimated to be approximately RMB35,953,000.
- (c) The Company and its subsidiary, Fuzhou Haiying Port Co., Ltd., entered into a ten-year operating lease with Fuzhou Zhongying Port Co., Ltd.. RMB1,000,000 and RMB89,000,000 was paid by the Company in year 2012 and 2014, which will be refunded at the end of lease term. The difference at any point in time between cash paid and annual charge is recognised as a prepayment or accrual on the balance sheet. As at 30 June 2016, the prepayment for the coming one year of RMB34,175,000 (31 December 2015: 34,269,000) was recorded in short-term prepayments, and the remaining approximately RMB55,825,000 (31 December 2015: RMB55,731,000) was disclosed as long-term prepayments.
- (d) As at 30 June 2016, entrusted loans to Xiamen Haicang XinHaiDa Container Terminals Co.,Ltd. with amount of RMB245,000,000 (31 December 2015: RMB145,000,000) were recorded in other receivables. The weighted average interest rate of the entrusted loans is 6.20% (2015: 6.80%) and the maturity is within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

11. Available-for-sale financial assets

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Equity investments listed in the PRC, at fair value (a)	63,090	73,268
Unlisted equity investments (b)	7,965	7,965
Wealth management products	—	130,000
Less: provision for impairment (b)	(5,325)	(5,000)
	65,730	206,233

- (a) The Group holds 6,436,350 (31 December 2015: 6,436,350) shares of Fujian Sansteel MinGuang Co., Ltd. (the “Sansteel Shares”) and 4,301,000 (31 December 2015: 4,301,000) shares of Bank of Communications Co., Ltd. (the “BOCOMM Shares”), which are listed in the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively. The fair values of these investments are determined based on the quoted market prices of respective shares as of the balance sheet dates.

The aggregated costs of investments in the Sansteel Shares and BOCOMM Shares amounted to RMB18,134,000 (31 December 2015: 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 2016 impairment provision amounted to RMB5,325,000 for certain of the unlisted investments (31 December 2015: RMB5,000,000).

12. Accounts and notes payable

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Accounts payable	682,706	574,413
Due to parent company (Note 25(c))	9,171	7,897
Due to fellow subsidiaries (Note 25(c))	48,776	8,868
Due to joint ventures (Note 25(c))	75,807	21,582
Due to associates (Note 25(c))	15	408
Due to other related parties	—	10
Notes payable	130,521	181,858
	946,996	795,036

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

12. Accounts and notes payable (continued)

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
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	2,982	4,535
	946,996	795,036

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Due to parent company (Note 25(c))	166	30
Due to fellow subsidiaries (Note 25(c))	35,370	45,719
Due to other related parties (Note 25(c))	5,884	7,801
Due to associates (Note 25(c))	3,000	3,235
Due to joint ventures (Note 25(c))	45	144
Payables for purchases of property, plant and equipment and construction-in-progress	54,744	70,467
Salary and welfare payables	118,849	178,318
Customer deposits	280,090	248,357
Accrued expenses	5,015	1,815
Dividends payable to		
— other shareholders of the Company	119,931	5,216
— non-controlling shareholders of subsidiaries (Note 25(c))	51,096	3,977
Interest payables	16,593	13,939
Other payables	148,118	146,520
	838,901	725,538
Less: long-term payables and advances	(1,849)	(1,880)
Current portion	837,052	723,658

As at 30 June 2016, the payables due to parent company, fellow subsidiaries, associates and other related parties are unsecured, free of interest and without fixed repayment term.

The carrying amount of other payables of the Group approximates their fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

14. Borrowings

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Non-current		
Long-term bank borrowings	755,024	1,029,511
Debentures and other loans (b)	597,120	—
	1,352,144	1,029,511
Current		
Short-term bank borrowings	548,548	786,265
Long-term bank borrowings — current portion	189,528	228,588
Debentures and other loans (c)	1,250,000	600,000
	1,988,076	1,614,853
Total borrowings	3,340,220	2,644,364
Representing:		
— guaranteed (a)	45,472	47,519
— unguaranteed and unsecured	3,294,748	2,596,845
Total borrowings	3,340,220	2,644,364

- (a) As at 30 June 2016, a bank borrowing of RMB45,472,000 is guaranteed by China Construction Bank (31 December 2015: RMB47,519,000).
- (b) On 29 June 2016, the XPD issued the first tranche of the Corporate Bonds with a term of five year 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 Corporate Bonds, at the end of the third year of the term, XPD 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

14. Borrowings (continued)

- (c) On 27 May 2016, 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 of XPD”) to certain domestic institutional investors in the PRC issued by XPD on 27 May 2015 was repaid.

