THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Xiamen International Port Co., Ltd**, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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)

MAJOR TRANSACTION

ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY

24 September 2021

* *For identification purpose only*

CONTENTS

In this circular, the following expressions have the meanings as set out below unless the context requires otherwise:

"**Acquisition**"	the acquisition of the Target Equity by the Company from NWXP pursuant to the Framework Agreement and the Formal Agreement
"**associate(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Board**"	the board of Directors of the Company
"**Company**"	Xiamen International Port Co., Ltd* (廈門國際港務股份有限公司), a joint stock limited company established in the PRC, the H Shares of which are listed on the Stock Exchange
"**Completion**"	completion of the Acquisition, the date of which shall fall on the date on which NWXP has received the Consideration after fulfilment (or waiver) of the conditions precedent to the Acquisition
"**Consideration**"	the consideration for the Acquisition, being RMB1,568,000,000
"**controlling shareholder**"	has the meaning ascribed thereto under the Listing Rules
"**Director(s)**"	the director(s) of the Company
"**Domestic Shares**"	ordinary shares of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for in Renminbi by the PRC nationals and/or PRC corporate entities
"**Formal Agreement**"	the formal sale and purchase agreement entered into between the Company and NWXP on 20 August 2021 in respect of the Acquisition pursuant to the Framework Agreement
"**Framework Agreement**"	the framework agreement dated 30 June 2021 entered into between the Company and NWXP in respect of the Acquisition, the principal terms of which are set out in this circular
"**Fujian Port Group**"	Fujian Province Port Group Limited Liability Company* (福建省港口集團有限責任公司), the holding company of Xiamen Port Holding
"**Fujian SASAC**"	State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province* (福建省人民政府國有資產監督管理委員會), which is the government authority for supervising and administrating state-owned assets in Fujian Province ;
"**Group**"	the Company and its subsidiaries
"**H Shares**"	foreign invested shares of nominal value in RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and denominated in HK dollars
"**HK$**" or "**HK dollars**"	Hong Kong dollar, the lawful currency of Hong Kong
"**Hong Kong**"	The Hong Kong Special Administrative Region of the PRC

"**Latest Practicable Date**"	17 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"**NWXP**"	New World (Xiamen) Port Investments Limited
"**Offer Price**"	RMB1,568,000,000, being the purchase price offered by the Offering Third Party for the Target Equity
"**Offering Third Party**"	an independent third party which has made an offer to NWXP on 17 March 2021 for acquiring the Target Equity at the Consideration
"**PRC**"	the People's Republic of China, and for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"**Relevant Ratios**"	the five ratios as set out in Rule 14.07 of the Listing Rules
"**RMB**"	Renminbi, the lawful currency of the PRC
"**SFO**"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"**Share(s)**"	shares of nominal value RMB1.00 each in the share capital of the Company
"**Shareholder(s)**"	holder(s) of the Shares
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Supervisor(s)**"	the supervisor(s) of the Company
"**Target Company**"	Xiamen Container Terminal Group Co., Ltd.* (廈門集裝箱碼頭集團有限公司), a non-wholly owned subsidiary of the Company
"**Target Company Shareholders Equity**"	the valuation result of the 100% equity interest in the Target Company by adopting an asset-based approach with 31 December 2020 as the assessment benchmark date, which is contained in the Valuation Report issued by the Valuer and submitted to the Fujian SASAC for filing by the Company
"**Target Equity**"	the 20% equity interest in the Target Company held by NWXP, representing its entire equity interest in the Target Company
"**Target Group**"	the Target Company and its subsidiaries
"**Valuation Report**"	the valuation report issued by the Valuer, which contains the result of its assessment of the value of the entire shareholders' equity in the Target Company
"**Valuer**"	China Enterprise Appraisals Consultation Co., Ltd.* (北京中企華資產評估有限責任公司), being the PRC qualified independent valuer

	recognised by the Fujian SASAC appointed by the Company to assess the value of the Target Company Shareholders' Equity
"**Xiamen ITG**"	Xiamen ITG Group Corp., Ltd.* (廈門國貿集團股份有限公司)
"**Xiamen Port Holding**"	Xiamen Port Holding Group Co., Ltd.* (廈門港務控股集團有限公司), a wholly state-owned company established in the PRC and the controlling shareholder of the Company effectively holding approximately 68.32% equity interest in the Company as at the Latest Applicable Date
"**Xiamen Xiangyu**"	Xiamen Xiangyu Logistics Group Corporation Limited* (廈門象嶼物流集團有限責任公司)
"**%**"	per cent.

