* For identification purpose only

厦門國際港務股份有限公司

XIAMEN INTERNATIONAL PORT CO., LTD*

Stock Code: 3378

2019
INTERIM REPORT

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

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CONTENTS

CORPORATE INFORMATION

Executive Directors[1]
CAI Liqun *(Chairman)*
CHEN Zhaohui

Non-executive Directors
CHEN Zhiping
MIAO Luping
FU Chengjing
HUANG Zirong
BAI Xueqing

Independent Non-executive Directors
LIU Feng
LIN Pengjiu
YOU Xianghua
JIN Tao
JI Wenyuan

Supervisors
DU Hongjia[2]
ZHANG Guixian
LIAO Guosheng
WU Weijian
TANG Jinmu
XIAO Zuoping

Company Secretaries[3]
CAI Changzhen

Authorised Representatives
CHEN Zhaohui
CAI Changzhen

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

Principal Place of Business In Hong Kong
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Auditors
International auditor:
PricewaterhouseCoopers

PRC auditor:
PricewaterhouseCoopers Zhong Tian LLP

Legal Advisers
as to Hong Kong law:
Vincent T. K. Cheung, Yap & Co.

as to PRC law:
King & Wood Mallesons

Principal Bankers
Industrial & Commercial Bank of China
China Construction Bank
Communications Bank of China
Bank of China
China Merchants Bank

Hong Kong H Share Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

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

Listing Date
19 December 2005

Notes:
1. Mr. FANG Yao resigned from the positions of an Executive Director, the Vice Chairman of the Board and a member of the Corporate Governance Committee on 9 July 2019. Mr. KE Dong also resigned from the position of an Executive Director on the same date.
2. Mr. DU Hongjia has been newly appointed as a Supervisor and the Chairman of the Supervisory Committee since 23 August 2019.
3. Ms. LAM Yuk Ling resigned from the position of joint company secretary on 18 April 2019.

FINANCIAL HIGHLIGHTS

The unaudited interim consolidated results for the six months ended 30 June 2019

	Six months ended 30 June		
	2019	2018	Change
	RMB'000	RMB'000	RMB'000
Revenues	**6,560,689**	6,610,825	(50,136)
Operating profit	**575,363**	519,708	55,655
Profit for the period	**333,790**	261,543	72,247
Profit attributable to owners of the Company	**146,571**	115,214	31,357
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (in RMB cents)	**5.38**	4.23	1.15

INDEPENDENT REVIEW REPORT

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF XIAMEN INTERNATIONAL PORT CO., LTD
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 43, which comprises the condensed consolidated balance sheet of Xiamen International Port Co., Ltd (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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 of the Group is not prepared, in all material respects, in accordance with HKAS 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2019

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CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
ASSETS			
Non-current assets			
Investment properties	7	160,640	165,011
Property, plant and equipment	7	11,620,205	11,786,311
Land use rights	7	—	3,580,871
Intangible assets	7	184,779	628,228
Right-of-use assets	7	4,225,101	—
Interests in joint ventures	8	101,104	68,993
Interests in associates	9	41,600	38,752
Financial assets at fair value through other comprehensive income	12	52,090	48,104
Long-term receivables and prepayments	11	21,267	64,321
Deferred income tax assets		274,383	264,762
Total non-current assets		16,681,169	16,645,353
Current assets			
Inventories		1,359,263	1,103,020
Accounts receivable	10	1,154,202	1,007,840
Other receivables and prepayments	11	992,241	842,416
Financial assets at fair value through other comprehensive income	12	94,569	67,165
Financial assets at fair value through profit or loss	12	209,588	847,961
Term deposits with initial term over three months		573,376	10,000
Restricted cash		30,441	34,412
Cash and cash equivalents		1,584,480	681,633
		5,998,160	4,594,447
Assets classified as held-for-sale		—	12,456
Total current assets		5,998,160	4,606,903
Total assets		22,679,329	21,252,256
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	2,726,200	2,726,200
Reserves		2,732,848	2,637,812
		5,459,048	5,364,012
Non-controlling interests		6,561,245	6,604,653
Total equity		12,020,293	11,968,665

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 30 June 2019

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	**3,611,638**	3,165,847
Deferred government grants and income		**115,160**	122,230
Long-term payables	14	**1,745**	1,782
Lease liabilities		**142,398**	—
Deferred income tax liabilities		**418,949**	421,831
Total non-current liabilities		**4,289,890**	3,711,690
Current liabilities			
Accounts and notes payable	13	**1,375,504**	996,977
Contract liabilities		**420,793**	403,202
Other payables and accruals	14	**687,720**	703,731
Borrowings	15	**3,746,154**	3,364,412
Lease liabilities		**43,276**	—
Provisions		**9,021**	—
Taxes payable		**86,678**	103,579
Total current liabilities		**6,369,146**	5,571,901
Total liabilities		**10,659,036**	9,283,591
Total equity and liabilities		**22,679,329**	21,252,256

The notes on pages 11 to 43 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

		Unaudited Six months ended 30 June	
		2019	2018
	Note	RMB'000	RMB'000
Revenues	17	6,560,689	6,610,825
Cost of sales	20	(5,948,363)	(6,035,743)
Gross profit		612,326	575,082
Selling and marketing expenses	20	(34,016)	(21,985)
General and administrative expenses	20	(180,618)	(163,574)
Net impairment reversals/(losses) on financial assets		1,158	(5,247)
Other income	18	151,884	135,808
Other gains/(losses) — net	19	24,629	(376)
Operating profit		575,363	519,708
Finance income	21	14,689	12,135
Finance costs	21	(131,258)	(145,113)
		458,794	386,730
Share of profits less losses of joint ventures	8	(1,831)	1,792
Share of profits less losses of associates	9	3,808	(509)
Profit before income tax		460,771	388,013
Income tax expense	22	(126,981)	(126,470)
Profit for the period		333,790	261,543
Profit for the period attributable to:			
Owners of the Company		146,571	115,214
Non-controlling interests		187,219	146,329
		333,790	261,543
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (in RMB cents)	24	5.38	4.23

The notes on pages 11 to 43 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Profit for the period	**333,790**	261,543
Other comprehensive income for the period, net of tax		
Items that will not be reclassified subsequently to profit or loss		
— Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	**2,989**	(15,077)
Total comprehensive income for the period	**336,779**	246,466
Total comprehensive income for the period attributable to:		
— Owners of the Company	**149,560**	100,137
— Non-controlling interests	**187,219**	146,329
	336,779	246,466

The notes on pages 11 to 43 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018	2,726,200	(321,966)	2,816,018	5,220,252	6,619,710	11,839,962
Comprehensive income						
Profit for the period	–	–	115,214	115,214	146,329	261,543
Other comprehensive income:						
Changes in the fair value of financial assets at fair value through other comprehensive income	–	(24,237)	9,160	(15,077)	–	(15,077)
– Gross	–	(32,316)	12,213	(20,103)	–	(20,103)
– Related deferred income tax	–	8,079	(3,053)	5,026	–	5,026
Total comprehensive income for the six months ended 30 June 2018	–	(24,237)	124,374	100,137	146,329	246,466
Transactions with owners in their capacity as owners						
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	38,300	38,300
2017 final dividend	–	–	(95,417)	(95,417)	–	(95,417)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(303,572)	(303,572)
Balance at 30 June 2018	2,726,200	(346,203)	2,844,975	5,224,972	6,500,767	11,725,739
Balance at 1 January 2019	**2,726,200**	**(336,952)**	**2,974,764**	**5,364,012**	**6,604,653**	**11,968,665**
Comprehensive income						
Profit for the period	**–**	**–**	**146,571**	**146,571**	**187,219**	**333,790**
Other comprehensive income:						
Changes in the fair value of financial assets at fair value through other comprehensive income	**–**	**2,989**	**–**	**2,989**	**–**	**2,989**
– Gross	**–**	**3,986**	**–**	**3,986**	**–**	**3,986**
– Related deferred income tax	**–**	**(997)**	**–**	**(997)**	**–**	**(997)**
Total comprehensive income for the six months ended 30 June 2019	**–**	**2,989**	**146,571**	**149,560**	**187,219**	**336,779**
Transactions with owners in their capacity as owners						
Capital contribution from non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**–**	**31,383**	**31,383**
2018 final dividend	**–**	**–**	**(54,524)**	**(54,524)**	**–**	**(54,524)**
Dividends paid to non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**–**	**(262,010)**	**(262,010)**
Balance at 30 June 2019	**2,726,200**	**(333,963)**	**3,066,811**	**5,459,048**	**6,561,245**	**12,020,293**

The notes on pages 11 to 43 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Cash flows from operating activities		
Net cash generated from operations	647,851	549,246
Interest paid	(140,909)	(130,190)
Income tax paid	(156,385)	(176,466)
Net cash generated from operating activities	350,557	242,590
Cash flows from investing activities		
Purchases of property, plant and equipment, intangible assets and land use rights	(261,653)	(263,660)
Proceeds from disposal of property, plant and equipment	23,439	26,585
Capital injection to a joint venture	(5,989)	(9,000)
Acquisition of an associate	—	(1,750)
Interest received	14,689	12,822
Dividends received	6,873	9,655
Proceeds from settlement of wealth management products	725,102	535,000
Purchases of wealth management products	(75,154)	(1,230,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	—	13,378
Proceeds from disposal of held-for-sale assets	21,772	—
Net decrease/(increase) in restricted cash	3,971	(1,691)
Net (increase)/decrease in term deposits with initial term over three months	(563,376)	8,000
Net cash used in investing activities	(110,326)	(900,661)
Cash flows from financing activities		
Proceeds from borrowings	3,873,882	3,899,469
Repayments of borrowings	(2,969,550)	(2,412,094)
Principal elements of lease payments	(27,823)	—
Loans from related parties	32,000	—
Contribution from non-controlling shareholders of subsidiaries	31,383	38,300
Dividends paid to non-controlling shareholders of subsidiaries	(277,425)	(260,621)
Net cash generated from financing activities	662,467	1,265,054
Net increase in cash and cash equivalents	902,698	606,983
Cash and cash equivalents at beginning of period	681,633	671,348
Exchange gains on cash and cash equivalents	149	509
Cash and cash equivalents at end of period	1,584,480	1,278,840

The notes on pages 11 to 43 form an integral part of these condensed consolidated interim financial statements.