On 15 June 2016, the Company issued the first tranche of the super short-term notes with a term of 270 days from the date of issuance with an aggregate principal amount of RMB450 million at a fixed interest rate of 3.01% per annum (the “First Tranche Super Short-Term Notes of XIP”) to certain domestic institutional investors in the PRC.

On 27 June 2016, the Company 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 RMB300 million at a fixed interest rate of 3.04% per annum (the “Second Tranche Short-Term Notes of XIP”) to certain domestic institutional investors in the PRC.

- (d) As at 30 June 2016, Xiamen Container Terminal Group Co.,Ltd., the subsidiary of the Company gave guarantees to banks in connection with facilities granted to Xiamen Haicang XinHaiDa Container Terminals Co., Ltd. amounted to RMB30 million.

Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
At 1 January	2,644,364	2,419,374
Additions	2,502,826	1,863,295
Repayments	(1,810,405)	(1,277,156)
Exchange differences	3,435	(1,129)
At 30 June	3,340,220	3,004,384

Interests on borrowings for the six months ended 30 June 2016 is RMB60,607,000 (same period of 2015: RMB82,290,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

15. Share capital

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2016 and 31 December 2015	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 2016, there was no movement in the share capital of the Company.

16. 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

16. Segment information (continued)

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)					
	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	738,648	88,260	479,434	145,435	2,307,087	3,758,864
Inter-segment revenues	—	—	(76,892)	—	—	(76,892)
Revenues	738,648	88,260	402,542	145,435	2,307,087	3,681,972
Operating profit	268,862	23,271	42,466	12,421	25,872	372,892
Finance income						26,362
Finance costs						(44,419)
						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	—	(993)
Profit before income tax expense						369,920
Income tax expense						(99,030)
Profit for the period						270,890
Other information						
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	(53)	570	2,217	494	(655)	2,573

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

16. Segment information (continued)

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 (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
Profit before income tax expense						345,563
Income tax expense						(95,853)
Profit for the period						249,710
Other information						
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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

16. Segment information (continued)

The segment information provided to management for the reportable segments as at 30 June 2016 and 31 December 2015 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
Unaudited						
As at 30 June 2016						
Segment assets	8,832,227	1,537,087	3,036,932	257,731	1,111,348	14,775,325
Include:						
Interests in joint ventures	1,124,930	—	73,857	—	—	1,198,787
Interests in associates	—	—	50,757	6,253	—	57,010
Additions to non-current assets	99,818	174,194	91,605	5,215	2,222	373,054
Segment liabilities	503,576	344,529	485,240	114,373	489,962	1,937,680
Audited						
As at 31 December 2015						
Segment assets	8,523,801	1,375,055	2,342,320	242,071	1,184,734	13,667,981
Include:						
Interests in joint ventures	1,099,902	—	78,442	—	—	1,178,344
Interests in associates	14,003	—	38,850	7,070	—	59,923
Additions to non-current assets	89,714	535,820	179,022	6,677	2,129	813,362
Segment liabilities	314,637	276,392	322,355	100,970	658,073	1,672,427

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

16. Segment information (continued)

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

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Total segment assets	14,775,325	13,667,981
Add: Deferred income tax assets	267,975	264,742
Available-for-sale financial assets	65,730	206,233
Total assets per consolidated balance sheet	15,109,030	14,138,956

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Total segment liabilities	1,937,680	1,672,427
Add: Deferred income tax liabilities	341,416	347,582
Taxes payable	58,591	71,644
Borrowings	3,340,220	2,644,364
Total liabilities per consolidated balance sheet	5,677,907	4,736,017

17. Other income

	Unaudited Six months ended 30 June 2016 RMB'000	2015 RMB'000
Government subsidies	41,916	45,680
Rental income	25,159	27,408
Dividend income	1,920	2,977
Others	1,128	1,458
	70,123	77,523

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

18. Other losses — net

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment	(606)	(1,318)
Others	(552)	(547)
	(1,158)	(1,865)

19. Operating profit

Operating profit is stated after crediting and charging the following:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Crediting:		
Dividend income	1,920	2,977
(Losses)/gains on disposal of property, plant and equipment	2,842	(1,318)
Reversal of impairment of		
— inventories	4,757	5,681
— receivables	15,383	—
Charging:		
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 of		
— 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

20. Finance income and costs

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

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 2016 was 4.94% (same period of 2015: 6.32%) per annum.

