



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

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

Stock Code: 3378

# 2021

## INTERIM REPORT



\* For identification purpose only

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

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# Corporate Information

## EXECUTIVE DIRECTORS

CAI Liqun (*Chairman*)  
CHEN Zhaohui  
LIN Fuguang  
CHEN Zhen

## NON-EXECUTIVE DIRECTORS

CHEN Zhiping  
FU Chengjing<sup>1</sup>  
HUANG Zirong  
BAI Xueqing

## INDEPENDENT NON-EXECUTIVE DIRECTORS

LIU Feng  
LIN Pengjiu<sup>2</sup>  
JIN Tao<sup>3</sup>  
JI Wenyuan

## SUPERVISORS

DU Hongjia  
ZHANG Guixian  
LIAO Guosheng  
LIU Xiaolong  
TANG Jinmu  
XIAO Zuoping

## COMPANY SECRETARY

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  
Certified Public Accountants  
Registered Public Interest Entity Auditor

*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  
17<sup>th</sup> Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

3378

## LISTING DATE

19 December 2005

Notes:

1. Mr. Fu Chengjing, a non-executive Director, has been newly appointed as a member of the Remuneration Committee since 5 February 2021;
2. Mr. Lin Pengjiu, an independent non-executive Director, has been newly appointed as a member of the Audit Committee since 5 February 2021;
3. Mr. Jin Tao, an independent non-executive Director, has been newly appointed as the Chairman and a member of the Remuneration Committee since 5 February 2021.

# Financial Highlights

The unaudited interim consolidated results for the six months ended 30 June 2021

	Six months ended 30 June		
	2021 RMB'000	2020 RMB'000	Change RMB'000
Revenues	<b>12,378,444</b>	7,455,139	4,923,305
Operating profit	<b>615,054</b>	453,976	161,078
Profit for the period	<b>410,555</b>	276,739	133,816
Profit attributable to owners of the Company	<b>209,081</b>	126,260	82,821
Earnings per share for profit attributable to owners of the Company during the period – Basic and diluted (in RMB cents)	<b>7.67</b>	4.63	3.04

# Independent Review Report



羅兵咸永道

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

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

### **Introduction**

We have reviewed the interim financial information set out on pages 5 to 37, which comprises the interim condensed consolidated balance sheet of Xiamen International Port Co., Ltd (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim 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, 27 August 2021

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

# Condensed Consolidated Balance Sheet

As at 30 June 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	6	150,122	153,978
Property, plant and equipment	6	11,655,923	11,746,481
Intangible assets	6	186,571	188,063
Right-of-use assets	6	3,969,351	4,052,572
Interests in joint ventures	7	130,117	121,178
Interests in associates	8	186,584	169,758
Financial assets at fair value through other comprehensive income	11	61,214	61,705
Long-term receivables and prepayments	10	457	1,571
Deferred income tax assets		265,558	257,862
<b>Total non-current assets</b>		<b>16,605,897</b>	16,753,168
<b>Current assets</b>			
Inventories		1,985,237	1,529,641
Accounts receivables	9	1,970,228	1,291,799
Other receivables and prepayments	10	1,103,602	1,330,644
Financial assets at fair value through other comprehensive income	11	115,958	91,677
Financial assets at fair value through profit or loss	11	45,813	1,993,941
Term deposits with initial term over three months		802,220	250,000
Restricted cash		212,205	47,303
Cash and cash equivalents		1,782,281	707,852
Derivative financial instrument		45	540
<b>Total current assets</b>		<b>8,017,589</b>	7,243,397
<b>Total assets</b>		<b>24,623,486</b>	23,996,565
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	2,726,200	2,726,200
Reserves		3,237,909	3,105,611
<b>Non-controlling interests</b>		<b>5,964,109</b>	5,831,811
		<b>6,970,538</b>	6,766,004
<b>Total equity</b>		<b>12,934,647</b>	12,597,815

## Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	2,093,901	878,529
Deferred government grants and income		115,031	119,077
Long-term payables and advances	13	1,662	1,704
Lease liabilities		37,658	51,116
Deferred income tax liabilities		394,552	398,698
<b>Total non-current liabilities</b>		<b>2,642,804</b>	1,449,124
<b>Current liabilities</b>			
Accounts and notes payables	12	2,117,914	1,932,098
Contract liabilities		737,896	589,095
Other payables and accruals	13	734,574	717,936
Borrowings	14	5,309,601	6,572,544
Lease liabilities		66,873	69,112
Provisions		—	9,021
Taxes payable		79,177	59,820
<b>Total current liabilities</b>		<b>9,046,035</b>	9,949,626
<b>Total liabilities</b>		<b>11,688,839</b>	11,398,750
<b>Total equity and liabilities</b>		<b>24,623,486</b>	23,996,565

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



# Condensed Consolidated Income Statement

For the six months ended 30 June 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenues	16	<b>12,378,444</b>	7,455,139
Cost of sales	19	<b>(11,651,319)</b>	(6,892,026)
<b>Gross profit</b>		<b>727,125</b>	563,113
Other income	17	<b>117,570</b>	118,814
Other gains/(losses) – net	18	<b>10,238</b>	(19,273)
Selling and marketing expenses	19	<b>(28,404)</b>	(25,803)
General and administrative expenses	19	<b>(206,450)</b>	(181,159)
Net impairment losses on financial assets		<b>(5,025)</b>	(1,716)
<b>Operating profit</b>		<b>615,054</b>	453,976
Finance income	20	<b>18,095</b>	30,581
Finance costs	20	<b>(125,145)</b>	(118,066)
		<b>508,004</b>	366,491
Share of profits less losses of joint ventures	7	<b>5,879</b>	3,157
Share of profits less losses of associates	8	<b>16,826</b>	2,831
<b>Profit before income tax</b>		<b>530,709</b>	372,479
Income tax expense	21	<b>(120,154)</b>	(95,740)
<b>Profit for the period</b>		<b>410,555</b>	276,739
<b>Profit attributable to:</b>			
Owners of the Company		<b>209,081</b>	126,260
Non-controlling interests		<b>201,474</b>	150,479
		<b>410,555</b>	276,739
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (in RMB cents)	23	<b>7.67</b>	4.63

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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>410,555</b>	276,739
<b>Other comprehensive income for the period, net of tax</b>		
Items that will not be reclassified to profit or loss		
– Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	<b>(449)</b>	(10,438)
<b>Total comprehensive income for the period</b>	<b>410,106</b>	266,301
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>208,632</b>	115,822
– Non-controlling interests	<b>201,474</b>	150,479
	<b>410,106</b>	266,301

The notes on pages 11 to 37 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 2021

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 Note 15	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance at 1 January 2020</b>	2,726,200	(256,434)	3,177,618	5,647,384	6,726,742	12,374,126
<b>Comprehensive income</b>						
Profit for the period	–	–	126,260	126,260	150,479	276,739
Other comprehensive income:						
Changes in the fair value of financial assets at fair value through other comprehensive income	–	(10,438)	–	(10,438)	–	(10,438)
– Gross	–	(13,917)	–	(13,917)	–	(13,917)
– Related deferred income tax	–	3,479	–	3,479	–	3,479
<b>Total comprehensive income for the six months ended 30 June 2020</b>	–	(10,438)	126,260	115,822	150,479	266,301
<b>Transactions with owners in their capacity as owners</b>						
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	39,450	39,450
2019 final dividends	–	–	(68,155)	(68,155)	–	(68,155)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(284,747)	(284,747)
<b>Balance at 30 June 2020</b>	2,726,200	(266,872)	3,235,723	5,695,051	6,631,924	12,326,975
<b>Balance at 1 January 2021</b>	<b>2,726,200</b>	<b>(281,594)</b>	<b>3,387,205</b>	<b>5,831,811</b>	<b>6,766,004</b>	<b>12,597,815</b>
<b>Comprehensive income</b>						
Profit for the period	–	–	209,081	209,081	201,474	410,555
Other comprehensive income:						
Changes in the fair value of financial assets at fair value through other comprehensive income	–	(449)	–	(449)	–	(449)
– Gross	–	(597)	–	(597)	–	(597)
– Related deferred income tax	–	148	–	148	–	148
<b>Total comprehensive income for the six months ended 30 June 2021</b>	–	(449)	209,081	208,632	201,474	410,106
<b>Transactions with owners in their capacity as owners</b>						
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	7,350	7,350
2020 final dividends	–	–	(76,334)	(76,334)	–	(76,334)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(4,290)	(4,290)
<b>Balance at 30 June 2021</b>	<b>2,726,200</b>	<b>(282,043)</b>	<b>3,519,952</b>	<b>5,964,109</b>	<b>6,970,538</b>	<b>12,934,647</b>

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Cash flows from operating activities</b>		
Net cash generated from operations	<b>384,573</b>	714,595
Interest paid	<b>(111,955)</b>	(112,691)
Income tax paid	<b>(112,639)</b>	(85,689)
Net cash generated from operating activities	<b>159,979</b>	516,215
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment, intangible assets	<b>(198,922)</b>	(177,760)
Proceeds from settlement of property, plant and equipment, and intangible assets	<b>4,969</b>	1,577
Capital injection to a joint venture	<b>(3,060)</b>	–
Interest received	<b>18,096</b>	25,527
Dividends received	<b>540</b>	5,480
Cash received from disposal of financial assets at fair value through profit or loss	<b>1,948,128</b>	150,028
Cash received from disposal of financial assets at fair value through other comprehensive income	<b>6,277</b>	–
Cash paid for acquisition of financial assets at fair value through other comprehensive income	<b>(6,351)</b>	–
Net increase in restricted cash	<b>(164,902)</b>	(16,624)
Net increase in term deposits with initial term over three months	<b>(552,220)</b>	(382,125)
Net cash generated from/(used) in investing activities	<b>1,052,555</b>	(393,897)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>5,640,388</b>	4,147,974
Repayments of borrowings	<b>(5,723,184)</b>	(4,143,882)
Settlements of lease liabilities	<b>(25,031)</b>	(114,441)
Loan from a related party	<b>–</b>	6,000
Repayments of loan from a related party	<b>–</b>	(6,000)
Contribution from non-controlling shareholders of subsidiaries	<b>7,350</b>	39,450
Dividends paid to non-controlling shareholders of subsidiaries	<b>(33,691)</b>	(50,073)
Net cash used in financing activities	<b>(134,168)</b>	(120,972)
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period	<b>707,852</b>	1,883,432
Exchange (losses)/gains on cash and cash equivalents	<b>(3,937)</b>	1,303
<b>Cash and cash equivalents at end of period</b>	<b>1,782,281</b>	1,886,081

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



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 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; the trading of merchandise and investment holding.