1. General information

Xiamen International Port Co., Ltd. (the "Company") is a joint stock limited company established in the People's Republic of China (the "PRC"). The Company's H-shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Main Board"). 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") are principally engaged through the relevant terminals in Dongdu port area and Haicang port area of Xiamen, Qingzhou operating area in Fuzhou and Quanzhou port, in container, bulk and general cargo loading and unloading and storage businesses; comprehensive port logistics services, including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying; building materials manufacturing, processing and selling, the trading of merchandise and investment holding.

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

These unaudited condensed consolidated interim financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and are approved for issue by the board of directors of the Company (the "Board") on 23 August 2019.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2019 have 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 statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2018, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

3. Accounting policies

Changes in accounting policies and disclosures

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2018, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the new standard, amendments and interpretation of HKFRSs effective for the financial year ending 31 December 2019 as described in note (a) below.

3. Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

(a) New standard, amendments and interpretation adopted by the Group in 2019

The following new standard, amendments and interpretation of HKFRSs have been adopted by the Group for the first time for the financial year beginning 1 January 2019:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 9	Regarding prepayment features with negative compensation	1 January 2019
Amendments to HKAS 19	Regarding plan amendment, curtailment or settlement	1 January 2019
Amendments to HKAS 28	Regarding long-term interests in associates and joint ventures	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
Improvements to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019

The impact of the adoption of HKFRS 16 and the new accounting policies are described in note 4 below. The other amendments and interpretation did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) New standards and amendments not yet adopted

The following new standard and amendments of HKFRSs, which are relevant to the operations of the Group, have been published but are not mandatory for the Group's accounting periods beginning on 1 January 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Regarding definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Regarding definition of material	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021

The Group will adopt the above new standard and amendments when they become effective but it is not expected that they will result in any significant impact to the Group's financial statements.

4. Impact from changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 4(b) below.

The Group has adopted HKFRS 16 from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.15%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

	2019 **RMB'000**
Operating lease commitments disclosed as at 31 December 2018	**165,208**
Less: Short-term leases to be recognised on a straight-line basis as expenses	**(18,424)**
Less: Low-value leases to be recognised on a straight-line basis as expenses	**(1,328)**
	145,456
Discounted using the lessee's incremental borrowing rate at the date of initial application	**130,257**
Add: Finance lease liabilities recognised as at 31 December 2018	**80,967**
Lease liabilities recognised as at 1 January 2019	**211,224**
Of which are:	
Current lease liabilities	**44,328**
Non-current lease liabilities	**166,896**
	211,224

Right-of-use assets were measured at the amount equal to the respective lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

4. Impact from changes in accounting policies (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

The net book value of recognised right-of-use assets relate to the following types of assets:

	30 June 2019 RMB'000	1 January 2019 RMB'000
Properties	172,347	219,257
Equipment	89,582	80,967
Land use rights	3,527,896	3,580,871
Port line and sea area use rights	435,276	441,183
Total right-of-use assets	4,225,101	4,322,278

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	As at 31 December 2018 RMB'000	Effect of initial adoption of HKFRS 16 RMB'000	As at 1 January 2019 RMB'000
Assets			
Property, plant and equipment	11,786,311	(80,967)	11,705,344
Land use rights	3,580,871	(3,580,871)	—
Intangible assets	628,228	(441,183)	187,045
Right-of-use assets	—	4,322,278	4,322,278
Long-term receivables and prepayments	64,321	(55,731)	8,590
Other receivables and prepayments	842,416	(33,269)	809,147
Liabilities			
Borrowings	6,530,259	(80,967)	6,449,292
Lease liabilities	—	211,224	211,224

No net impact on retained earnings on 1 January 2019.

4. Impact from changes in accounting policies (continued)

(a) Adjustments recognised on adoption of HKFRS 16 (continued)

(i) Impact on segment disclosures and earnings per share

Total segment assets and segment liabilities as at 30 June 2019 were both increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy:

As at 30 June 2019	Segment assets RMB'000	Segment liabilities RMB'000
Container loading and unloading and storage business	94,087	183,669
Bulk/general cargo loading and unloading business	48,023	48,023
Comprehensive port logistic services	30,819	30,819
	172,929	262,511

There was no significant impact on earnings per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 "Leases" and HK(IFRIC) 4 "Determining whether an Arrangement contains a Lease".

4. Impact from changes in accounting policies (continued)

(b) The Group's leasing activities and how these are accounted for

The Group leases property, plant and equipment. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

4. Impact from changes in accounting policies (continued)

(b) The Group's leasing activities and how these are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of equipment.

5. 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 expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, 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 for the year ended 31 December 2018.

6. Financial risk management

6.1 Financial risk factors

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

These unaudited condensed consolidated interim financial statements do 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 for the year ended 31 December 2018.

There have been no changes in the risk management policies since last year end.

6. Financial risk management (continued)

6.2 Liquidity risk

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

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

As at 30 June 2019, the Group's current liabilities exceeded its current assets by RMB371 million. As at 30 June 2019, the available unused bank facilities of the Group amounted to RMB12,410 million. The board of directors of the Company believed that the credit period of these bank facilities can be extended if needed. Based on the cash inflows from operating activities and the bank facilities available to the Group, the board of directors believes that the Group would continue to receive enough finance to support the operation and debt repayment and capital expenditure during at least twelve months from the end of reporting period of these condensed consolidated interim financial statements. As a result, these condensed consolidated interim financial statements are prepared on going-concern basis.

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 2019				
Lease liabilities	72,483	78,788	152,279	38,460
Borrowings	3,832,664	656,043	2,553,010	571,709
Long-term payables	40	42	146	1,517
Accounts and notes payable	1,375,504	—	—	—
Other payables and accruals	687,720	—	—	—
	5,968,411	734,873	2,705,435	611,686

6. Financial risk management (continued)

6.2 Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Audited				
At 31 December 2018				
Borrowings	3,364,412	531,970	2,204,485	429,392
Long-term payables	37	40	136	1,569
Accounts and notes payable	996,977	—	—	—
Other payables and accruals	703,731	—	—	—
	5,065,157	532,010	2,204,621	430,961

The amounts of borrowings and lease liabilities include future interest payments computed using contractual rates or incremental borrowing rate.

6.3 Fair value estimation

The table below analyses financial assets 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 financial assets that are measured at fair value at 30 June 2019:

	Unaudited			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through other comprehensive income	47,937	—	98,722	146,659
Financial assets at fair value through profit or loss	20,575	—	189,013	209,588

6. Financial risk management (continued)

6.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018:

	Audited			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through other comprehensive income	43,951	—	71,318	115,269
Financial assets at fair value through profit or loss	—	—	847,961	847,961

During the six months ended 30 June 2019, there are no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

6.4 Fair value of financial assets and liabilities measured at amortised cost

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

- Cash and cash equivalents
- Accounts receivable
- Other receivables and prepayments
- Term deposits with initial term over three months
- Restricted cash
- Accounts and notes payable
- Other payable and accruals
- Borrowings
- Lease liabilities
- Long-term payables

7. Property, plant and equipment, investment properties, land use rights, intangible assets and right-of-use assets

	Unaudited					
	Investment properties RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Right-of-use assets RMB'000	Total RMB'000
Net book amount as at 1 January 2019	165,011	11,786,311	3,580,871	628,228	—	16,160,421
Adjustment for change in accounting policy (Note 4)	—	(80,967)	(3,580,871)	(441,183)	4,322,278	219,257
Restated opening net book amount as at 1 January 2019	165,011	11,705,344	—	187,045	4,322,278	16,379,678
Additions	2,144	221,459	—	1,622	9,339	234,564
Government grants	—	(5,464)	—	—	—	(5,464)
Transfers	(2,901)	2,448	—	453	—	—
Disposals	—	(22,075)	—	—	—	(22,075)
Depreciation and amortisation charge	(3,614)	(281,507)	—	(4,341)	(106,516)	(395,978)
Net book amount as at 30 June 2019	160,640	11,620,205	—	184,779	4,225,101	16,190,725

	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 2018	159,063	11,790,983	3,686,592	619,034	16,255,672
Additions	592	227,024	8,864	21,205	257,685
Disposals	—	(28,023)	—	—	(28,023)
Depreciation and amortisation charge	(3,578)	(279,359)	(55,899)	(6,819)	(345,655)
Net book amount as at 30 June 2018	156,077	11,710,625	3,639,557	633,420	16,139,679

8. Interests in joint ventures

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

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
At 1 January	**68,993**	73,286
Addition (a)	**33,942**	9,000
Share of results before income tax	**(1,370)**	3,259
Share of income tax expense	**(461)**	(1,467)
	(1,831)	1,792
At 30 June	**101,104**	84,078

(a) During the six months ended 30 June 2019, the Group newly invested in 49% equity interests of Guotou Xiagang Hainan Tugboat Co., Ltd. ("Guotou xiagang") by cash and asset contribution of RMB33,942,000. Guotou xiagang is classified as a joint venture company in the Group's consolidated financial statements.