21. 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%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

21. Income tax expense (continued)

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:

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

22. Dividends

At a meeting held on 24 March 2016, the directors of the Company 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 of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (same period of 2015: Nil).

23. 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	
	2016	2015
Profit attributable to owners of the Company (in RMB)	127,379,000	105,263,000
Weighted average number of the Company's shares in issue	2,726,200,000	2,726,200,000
Basic earnings per share (in RMB cents)	4.67	3.86

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

24. Commitments

(a) Capital Commitments

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2015 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred:	396,044	552,776

Committed capital expenditure as at 30 June 2016 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 2016 but the related capital expenditure had not been incurred as at that date.

(b) Commitment for deposit of BT project

As at 30 June 2016, the total commitment for BT project is estimated to be approximately 35,953,000 (31 December 2015: RMB35,953,000). Details are set out in Note 10(a).

(c) Commitment for equity investment

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Contracted but not provided for		
— Payment of registered capital of joint venture	1,200	—
— Acquisition of target equity interest ⁽ⁱ⁾	716,494	—
	717,694	—

(i) On 29 June 2016, XPD a non-wholly owned subsidiary of the Company, has entered into the Equity Interest Transfer Agreement with XPH in relation to the acquisition of the 51% of the equity interest in Shihushan Terminal Company Limited at the initial Consideration of RMB716,494,230. The acquisition is expected to be completed in 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

25. Significant related party transactions

- (a) During the six months ended 30 June 2016 and 30 June 2015, save as disclosed elsewhere in the notes in the consolidated financial statements, the Group had the following significant transactions with related parties:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Transactions with the parent company		
Revenues		
Electricity supply and maintenance services rendered	68	878
Expenses		
Operating lease rental in respect of land, port facilities and office premises	14,680	13,874
Others		
Purchase of property, plant and equipment	10,044	—
Transactions with fellow subsidiaries		
Revenues		
Port services	15,599	11,126
Electricity supply and maintenance services rendered	16,139	21,692
Trading Sales	585	—
Expenses		
Office and property management	6,538	5,297
Operating lease in respect of land and office premises	3,889	3,077
Comprehensive service fee	10,329	10,310
Labour services	21,966	17,403
Project management service rendered	1,534	287
Information Services	1,552	3,847
Others		
Purchases of property, plant and equipment	33,309	25,414

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)
For the six months ended 30 June 2016

25. Significant related party transactions (continued)

(a) (continued)

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Transactions with joint ventures		
Revenues		
Power supply and maintenance and electrical equipment maintenance	5,326	4,695
Transportation service rendered	17,354	13,605
Loading and unloading services	32,670	12,846
Custom inspection service rendered	1,759	2,742
Tally service	166	506
Operating lease in respect of land and office premises rendered	4,760	2,706
Interests income from entrusted loans	7,088	4,461
Expenses		
Loading and unloading services	79,138	43,929
Transactions with other related parties		
Revenues		
Loading and unloading services rendered	23,944	9,713
Expenses		
Purchase of commercial goods	17,266	18,836
Transactions with associates		
Revenues		
Transportation service rendered	222	256

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

(b) Guarantees provided to related parties of the Group:

As at 30 June 2016, the Group has provided corporate guarantees in connection with facilities totalling RMB50,000,000 to related parties, among which RMB30,000,000 has been utilised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

25. Significant related party transactions (continued)

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

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Balances with the parent company		
Accounts receivable	41	523
Other receivables and prepayments	263	734
Dividends payable	74,515	—
Accounts payable	9,171	7,897
Other payables and accruals	166	30
Balances with fellow subsidiaries		
Accounts receivable	21,370	16,395
Other receivables and prepayments	5,744	8,752
Accounts payable	48,776	8,868
Other payables and accruals	35,370	45,719
Balances with associates		
Accounts receivable	884	274
Other receivables and prepayments	—	10
Accounts payable	15	408
Other payables and accruals	3,000	3,235
Balances with joint ventures		
Accounts receivable	45,770	27,806
Other receivables and prepayments	335,480	238,631
Accounts payable	75,807	21,582
Other payables and accruals	45	144
Balance with non-controlling shareholders of subsidiaries		
Dividends payable	51,096	3,977
Balances with other related parties		
Accounts receivable	7,279	16,480
Other receivables and prepayments	2,158	864
Accounts payable	—	10
Other payables and accruals	5,884	7,801