The Directors of the Company regard Xiamen Port Holding Group Co., Ltd. (“XPHG”) as being the immediate holding company of the Company, which is established in the PRC.

The 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 27 August 2021.

## 2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2021 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 2020, 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 the condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2020, 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 amendments and interpretation of HKFRSs effective for the financial year ending 31 December 2021 as described in note (a) below.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 3. Accounting policies (continued)

#### Changes in accounting policies and disclosures (continued)

##### (a) Amendments adopted by the Group in 2021

The following amendments of HKFRSs have been adopted by the Group for the first time for the financial year beginning 1 January 2021:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Regarding definition of a business	1 January 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

The amendments did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

##### (b) New standard, amendments and interpretation not yet adopted

The following new standard, amendments and interpretation of HKFRSs have been published but are not mandatory for the Group's accounting periods beginning on 1 January 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, plant and equipment – proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual Framework	1 January 2022
Improvements to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 12	Income Taxes	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 4. Estimates

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

In preparing this condensed consolidated interim financial 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 2020.

### 5. Financial risk management

#### 5.1 Financial risk factors

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

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 2020.

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

#### 5.2 Liquidity risk

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

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

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 5. Financial risk management (continued)

#### 5.2 Liquidity risk (continued)

As at 30 June 2021, the Group's current liabilities exceeded its current assets by RMB1,028 million. As at 30 June 2021, the available unused financing facilities of the Group amounted to RMB27,928 million. Based on the cash inflows from operating activities and the financing facilities available to the Group, the Board believes that the Group will continue to receive sufficient 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. Accordingly, these condensed consolidated interim financial statements are prepared on a 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
<b>Unaudited</b>				
<b>At 30 June 2021</b>				
Borrowings	5,351,551	153,367	1,613,388	570,260
Lease liabilities	67,290	10,811	8,105	1,973
Long-term payables and advances	158	158	475	2,218
Accounts and notes payable	2,117,914	—	—	—
Other payables and accruals	734,574	—	—	—
	<b>8,271,487</b>	<b>164,336</b>	<b>1,621,968</b>	<b>574,451</b>
<b>Audited</b>				
<b>At 31 December 2020</b>				
Borrowings	6,668,238	115,287	384,027	561,714
Lease liabilities	73,904	43,587	12,220	6,778
Long-term payables and advances	158	158	475	2,376
Accounts and notes payable	1,932,098	—	—	—
Other payables and accruals	717,936	—	—	—
	9,392,334	159,032	396,722	570,868

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



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 5. Financial risk management (continued)

#### 5.3 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 and liabilities that are measured at fair value at 30 June 2021:

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	55,511	—	121,661	177,172
Financial assets at fair value through profit or loss	—	—	45,813	45,813

The following table presents the Group's financial assets that are measured at fair value at 31 December 2020:

	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	56,034	—	97,348	153,382
Financial assets at fair value through profit or loss	—	1,400,000	593,941	1,993,941

During the six months ended 30 June 2021, there are no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 5. Financial risk management (continued)

#### 5.4 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

### 6. Property, plant and equipment, investment properties, intangible assets and right-of-use assets

	Unaudited				Total RMB'000
	Investment properties RMB'000	Property, plant and equipment RMB'000	Intangible assets RMB'000	Right-of- use assets RMB'000	
<b>Net book amount as at 1 January 2021</b>	<b>153,978</b>	<b>11,746,481</b>	<b>188,063</b>	<b>4,052,572</b>	<b>16,141,094</b>
Additions	–	215,271	1,836	6,376	223,483
Transfer	–	(1,547)	1,547	–	–
Disposals	–	(4,365)	(199)	–	(4,564)
Depreciation and amortisation charge	(3,856)	(299,917)	(4,676)	(89,597)	(398,046)
<b>Net book amount as at 30 June 2021</b>	<b>150,122</b>	<b>11,655,923</b>	<b>186,571</b>	<b>3,969,351</b>	<b>15,961,967</b>

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 6. Property, plant and equipment, investment properties, intangible assets and right-of-use assets (continued)

	Unaudited				
	Investment properties RMB'000	Property, plant and equipment RMB'000	Intangible assets RMB'000	Right-of-use assets RMB'000	Total RMB'000
<b>Net book amount as at 1 January 2020</b>	158,793	11,762,442	187,338	4,221,091	16,329,664
Additions	—	178,964	1,586	3,625	184,175
Transfer	(5,702)	4,701	1,001	—	—
Disposals	—	(1,879)	(2)	—	(1,881)
Depreciation and amortisation charge	(3,795)	(288,730)	(4,569)	(89,621)	(386,715)
<b>Net book amount as at 30 June 2020</b>	149,296	11,655,498	185,354	4,135,095	16,125,243

### 7. Interests in joint ventures

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

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>At 1 January</b>	<b>121,178</b>	107,020
Additions	<b>3,060</b>	—
Share of results before income tax	<b>7,075</b>	4,427
Share of income tax expense	<b>(1,196)</b>	(1,270)
	<b>5,879</b>	3,157
<b>At 30 June</b>	<b>130,117</b>	110,177

### 8. Interests in associates

Movement in interests in associates is set out as follows:

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>At 1 January</b>	<b>169,758</b>	36,784
Dividends received	—	(2,292)
Share of results before income tax	<b>17,207</b>	3,985
Share of income tax expense	<b>(379)</b>	(1,154)
	<b>16,826</b>	2,831
<b>At 30 June</b>	<b>186,584</b>	37,323

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 9. Accounts receivable

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	Audited 31 December 2020 RMB'000
Accounts receivables – third parties	<b>2,033,653</b>	1,368,261
Less: expected credit loss allowance	<b>(97,232)</b>	(96,267)
	<b>1,936,421</b>	1,271,994
Accounts receivable		
Due from the immediate holding company (Note 25(b))	<b>1,818</b>	–
Due from fellow subsidiaries (Note 25(b))	<b>13,103</b>	10,246
Due from joint ventures (Note 25(b))	–	90
Due from associates (Note 25(b))	–	529
Due from other related parties (Note 25(b))	<b>18,886</b>	8,940
	<b>1,970,228</b>	1,291,799

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 three 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.

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

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	Audited 31 December 2020 RMB'000
Less than 6 months	<b>1,865,169</b>	1,143,373
6 months to 1 year	<b>30,006</b>	62,524
1 year to 2 years	<b>116,489</b>	98,821
2 years to 3 years	<b>2,445</b>	2,383
Over 3 years	<b>53,351</b>	80,965
	<b>2,067,460</b>	1,388,066
Less: expected credit loss allowance	<b>(97,232)</b>	(96,267)
	<b>1,970,228</b>	1,291,799



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

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

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	Audited 31 December 2020 RMB'000
Other receivables (a)	<b>526,571</b>	635,785
Less: expected credit loss allowance	<b>(45,347)</b>	(46,916)
Advances to suppliers	<b>555,570</b>	656,507
	<b>1,036,794</b>	1,245,376
Due from the immediate holding company (Note 25(b))	<b>5,167</b>	26,266
Due from fellow subsidiaries (Note 25(b))	<b>1,981</b>	5,956
Due from other related parties (Note 25(b))	<b>532</b>	284
Prepayments and deposits	<b>59,585</b>	54,333
	<b>1,104,059</b>	1,332,215
Less: long-term receivables and prepayments		
– Prepayments for acquisition of property, plant and equipment	<b>(457)</b>	(1,571)
Current portion	<b>1,103,602</b>	1,330,644

(a) The balance mainly represents receivable for a Build-Transfer (“BT”) project of RMB33,794,000 (31 December 2020: RMB34,601,000) and VAT to be deducted of RMB310,716,000 (31 December 2020: RMB249,331,000).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 11. Fair value measurement of financial instruments

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Financial assets at fair value through other comprehensive income</b>		
Equity investments listed in the PRC, at fair value	<b>55,511</b>	56,034
Unlisted equity investments	<b>5,703</b>	5,671
Notes receivable	<b>115,958</b>	91,677
	<b>177,172</b>	153,382
<b>Financial assets at fair value through profit or loss</b>		
Financial assets at fair value through profit or loss (a)	<b>45,813</b>	1,993,941
	<b>45,813</b>	1,993,941

- (a) As at 30 June 2021, the Group held certain financial assets at fair value through profit or loss of RMB45,813,000 (31 December 2020: RMB1,993,941,000), of which RMB45,813,000 was wealth management products (31 December 2020: RMB47,000,000 was wealth management products, RMB1,400,000,000 was structure deposits, and RMB546,941,000 was national debts reverse repurchases).