9. Interests in associates

Movement in interests in associates is set out as follows:

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
At 1 January	**38,752**	50,071
Dividends received	**(960)**	—
Addition	**—**	1,750
Share of results before income tax	**5,077**	234
Share of income tax expense	**(1,269)**	(743)
	3,808	(509)
At 30 June	**41,600**	51,312

10. Accounts receivable

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Accounts receivable	**1,235,328**	1,066,637
Less: Expected credit loss allowance of receivables	**(101,434)**	(105,720)
	1,133,894	960,917
Due from parent company (Note 26(b))	**2,757**	—
Due from fellow subsidiaries (Note 26(b))	**11,659**	9,000
Due from joint ventures (Note 26(b))	**5,324**	2,160
Due from associates (Note 26(b))	**—**	915
Due from other related parties (Note 26(b))	**568**	34,848
	1,154,202	1,007,840

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.

For the receivables with pledged collaterals, the fair value of pledged collaterals are sufficient to cover the carrying amounts of the respective receivables.

Ageing analysis of accounts receivable (including amounts due from parent company, fellow subsidiaries, joint ventures, associates and other related parties) based on invoice date at respective balance sheet dates are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Less than 6 months	**994,783**	865,099
6 months to 1 year	**83,517**	38,911
1 year to 2 years	**22,586**	52,695
2 years to 3 years	**58,408**	62,449
Over 3 years	**96,342**	94,406
	1,255,636	1,113,560
Less: Expected credit loss allowance of receivables	**(101,434)**	(105,720)
	1,154,202	1,007,840

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Other receivables (a)	**378,518**	341,079
Advances to suppliers	**568,708**	445,989
Prepayments and deposits	**53,026**	94,407
Less: Expected credit loss allowance of other receivables and prepayments	**(14,106)**	(11,125)
Due from parent company (Note 26(b))	**25,827**	32,027
Due from fellow subsidiaries (Note 26(b))	**678**	502
Due from joint ventures (Note 26(b))	**—**	2,045
Due from other related parties (Note 26(b))	**857**	1,813
	1,013,508	906,737
Less: Long-term receivables and prepayments		
— Prepayments for acquisition of property, plant and equipment	**(21,267)**	(1,848)
— Prepayments for operating leasing in the Qingzhou Operating Area (b)	**—**	(55,731)
— Input value-added-tax ("VAT") to be deducted	**—**	(6,742)
	(21,267)	(64,321)
Current portion	**992,241**	842,416

(a) Balance mainly includes receivable for Build-Transfer ("BT") project of RMB58,313,000 (31 December 2018: RMB58,313,000) and input VAT to be deducted of RMB225,593,000 (31 December 2018: RMB225,604,000).

(b) The Company and its subsidiary, Fuzhou Haiying Port Co., Ltd., entered into a ten-year lease agreement with Fuzhou Zhongying Gangwu Co., Ltd.. Prepayments of RMB33,269,000 (31 December 2018: RMB33,269,000) and long term prepayments of RMB55,731,000 (31 December 2018: RMB55,731,000) were reclassified to right-of-use assets on adoption of HKFRS 16.

12. Fair value measurement of financial instruments

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Financial assets at fair value through other comprehensive income		
— Equity investments listed in the PRC, at fair value	47,937	43,951
— Unlisted equity investments	4,153	4,153
— Notes receivable	94,569	67,165
	146,659	115,269
Financial assets at fair value through profit or loss		
— Wealth management products (a)	189,013	847,961
— Derivative financial instruments	20,575	—
	209,588	847,961
	356,247	963,230

(a) As at 30 June 2019, the Group held certain wealth management products of RMB189,013,000 (31 December 2018: RMB847,961,000) with floating average annual return of 7.06% (31 December 2018: 6.88%). For the six months ended 30 June 2019, fair value losses of RMB9,000,000 (same period of 2018: Nil) were recognized through profit or loss for certain past due wealth management products.

13. Accounts and notes payable

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Accounts payable	1,013,145	704,061
Due to parent company (Note 26(b))	7,418	1,920
Due to fellow subsidiaries (Note 26(b))	111,511	81,653
Due to joint ventures (Note 26(b))	—	894
Due to other related parties (Note 26(b))	2,742	11,527
Notes payable	240,688	196,922
	1,375,504	996,977

Ageing analysis of accounts and notes payable (including amounts due to parent company, fellow subsidiaries, joint ventures and other related parties) based on invoice date at respective balance sheet dates are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Within 1 year	1,224,969	872,930
1 year to 2 years	100,324	70,122
2 years to 3 years	11,741	17,179
Over 3 years	38,470	36,746
	1,375,504	996,977

Note payables are with average maturity dates of within 6 months.

The amounts due to the parent company, fellow subsidiaries, joint ventures and other related parties are unsecured, interest free and have no fixed terms of repayment.

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Due to parent company (Note 26(b))	**921**	430
Due to fellow subsidiaries (Note 26(b))	**28,382**	4,049
Due to associates (Note 26(b))	**18,000**	9,020
Due to joint ventures (Note 26(b))	**2,759**	394
Due to other related parties (Note 26(b))	**927**	602
Payables for purchases of property, plant and equipment and construction-in-progress	**69,912**	101,933
Salary and welfare payables	**179,897**	234,872
Customer deposits	**31,860**	35,535
Accrued expenses	**11,469**	8,024
Dividends payable to		
— owners of the Company	**57,635**	3,111
— non-controlling shareholders of subsidiaries (Note 26(b))	**45,377**	60,792
Interest payable	**78,809**	68,752
Payables for business combination	**114,511**	114,511
Other payables	**49,006**	63,488
	689,465	705,513
Less: Long-term payables	**(1,745)**	(1,782)
Current portion	**687,720**	703,731

As at 30 June 2019, the payables due to parent company, fellow subsidiaries, joint venture, associates and other related parties are unsecured, interest free and without fixed repayment term, except for borrowings of RMB41,000,000 from fellow subsidiaries and associates bearing interest of 4.35% with fixed repayment.

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

15. Borrowings

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Non-current		
Long-term bank borrowings	**927,204**	493,169
Debentures (c)	**2,684,434**	2,591,711
Finance lease liabilities	**—**	80,967
	3,611,638	3,165,847
Current		
Short-term bank borrowings	**2,031,696**	2,062,212
Long-term bank borrowings — current portion	**15,868**	204,993
Debentures (d)	**1,698,590**	1,097,207
	3,746,154	3,364,412
Total borrowings	**7,357,792**	6,530,259
Representing:		
— guaranteed (a)	**477,745**	387,093
— secured (b)	**30,750**	111,717
— unguaranteed and unsecured	**6,849,297**	6,031,449
Total borrowings	**7,357,792**	6,530,259

(a) As at 30 June 2019, a bank borrowing of RMB24,561,000 was guaranteed by China Construction Bank (31 December 2018: RMB28,751,000); and bank borrowings of RMB453,184,000 were guaranteed by a non-controlling shareholder of a subsidiary and intra-group subsidiaries (31 December 2018: RMB358,342,000).

(b) As at 30 June 2019, bank borrowings of RMB30,750,000 (31 December 2018: RMB30,750,000) were secured by land use rights with net book value of RMB29,768,000.

15. Borrowings (continued)

(c) On 29 June 2016, XPD issued the 2016 first tranche of 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") on the ShenZhen Stock Exchange. Pursuant to the principal terms of the XPD First Tranche Corporate Bonds, at the end of the third year of the term, XPD is entitled to adjust the interest rate for the remaining term and the holders of the XPD First Tranche Corporate Bonds may sell back all or part of their bonds to XPD at the nominal value. As at 28 June 2019, the holders of the XPD First Tranche Corporate Bonds have completed the registration and sold back of the XPD First Tranche Corporate Bonds with a total principal amount of RMB510,000,000. From then on, the holders no longer own the right to sell back the rest of unpurchased part to the issuer until the maturity of the XPD First Tranche Corporate Bonds. Therefore, the rest part of the XPD First Tranche Corporate Bonds with a total principal amount of RMB90,000,000 was reclassified into long-term debentures in this period. The interest rate per annum remains unchanged.

On 22 September 2017, the Company issued the 2017 first tranche of Corporate Bonds with a term of five year from the date of issue with a total principal amount of RMB500,000,000 at a fixed interest rate of 4.69% per annum (the "2017 XIP First Tranche Corporate Bonds") on the ShenZhen Stock Exchange.

On 26 April 2018, the Company issued the 2018 first tranche of Corporate Bonds with a term of five year from the date of issue with a total principal amount of RMB1,200,000,000 at a fixed interest rate of 4.67% per annum (the "2018 XIP First Tranche Corporate Bonds") on the ShenZhen Stock Exchange.

On 12 November 2018, the Company issued the 2018 second tranche of Corporate Bonds with a term of five year from the date of issue with a total principal amount of RMB900,000,000 at a fixed interest rate of 4.08% per annum (the "2018 XIP Second Tranche Corporate Bonds") on the ShenZhen Stock Exchange.

Pursuant to the principal terms of the 2017 XIP First Tranche Corporate Bonds, the 2018 XIP First Tranche Corporate Bonds and the 2018 XIP Second Tranche Corporate Bonds, at the end of the third year of the term, the Company is entitled to adjust the interest rate for the remaining term. The holders may sell back all or part of their bonds to the Company at the nominal value.

15. Borrowings (continued)

(d) On 25 October 2016, XPD issued the second tranche of Corporate Bonds with a term of five year from the date of issue with a total principal amount of RMB500,000,000 at a fixed interest rate of 3.02% per annum (the "XPD Second Tranche Corporate Bonds") on the ShenZhen Stock Exchange. Pursuant to the principal terms of the XPD Second Tranche Corporate Bonds, at the end of the third year of the term, XPD is entitled to adjust the interest rate for the remaining term and the holders of the XPD Second Tranche Corporate Bonds may sell back all or part of their bonds to XPD at the nominal value. As at 30 June 2019, the XPD Second Tranche Corporate Bonds with a total principal amount of RMB500,000,000 has been reclassified into current portion of debentures in this period.

On 18 January 2019, the Company issued the first tranche of the Super Short-Term Notes with a term of 180 days from the date of issue with a total principal amount of RMB350,000,000 at a fixed interest rate of 3.45% per annum (the "First Tranche Super Short-Term Notes").