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2016

25. Significant related party transactions (continued)

(d) Key management compensation:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	1,797	1,709
Contributions to pension plans	239	171
	2,036	1,880

26. Subsequent event

On 8 July 2016, XPD 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.

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 has 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).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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:

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

[#] 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 relevant 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.

^{*} 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.

[⊗] 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.

[△] 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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:

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- # 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.
- * 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.
- ⊕ 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.
- △ 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 a 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		
	2016 (RMB'000)	2015 (RMB'000)	Increase/ (Decrease)
Container loading and unloading and storage business	738,648	655,454	12.69%
Bulk/general cargo loading and unloading business	88,260	75,805	16.43%
Ancillary value-added port services	402,542	516,169	(22.01%)
Manufacturing and selling of building materials	145,435	170,039	(14.47%)
Merchandise trading business	2,307,087	1,615,875	42.78%
Total	3,681,972	3,033,342	21.38%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- 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	2,726,200,000	100.00

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.

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

As at 30 June 2016, none of the directors of the Company ("Directors"), supervisors of the Company ("Supervisors"), chief executives of the Company or their associates had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and The 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 Directors, Supervisors or chief executives of the Company were 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 the 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 2016, 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 2016, 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 2016.

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 "Management Discussion and Analysis" section of this interim report, 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.

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 relating to an unsecured 3-year term loan of RMB265,000,000 to be made available to the Company.

On 12 June 2015, the Company and its subsidiary Xiamen Songyu Container Terminal Company Limited ("Songyu Terminal") entered into a facility agreement with a bank relating to an unsecured 3-year term loan of RMB300,000,000 made available to Songyu Terminal guaranteed by the Company, which has been fully repaid by Songyu Terminal on 29 June 2016 as early repayment.

OTHER INFORMATION (CONTINUED)

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 to the Listing Rules and has adopted the Corporate Governance Code. For the six months ended 30 June 2016, the Company has complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Also, so far as was known to the Directors, no incident of non-compliance of the Corporate Governance Code was noted by or reported to the Company.

The Board

During the reporting period, the fourth session of the Board previously comprised the following fourteen Directors, including five Executive Directors, namely Mr. LIN Kaibiao, Mr. CAI Liqun, Mr. FANG Yao, Mr. CHEN Zhaohui and Mr. KE Dong, four Non-executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Mr. FU Chengjing and Mr. HUANG Zirong, 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 26 February 2016, Mr. YOU Xianghua, Mr. JIN Tao and Mr. JI Wenyuan were appointed as Independent Non-executive Directors of the fourth session of the Board at the first extraordinary general meeting of the Company in 2016. On the same date, Mr. HUI Wang Chuen, Mr. HUANG Shumeng and Mr. SHAO Zheping resigned from their positions of Independent Non-executive Director and chairman and/or member of relevant professional committees under the Board due to the reasons as disclosed in the Company's announcement dated 9 December 2015.

OTHER INFORMATION (CONTINUED)

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

Executive Directors:

Mr. LIN Kaibiao (*Chairman*)
Mr. CAI Liqun (*Vice Chairman*)
Mr. FANG Yao (*Vice Chairman*)
Mr. CHEN Zhaohui
Mr. KE Dong

Non-executive Directors:

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

Independent Non-executive Directors:

Mr. LIU Feng
Mr. LIN Pengjiu
Mr. YOU Xianghua
Mr. JIN Tao
Mr. JI Wenyuan

On 18 April 2016, Mr. YANG Hongtu resigned from the positions of the deputy general manager, joint company secretary and authorized representative of the Company pursuant to the Listing Rules due to his change in employment. And on the same date, Mr. CAI Changzhen was appointed by the Board as a joint company secretary of the Company (the other joint company secretary of the Company is Ms. MOK Ming Wai) and an authorized representative of the Company under the Listing Rules (the other authorized representative of the Company under the Listing Rules is Mr. CHEN Zhaohui, an Executive Director).