For the year ended 30 June 2021, reversals of fair value losses with an amount of RMB200,000 (year ended 31 December 2020: provision of fair value losses with an amount of RMB22,500,000) were recognised in profit or loss for certain past due wealth management products with carrying amount of RMB118,113,023 (31 December 2020: RMB119,500,000).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 12. Accounts and notes payable

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
Accounts payable	<b>1,402,496</b>	1,163,330
Due to the immediate holding company (Note 25(b))	<b>2,809</b>	2,074
Due to fellow subsidiaries (Note 25(b))	<b>186,438</b>	155,165
Due to associates (Notes 25(b))	<b>—</b>	381
Due to other related parties (Note 25(b))	<b>18,460</b>	10,137
Notes payable	<b>507,711</b>	601,011
	<b>2,117,914</b>	1,932,098

Aging analysis of accounts and notes payable (including amounts due to the immediate holding company, fellow subsidiaries, associates and other related parties) based on invoice date at respective balance sheet dates are as follows:

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
Within 1 year	<b>1,975,099</b>	1,836,001
1 year to 2 years	<b>98,825</b>	64,166
2 years to 3 years	<b>28,817</b>	16,313
Over 3 years	<b>15,173</b>	15,618
	<b>2,117,914</b>	1,932,098

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

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

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

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

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Due to the immediate holding company (Note 25(b))	<b>11,618</b>	14,473
Due to fellow subsidiaries (Note 25(b))	<b>9,167</b>	10,673
Due to associates (Note 25(b))	<b>16,147</b>	16,025
Due to joint ventures (Note 25(b))	<b>50</b>	50
Due to other related parties (Note 25(b))	<b>—</b>	355
Payables for purchases of property, plant and equipment and construction-in-progress	<b>134,475</b>	117,404
Salary and welfare payables	<b>209,171</b>	282,149
Customer deposits	<b>73,378</b>	34,759
Accrued expenses	<b>849</b>	2,467
Dividends payable to		
— shareholders of the company (Note 25(b))	<b>79,445</b>	3,111
— non-controlling shareholders of subsidiaries (Note 25(b))	<b>161</b>	29,562
Interest payable	<b>46,767</b>	19,642
Payables for business combinations	<b>46,311</b>	46,311
Other payables	<b>108,697</b>	142,659
	<b>736,236</b>	719,640
Less: long-term payables and advances	<b>(1,662)</b>	(1,704)
Current portion	<b>734,574</b>	717,936

As at 30 June 2021, the payables due to the immediate holding company, fellow subsidiaries, joint ventures and other related parties are unsecured, interest free and without fixed repayment term, except for borrowings of RMB16,000,000 from associates bearing interest of 3.68% with fixed repayment terms within 1 year.

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

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 14. Borrowings

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
<b>Non-current</b>		
Long-term bank borrowings	<b>886,240</b>	878,529
Debentures (c)	<b>1,207,661</b>	–
	<b>2,093,901</b>	878,529
<b>Current</b>		
Short-term bank borrowings	<b>1,367,437</b>	1,926,056
Long-term bank borrowings – current portion	<b>24,784</b>	49,121
Debentures (d)	<b>3,917,380</b>	4,597,367
	<b>5,309,601</b>	6,572,544
<b>Total borrowings</b>	<b>7,403,502</b>	7,451,073
Representing:		
– guaranteed (a)	<b>583,047</b>	495,468
– secured (b)	<b>299,166</b>	166,784
– unguaranteed and unsecured	<b>6,521,289</b>	6,788,821
<b>Total borrowings</b>	<b>7,403,502</b>	7,451,073

(a) As at 30 June 2021, a USD bank borrowing of RMB5,067,000 was guaranteed by China Construction Bank (31 December 2020: RMB11,101,000); bank borrowings of RMB577,980,000 were guaranteed by several non-controlling shareholders of several subsidiaries (31 December 2020: RMB484,367,000).

(b) As at 30 June 2021, bank borrowings of RMB104,009,000 (31 December 2020: RMB107,498,000) were secured by the Group's land use rights with carrying amount of RMB45,237,000 (31 December 2020 RMB45,814,000), bank borrowing of RMB59,287,000 (31 December 2020: RMB59,286,000) were secured by the Group's sea use rights with carrying amount of RMB175,711,000 (31 December 2020 RMB178,000,000), USD bank borrowings of RMB125,700,000 (31 December 2020: Nil) were secured by USD restricted cash of RMB125,700,000 (31 December 2020: Nil) and bank borrowings of RMB10,170,000 (31 December 2020: Nil) were secured by letters of credit (31 December 2020: Nil).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 14. Borrowings (continued)

- (c) On 19 April 2021, the Company issued the first tranche of Medium-term Notes with a term of three years from the date of issue with a total principal amount of RMB1,200,000,000 at a fixed interest rate of 3.65% per annum (the "2021 XIP First Tranche Medium-term Notes") on the Inter-bank Bond Market.
- (d) On 29 June 2016, XPD issued the 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 2019, 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 31 December 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 remaining balance to the issuer. As at 30 June 2021, the XPD First Tranche Corporate Bonds will be expired in the year ending 2021, the rest part of the XPD First Tranche Corporate Bonds with a total principal amount of RMB90,000,000 was reclassified to current portion of long-term debentures.

On 12 March 2021, the Company issued the first Super Short-term Notes with a term of 180 days from the date of issue with a total principal amount of RMB1,000,000,000 at a fixed interest rate of 3.00% per annum (the "First Tranche Super Short- term Notes").

On 24 March 2021, the Company issued the second Super Short-term Notes with a term of 177 days from the date of issue with a total principal amount of RMB800,000,000 at a fixed interest rate of 3.00% per annum (the "Second Tranche Super Short- term Notes").

On 6 April 2021, the Company issued the third Super Short-Term Notes with a term of 120 days from the date of issue with a total principal amount of RMB1,100,000,000 at a fixed interest rate of 2.88% per annum (the "Third Tranche Super Short- Term Notes").

Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
At 1 January	7,451,073	7,438,334
Other additions	5,675,121	4,147,974
Changes in amortised costs of corporate bonds	4,144	3,568
Repayments	(5,723,184)	(4,143,882)
Exchange differences	(3,652)	291
At 30 June	7,403,502	7,446,285



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 15. Share capital

	<b>Domestic shares of RMB1 each RMB'000</b>	<b>H shares of RMB1 each RMB'000</b>	<b>Total RMB'000</b>
As at 30 June 2021 and 31 December 2020	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 2021 and 2020, there is no movement in the share capital of the Company.

### 16. Segment information

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

The 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; and (4) merchandise trading business. Substantially 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 substantially all assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns. As such, the chief operating decision-maker did not evaluate segment on geographical basis.

Following the disposal of Xiamen Road and Bridge Building Materials Co., Ltd on 28 December 2020, the chief operating decision-maker changed the structure of its internal organisation in a manner that causes the remaining composition of "Manufacturing and selling of building materials" segment to change to "Merchandise trading business" segment, the corresponding information for earlier periods have been restated.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 16. Segment information (continued)

The segment results provided to the chief operating decision-maker for the reportable segments for the six months ended 30 June 2021 and 2020 are as follows:

	For the six months ended 30 June 2021				
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Comprehensive port logistic services RMB'000	Merchandise trading business RMB'000	Total RMB'000
Total segment revenues	1,134,759	437,880	541,445	10,423,572	12,537,656
Inter-segment revenues	–	–	(159,212)	–	(159,212)
Revenues	1,134,759	437,880	382,233	10,423,572	12,378,444
Operating profit	400,484	59,883	104,520	50,167	615,054
Finance income					18,095
Finance costs					(125,145)
					508,004
Share of profits less losses of joint ventures	–	–	5,879	–	5,879
Share of profits less losses of associates	276	–	1,271	15,279	16,826
<b>Profit before income tax</b>					530,709
Income tax expense					(120,154)
<b>Profit for the period</b>					410,555
<b>Other information</b>					
Depreciation	172,223	85,756	42,702	3,092	303,773
Amortisation	61,815	14,847	15,797	1,814	94,273
Net (reversal of)/provision for impairment of inventories	(91)	–	–	35,645	35,554
Net impairment losses/(reversals) on financial assets	8	(52)	523	4,546	5,025

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 16. Segment information (continued)

The segment results provided to the chief operating decision-maker for the reportable segments for the six months ended 30 June 2021 and 2020 are as follows (continued):

	For the six months ended 30 June 2020				
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Comprehensive port logistic services RMB'000	Merchandise trading business (restated) RMB'000	Total RMB'000
Total segment revenues	873,752	364,350	490,790	5,888,660	7,617,552
Inter-segment revenues	–	–	(162,413)	–	(162,413)
Revenues	873,752	364,350	328,377	5,888,660	7,455,139
Operating profit	301,941	47,872	78,716	25,447	453,976
Finance income					30,581
Finance costs					(118,066)
					366,491
Share of profits less losses of joint ventures	–	–	3,157	–	3,157
Share of profits less losses of associates	–	–	3,597	(766)	2,831
<b>Profit before income tax</b>					372,479
Income tax expense					(95,740)
<b>Profit for the period</b>					276,739
<b>Other information</b>					
Depreciation	180,629	70,235	36,311	5,350	292,525
Amortisation	62,486	20,962	8,705	2,037	94,190
Reversal of impairment provision of inventories	(523)	–	(3)	(9,087)	(9,613)
Net impairment losses/(reversals) on financial assets	780	(1,338)	(3,194)	5,468	1,716

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 16. Segment information (continued)

The segment assets and liabilities provided to the chief operating decision-maker for the reportable segments as at 30 June 2021 and 31 December 2020 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	Merchandise trading business RMB'000	Total RMB'000
<b>Unaudited</b>					
<b>As at 30 June 2021</b>					
Segment assets	12,128,523	4,906,790	2,659,870	4,439,715	24,134,898
Including:					
Interests in joint ventures	6,026	–	124,091	–	130,117
Interests in associates	2,123	–	33,753	150,708	186,584
Additions to non-current assets	68,180	99,853	55,228	222	223,483
Segment liabilities	674,785	251,828	943,336	1,941,659	3,811,608
<b>Audited</b>					
<b>As at 31 December 2020 (restated)</b>					
Segment assets	11,125,896	4,882,572	2,301,676	3,280,696	21,590,840
Including:					
Interests in joint ventures	6,026	–	115,152	–	121,178
Interests in associates	1,847	–	32,483	135,428	169,758
Additions to non-current assets	163,504	358,353	118,665	6,885	647,407
Segment liabilities	615,043	265,809	886,039	1,722,268	3,489,159

The chief operating decision-maker 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 the chief operating decision-maker. Other information provided, except as noted below, to the chief operating decision-maker 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, borrowings and derivative financial instruments. 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 chief operating decision-maker is measured in a manner consistent with that in the consolidated income statement.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 16. Segment information (continued)

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

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
Total segment assets	<b>24,134,898</b>	21,590,840
Add: Deferred income tax assets	<b>265,558</b>	257,862
Financial assets at fair value through other comprehensive income	<b>177,172</b>	153,382
Financial assets at fair value through profit or loss	<b>45,813</b>	1,993,941
Derivative financial instruments	<b>45</b>	540
Total assets per consolidated balance sheet	<b>24,623,486</b>	23,996,565

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

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
Total segment liabilities	<b>3,811,608</b>	3,489,159
Add: Deferred income tax liabilities	<b>394,552</b>	398,698
Taxes payable	<b>79,177</b>	59,820
Borrowings	<b>7,403,502</b>	7,451,073
Total liabilities per consolidated balance sheet	<b>11,688,839</b>	11,398,750