On 28 February 2019, the Company issued the second tranche of the Super Short-Term Notes with a term of 180 days from the date of issue with a total principal amount of RMB350,000,000 at a fixed interest rate of 3.00% per annum (the "Second Tranche Super Short-Term Notes").

On 25 March 2019, the Company issued the third tranche of the Super Short-Term Notes with a term of 270 days from the date of issue with a total principal amount of RMB500,000,000 at a fixed interest rate of 3.10% per annum (the "Third Tranche Super Short-Term Notes").

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
At 31 December	6,530,259	6,137,797
Adjustment for change in accounting policy (Note 4)	(80,967)	—
At 1 January	6,449,292	6,137,797
Other additions	3,873,882	3,899,469
Changes in amortised costs of corporate bonds	4,109	2,941
Changes in amortised costs of financing leases	—	(373)
Repayments	(2,969,550)	(2,412,094)
Exchange differences	59	257
At 30 June	7,357,792	7,627,997

16. Share capital

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2019 and 31 December 2018	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 restrictions imposed by PRC law from time to time.

During the six months ended 30 June 2019 and 2018, there is no movement in the share capital of the Company.

17. Segment information

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

Chief operating decision-maker 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) comprehensive port logistic services; (4) manufacturing and selling of building materials; and (5) merchandise trading business. As nearly 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 nearly 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.

17. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2019 and 2018 are as follows:

	Six months ended 30 June 2019 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Comprehen-sive port logistic services RMB'000	Manufacturing and selling of building materials RMB'000	Merchandise trading business RMB'000	Total RMB'000
Total segment revenues	1,000,962	387,128	549,918	220,139	4,569,744	6,727,891
Inter-segment revenues	–	–	(167,202)	–	–	(167,202)
Revenues	1,000,962	387,128	382,716	220,139	4,569,744	6,560,689
Operating profit	362,342	61,484	106,418	194	44,925	575,363
Finance income						14,689
Finance costs						(131,258)
						458,794
Share of profits less losses of joint ventures	–	–	(1,831)	–	–	(1,831)
Share of profits less losses of associates	–	–	3,054	754	–	3,808
Profit before income tax						460,771
Income tax expense						(126,981)
Profit for the period						333,790
Other information						
Depreciation	199,396	79,912	48,083	2,080	3,284	332,755
Amortisation	46,212	11,448	3,490	47	2,026	63,223
Provision for/(reversal of) impairment of inventories	(38)	99	–	(120)	19,856	19,797
Net impairment (reversals)/losses on financial assets	(267)	3	(1,484)	(1,002)	1,592	(1,158)

17. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2019 and 2018 are as follows (continued):

	Six months ended 30 June 2018 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Comprehen-sive port logistic services RMB'000	Manufacturing and selling of building materials RMB'000	Merchandise trading business RMB'000	Total RMB'000
Total segment revenues	976,047	321,882	443,280	139,475	4,867,023	6,747,707
Inter-segment revenues	–	–	(136,882)	–	–	(136,882)
Revenues	976,047	321,882	306,398	139,475	4,867,023	6,610,825
Operating profit	374,245	29,683	80,969	(1,474)	36,285	519,708
Finance income						12,135
Finance costs						(145,113)
						386,730
Share of profits less losses of joint ventures	–	–	1,792	–	–	1,792
Share of profits less losses of associates	–	–	356	(865)	–	(509)
Profit before income tax						388,013
Income tax expense						(126,470)
Profit for the period						261,543
Other information						
Depreciation	161,224	73,966	42,119	2,622	3,006	282,937
Amortisation	45,113	12,279	3,258	67	2,001	62,718
Provision for/(reversal of) impairment of inventories	142	–	(5)	–	–	137
Net impairment (reversals)/losses on financial assets	305	(500)	1,292	(275)	4,425	5,247

17. Segment information (continued)

The segment assets and liabilities provided to management for the reportable segments as at 30 June 2019 and 31 December 2018 is as follows:

	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Comprehen-sive port logistic services RMB'000	Manufacturing and selling of building materials RMB'000	Merchandise trading business RMB'000	Total RMB'000
Unaudited						
As at 30 June 2019						
Segment assets	**12,571,288**	**4,016,925**	**2,347,831**	**251,534**	**2,861,121**	**22,048,699**
Including:						
Interests in joint ventures	**3,746**	**–**	**97,358**	**–**	**–**	**101,104**
Interests in associates	**–**	**–**	**36,253**	**5,347**	**–**	**41,600**
Additions to non-current assets	**48,172**	**35,941**	**147,904**	**1,105**	**2,320**	**235,442**
Segment liabilities	**630,110**	**280,552**	**786,695**	**106,860**	**991,400**	**2,795,617**
Audited						
As at 31 December 2018						
Segment assets	11,556,575	3,749,907	2,591,340	232,339	1,894,103	20,024,264
Including:						
Interests in joint ventures	3,746	–	65,247	–	–	68,993
Interests in associates	–	–	33,199	5,553	–	38,752
Additions to non-current assets	268,613	79,500	335,207	1,727	16,744	701,791
Segment liabilities	487,694	291,168	684,576	90,541	673,943	2,227,922

Management assesses the performance of the operating segments based on operating profit. Finance income and costs are not included in the results for each operating segment that is reviewed by management. Other information provided, except as noted below, to the management is measured in a manner consistent with that in the unaudited condensed consolidated interim financial statements.

Segment assets mainly exclude deferred income tax assets, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. These are part of the reconciliation to total balance sheet assets.

Segment liabilities mainly exclude items such as deferred income tax liabilities, taxes payable and borrowings. These are part of the reconciliation to total balance sheet liabilities.

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

17. Segment information (continued)

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Total segment assets	22,048,699	20,024,264
Add: Deferred income tax assets	274,383	264,762
Financial assets at fair value through other comprehensive income	146,659	115,269
Financial assets at fair value through profit or loss	209,588	847,961
Total assets per consolidated balance sheet	22,679,329	21,252,256

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Total segment liabilities	2,795,617	2,227,922
Add: Deferred income tax liabilities	418,949	421,831
Taxes payable	86,678	103,579
Borrowings	7,357,792	6,530,259
Total liabilities per consolidated balance sheet	10,659,036	9,283,591

18. Other income

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Government subsidies	91,987	62,897
Rental income	24,540	34,281
Dividend income	6,873	9,655
Others	28,484	28,975
	151,884	135,808

19. Other gains/(losses) — net

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Gains on fair value movements of derivatives		
— Unrealised gains	**20,575**	—
— Realised gains	**4,820**	—
Fair value losses on other of financial assets at fair value through profit and loss	**(9,000)**	—
Gains on disposal of held-for-sale assets	**10,313**	—
Gains/(losses) on disposal of property, plant and equipment	**8,367**	(1,438)
Others	**(10,446)**	1,062
	24,629	(376)

20. Expenses by nature

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Cost of inventories sold/consumed	**4,696,967**	4,858,358
Employee benefit expenses	**550,837**	500,312
Distribution, transportation and labour outsourcing	**339,192**	332,232
Depreciation of		
— investment properties (Note 7)	**3,614**	3,578
— property, plant and equipment (Note 7)	**281,507**	279,359
Amortisation of		
— land use rights (Note 7)	**—**	55,899
— intangible assets (Note 7)	**4,341**	6,819
— right-of-use assets (Note 7)	**106,516**	—
Repairs and maintenance	**33,668**	38,166
Short-term or low-value (2018: all) operating lease rentals in respect of property, plant and equipment	**32,934**	64,663
Advertising and marketing expenses	**21,538**	10,239
Net provision for impairment of inventories	**19,797**	137
Dredging expenses	**19,025**	19,950
Business tax, stamp duty and real estate tax	**18,608**	18,909
General office expenses	**18,447**	12,809
Insurance expenses	**8,080**	9,081
Auditors' remuneration	**2,065**	2,020
Project subcontract expenses	**1,792**	3,809
Others	**4,069**	4,962
Total cost of sales, selling and marketing expenses and general and administrative expenses	**6,162,997**	6,221,302

21. Finance income and costs

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest income	**14,689**	12,135
Interests on borrowings	**(148,519)**	(150,476)
Interests on lease liabilities	**(2,447)**	—
Less: Amounts capitalised	**19,765**	5,619
Net foreign exchange losses	**(57)**	(256)
	(131,258)	(145,113)
Finance costs — net	**(116,569)**	(132,978)

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 2019 is 3.86% per annum (same period of 2018: 4.31%).

22. Income tax expense

(a) Hong Kong profits tax

Trend Wood Investments Limited ("Trend Wood"), Xiamen Ocean Shipping Agency (Hong Kong) Limited ("Hong Kong Ocean Shipping Agency") and Xiamen Port Haiheng (Hong Kong) Limited ("Haiheng Hong Kong") are subsidiaries of the Company incorporated in Hong Kong, thus their applicable income tax rate is 16.5% (same period of 2018: 16.5%).

Hong Kong profits tax has not been provided as the estimated assessable profits deriving from Hong Kong are not material for the six months ended 30 June 2019 (same period of 2018: Nil).

(b) PRC corporate income tax

Approved by Xiamen Municipal Bureau of Finance, Xiamen Songyu Container Terminal Co., Ltd ("Songyu Terminal"), a subsidiary of the Company, is entitled to a three-year reduction in corporate income tax, commencing from 2018. The income tax rate for the six months ended 30 June 2019 is 15% (same period of 2018: 15%).

Approved by Xiamen Municipal Bureau of Finance, Xiamen International Container Terminals Ltd. ("XICT"), a subsidiary of the Company, is entitled to a three-year reduction in corporate income tax, commencing from 2018. The income tax rate for the six months ended 30 June 2019 is 15% (same period of 2018: 15%).