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 were 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 previously comprised 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 was chaired by Mr. LIN Kaibiao. On 26 February 2016, Mr. HUANG Shumeng resigned from the positions of Independent Non-executive Director and member of the Nomination Committee of the Company, while Mr. JIN Tao, a newly appointed Independent Non-executive Director, was appointed by the Board as a member of the second session of the Nomination Committee on the same date. Accordingly, the Nomination Committee of the Company currently comprises Mr. LIN Kaibiao, Mr. LIN Pengjiu and Mr. JIN Tao. 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 previously comprised two Independent Non-executive Directors, Mr. LIU Feng and Mr. HUANG Shumeng, and one Non-executive Director, Mr. FU Chengjing. The Audit Committee was chaired by Mr. LIU Feng. On 26 February 2016, Mr. HUANG Shumeng resigned from the positions of Independent Non-executive Director and member of the Audit Committee of the Company, while Mr. YOU Xianghua, a newly appointed Independent Non-executive Director, was appointed by the Board as a member of the fourth session of the Audit Committee on the same date. Accordingly, the Audit Committee of the Company currently comprises Mr. LIU Feng, Mr. FU Chengjing and Mr. YOU Xianghua. 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 risks management and 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 2016 and agreed with the accounting policies adopted by the Company.

OTHER INFORMATION (CONTINUED)

Remuneration Committee

The fourth session of the Remuneration Committee of the Company previously comprised two Independent Non-executive Directors, Mr. HUI Wang Chuen and Mr. LIU Feng, and one Non-executive Director, Mr. CHEN Dingyu. The Remuneration Committee was chaired by Mr. HUI Wang Chuen. On 26 February 2016, Mr. HUI Wang Chuen resigned from the positions of Independent Non-executive Director and chairman and member of the Remuneration Committee of the Company, while Mr. YOU Xianghua, a newly appointed Independent Non-executive Director, was appointed by the Board as a member and the chairman of the fourth session of the Remuneration Committee on the same date. Accordingly, the Remuneration Committee of the Company currently comprises Mr. YOU Xianghua, Mr. LIU Feng and Mr. CHEN Dingyu. The Remuneration Committee is chaired by Mr. YOU Xianghua.

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

Business Strategy Committee

During the reporting period, the fourth session of the Business Strategy Committee of the Company previously comprised Independent Non-executive Director Mr. SHAO Zheping, Executive Director, Mr. LIN Kaibiao, and Non-executive Directors, Mr. CHEN Dingyu and Mr. HUANG Zirong. The Business Strategy Committee was chaired by Mr. SHAO Zheping. On 5 January 2016, Mr. CAI Liqun, an Executive Director, was appointed as a member of the fourth session of the Business Strategy Committee by a resolution passed at the 21st meeting of the fourth session of the Board. On 26 February 2016, Mr. SHAO Zheping resigned from the positions of Independent Non-executive Director and chairman and member of the Business Strategy Committee of the Company, while Mr. JIN Tao, a newly appointed Independent Non-executive Director, was appointed as a member and the chairman of the fourth session of the Business Strategy Committee by the Board on the same date. Accordingly, the Business Strategy Committee of the Company currently comprises Mr. JIN Tao, Mr. LIN Kaibiao, Mr. CAI Liqun, Mr. CHEN Dingyu and Mr. HUANG Zirong. The Business Strategy Committee is chaired by Mr. JIN Tao.

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

OTHER INFORMATION (CONTINUED)

Corporate Governance Committee

The first session of the Corporate Governance Committee of the Company previously comprised two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. SHAO Zheping, and one Executive Director, Mr. FANG Yao. The Corporate Governance Committee was chaired by Mr. LIN Pengjiu. On 26 February 2016, Mr. SHAO Zheping resigned from the positions of Independent Non-executive Director and member of the Corporate Governance Committee of the Company, while Mr. JI Wenyuan, a newly appointed Independent Non-executive Director, was appointed by the Board as a member of the first session of the Corporate Governance Committee on the same date. Accordingly, the Corporate Governance Committee of the Company currently comprises Mr. LIN Pengjiu, Mr. FANG Yao and Mr. JI Wenyuan. 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 have 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 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 has not been aware of any violations of this kind during the six months ended 30 June 2016.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in the note 26 to the unaudited condensed consolidated interim financial statements.