### 17. Other income

	<b>Unaudited Six months ended 30 June 2021 RMB'000</b>	2020 RMB'000
Government subsidies	<b>70,274</b>	85,492
Rental income	<b>28,118</b>	29,084
Dividend income	<b>540</b>	3,188
Others	<b>18,638</b>	1,050
	<b>117,570</b>	118,814

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 18. Other gains/(losses) – net

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Losses on fair value movements of derivative financial instruments		
– Unrealised gains	<b>(826)</b>	(14,348)
– Realised gains	<b>(6,184)</b>	(4,835)
Gains/(losses) on disposal of property, plant and equipment	<b>405</b>	(427)
Fair value gains/(losses) of financial assets at fair value through profit or loss	<b>200</b>	(3,077)
Claim income	<b>11,925</b>	–
Others	<b>4,718</b>	3,414
	<b>10,238</b>	(19,273)

### 19. Expenses by nature

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Cost of inventories sold/consumed	<b>10,435,821</b>	5,758,027
Employee benefit expenses	<b>662,275</b>	536,722
Distribution, transportation and labor outsourcing	<b>216,375</b>	285,397
Depreciation of		
– investment properties	<b>3,856</b>	3,795
– property, plant and equipment	<b>299,917</b>	288,730
Amortization of		
– intangible assets	<b>4,676</b>	4,569
– right-of-use assets	<b>89,597</b>	89,621
Repairs and maintenance	<b>30,556</b>	33,716
Short-term or low-value operating lease rentals in respect of property, plant and equipment	<b>33,890</b>	34,595
Stamp duty and real estate tax	<b>21,429</b>	20,113
General office expenses	<b>16,234</b>	19,318
Advertising and marketing expenses	<b>11,450</b>	8,643
Net provision for/(reversal of) impairment of inventories	<b>35,554</b>	(9,613)
Dredging expenses	<b>9,216</b>	9,225
Insurance expenses	<b>8,396</b>	8,102
Auditors' remuneration	<b>1,678</b>	2,007
Project subcontract expenses	<b>1,249</b>	1,346
Others	<b>4,004</b>	4,675
	<b>11,886,173</b>	7,098,988



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 20. Finance income and costs

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Interest income	<b>18,095</b>	30,581
Interest cost on borrowings	<b>(143,796)</b>	(136,103)
Interest portions of lease liabilities	<b>(2,662)</b>	(3,069)
Less: amounts capitalised	<b>13,935</b>	21,397
Net foreign exchange gains/(losses)	<b>7,378</b>	(291)
	<b>(125,145)</b>	(118,066)
Finance costs – net	<b>(107,050)</b>	(87,485)

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 2021 is 4.3% per annum (same period of 2020: 3.45%).

### 21. Income tax expense

#### (a) Hong Kong profits tax

Trend Wood Investments Limited (“Trend Wood”), Xiamen Ocean Shipping Agency Hongkong Limited (“Hong Kong Ocean Shipping Agency”) and Xiamen Port Haiheng (Hongkong) Limited (“Haiheng HongKong”) are subsidiaries of the Company incorporated in Hong Kong, thus their applicable income tax rate is 16.5% (2020: 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 2021 (2020: 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 from 2018 to 2020. The income tax rate of Songyu Terminal for the six months ended 30 June 2021 is 25% (2020: 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 from 2018 to 2020. The income tax rate of XICT for the six months ended 30 June 2021 is 25% (2020: 15%).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 21. Income tax expense (continued)

#### (b) PRC corporate income tax (continued)

Approved by Xiamen Municipal Bureau of Finance, Xiamen Container Terminal Group Co., Ltd ("XCTG"), a subsidiary of the Company, is entitled to a three-year reduction in corporate income tax from 2019 to 2021. The income tax rate of XCTG for the six months ended 30 June 2021 is 15% (same period of 2020: 15%).

Except for XCTG, Trend Wood, Hong Kong Ocean Shipping Agency, Haiheng HongKong and XCTG, the Company and other subsidiaries of the Company are subject to income tax rate of 25% for the six months ended 30 June 2021 (2020: except for Songyu Terminal, XICT, XCTG, Trend Wood, Hong Kong Ocean Shipping Agency, Haiheng HongKong and XCTG, the Company and other subsidiaries of the Company are subject to income tax rate of 25%).

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
PRC corporate income tax expense	<b>131,996</b>	99,228
Deferred income tax charge	<b>(11,842)</b>	(3,488)
	<b>120,154</b>	95,740

### 22. Dividends

At the Board meeting held on 26 March 2021, the Board proposed a final dividend of RMB2.8 cents per share (tax inclusive) totaling RMB76,334,000 for the year ended 31 December 2020. The proposal was subsequently approved at the annual general meeting on 11 June 2021. The 2020 final dividend has been reflected as an appropriation of retained earnings during the six months ended 30 June 2021.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (same period of 2020: Nil).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 23. Earnings per share

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

	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2021</b>	2020
Profit attributable to owners of the Company (in RMB)	<b>209,081,000</b>	126,260,000
Weighted average number of the Company's shares in issue	<b>2,726,200,000</b>	2,726,200,000
Basic earnings per share (in RMB cents)	<b>7.67</b>	4.63

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

### 24. Commitments

#### (a) Capital expenditure commitments

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	Audited 31 December 2020 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred:	<b>546,833</b>	458,101

Committed capital expenditures as at 30 June 2021 were 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 2021 but the related capital expenditures had not been incurred as at that date.

#### (b) Lease commitments

As at 30 June 2021, the future minimum lease payments under non-cancellable operating leases which have not been recorded as lease liabilities are as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	Audited 31 December 2020 RMB'000
Leases within one year	<b>5,491</b>	6,139
Low-value leases	<b>404</b>	73
	<b>5,895</b>	6,212

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

### 24. Commitments (continued)

#### (c) Equity investment commitment

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
20% equity interests in XCTG	<b>1,568,000</b>	—

On 30 June 2021, the Company and New World (Xiamen) Port Investment Co., Ltd (“NWXP”) entered a Framework Agreement whereby the Company will acquire 20% equity interests in XCTG, a 60% owned subsidiary of the Company, from NWXP at a cash consideration of RMB1,568,000,000. Upon the completion of the transaction, (i) the Company will effectively hold 80% equity interests in XCTG; and (ii) NWXP will cease to hold any equity interest in XCTG.

### 25. Significant related party transactions

- (a) During the six months ended 30 June 2021 and 2020, save as disclosed elsewhere in other notes of these condensed consolidated interim financial statements, the Group had the following significant transactions with related parties:

	<b>Unaudited Six months ended 30 June 2021 RMB'000</b>	2020 RMB'000
<b>Transactions with the immediate holding company</b>		
<i>Revenues</i>		
Electricity supply and maintenance services	<b>72</b>	59
<i>Expenses</i>		
Short-term and low value leases in respect of land, port facilities and office premises	<b>21,055</b>	27,097
<b>Transactions with fellow subsidiaries</b>		
<i>Revenues</i>		
Port services	<b>11,774</b>	10,063
Electricity supply and maintenance services	<b>4,989</b>	5,398
Trading sales	—	982
<i>Expenses</i>		
Office and property management	<b>5,502</b>	2,573
Operating lease in respect of land and office premises	<b>4,145</b>	4,232
Comprehensive service fees	—	10,642
Labour services	<b>69,455</b>	32,008
Information services	—	3,940
Interest charged for borrowings	—	310
<i>Others</i>		
Purchases of property, plant and equipment	<b>7,184</b>	22,500

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

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

- (a) During the six months ended 30 June 2021 and 2020, 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):

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Transactions with joint ventures</b>		
<i>Revenues</i>		
Power supply and maintenance and electrical equipment maintenance	<b>62</b>	—
Loading and unloading services	<b>10,485</b>	5,685
<b>Transactions with other related parties</b>		
<i>Revenues</i>		
Loading and unloading services	<b>16,495</b>	62,638
<i>Expenses</i>		
Purchases of commercial goods	<b>10,632</b>	12,880
<b>Transactions with associates</b>		
<i>Revenues</i>		
Transportation services	<b>751</b>	1,969
Interest charged for borrowings	<b>294</b>	361

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

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

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

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

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	Audited 31 December 2020 RMB'000
<b>Balances with shareholders of the Company</b>		
Dividends payable	<b>79,445</b>	3,111
<b>Balances with the immediate holding company</b>		
Accounts receivable	<b>1,818</b>	—
Other receivables and prepayments	<b>5,167</b>	26,266
Accounts payable	<b>2,809</b>	2,074
Other payables and accruals	<b>11,618</b>	14,473
Lease liabilities	<b>13,599</b>	19,715
<b>Balances with fellow subsidiaries</b>		
Accounts receivable	<b>13,103</b>	10,246
Other receivables and prepayments	<b>1,981</b>	5,956
Accounts payable	<b>186,438</b>	155,165
Other payables and accruals	<b>9,167</b>	10,673
<b>Balances with associates</b>		
Accounts receivable	—	529
Accounts payables	—	381
Other payables and accruals (i)	<b>16,147</b>	16,025
<b>Balances with joint ventures</b>		
Accounts receivable	—	90
Other payables and accruals	<b>50</b>	50
<b>Balance with non-controlling shareholders of subsidiaries</b>		
Dividends payable	<b>161</b>	29,562
<b>Balances with other related parties</b>		
Accounts receivable	<b>18,886</b>	8,940
Other receivables and prepayments	<b>532</b>	284
Accounts payable	<b>18,460</b>	10,137
Other payables and accruals	—	355

(i) As at 30 June 2021, balances with associates include borrowings of RMB16,000,000 bearing interest of 3.68% with fixed repayment terms within 1 year.



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2021

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

(c) Key management compensation:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	<b>2,080</b>	2,148
Social security costs including contributions to pension plans	<b>363</b>	210
	<b>2,443</b>	2,358

### 26. Subsequent events

On 28 July 2021, the Company has completed the issue of the fourth tranche of the Super Short-Term Notes in 2021 with a term of 268 days from the date of issue with a total principal amount of RMB600,000,000 at a fixed interest rate of 2.74% per annum. The Company intends to use RMB120,000,000 of the net proceeds from the issue of the Fourth Tranche Super Short-Term Notes in 2021 to repay the bank loans of the Group. In addition, the Company intends to use the remaining RMB480,000,000 to supplement the working capital of the Group so as to satisfy the requirement of its business development.