22. Income tax expense (continued)

(b) PRC corporate income tax (continued)

Approved by State Administration of Taxation Xiamen Branch, Xiamen Haiyu Terminal Co., Ltd. ("Haiyu"), a subsidiary of the Company, is entitled to a three-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent three years, commencing from 2014. The PRC income tax rate for this subsidiary for the six months ended 30 June 2019 is 12.5% (same period of 2018: 12.5%).

Except for Songyu Terminal, XICT, Haiyu, Trend Wood, Hong Kong Ocean Shipping Agency and Haiheng Hong Kong, the Company and other subsidiaries of the Company are subject to PRC income tax rate of 25% for the six months ended 30 June 2019 (same period of 2018: 25%).

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

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
PRC corporate income tax expense	**139,484**	126,916
Deferred income tax credit	**(12,503)**	(446)
	126,981	126,470

23. Dividends

At the Board meeting held on 26 March 2019, the Board proposed a final dividend of RMB2 cents per share (tax inclusive) for the year ended 31 December 2018. The proposal was subsequently approved at the annual general meeting on 14 June 2019. The 2018 final dividend has been reflected as an appropriation of retained earnings during the six months ended 30 June 2019.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (same period of 2018: nil).

24. Earnings per share

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

	Unaudited Six months ended 30 June 2019	2018
Profit attributable to owners of the Company (in RMB)	**146,571,000**	115,214,000
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)	**5.38**	4.23

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

25. Commitments

(a) Capital commitments

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred:	**545,016**	581,107

Committed capital expenditure as at 30 June 2019 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 2019 but the related capital expenditure had not been incurred as at that date.

(b) Lease commitments

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Leases within one year	**10,313**	18,424
Low-value leases	**3,569**	1,328
Leases with terms over one year and high-value	**—**	145,456
	13,882	165,208

Leases with terms over one year and high-value have been recorded as lease liabilities with the adoption of HKFRS16 (Note 4).

26. Significant related party transactions

(a) During the six months ended 30 June 2019 and 2018, save as disclosed elsewhere in other notes of these condensed consolidated interim financial statements, the Group had the following significant transactions with related parties:

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Transactions with the parent company		
Revenues		
Electricity supply and maintenance services	**66**	123
Expenses		
Operating lease rentals in respect of land, port facilities and office premises	**34,976**	14,652
Transactions with fellow subsidiaries		
Revenues		
Port services	**10,977**	11,739
Electricity supply and maintenance services	**5,608**	11,680
Trading sales	**1,050**	2,556
Expenses		
Office and property management	**1,152**	3,151
Operating lease rentals in respect of land, port facilities and office premises	**3,266**	5,714
Comprehensive service fees	**12,057**	10,924
Labour services	**44,094**	33,130
Information services	**1,198**	1,995
Interest charged for borrowings	**448**	—
Others		
Purchases of property, plant and equipment	**13,280**	18,558

26. Significant related party transactions (continued)

(a) During the six months ended 30 June 2019 and 2018, save as disclosed elsewhere in other notes of these condensed consolidated interim financial statements, the Group had the following significant transactions with related parties (continued):

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Transactions with joint ventures		
Revenues		
Power supply and maintenance and electrical equipment maintenance	49	63
Loading and unloading services	7,219	5,536
Expenses		
Loading and unloading services	–	13
Transactions with other related parties		
Revenues		
Loading and unloading services	73,358	71,128
Expenses		
Purchases of commercial goods	15,241	17,621
Transactions with associates		
Revenues		
Transportation services	1,930	2,103
Expenses		
Interest charged for borrowings	286	–

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

26. Significant related party transactions (continued)

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Balances with the parent company		
Accounts receivable	2,757	—
Other receivables and prepayments	25,827	32,027
Dividends payable	34,424	—
Accounts payable	7,418	1,920
Other payables and accruals	921	430
Balances with fellow subsidiaries		
Accounts receivable	11,659	9,000
Other receivables and prepayments	678	502
Accounts payable	111,511	81,653
Other payables and accruals (i)	28,382	4,049
Balances with associates		
Accounts receivable	—	915
Other payables and accruals (i)	18,000	9,020
Balances with joint ventures		
Accounts receivable	5,324	2,160
Other receivables and prepayments	—	2,045
Accounts payable	—	894
Other payables and accruals	2,759	394
Balance with non-controlling shareholders of subsidiaries		
Dividends payable	45,377	60,792
Balances with other related parties		
Accounts receivable	568	34,848
Other receivables and prepayments	857	1,813
Accounts payable	2,742	11,527
Other payables and accruals	927	602

(i) As at 30 June 2019, except for the other payables of RMB41,000,000 to fellow subsidiaries and associates, which are interest bearing at 4.35% per annum and have fixed terms of repayment, other balances with related parties are unsecured, interest free and have no fixed terms of repayment or subject to agreed credit terms for trade receivables.

26. Significant related party transactions (continued)

(c) Key management compensation:

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,519**	2,335
Social security costs including contributions to pension plans	**354**	316
	2,873	2,651

27. Contingencies

In 2016, Xiamen Torch Group Logistics Co., Ltd. ("Torch Logistics") lodged a legal claim against Xiamen Port Transportation Co., Ltd. ("XPT"), a subsidiary of the Company for a payment of freight services provided. In 2018, XPT received first-instance verdicts from Xiamen People's Court of Huli District, which ordered XPT to pay the freight fees plus interest to Torch Logistics. In June 2019, an out-of-court settlement was reached by XPT and Torch Logistics, pursuant to which XPT would pay a compensation amount of RMB4,010,000 to Torch Logistics for the freight services claimed. The compensation amount was settled by XPT in June 2019 and the case was closed.

28. Subsequent events

On 15 July 2019, the Company issued the fourth tranche of the 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 3.10% per annum (the "Fourth Tranche Super Short-term Notes"). The net proceeds from the issue of the Fourth Tranche Super Short-term Notes shall principally be used 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS REVIEW

In the first half of 2019, the world's economy and trade growth slowed down, and the impact of the Sino-US economic and trade frictions continued to emerge. Under the complicated internal and external situation, China's economy showed strong resilience, and its economic growth maintained a development trend of overall stability and steady progress. China's gross domestic product ("GDP") in the first half of the year maintained a year-on-year growth of 6.3%, the total value of imports and exports of China recorded a year-on-year growth of 3.9%, and the surplus in imports and exports of goods rose 41.6% year-on-year. Confronted with the extremely complex and severe domestic and foreign economic and trade environment, the Group actively adopted various measures. On the one hand, the Group strengthened strategic cooperation with major shipping companies, developed shipping routes along the "Maritime Silk Road", actively developed international and domestic trade container transshipment and other businesses as well as improved the port throughput; on the other hand, the Group actively promoted overall marketing and the construction of green and smart ports, improved the business environment and enhanced the port service capabilities. Meanwhile, the Group continued to strengthen meticulous management, enhanced corporate governance and internal control, and promoted cost reduction and efficiency enhancement, so as to maintain a relatively stable development of its production and operation.

During the six months ended 30 June 2019, the Group recorded a total revenue of approximately RMB6,560,689,000, representing a decrease of approximately 0.8% as compared with approximately RMB6,610,825,000 in the same period of 2018. Profit attributable to the owners of the Company was approximately RMB146,571,000, representing an increase of approximately 31.6% as compared with approximately RMB115,214,000 in the same period of 2018. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB5.38 cents (the same period of 2018: approximately RMB4.23 cents). The decrease in revenue was mainly due to the decrease in revenue from the merchandise trading business of the Group. Profit attributable to the owners of the Company has increased due to a growth of approximately 9.4% of the container throughput of the Group and a growth of approximately 3.9% of the bulk/general cargo throughput of the Group.

BUSINESS REVIEW

The Group is principally engaged in the relevant port terminal businesses at thirty self-owned berths and seven leased berths in Dongdu port area and Haicang port area in Xiamen, three self-owned berths in Quanzhou port (the "Huajin Terminal") and one leased berth in Qingzhou Operating Area in Fuzhou (the "Fuzhou Zhongying Terminal"), including container port operations, bulk/general cargo port operations and port comprehensive logistics services.

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

Container Port Business

In the first half of 2019, the Group achieved a total container throughput of 4,549,388 Twenty-foot Equivalent Units ("TEUs") in the container business. Details of the container throughput achieved by each terminal are as follows:

	Container throughput Six months ended 30 June 2019 (TEUs)	2018 (TEUs)	Increase/ (Decrease)
Haitian Terminal and Hairun Terminal of the Group#	**2,442,381**	2,306,627	5.9%
XICT and XHICT*	**509,772**	432,990	17.7%
Songyu Terminal⊕	**554,457**	549,699	0.9%
Xinhaida Terminal⊕	**733,902**	601,837	21.9%
Total throughput in Xiamen region	**4,240,512**	3,891,153	9.0%
Fuzhou Zhongying Terminal∆	**136,484**	125,845	8.5%
Quanzhou Huajin Terminal☆	**172,392**	143,231	20.4%
Total throughput	**4,549,388**	4,160,229	9.4%

Since 1 January 2016, Xiamen Container Terminal Group Co., Ltd. ("Xiamen Terminal Group" or "XCTG") and its wholly-owned subsidiary Xiamen Hairun Container Terminals Co., Ltd. ("Hairun Terminal Company") have successively leased and operated Haitong Terminal (Songyu berths No. 4 to No. 6) from Xiamen Haitong Terminal Co., Ltd., a non-wholly owned subsidiary of Xiamen Port Holding, respectively, due to their business development requirements; since January 2017, Xiamen Terminal Group has leased the relevant berths of Haixiang Terminal to operate container business. Therefore, for the purpose of operating information set out herein, the relevant operating figures of Haitian Terminal and Hairun Terminal include the figures relating to the container business of Dongdu berths No. 5 to No. 16, Haitong Terminal, berths No. 4, No. 5 and No. 6 in Haicang port area of Xiamen port and the relevant berths of Haixiang Terminal.

* 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 Ports Haicang Limited, respectively. Since 1 September 2008, as a result of the commencement of unified operation between XICT and XHICT, the relevant operating information of XICT also include the figures of XHICT, which were consolidated in the calculation and 100% included in the 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 with the interest accounted for using equity method; pursuant to the relevant agreement and arrangement entered into on 28 November 2016, XHICT has become a subsidiary of the Group since then; pursuant to the relevant agreement and arrangement entered into on 15 May 2017, XICT has become a subsidiary of the Group since then.

⊕ 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% incorporated 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.

☆ Quanzhou Huajin Terminal has been incorporated into the Group in late October 2017.

In the first half of 2019, the container business of the Group maintained a continuous growth. The container business in Xiamen increased by 9.0% over the same period of 2018, of which, the container throughput of the international trade was approximately 2.684 million TEUs in the first half of 2019, representing an increase of approximately 4.2%, which was mainly because the Group has actively promoted the implementation of the international container transit route stabilization measures and concentrated resources to expand the "One Belt, One Road" shipping routes, which enabled the Group to increase its international container transit business by approximately 142.9% during the reporting period. The container throughput of the domestic trade was approximately 1.556 million TEUs in the first half of 2019, representing an increase of approximately 18.4%, which was mainly because the Group has strengthened its strategic cooperation with major domestic trade shipping companies, further enhanced the service capacity of its terminals to the domestic trade container shipping routes, and promoted the rapid growth of domestic trade container business, especially transit business. The container business of Fuzhou Zhongying Terminal increased by approximately 8.5% compared to the same period of 2018, which was mainly because the Group has promoted the collaborative development of Fuzhou-Xiamen branch line and other international container business and domestic trade container business by further strengthening the protection of production resources and strengthening the marketing to major source customers. In addition, as benefited from adjustment of the operated shipping routes and encryption of the relevant domestic trade shipping routes made by major domestic trade shipping companies based on the market conditions, the container throughput of Quanzhou Huajin Terminal in the first half of 2019 increased significantly as compared with the same period of last year.

Bulk/General Cargo Port Business

In the first half of 2019, the bulk/general cargo throughput handled by the Group amounted to a total of 13,486,477 tonnes with details as follows:

	Bulk/general cargo throughput Six months ended 30 June		
	2019 (tonnes)	2018 (tonnes)	Increase/ (Decrease)
Hailong Terminal, ITG Terminal and Songyu Terminal#	**2,892,893**	2,956,774	(2.2%)
Shihushan Terminal, Haiyi Terminal and Haiyu Terminal⊕	**9,554,819**	8,931,912	7.0%
Total throughput in Xiamen region	**12,447,712**	11,888,686	4.7%
Fuzhou Zhongying TerminalΔ	**19,339**	27,199	(28.9%)
Quanzhou Huajin Terminal*	**1,019,426**	1,065,916	(4.4%)
Total throughput	**13,486,477**	12,981,801	3.9%

ITG Terminal has been leased successively and respectively by Xiamen Port Development Co., Ltd. ("Xiamen Port Development") and Xiamen Hailong Terminal Co., Ltd ("Hailong Terminal Company") for operation of bulk/general cargo business since April 2014. In addition, Xiamen Port Development and Hailong Terminal Company have successively and respectively leased parts of berth No. 8 (Mingda Terminal) in the Haicang port area of Xiamen port from November 2009 to March 2018 and the relevant assets of XICT since 1 July 2015 for operation of the bulk/general cargo business; Hailong Terminal Company has leased the relevant berths of Haixiang Terminal for operation of the bulk/general cargo business since January 2017; and the general cargo business of Songyu Terminal has been taken over by Hailong Terminal Company since November 2017 for operation, all the relevant operating figures were 100% calculated in the port business. Therefore, for the purpose of the operational information set out herein, the relevant operating figures of bulk/general cargo of Hailong Terminal, ITG Terminal and Songyu Terminal contain the related figures of the berths of Hailong Terminal, ITG Terminal, Songyu Terminal, XICT Terminal and Haixiang Terminal as well as the related figures of Mingda Terminal in the first three months of 2018.

⊕ Xiamen Port Group Shihushan Terminal Co., Ltd. (廈門港務集團石湖山碼頭有限公司) ("Shihushan Terminal") and its subsidiaries, Haiyi Terminal and Haiyu Terminal have been incorporated into the Group at the end of November 2016; Shihushan Terminal has leased and operated Mingda Terminal since April 2018. Therefore, for the purpose of the operational information set out herein, the relevant operating figures of Shihushan Terminal, Haiyi Terminal and Haiyu Terminal contain the relevant figures of the above three terminals in the first half of 2018 and the first half of 2019 respectively as well as the relevant figures of Mingda Terminal from April to June 2018 and in the first half of 2019 respectively.

Δ Since 20 November 2012, the Group has leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operating its container and general cargo loading and unloading business, as well as its port-related comprehensive logistics business.

* Quanzhou Huajin Terminal has been incorporated into the Group at the end of October 2017. Therefore, the relevant operating figures of this terminal were set out herein accordingly.

The Group's bulk/general cargo business increased by 3.9% in general as compared with the first half of 2018, of which, the bulk/general cargo business in Xiamen increased by approximately 4.7% as compared with the same period of last year, which was mainly due to: (1) a significant decrease in the sandstone business of domestic trade in Hailong Terminal due to the impact of national policies and also a decline in the throughput of grain cargo due to the Sino-US trade war; (2) the significant growth of coal import and export business as Shihushan Terminal together with the member companies of the Group sought support from the relevant port regulatory authorities. Fuzhou Zhongying focused on the operation for container vessel berthing during the reporting period, which resulted in the decrease of the throughput of general cargo business correspondingly. As affected by environmental protection policies or tight market supply, the regional coal, cement and mineral powder businesses of Quanzhou Huajin Terminal decreased, and its bulk cargo throughput continued to decline in the first half of 2019.

In response to the above circumstances, the Group has actively procured Hailong Terminal to adjust its marketing strategy and improved the high-quality businesses such as quarry stone, barite and steel for domestic trade; accelerated the resources integration of its bulk cargo terminals, promoted the opening application work of the provincial foreign trade port of Haixiang Terminal, improved the construction of supporting facilities at Hailong Terminal and Huajin Terminal, enhanced the service capabilities and strived to promote the sustainable development of bulk/general cargo business.

Port Comprehensive Logistics Services

Port comprehensive logistics services of the Group maintained stable in general in the first half of the year. A number of businesses, such as shipping agency, tallying, tugboat-assisted berthing and unberthing, and port-related logistics services, continued to maintain a leading position in terms of market shares in Xiamen port. In the first half of 2019, the Group had remarkable results in the expansion of the tugboat-assisted berthing and unberthing business in the markets outside Xiamen port. The revenue generated from the business outside Xiamen port accounted for approximately 34.6% of the total revenue of the business. The growth in the revenue of the principal business of shipping agency business was impacted due to the great difficulties caused by the intensified mergers and acquisitions of global liner shipping companies and fiercer market competition. However, the electronic operation and the integration of regional logistics resources by utilizing Xiamen Ocean Shipping Agency Co., Ltd. as the platform were promoted effectively. The tallying business maintained steady production and operation, as the transformation and upgrading of the business and the intelligent tallying project were pushed forward continuously and deeply. Leveraging on the leading and exemplary role of the Free Trade Zone, efforts were made to expand the port-related logistics services, such as storage and less container load business. During the reporting period, a year-on-year increase by 121% was recorded for businesses of export supervised warehouses and import bonded warehouses. The port-related logistics service has broken through business bottlenecks and explored the new business mode of the China-Europe Railway Express.

Merchandise Trading Business

In the first half of 2019, the Group strengthened risk control and maintained stable operation by leveraging on the port business platform in accordance with the operation philosophy of port and trade integration. The Group focused on the portside supply chain business taking it as its priority development goal, strengthened the comprehensive strategic cooperation with large state-owned enterprises, and paid close attention to the international environment for trade and economic cooperation as well as the trend of national policies. The Group focused on the development of the trading business of agricultural products (including coal, steel, paper pulp and white sugar), which effectively boosted the growth of the port throughput and increased the business revenue of the relevant members of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 0.8% from approximately RMB6,610,825,000 for the six months ended 30 June 2018 to approximately RMB6,560,689,000 for the six months ended 30 June 2019. The decrease was mainly due to the decrease in revenue from the merchandise trading business of the Group.

Revenue by business sector

Business	Six months ended 30 June 2019 (RMB'000)	2018 (RMB'000)	Increase/ (Decrease)
Container loading and unloading and storage business	**1,000,962**	976,047	2.6%
Bulk/general cargo loading and unloading business	**387,128**	321,882	20.3%
Port comprehensive logistics services	**382,716**	306,398	25.0%
Building materials manufacturing and selling business	**220,139**	139,475	57.8%
Merchandise trading business	**4,569,744**	4,867,023	(6.1%)
Total	**6,560,689**	6,610,825	(0.8%)

The main reasons for the changes in the revenue of each business sector for the six months ended 30 June 2019 compared with the corresponding period of last year are as follows:

1. The container throughput of the Group has increased for the six months ended 30 June 2019. The increase was mainly due to Xiamen Haicang Xinhaida Container Terminals Co., Ltd. (廈門海滄新海達集裝箱碼頭有限公司) ("Xinhaida Terminals") increasing domestic trade container throughput as a result from client's new launch of shipping routes, which increased the revenue as a result;

2. The bulk/general cargo loading and unloading business volume slightly increased compared to the same period of 2018, which was mainly due to that Shihushan Terminal increased the loading amount of imported coal due to lifting of the ban and the increasing demand of imported coal, which led to the increase in the revenue;

3. The revenue of the comprehensive port logistics services increased significantly in this period. The reason is that Xiamen Port Shipping Co., Ltd. (廈門港務船務有限公司))("Xiamen Port Shipping")'s business volume increased significantly. Xiamen Port Haicang Container Inspection Service Co., Ltd. (廈門港海滄集裝箱查驗服務有限公司) newly developed the business of waste paper inspection, which led to the increase of the revenue;

4. The revenue of the business of manufacturing and sale of building materials increased significantly in this period due to market expansion in Quanzhou and the sales volume increases in concrete; and

5. The revenue of the merchandise trading business decreased mainly due to the extension on the time of customs clearance for coal importing as well as the contraction of the market demand of domestic trade coal, which led to the significant decrease in coal sale.