On 30 July 2021, the Company has completed the issue of the fifth tranche of the Super Short-Term Notes in 2021 with a term of 180 days from the date of issue with a total principal amount of RMB1,100,000,000 at a fixed interest rate of 2.61% per annum. The Company intends to use all of the net proceeds from the issue of the Fifth Tranche Super Short-Term Notes in 2021 to repay the Third Tranche Super Short-Term Notes in 2021.

On 3 August 2021, the Board has approved the issue of the subscription shares by XPD, a subsidiary of the Company, on a non-public basis for a total consideration of not more than RMB800,000,000, the actual number of the subscription shares shall be calculated as the final total consideration divided by the price per subscription share. Assuming following the completion of the subscription, the Company's equity interests in XPD will be decreased from approximately 61.89% to approximately 51.89%.

On 27 August 2021, the Company has completed the issue of the sixth tranche of the super short-term notes in 2021 with a term of 180 days from the date of issue with a total principal amount of RMB480,000,000 at a fixed interest rate of 2.58% per annum.

# Management Discussion and Analysis

## OPERATING RESULTS REVIEW

In the first half of 2021, with the popularization of the novel coronavirus (“COVID-19”) vaccine (the “Vaccine”) to varying degrees and the support of economic policies of various countries, the global economic growth illustrated a recovery momentum, but the recovery process in different countries showed differentiation and high uncertainty. Under the relatively complicated domestic and international situation, China continued to consolidate and expand the achievements of the COVID-19 epidemic (the “Epidemic”) prevention and control and economic and social development, precisely implemented macro policies, and the economy continued to recover steadily, showing a trend of stable consolidation and improvement. In the first half of 2021, China’s Gross Domestic Product (“GDP”) increased by 12.7% year-on-year, and China’s total import and export increased by 27.1% year-on-year. Facing the complicated domestic and foreign economic and trade environment, while coordinating and promoting Epidemic prevention and control, the Group actively adopted market response measures, strengthened strategic port-shipping cooperation, made full use of the advantages of comprehensive port logistics supply chain and scale, promoted overall marketing and construction of green and smart ports, deepened refined management, strengthened cost control and risk control, and strove to promote the sustainable and stable development of the Group’s production and operation.

During the six months ended 30 June 2021, the Group recorded a total revenue of approximately RMB12,378,444,000, representing an increase of approximately 66.0% as compared with approximately RMB7,455,139,000 in the same period of 2020. Profit attributable to the owners of the Company was approximately RMB209,081,000, representing an increase of approximately 65.7% as compared with approximately RMB126,260,000 in the same period of 2020. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB7.67 cents (the same period of 2020: approximately RMB4.63 cents). The increase in revenue was mainly due to the increase in revenue from the container business, the bulk/general cargo business and the merchandise trading business of the Group. Profit attributable to the owners of the Company has increased due to the significant increase in the overall business volume of the container business and each of the other business segments of the Group.

## BUSINESS REVIEW

The Group is principally engaged in the relevant port terminal businesses at 30 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”), one leased berth in Qingzhou operating area in Fuzhou (the “Fuzhou Zhongying Terminal”) and two self-owned berths in the new port area of Sanbaimen, Chaozhou City, Guangdong Province (the “Chaozhou Xiaohongshan Terminal”), including container port operations, bulk/general cargo port operations and port comprehensive logistics services.

In addition, the Group is also engaged in merchandise trading business (such as chemical products and steel).

## Management Discussion and Analysis (Continued)

### Container Port Business

In the first half of 2021, the Group achieved a total throughput of 4,779,411 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		
	2021 (TEUs)	2020 (TEUs)	Increase/ (Decrease)
Haitian Terminal and Hairun Terminal of the Group <sup>1</sup>	<b>2,436,836</b>	2,414,714	0.9%
XICT and XHICT <sup>2</sup>	<b>585,118</b>	406,868	43.8%
Songyu Terminal <sup>3</sup>	<b>765,192</b>	656,069	16.6%
Xinhaida Terminal <sup>3</sup>	<b>683,629</b>	655,594	4.3%
Total throughput in Xiamen region	<b>4,470,775</b>	4,133,245	8.2%
Fuzhou Zhongying Terminal <sup>4</sup>	<b>143,790</b>	136,985	5.0%
Quanzhou Huajin Terminal <sup>5</sup>	<b>148,238</b>	217,915	(32.0%)
Chaozhou Xiaohongshan Terminal <sup>6</sup>	<b>16,608</b>	—	100.0%
Total throughput	<b>4,779,411</b>	4,488,145	6.5%

<sup>1</sup> Since 1 January 2016, 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 Terminals Co., Ltd., a wholly owned subsidiary of Xiamen Port Holding, due to their business development needs. Since January 2017, Xiamen Terminal Group has leased the relevant berths in Haixiang Terminal for the operation of container business. Therefore, for the purpose of the operating information set out in this chart, the related 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 the Haicang port area of Xiamen port and the relevant berths in Haixiang Terminal.

<sup>2</sup> XICT and Xiamen Haicang International Container Terminals Ltd. (“XHICT”) are 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 of XICT and XHICT, the relevant operating information of XICT also incorporated the figures of XHICT, both were consolidated in the calculation and were fully incorporated into the port business. The Company has 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 its interest accounted for under the equity method. Pursuant to the relevant agreed arrangement entered into on 28 November 2016, XHICT has become a subsidiary of the Group accordingly. Pursuant to the relevant agreed arrangement entered into on 15 May 2017, XICT has become a subsidiary of the Group accordingly.

<sup>3</sup> Songyu Terminal and Xinhaida Terminal are terminals controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group, and the relevant operating figures of the two terminals were 100% incorporated into the port business.

<sup>4</sup> Since 20 November 2012, the Group has leased and operated Fuzhou Zhongying Terminal from Fuzhou Zhongying Gangwu Co., Ltd. (“Zhongying Gangwu”) for operating container and general cargo loading and unloading business as well as port-related comprehensive logistics business.

<sup>5</sup> Quanzhou Huajin Terminal has been incorporated into the Group at the end of October 2017, becoming a terminal directly or indirectly controlled by the Group and Xiamen Port Development Co., Ltd. (“Xiamen Port Development”).

<sup>6</sup> Chaozhou Xiaohongshan Terminal (berths No. 1 and No. 2 in the new port area of Sanbaimen, Chaozhou) has been put into operation since June 2020 and is now in the incubation period.

## Management Discussion and Analysis (Continued)

In the first half of 2021, the Group's container business increased by 6.5% overall year on year. The container business in Xiamen area increased by 8.2% over the same period in 2020, among which (1) the international trade container business completed approximately 3.059 million TEUs, representing a year-on-year increase of approximately 15.4%, which was mainly due to the recovery of the international port trade market along with the alleviation of the Epidemic all around the world, thus resulted in the overall outstanding performance of the international container business. The throughput of the foreign trade container business of the domestic feeder lines achieved a total container throughput of 1.974 million TEUs, representing a year-on-year growth of approximately 19.6%. The common business of international container transshipment and domestic feeder line container transshipment demonstrated a year-on-year significant increase of 40.1% and 20.2%, respectively. (2) The domestic trade container business completed 1.412 million TEUs, representing a year-on-year decrease of approximately 4.9%. Due to carrying capacity transferred from domestic trade to international trade and joint capacity among domestic trade shipping alliance occupied part of the market along with the strong demand for foreign trade, the domestic trade container transfer business decreased by approximately 12.7% as compared to the same period of last year. Driven by the production and trade, local domestic trade container business bucked up, representing a year-on-year increase of approximately 3.8%, which partially alleviated the downturn of domestic trade container business. The container business in Fuzhou Zhongying Terminal increased by approximately 5.0% over the same period in 2020, mainly because the significant increase of approximately 53.7% of the container feeder line business between Xiamen and Fuzhou, which as a whole offset the decline in its domestic trade container business due to the same factors mentioned above. Besides, the container throughput of Huajin Terminals in the first half of the year decreased significantly by approximately 32% as compared with the same period of last year. Apart from the effect of carrying capacity transfer, one of the main reasons for the decrease was the adjustment of shipping lines and re-combination of small-and-medium-sized shipping companies caused by the development of domestic shipping enterprises alliance.

In response to the decrease of domestic trade container business, the Group actively strengthened coordination with major domestic trade shipping companies, reinforced the strategic cooperation, enhanced the headquarters marketing and overall marketing efforts, carried out targeted business strategy, and strived to develop port business. Meanwhile, the Group also continued to improve its service quality and port business environment, and enhanced port customs clearance so as to attract shipping routes and cargo sources, and promote the sustainable development of the container business.

## Management Discussion and Analysis (Continued)

### Bulk/General Cargo Port Business

In the first half of 2021, the total bulk/general cargo throughput achieved by the Group was 15,644,611 tonnes, details of which are as follows:

	Bulk/general cargo throughput For the six months ended June 30		
	2021 (tonnes)	2020 (tonnes)	Increase
Hailong Terminal, ITG Terminal and Songyu Terminal <sup>1</sup>	<b>4,356,355</b>	3,012,958	44.6%
Shihushan Terminal, Haiyi Terminal and Haiyu Terminal <sup>2</sup>	<b>8,844,331</b>	8,070,699	9.6%
Total throughput in Xiamen	<b>13,200,686</b>	11,083,657	19.1%
Fuzhou Zhongying Terminal <sup>3</sup>	<b>23,215</b>	19,657	18.1%
Quanzhou Huajin Terminal <sup>4</sup>	<b>2,338,920</b>	713,609	227.8%
Chaozhou Xiaohongshan Terminal <sup>5</sup>	<b>81,790</b>	—	100.0%
Total throughput	<b>15,644,611</b>	11,816,923	32.4%

<sup>1</sup> ITG Terminal, which has been leased by Xiamen Port Development Co., Ltd. ("Xiamen Port Development") and Xiamen Hailong Terminal Co., Ltd ("Hailong Terminal Company") successively and respectively since April 2014 for the operation of bulk/general cargo business. In addition, Xiamen Port Development and Hailong Terminal Company have leased the relevant assets of XICT since 1 July 2015 successively and respectively for the operation of the bulk/general cargo business; Hailong Terminal Company has leased the relevant berths of Haixiang Terminal for the operation of bulk/general cargo business since January 2017; the general cargo business of Songyu Terminal has been taken over by Hailong Terminal Company since November 2017, its relevant operating figures were 100% incorporated in the port business. Therefore, for the purpose of the operating information set out in this chart, the related operating figures for the bulk/general cargo businesses of Hailong Terminal, ITG Terminal and Songyu Terminal included those of berths of Hailong Terminal, ITG Terminal, Songyu Terminal, XICT Terminal and Haixiang Terminal.