Cost of Sales

Cost of sales of the Group decreased by approximately 1.5% from approximately RMB6,035,743,000 for the six months ended 30 June 2018 to approximately RMB5,948,363,000 for the six months ended 30 June 2019. The decrease was primarily due to the decrease in the cost of inventories sold.

- Cost of inventories sold of the Group decreased by approximately 7.5% from approximately RMB5,079,971,000 for the six months ended 30 June 2018 to approximately RMB4,696,967,000 for the six months ended 30 June 2019. The decrease was mainly resulted from the decrease of the Group's merchandise trading business, which is due to the prolonged time of customs clearance for coal importing as well as the contraction of the market demand of domestic trade coal, which led to the corresponding decrease in cost.

Other Gains/(Losses) — Net

Other gains/(losses) — net of the Group increased from a loss position with an amount of approximately RMB376,000 for the six months ended 30 June 2018 to a gain position with an amount of approximately RMB24,629,000 for the six months ended 30 June 2019. The increase was mainly due to the net fair value gains on the futures amounted to approximately RMB20,575,000, the investment income of approximately RMB10,313,000 gained from the disposal of Sanming Port Construction Co., Ltd. (三明港務建設有限公司) and a turnaround from a loss on disposal of property, plant and equipment of approximately RMB1,438,000 in 2018 to a gain of approximately RMB8,367,000 in 2019.

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 2019, the balance of the Group's cash and cash equivalents (which are mainly held in RMB) amounted to approximately RMB1,584,480,000 (as at 31 December 2018: approximately RMB681,633,000). The increase was mainly because the Company issued debentures and increased bank borrowings of the subsidiaries of the Company.

Borrowings of the Group increased by approximately 12.7% from approximately RMB6,530,259,000 as at 31 December 2018 to approximately RMB7,357,792,000 as at 30 June 2019. The increase in borrowings is mainly due to the newly issued super short-term notes by the Company.

As at 30 June 2019, a bank borrowing of RMB24,561,000 was guaranteed by China Construction Bank (31 December 2018: RMB28,751,000); Bank borrowings of RMB453,184,000 were guaranteed by non-controlling shareholders of subsidiaries (31 December 2018:RMB358,342,000). The Group's total borrowings secured were approximately RMB30,750,000 (31 December 2018: RMB111,717,000). A bank borrowing of RMB30,750,000 was secured by land use rights (31 December 2018: RMB30,750,000).

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" and "lease liabilities" as shown in the condensed consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" (as shown in the condensed consolidated balance sheet) plus net debt.

The gearing ratios as at 30 June 2019 and 31 December 2018 were as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Total borrowings and lease liabilities	**7,543,466**	6,530,259
Less: Cash and cash equivalents	**(1,584,480)**	(681,633)
Net debt	**5,958,986**	5,848,626
Total equity	**12,020,293**	11,968,665
Total capital	**17,979,279**	17,817,291
Gearing ratio (%)	**33.14%**	32.83%

As at 30 June 2019, the Group had a net debt position.

Other Financial Information

As at 30 June 2019, the financial assets at fair value through profit or loss of the Group decreased from approximately RMB847,961,000 as at 31 December 2018 to approximately RMB209,588,000, the decrease was mainly because the Group has subscribed several new financial assets amounting to an aggregate of RMB75,141,000 and redeemed financial assets amounting to an aggregate of RMB725,102,000 during this reporting period.

Capital Expenditure Commitments

As at 30 June 2019, the Group's capital expenditure commitments amounted to approximately RMB545,016,000, primarily consisting of expenditure for constructing and upgrading port and storage infrastructure, acquisition of new loading and unloading machinery and other machineries and building renovation.

Exchange Rate and Interest Rate Risk

The Group's bank borrowings are denominated in RMB and US dollars. To the extent that RMB appreciates (or depreciates) against US dollars, the value of bank borrowings and repayment cost of such borrowings will decrease (or increase) correspondingly. In addition, since only a minor part of the business revenue of the Group is settled in foreign currencies, the fluctuation in RMB exchange rate has no material impact on the business operations of the Group. The Board believes that the fluctuation in RMB exchange rate had no material impact on the operating results and financial position of the Group as at 30 June 2019. 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.

EMPLOYEES

As at 30 June 2019, the Group had a total of 7,370 employees, representing a decrease of 81 employees as compared to 31 December 2018. Employees' remuneration package of the Group is determined by their positions, performance, qualification and the prevailing industry practices. 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 and other holidays as stipulated by the relevant regulations.

ESTABLISHMENT OF NEW COMPANIES

On 25 March 2019, Hainan Xiagang Tugboat Co., Ltd. (海南廈港拖輪有限公司) ("Hainan Xiagang"), a subsidiary of the Company and SDIC Yangpu Port Co., Ltd. (國投洋浦港有限公司) ("SDIC Yangpu Port") jointly contributed capital to establish SDIC Xiagang Hainan Tugboat Co., Ltd. (國投廈港海南拖輪有限公司) ("SDIC Xiagang") in Yangpu Economic Development Zone of Hainan Province in the PRC, which is principally engaged in the operation of port tugboat, in-harbour services for vessels, and other related businesses. The registered capital of SDIC Xiagang is RMB83,000,000, which is held as to 51% by SDIC Yangpu Port and 49% by Hainan Xiagang. The relevant industrial and commercial registration procedures have been completed.

On 27 June 2019, Xiamen Port Shipping established Quanzhou Xiagang Tugboat Co., Ltd. (泉州廈港拖輪有限公司) ("Quanzhou Xiagang"), as a wholly-owned subsidiary in Quanzhou City, Fujian Province, the PRC, which is principally engaged in the operation of port tugboat, lightering services and other related businesses. The registered capital of Quanzhou Xiagang is RMB20,000,000. The relevant industrial and commercial registration procedures have been completed.

OTHER MAJOR EVENTS

On 18 January 2019, the Company has completed the issue of the first tranche of the Super Short-term Notes with a term of 180 days from the date of issue with a total principal amount of RMB350,000,000 at a fixed interest rate of 3.45% per annum (the "First Tranche Super Short-term Notes"). The net proceeds from the issue of the First Tranche Super Short-term Notes are principally used 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 28 February 2019, the Company has completed the issue of the second tranche of the Super Short-term Notes with a term of 180 days from the date of issue with a total principal amount of RMB350,000,000 at a fixed interest rate of 3.00% per annum (the "Second Tranche Super Short-term Notes"). The net proceeds from the issue of the Second Tranche Super Short-term Notes are principally used 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 25 March 2019, the Company has completed the issue of the third tranche of the Super Short-Term Notes with a term of 270 days from the date of issue with a total principal amount of RMB500,000,000 at a fixed interest rate of 3.10% per annum (the "Third Tranche Super Short-Term Notes"). The net proceeds from the issue of the Third Tranche Super Short-term Notes are principally used 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 31 May 2019, the Company has entered into a subscription agreement with Xiamen Port Development, pursuant to which the Company has agreed to subscribe for, and Xiamen Port Development has agreed to issue new shares (the "Subscription Shares") non-publicly to the Company (the total number of the Subscription Shares shall not exceed 20% of the total registered share capital of Xiamen Port Development immediately preceding the new issue) for a total consideration of not more than RMB600,000,000. The new issue and the subscription is subject to the approval, permission or consent by the relevant authorities. For details, please refer to the announcement of the Company dated 31 May 2019.

SUBSEQUENT EVENTS

On 15 July 2019, the Company has completed the issue of the fourth tranche of the 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 3.10% per annum (the "Fourth Tranche Super Short-term Notes"). The net proceeds from the issue of the Fourth Tranche Super Short-term Notes are principally used 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.

Save as disclosed above, since 30 June 2019 to the date of this report, there was no significant events affecting the Group.

PROSPECTS AND OUTLOOK

In general, the domestic and international economic situation will still be complex and severe in the second half of this year. Internationally, trade unilateralism and protectionism has been reviving, the momentum for global trade growth is waning, and the global economic growth is weakening under increased external instability and uncertainties. According to the Global Economic Prospects released by the World Bank in June of this year, it is expected that the global economic growth rate will be lowered to 2.6% in 2019. Domestically, despite the issues of imbalanced development and under-development of economy, and the downward economic pressure in the PRC, the China's homeland economy will run smoothly, and the fundamentals of foreign trade will remain solid in the long-term in accordance with the relevant analysis of the PRC National Bureau of Statistics and China Customs. Benefiting from the increasingly expanding of the domestic market and favourable policies, China is well positioned to realize the major goals for the development of the economy and society in the year. According to the June report by the World Bank as mentioned above, the economic growth rate of China in 2019 will remain unchanged at 6.2%. On the other hand, the growing trend of shipping company alliance and vessel up-sizing in the international ports and shipping markets will continuously promote the integration domestic ports and shipping resources, which will have significant impact on the future development layout of ports and raise new requirements on the hardware and software development capabilities of ports. Facing the complex, changeable and severe environment of ports and shipping economy, the Group will respond to and seize market opportunities with confidence and poise by making use of its overall advantage, so as to explore potential for further development, make progress while maintaining stability and strive to ensure all its shareholders to get stable investment return. Taking into account of the actual situation, the Group will focus on the following key tasks in the second half of this year:

- To strengthen the overall marketing. Firstly, the Group will leverage the scale advantages of the ports and the overall supply-chain advantages, perfect the business coordination mechanism of the Group and improve the overall marketing efficiency. Secondly, the Group will develop its port-shipping company strategic alliance, focus on strengthening headquarter-based marketing, promote the construction of the "Silk Road — Maritime Transportation Alliance", leverage the collaborative advantages of ports and shipping companies, expand the shipping routes layout of "One Belt, One Road", and facilitate the optimization and upgrading of the shipping route business. Thirdly, the Group will proactively focus on and respond to the changes in economic trends, implement its key customers plan and concentrate resources to attract customers to develop all incremental businesses.