<sup>2</sup> Xiamen Port Group Shihushan Terminal Company Limited (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 berth No. 8 (Mingda Terminal) in the Haicang port area of Xiamen port since April 2018. Therefore, for the purpose of the operating information set out in this chart, the related operating figures of Shihushan Terminal, Haiyi Terminal and Haiyu Terminal included the related figures of the three terminals and Mingda Terminal.

<sup>3</sup> Since 20 November 2012, the Group has leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operation of its container and general cargo loading and unloading businesses and its port-related comprehensive logistics business.

<sup>4</sup> Quanzhou Huajin Terminal has been incorporated into the Group at the end of October 2017, becoming a terminal directly or indirectly controlled and operated by the Group and Xiamen Port Development.

<sup>5</sup> Chaozhou Xiaohongshan Terminal (berths No. 1 and No. 2 in the new port area of Sanbaimen, Chaozhou) has commenced operation since June 2020 and is now in the incubation period.



## Management Discussion and Analysis (Continued)

Compared with the first half of 2020, the Group's bulk/general cargo business had a significant growth of approximately 32.4% in the first half of 2021, of which, the bulk/general cargo business for Xiamen had a year-on-year growth of approximately 19.1%, mainly because: (1) with the benefit of the easing of the Epidemic in China, the production and operation activities of most enterprises and social infrastructure have been basically restored. The rising demand for electricity from enterprises has led to the increase of coal demand, and the increased capacity of steel mills has led to the increase of iron ore purchase demand. The throughput of coal and iron ore at Shihushan Terminal has effectively increased by approximately 4.3% and 19.3%, respectively; (2) Hailong Terminal strengthened the communication with customers and ship owners, and has made reasonable planning of sites. As a result, the foreign trade increased approximately 48% for stones, and approximately 3.5 times for sand and gravel. Fuzhou Zhongying Terminal strengthened the cooperation with major consumers and expanded steel coil business in domestic trade, and its general cargo business increased approximately 18.1% compared with the previous year. Benefiting from the easing of the Epidemic, the imported coal business of Quanzhou Huajin Terminal grew rapidly in the first half of the year. Meanwhile, due to the adjustment of market demand for cargo sources, the sand and gravel export business grew substantially, with the throughput of approximately 1.58 million tonnes in the first half of the year.

### *Port Comprehensive Logistics Services*

Port comprehensive logistics services of the Group mainly include a number of businesses, such as shipping agency, tallying, tugboat-assisted berthing and unberthing, and port-related logistics services. In the first half of 2021, as the global Epidemic partially abated, these operations also gradually recovered. All business units for tugboat-assisted berthing and unberthing of the Group achieved good growth. The overall performance of the Group in offshore market was outstanding, with a year-on-year growth of approximately 27%. New breakthroughs have been made in the expansion of relevant extended businesses. With the gradual recovery of the market demand, the shipping agency businesses except for the passenger transport agency business have gradually recovered to the pre-epidemic level, achieving certain increase in business benefits on the whole, and new business outlets have been set up in Tianjin. On the basis of the improvement of intelligent tally technology and by making full use of the joint marketing advantages of the Group, the tally business performed well in the international trade container business, general cargo business and new business development. The overall business operation of port-related logistics services has gradually returned to normal. The relevant less than container load ("LCL") warehouses were recognised by Xiamen Customs as the pilot supervised workplaces for cross-border e-commerce export businesses in lists 9710 and 9810. Its import and export businesses such as LCL have achieved recovery growth.

### *Merchandise Trading Business*

The merchandise trading business of the Group is carried out based on the operation philosophy of "Boosting the Port Economy with Trade, Promoting the Trading Business through Port Operation and Integrating the Port and Trading Businesses". On the basis of strengthening risk control, the Group has gradually built a business model integrating upstream and downstream resources of bulk commodities, and developed a business system focusing on core products such as coal, steel, chemical, agricultural products and paper pulp. In the first half of 2021, on the basis of strengthening long-term cooperation with large enterprises, significant growth had been achieved in business volume and operating benefits of the aforementioned five core products, and the self-run products plastic chemical industry and paper pulp has becoming a large profit growth point. The integrated port and trade business increased by approximately 121.5% year on year, accounting for approximately 50% of the total trading business revenue, effectively realizing the integrated development of port and trade.

## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW

#### Revenue

Revenue of the Group increased by approximately 66.0% from approximately RMB7,455,139,000 for the six months ended 30 June 2020 to approximately RMB12,378,444,000 for the six months ended 30 June 2021. The increase was mainly due to the increase in revenue from the container business, the bulk/general cargo business and the merchandise trading business of the Group.

#### Revenue by business sector

Business	Six months ended 30 June		Increase
	2021 (RMB'000)	2020 (restated) (RMB'000)	
Container loading and unloading and storage business	<b>1,134,759</b>	873,752	29.9%
Bulk/general cargo loading and unloading business	<b>437,880</b>	364,350	20.2%
Comprehensive port logistics service	<b>382,233</b>	328,377	16.4%
Merchandise trading business	<b>10,423,572</b>	5,888,660	77.0%
Total	<b>12,378,444</b>	7,455,139	66.0%

The reasons for the changes in the revenue of each business sector for the six months ended 30 June 2021 compared with the same period of last year are as follows:

1. The revenue of container loading and unloading and storage business of the Group for the six months ended 30 June 2021 increased by approximately 29.9% comparing with the same period of last year, which was mainly due to the increase in container throughput in this period;
2. The revenue of bulk/general cargo loading and unloading business in this period increased by approximately 20.2% comparing with the same period of last year. The growth in revenue was primarily due to the increase in business volume of the loading and unloading of bulk cargoes in Hailong Terminal Company operation area.
3. The revenue of the comprehensive port logistics services increased by approximately 16.4% in this period, which was mainly because the flourishing import and export business stimulates the thriving business growth of China Ocean Shipping Agency Xiamen Co., Ltd. (中國廈門外輪代理有限公司) ("Ocean Shipping Agency").
4. Following the transfer of the equity in Xiamen Road and Bridge Building Materials Co., Ltd on 28 December 2020, the Group reorganised certain subsidiaries and a joint venture in the manufacturing and selling of building materials segment into the merchandise trading business, and restated the corresponding information for the earlier periods. The revenue of the Group's merchandise trading business in this period increased by approximately 77.0% comparing with the same period of last year, which was mainly due to the significant commodity inflation and the increase in the business volume of coal and steels.



## Management Discussion and Analysis (Continued)

### *Cost of Sales*

Cost of sales of the Group increased by approximately 69.1% from approximately RMB6,892,026,000 for the six months ended 30 June 2020 to approximately RMB11,651,319,000 for the six months ended 30 June 2021. The increase of cost of sales was mainly caused by the growth of cost of inventories sold.

Cost of inventories sold of the Group increased by approximately 81.2% from approximately RMB5,758,027,000 for the six months ended 30 June 2020 to approximately RMB10,435,821,000 for the six months ended 30 June 2021. The increase was mainly resulted from the increase in the business volume of coal, steel and chemical products.

### *Other Gains/(Losses) – Net*

Other gains/(losses) – net of the Group increased from a loss position with an amount of approximately RMB19,273,000 for the six months ended 30 June 2020 to a gain position with an amount of approximately RMB10,238,000 for the six months ended 30 June 2021. The increase was primarily due to the fair value change of derivative financial instrument of the Group's merchandise trading business. The instruments were mainly used to mitigate trading business's inventory pricing risk.

### *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 2021, the balance of the Group's cash and cash equivalents (which are mainly held in RMB) amounted to approximately RMB1,782,281,000 (as at 31 December 2020: approximately RMB707,852,000), which increased by 151.8% and was mainly due to the redemption of structural deposits and national debts reverse repurchases.

Borrowing of the Group slightly decreased from approximately RMB7,451,073,000 as at 31 December 2020 to approximately RMB7,403,502,000 as at 30 June 2021, which remained approximately the same as last year.

As at 30 June 2021 the Group's total bank borrowings guaranteed were approximately RMB583,047,000, where an USD bank borrowing that is equivalent to RMB5,067,000 was guaranteed by China Construction Bank, a bank borrowing of RMB577,980,000 was guaranteed by non-controlling shareholders of subsidiaries. The Group's total secured bank borrowings were approximately RMB299,166,000, where a bank borrowing of RMB104,009,000 was secured by land use rights, a bank borrowing of RMB59,287,000 was secured by sea use rights, USD bank borrowings of RMB125,700,000 were secured by USD restricted cash of RMB125,700,000 and bank borrowings of RMB10,170,000 were secured by letters of credit.

### *Gearing Ratio*

The Group's net gearing 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.

## Management Discussion and Analysis (Continued)

The gearing ratios as at 30 June 2021 and 31 December 2020 were as follows:

	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
Total borrowings and lease liabilities	<b>7,508,033</b>	7,571,301
Less: Cash and cash equivalents	<b>(1,782,281)</b>	(707,852)
Net debt	<b>5,725,752</b>	6,863,449
Total equity	<b>12,934,647</b>	12,597,815
Total capital	<b>18,660,399</b>	19,461,264
Gearing ratio (%)	<b>30.7%</b>	35.3%

As at 30 June 2021, the Group had a net debt position.

### *Other Financial Information*

The financial assets at fair value through profit or loss of the Group decreased from approximately RMB1,993,941,000 as at 31 December 2020 to approximately RMB45,813,000 as at 30 June 2021, which was primarily because the Group redeemed the structural deposits of approximately RMB1,400,000,000 and redeemed the national debts reverse repurchases of RMB546,930,000 in this period.

### *Capital Expenditure Commitments*

As at 30 June 2021, the Group's capital expenditure commitments amounted to approximately RMB546,833,000, 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.

### *Material Subsidiaries of the Company*

	<b>Xiamen Terminal Group RMB'000</b>	<b>Xiamen Port Development RMB'000</b>
Principal activities	Container loading and unloading, transfer, storage and other related port services	Bulk/general cargo loading and unloading, storage and other related port services; comprehensive port logistics service; merchandise trading business
Percentage of shareholding	59.45%	61.89%
Cost of investment	4,143,535	1,196,757
The scale of investments in its total asset value	37.71%	10.89%
Financial performance for the Period-net profit	276,489	155,111
Dividends received for the Period	—	—

## Management Discussion and Analysis (Continued)

### *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, fluctuation in RMB exchange rate has no material impact on the business operations of the Group. The Board believes that fluctuation in RMB exchange rate had no material impact on the operating results and financial position of the Group as at 30 June 2021. 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.

### *Legal Proceedings*

The Group confirmed that, for the six months ended 30 June 2021, there was no significant litigation against the Group, and the Board was not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

## **EMPLOYEES**

As of 30 June 2021, the Group had a total of 7,053 employees, representing a decrease of 29 employees as compared to 31 December 2020. Employees' remuneration package of the Group is determined by their positions, performance, qualifications 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 18 January 2021, Ocean Shipping Agency, a subsidiary of the Company, invested and established Zhangzhou Haiming Logistics Co., Ltd. (漳州海明物流有限公司) ("Haiming Logistics") in Zhangzhou City, Fujian Province, mainly engaged in road cargo transportation, waterway general cargo transportation, customs declaration business, bonded warehouse operation and other businesses. The registered capital of Haiming Logistics is RMB2,000,000 and Ocean Shipping Agency holds 100% of the shares. The relevant industrial and commercial registration procedures have been completed.

On 12 March 2021, Xiamen Terminal Group and SITC Logistics Co., Ltd. (海豐物流有限公司) ("SITC Logistics") jointly invested in establishing Xiamen Fanhailian International Integrated Logistics Co., Ltd. (廈門泛海聯國際綜合物流有限公司) ("Fanhailian") in Xiamen City, Fujian Province, which principally engages in businesses such as loading, unloading and transport, cargo storage, and city distribution and transportation services. The registered capital of Fanhailian is RMB6,000,000, which is held as to 51% by Xiamen Terminal Group and 49% by SITC Logistics, and the relevant industrial and commercial registration formalities have been completed.

## Management Discussion and Analysis (Continued)

On 29 April 2021, Xiamen Terminal Group and Nezha Port and Shipping Smart Technology (Shanghai) Co., Ltd. (哪吒港航智慧科技(上海)有限公司) (“Nezha Technology”) and Fujian Electronic Port Co., Ltd. (福建電子口岸股份有限公司) (“Electronic Port”) jointly invested and established Xiamen Zhitusi Technology Co., Ltd. (廈門智圖思科技有限公司) (“Zhitusi”) in Xiamen City, Fujian Province, which principally engages in computer information system software development, production, integration and other related businesses. The registered capital of Zhitusi is RMB15,000,000, which is held as to 51% by Xiamen Terminal Group, 40% by Nezha Technology and 9% by Electronic Port, and the relevant industrial and commercial registration formalities have been completed.

### OTHER MAJOR EVENTS

On 26 February 2021, the Company has been notified by Xiamen Port Holding that the procedures for changing its industrial and commercial registration as a result of the completion of the proposed transfer has been completed, whereupon (i) the entire equity interest in Xiamen Port Holding is held by Fujian Province Port Group Limited Liability Company (福建省港口集團有限責任公司) (“Fujian Port Group”) and Xiamen Port Holding has become a wholly-owned subsidiary of Fujian Port Group; and (ii) the ultimate beneficial owner of the Company has been changed from the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People’s Government to the State-owned Assets Supervision and Administration Commission of the People’s Government of Fujian Province.

In the first half of 2021, the Company has issued three tranches of the super short-term notes successively, and the net proceeds were used for repaying the issued super short-term notes which were due, supplementing the Group’s working capital and repaying the Group’s bank loans. The details of the issues are as follows:

- (i) On 12 March 2021, the Company has completed the issue of the first tranche of the super short-term notes in 2021 with a term of 180 days from the date of issue with a total principal amount of RMB1,000,000,000 at a fixed interest rate of 3% per annum.
- (ii) On 24 March 2021, the Company has completed the issue of the second tranche of the super short-term notes in 2021 with a term of 177 days from the date of issue with a total principal amount of RMB800,000,000 at a fixed interest rate of 2.99% per annum.
- (iii) On 6 April 2021, the Company has completed the issue of the third tranche of the super short-term notes in 2021 with a term of 120 days from the date of issue with a total principal amount of RMB1,100,000,000 at a fixed interest rate of 2.88% per annum.

### SUBSEQUENT EVENTS

On 28 July 2021, the Company has completed the issue of the fourth tranche of the super short-term notes in 2021 with a term of 268 days from the date of issue with a total principal amount of RMB600,000,000 at a fixed interest rate of 2.74% per annum.

On 30 July 2021, the Company has completed the issue of the fifth tranche of the super short-term notes in 2021 with a term of 180 days from the date of issue with a total principal amount of RMB1,100,000,000 at a fixed interest rate of 2.61% per annum.

## Management Discussion and Analysis (Continued)

On 3 August 2021, the Board has approved the issue of the subscription shares by Xiamen Port Development on a non-public basis (the total number of the subscription shares shall not exceed 19.26% of the total registered share capital of Xiamen Port Development immediately preceding the new issue) for a total consideration of not more than RMB800,000,000, the actual number of the subscription shares shall be calculated as the final total consideration divided by the price per subscription share. Assuming the total number of the subscription shares to be issued will represent 19.26% of the total registered share capital of Xiamen Port Development immediately preceding the new issue, immediately following the completion of the subscription, the Company's equity interest in Xiamen Port Development will be decreased from approximately 61.89% to approximately 51.89%. The new issue and the subscription are subject to the satisfaction of several conditions precedent. For details of the transaction, please refer to the announcement dated 3 August 2021 published by the Company.

On 30 June 2021, the Company and New World (Xiamen) Port Investments Limited (新世界(廈門)港口投資有限公司) ("NWXP") have entered into an equity transfer framework agreement in respect of the Company's acquisition of 20% equity interest in Xiamen Terminal Group from NWXP at a cash consideration of RMB1,568,000,000. On 20 August 2021, the Company and NWXP have signed a formal equity transfer agreement for the specific implementation of the above-mentioned transaction, to clarify the relevant transaction details. The completion of the aforementioned transaction is subject to the satisfaction of all conditions precedent. Upon completion, the Company will hold 80% effective equity interest in Xiamen Terminal Group. For details of the transactions, please refer to the announcements dated 30 June 2021 and 20 August 2021 respectively published by the Company.

On 27 August 2021, the Company has completed the issue of the sixth tranche of the super short-term notes in 2021 with a term of 180 days from the date of issue with a total principal amount of RMB480,000,000 at a fixed interest rate of 2.58% per annum.

Save as disclosed above, since 30 June 2021 to the date of this report, there was no significant events affecting the Group.

### PROSPECTS AND OUTLOOK

Overall, the domestic and international economic environment in the second half of 2021 will still be complicated. Internationally, the global economy continues to recover, laying the foundation for the growth of external demand. However, the trend of the global Epidemic continues to evolve, the upward pressure of commodity prices remains large, and there are still many unstable and uncertain factors affecting the economy, which will have a certain impact on China's foreign trade environment. Domestically, China's good results in coordinating Epidemic prevention and control and economic and social development in the first half of the year have laid a solid foundation for economic performance in the second half of the year. On the one hand, domestic demand continues to pick up, the internal driving force of the economy and the ability of market entities to adapt to external changes has gradually enhanced, and smooth supply and demand cycle of domestic and foreign trade is created. China's economy is expected to maintain a sustained and stable recovery in the second half of the year. On the other hand, the recovery of the domestic economy is still uneven, and the rising prices of raw materials and other factors have put great pressure on the production and operation of small and micro enterprises, especially those in the middle and lower reaches of the industry. Efforts still need to be



## Management Discussion and Analysis (Continued)

made to consolidate the foundation for stable recovery and development. According to the “Global Economic Prospects” report released by the World Bank in June this year, the world economy is predicted to grow by 5.6% this year, with China expected to grow 8.5% this year. In addition, the current lack of domestic trade transport capacity and the cabin sharing and straight route operation of domestic trade carriers, as well as the trend of foreign trade carriers increasing the investment of transport capacity resources in major ports, will affect the development of container transshipment business of domestic and foreign trade in Xiamen port to some extent. In addition, based on the guidelines of “Preventing the Spread of Virus Domestically and Preventing the Importation of Virus from the Outside World”, we are still under great pressure in Epidemic prevention and control, and the long-term Epidemic prevention will impose great pressure on port production. Facing the complex and changeable economic environment for ports and shipping, the Group will, with firm confidence, actively respond to various challenges, strive to coordinate Epidemic prevention and control and port production and operation, and seize market opportunities. Based on the benefit first philosophy, the Group will give full play to the overall advantages, enhance the corporate operation efficiency, and strive to bring better return on investment for all shareholders of the Company. Combined with the actual situations, the Group will focus on the following key works in the second half of the year:

- Coordinating Epidemic prevention and control with port production safety. We will strictly implement the prevention and control strategy of “Preventing the Spread of Virus Domestically and Preventing the Importation of Virus from the Outside World”, focusing on key links such as port quarantine, ship-shore interface and cold-chain logistics, and strictly guarding the first line of “Preventing the Importation of Virus from the Outside World”. The Group will promote the “Three-year Campaign for Safe Production”, implement the safety responsibility system at all levels, and strengthen safety control, so as to ensure safe production at ports.
- Deepening strategic port-shipping cooperation. The Group will strengthen the overall marketing and headquarters marketing, and flexibly adopt targeted marketing strategies to consolidate the strategic port-shipping cooperation. The Group will promote the strategic deployment of carriers in Xiamen port, actively expand the global shipping routes network, and enhance Xiamen’s position as a container trunk hub port. The Group will seize the market opportunity to promote the deployment of extra vessels and empty container allocation in Xiamen port, in order to promote the sustained and steady growth of container business of Xiamen port.
- Implementing the “Go Global” development strategy. The Group will promote the business development strategy of implementing two-way sea and land transportation and attracting traffic with goods, expand hinterland market area, and guide the backflow of goods sources inside and outside the province. The Group will conduct in-depth hinterland research, enhance marketing efforts in key hinterland areas such as Southern Jiangxi and eastern Guangdong, expand hinterland logistics networks and channels, strive to develop land-based port and multimodal transport business, and improve Xiamen port’s ability to collect and distribute goods.