- To intensify the expansion of hinterlands. Firstly, the Group will expedite the integration of resources within and beyond the ports in Xiamen, improve the layout of the cargo canvassing network, improve the collaborative efficiency of the port comprehensive logistics, and meet the development needs of the terminal business with higher-efficient and more comprehensive services. Secondly, the Group will strengthen the strategic pivot role of feeder terminals and land-based ports and proactively develop sea-rail joint transportation business and other businesses such as China-Europe freight trains and waterway transport taking into account the layout of shipping routes, so as to provide customers with diversified options and "end-to-end" transportation solutions and support the sustainable development of the "One Belt, One Road" businesses.

- To promote the transformation and upgrading. Firstly, the Group will promote the transformation and upgrading of its port enterprises into modern comprehensive logistics enterprises, innovate on business models, develop e-commerce, build a modern logistics supply chain platform and develop the terminal extension industry chain businesses. Secondly, the Group will promote the construction of smart ports and improve the port business environment by means of informationization. The Group will mainly promote the smart port-shore loading and unloading project, facilitate the construction and promoted application of the smart tallying system, improve the smart port logistics platform, promote the pilot projects such as the digitalization project of small delivery orders and contribute to the upgrading and development of the port businesses. Thirdly, the Group will proactively respond to the reform on the sale of electricity system, further expand the incremental power distribution business and reduce the port operating costs.

- To promote operational quality and efficiency. Firstly, the Group will make further reasonable planning layout for the container terminal resources, promote the resource integration for bulk cargo terminals, and enhance the utilization efficiency of terminal resources. Secondly, the Group will strengthen its service capabilities through increasing investments in terminal resources, improving hardware and software supporting equipment and facilities, and offering higher service quality by adhering to idea of the technology-oriented innovation and improving efficiency of port services and customs clearance. Thirdly, the Group will strengthen the communication with customers and improve customer experience. It will maintain customer demand as its operational orientation, implement the ten measures on customer services issued by the Group, contribute to the building of Xiamen into an international shipping center, and provide customers with brand new service experience of convenience and efficiency.

- To promote refined management. Firstly, the Group will strengthen corporate governance, improve the internal control systems based on the actual revision, and give full play of its auditing and monitoring functions, whereby ensuring the regulated development of the Group. Secondly, the Group will further increase income and reduce costs by intensifying fund management, tightening cost control, and focusing on the construction of the Financial Sharing Center. Thirdly, the Group will strengthen capital operation. The Group will carry out a number of financing tasks, such as promoting the proposed non-public issue of new shares by Xiamen Port Development to the Company, and the issue of corporate bonds and super short-term notes. Fourthly, the Group will strengthen the management of safety and environment protection through promoting the construction of the intelligent safety management platform of ports, and actively discharge social responsibilities.

- Pursuant to the "Options and Rights of First Refusal Agreement" entered into between the Company and Xiamen Port Holding, the Company will actively follow up the progress of the construction works of the relevant terminals of Xiamen Port Holding, so as to facilitate the Board to make appropriate and informed decisions based on the management and operational needs in a timely manner.

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2019:

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 2019.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend during the six months ended 30 June 2019 (same period of 2018: 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 2019, 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 Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2019, 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%
	H shares (Long Position)	109,526,000 (note)	Interest of controlled corporation	11.10%	4.02%
Xiamen Haixia Investment Co., Ltd.	H shares (Long Position)	109,526,000 (note)	Interest of controlled corporation	11.10%	4.02%
Shia Ning Shipping Co., Ltd.	H shares (Long Position)	109,526,000 (note)	Beneficial owner	11.10%	4.02%

Note: The 109,526,000 shares referred to the same batch of shares as Xiamen Haixia Investment Co., Ltd. and Shia Ning Shipping Co., Ltd. were all directly or indirectly owned by Xiamen Port Holding and therefore by virtue of the SFO, Xiamen Port Holding was deemed to be interested in these shares.

Save as disclosed above, as at 30 June 2019, 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 2019.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2019, the Group did not purchase, sell or redeem any listed securities of the Company.

MAJOR ACQUISITION AND DISPOSAL

During the six months ended 30 June 2019, the Group did not make any major acquisitions or disposals of its subsidiaries, joint ventures and associated companies.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

The Company has been complying with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules and has adopted the Corporate Governance Code. For the six months ended 30 June 2019, the Company had complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Also, so far as was known to the Directors, no incident of non-compliance of the Corporate Governance Code was noted by or reported to the Company.

The Board

At the beginning of the reporting period, the fifth session of the Board comprised fourteen Directors, including four Executive Directors, namely Mr. CAI Liqun, Mr. FANG Yao, Mr. CHEN Zhaohui and Mr. KE Dong, five Non-executive Directors, namely Mr. CHEN Zhiping, Ms. Miao Luping, Mr. FU Chengjing, Mr. HUANG Zirong and Ms. BAI Xueqing, and five Independent Non-executive Directors, namely Mr. LIU Feng, Mr. LIN Pengjiu, Mr. YOU Xianghua, Mr. JIN Tao and Mr. JI Wenyuan, respectively.

On 9 July 2019, Mr. FANG Yao resigned from the positions of an Executive Director of the Company and the Vice Chairman of the Board due to his change of employment. Mr. KE Dong also resigned from the position of an Executive Director of the Company due to his change of employment on the same date.

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

Executive Directors:
Mr. CAI Liqun *(Chairman)*
Mr. CHEN Zhaohui

Non-executive Directors:
Mr. CHEN Zhiping
Ms. MIAO Luping
Mr. FU Chengjing
Mr. HUANG Zirong
Ms. BAI Xueqing

Independent Non-executive Directors:
Mr. LIU Feng
Mr. LIN Pengjiu
Mr. YOU Xianghua
Mr. JIN Tao
Mr. JI Wenyuan

On 18 April 2019, Ms. LAM Yuk Ling ("Ms. LAM") resigned as a joint company secretary and an alternate authorised representative of the Company under Rule 3.05 of the Listing Rules. Following Ms. LAM's resignation, Mr. CAI Changzhen ("Mr. CAI"), the other joint company secretary of the Company, remains in office as the sole company secretary of the Company with effect from 18 April 2019. Mr. CAI has obtained the confirmation from the Hong Kong Stock Exchange in relation to his qualification for being the company secretary of the Company as required under Rule 3.28 of the Listing Rules.

The Supervisory Committee

At the beginning of the reporting period, the fifth session of the Supervisory Committee of the Company comprised five Supervisors, including one Shareholders representative Supervisor, namely Mr. ZHANG Guixian, two staff representative Supervisors, namely Mr. LIAO Guosheng and Mr. WU Weijian, and two independent Supervisors, namely Mr. TANG Jinmu and Mr. XIAO Zuoping, respectively.

On 23 August 2019, a resolution was passed at the First Extraordinary General Meeting in 2019 of the Company to appoint Mr. DU Hongjia as a Supervisor of the fifth session of the Supervisory Committee. On the same date, the Company convened the ninth meeting of the fifth session of the Supervisory Committee to elect Mr. DU Hongjia as the Chairman of the fifth session of the Supervisory Committee.

Accordingly, as at the date of this interim report, the fifth session of the Supervisory Committee comprised six Supervisors, details of which were as follows:

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

Nomination Committee

The third session of the Nomination Committee of the Company comprises Mr. CAI Liqun, the Chairman and an Executive Director, and two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. JIN Tao. The Nomination Committee is chaired by Mr. CAI Liqun.

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 abovementioned 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 fifth session of the Audit Committee of the Company comprises two Independent Non-executive Directors, Mr. LIU Feng and Mr. YOU Xianghua, and one Non-executive Director, Mr. FU Chengjing. The Audit Committee is chaired by Mr. LIU Feng.

The primary functions of the Audit Committee are: to propose the re-appointment, oversee the performance and approve the remuneration of the external auditors; to review the completeness and accuracy of the Company's financial accounts; to evaluate and supervise the Company's financial reporting procedures and to oversee the Company's risks management and internal control procedures and their effectiveness. The abovementioned 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 2019 and agreed with the accounting policies adopted by the Company.

Remuneration Committee

During the reporting period, the fifth session of the Remuneration Committee of the Company comprised two Independent Non-executive Directors, Mr. YOU Xianghua and Mr. LIU Feng and one Non-executive Director, Ms. MIAO Luping. 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 abovementioned 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 fifth session of the Business Strategy Committee of the Company comprised five Directors, namely Independent Non-executive Director, Mr. JIN Tao, Executive Directors, Mr. CAI Liqun and Mr. CHEN Zhaohui, and Non-executive Directors, Mr. CHEN Zhiping and Ms. BAI Xueqing. 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 abovementioned terms of reference have been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Corporate Governance Committee

At the beginning of the reporting period, the second session of the Corporate Governance Committee of the Company comprises two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. JI Wenyuan and one Executive Director Mr. FANG Yao. The Corporate Governance Committee was chaired by Mr. LIN Pengjiu. On 9 July 2019, Mr. FANG Yao resigned from the positions of Executive Director, Vice Chairman of the Board and member of the Corporate Governance Committee of the Company. Accordingly, the Corporate Governance Committee of the Company currently comprises Mr. LIN Pengjiu 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 abovementioned 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 2019, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2019.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in the note 28 to the unaudited condensed consolidated interim financial statements.