## Management Discussion and Analysis (Continued)

- Improving service quality. Firstly, improving the quality and efficiency. The Group will fulfill the service commitment, improve the business environment at our ports and enhance the services to attract shipping routes and sources of cargo. Secondly, improving the service capability. The Group will promote the integrated operation of container terminals in Haicang port area and coordinate terminal resources; promote the cross-border opening of Huajin Terminal as soon as possible in the second half of the year, make Chaozhou Xiaohongshan Terminal available for berthing of foreign trade ships as soon as possible, improve the foreign trade business service capability; actively pay attention to the breakthrough progress of comprehensive bonded zone policy, innovate service mode, and promote the connection and implementation of new logistics business.
- Enhancing fine management. Firstly, striving to increase revenue, reduce expenditure and improve efficiency. The Group will focus on strengthening budget implementation, cost management, and fund management, strictly control costs and expenditures and off-budget expenditures, and improve management efficiency. Secondly, enhancing corporate governance. The Group will strengthen the construction of internal control system and audit supervision, enhance compliance management of listed companies, and promote corporate governance in accordance with law. Third, improving management level. The Group will deepen and substantiate the “Double Hundred Action Plan”, strictly implement the three-year action plan for state-owned enterprise reform, and improve the fine management level.
- Promoting the construction of green and smart ports. On the one hand, the Group will promote the upgrading and application of the smart container logistics platform, speed up the construction of the intelligent transformation project of Hairun Terminal, and accelerate the development of TOS system, so as to meet the conditions for launch by the end of this year. On the other hand, the Group will actively respond to the long-term goals of carbon peaking and carbon neutrality, and strengthen energy conservation and emission reduction. The Group will focus on speeding up projects to electrify mobile machinery and transport vehicles, upgrade ships to shore power and green lighting, and promote the development of green and ecological ports.
- Promoting capital operation. The Group will focus on the following projects: accelerating the non-public stock offering for Xiamen Port Development, with an aim to complete the project within this year; promoting the acquisition of 20% equity of Xiamen Terminal Group held by NWXP and other M&A projects to strengthen the control of the development of the port core business; promoting the follow-up work of bulk cargo terminal resources integration, accelerating the integration of logistics resources, facilitating the upstream and downstream business coordination and homogenized business merger and integration; making overall planning for various financing works, and providing financial guarantee for the Group’s development and asset restructuring by taking advantage of the platform of listed companies.
- 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.

# Other Information

## SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2021:

<b>Class of shares</b>	<b>Number of shares</b>	<b>Proportion (%)</b>
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 2021.

## INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend during the six months ended 30 June 2021 (same period of 2020: 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 2021, 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").



## Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2021, 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)	141,264,000 (note)	Interest of controlled corporation	14.32%	5.18%
Xiamen Haixia Investment Co., Ltd.	H shares (Long Position)	141,264,000 (note)	Interest of controlled corporation	14.32%	5.18%
Shia Ning Shipping Co., Ltd.	H shares (Long Position)	141,264,000 (note)	Beneficial owner	14.32%	5.18%

Note: The 141,264,000 shares referred to the same batch of shares as Xiamen Haixia Investment Co., Ltd. and Shia Ning Shipping Co., Ltd. are all directly or indirectly owned by Xiamen Port Holding and therefore by virtue of the SFO, Xiamen Port Holding is deemed to be interested in these shares.

Save as disclosed above, as at 30 June 2021, 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 2021.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2021, the Group did not purchase, sell or redeem any listed securities of the Company.

### MAJOR ACQUISITION AND DISPOSAL

On 30 June 2021, the Company and NWXP have entered into an equity transfer framework agreement, pursuant to which the Company and NWXP have agreed to the Company's acquisition of 20% equity interest in Xiamen Terminal Group from NWXP at a cash consideration of RMB1,568,000,000. On 20 August 2021, the Company and NWXP have signed a formal equity transfer agreement for the specific implementation of the above-mentioned transaction, to clarify the relevant transaction details. The completion of the aforementioned transaction is subject to the satisfaction of all conditions precedent. Upon completion, the Company will hold 80% effective equity interest in Xiamen Terminal Group and NWXP will cease to hold any equity interest in Xiamen Terminal Group. In accordance with Rule 14.44 of the Listing Rules, the Company has received a written approval in respect of the aforesaid transaction from Xiamen Port Holding, the controlling shareholder of the Company which effectively holds approximately

68.32% of the equity interest in the Company. Accordingly, no shareholders' meeting will be convened by the Company for seeking shareholders' approval. For details of the transaction, please refer to the announcements dated 30 June 2021 and 20 August 2021 respectively published by the Company.

Save as disclosed above, during the six months ended 30 June 2021, 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 2021, the Company had complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Save as disclosed above so far as was known to the Directors, no incident of deviation from the Corporate Governance Code was noted by or reported to the Company.

#### *The Board*

The sixth session of the Board comprises twelve Directors, including four executive Directors, namely Mr. CAI Liqun, Mr. CHEN Zhaohui, Mr. LIN Fuguang and Mr. CHEN Zhen, four non-executive Directors, namely Mr. CHEN Zhiping, Mr. FU Chengjing, Mr. HUANG Zirong and Ms. BAI Xueqing, and four independent non-executive Directors, namely Mr. LIU Feng, Mr. LIN Pengjiu, Mr. JIN Tao and Mr. JI Wenyan.

#### *The Supervisory Committee*

The sixth session of the Supervisory Committee of the Company comprises six Supervisors, including two Shareholders representative Supervisors, namely Mr. DU Hongjia and Mr. ZHANG Guixian, two staff representative Supervisors, namely Mr. LIAO Guosheng and Mr. LIU Xiaolong, and two independent Supervisors, namely Mr. TANG Jinmu and Mr. XIAO Zuoping.

#### *Nomination Committee*

The fourth session of the Nomination Committee of the Company (the "Nomination Committee") 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.

## Other Information (Continued)

### *Audit Committee*

Since the former member of the Audit Committee of the Company (the "Audit Committee"), Mr. YOU Xianghua, resigned from the position of a member of Audit Committee in order to comply with the management requirements of the unit of employment on 16 December 2020, at the beginning of the reporting period, the sixth session of the Audit Committee comprised one independent non-executive Director Mr. LIU Feng and one non-executive Director Mr. FU Chengjing. The Audit Committee was chaired by Mr. LIU Feng. In order for the Company to comply with the requirement set out under Rule 3.21 of the Listing Rules that the Audit Committee must comprise a minimum of three members and the majority of the Audit Committee members must be independent non-executive directors, within three months from the effective date of the resignation of Mr. YOU Xianghua, on 5 February 2021, the Company held the eighth meeting of the sixth session of the Board and resolved to appoint Mr. LIN Pengjiu, an independent non-executive director, as a member of the Audit Committee. Accordingly, during the reporting period, except for the short period following the resignation of Mr. YOU Xianghua as a member of the Audit Committee, the Company has been in compliance with the requirement set out under Rule 3.21 of the Listing Rules with regard to the Audit Committee.

As at 30 June 2021, the sixth session of the Audit Committee comprised two independent non-executive Directors, namely Mr. LIU Feng and Mr. LIN Pengjiu, and one non-executive Director, namely Mr. FU Chengjing. The Audit Committee was 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 2021 and has agreed with the accounting policies adopted by the Company.

### *Remuneration Committee*

Given that the former Chairman and member of the Remuneration Committee of the Company (the "Remuneration Committee"), Mr. YOU Xianghua resigned from the positions of Chairman and a member of Remuneration Committee order to the comply with the management requirements of the unit of employment on 16 December 2020, at the beginning of the reporting period, the sixth session of the Remuneration Committee comprised one independent non-executive Director, Mr. LIU Feng. In order for the Company to comply with the requirement set out under Rule 3.25 of the Listing Rules that the Remuneration Committee should be chaired by an independent non-executive Director, within three months from the effective date of the resignation of Mr. YOU Xianghua, on 5 February 2021, the Company held the eighth meeting of the sixth session of the Board and resolved to: (i) appoint Mr. JIN Tao, an independent non-executive Director, as the Chairman and a member of the Remuneration Committee; and (ii) appoint Mr. FU Chengjing, a non-executive Director, as a member of the Remuneration Committee. Accordingly, during the reporting period, except for the short period following the resignation of Mr. YOU Xianghua as a Director and a member of the Remuneration Committee, the Company has been in compliance with the requirement set out under Rule 3.25 of the Listing Rules with regard to the Remuneration Committee.



## Other Information (Continued)

As at 30 June 2021, the Remuneration Committee comprised two independent non-executive Directors, namely Mr. JIN Tao and Mr. LIU Feng, and one non-executive Director, namely Mr. FU Chengjing. The Remuneration Committee was chaired by Mr. JIN Tao.

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*

The sixth session of the Business Strategy Committee of the Company (the “Business Strategy Committee”) comprises five Directors, namely Mr. JIN Tao, an independent non-executive Director, Mr. CAI Liqun and Mr. CHEN Zhaohui, the executive Directors, and Mr. CHEN Zhiping and Ms. BAI Xueqing the non-executive Directors. 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*

The third second session of the Corporate Governance Committee of the Company (the “Corporate Governance Committee”) comprises two independent non-executive Directors, Mr. LIN Pengjiu and Mr. JI Wenyuan, and one executive Director Mr. CHEN Zhen. 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.

## Other Information (Continued)

### *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 2021, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2021.

### **POST BALANCE SHEET EVENTS**

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