*****_For identification purpose only_

厦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)

Executive Directors:
Mr. Cai Liqun
Mr. Chen Zhaohui
Mr. Lin Fuguang
Mr. Chen Zhen

Non-executive Directors:
Mr. Chen Zhiping
Mr. Fu Chengjing
Mr. Huang Zirong
Ms. Bai Xueqing

Independent non-executive Directors:
Mr. Liu Feng
Mr. Lin Pengjiu
Mr. Jin Tao
Mr. Ji Wenyuan

Registered office:
No. 439 Gangnan Road
Haicang District
Xiamen City
Fujian Province
PRC

Principal place of business in Hong Kong:
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

24 September 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY

INTRODUCTION

Reference is made to the announcements of the Company dated 30 June 2021 and 20 August 2021 in relation to the entering into of the Framework Agreement, the Formal Agreement and the Acquisition.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, further information relating to the Acquisition, which constitutes, inter alia, a major acquisition of the Company, including (i) details of the Acquisition as set out in the Framework Agreement and the Formal Agreement; and (ii) other information as required to be disclosed under the Listing Rules.

DETAILS OF THE ACQUISITION

Date of relevant agreements	(a) Framework Agreement: 30 June 2021; and (b) Formal Agreement: 20 August 2021.
Parties	(a) The Company as purchaser; and (b) NWXP as seller.
Subject matter	The Target Equity, representing the entire interest held by NWXP in the Target Company as at the date of the Framework Agreement.
Consideration	RMB1,568,000,000, which is (i) equivalent to the purchase price for the Target Equity offered by the Offering Third Party to NWXP on 17 March 2021 and has been matched by the Company on 2 June 2021 by way of exercising its first right of refusal in accordance with the Articles of the Target Company; and (ii) determined with reference to the value corresponding to the Target Equity in the Target Company Shareholders' Equity, being RMB1,662,267,680. The Consideration shall be payable by the Company to NWXP in cash in a lump sum within 30 days after fulfilment (or waiver) of the conditions precedent to the Acquisition. It is intended that approximately 40% of the Consideration will be funded by the cash held by the Group according to the current arrangement, while the remaining amount of the Consideration will be funded by the proposed bank borrowings by the Group. Before the entering into of the Framework Agreement, all other shareholders of the Target Company have confirmed for not exercising their respective rights of first refusal in respect of the Target Equity.
Accrued profit/loss	On 20 August 2021, the Target Company has approved the profit distribution proposal for the year ended 31 December 2020 in accordance with its Articles for, inter alia, reaching an agreement as to NWXP's entitlement to the exact amount of the distributable profit corresponding to the Target Equity for the year ended 31 December 2020. In addition, if the Acquisition is completed on or before 31 December 2021, the profit/loss attributable to the Target Equity between 1 January 2021 and the date of Completion shall be entitled to/assumed by the Company, otherwise such amount would be entitled to/assumed by NWXP.
Conditions precedent	The completion of the Acquisition shall be subject to, inter alia, the satisfaction of the following conditions: (i) the entering into of the Formal Agreement and its becoming effective;

(ii) the Valuation Report having been obtained and filed at the Fujian SASAC;

(iii) this circular having been reviewed and cleared by the Stock Exchange and despatched to the Shareholders; and

(iv) the obtaining of all necessary approvals and completion of relevant regulatory procedures and registration (if any) in connection with the Acquisition required by the market supervisory and administrative authorities, foreign exchange administration and other relevant government authorities, regulatory agencies and stock exchanges, including, without limitation, the approval of the Target Company's board of directors and the Company's shareholders' approval (if required).

Given that (i) the Valuation Report has been filed at the Fujian SASAC on 12 August 2021; and (ii) the Formal Agreement has been entered into by the Company and NWXP and has become effective on 20 August 2021 to supersede the Framework Agreement after all necessary approvals and authorisations have been obtained, as at the Latest Practicable Date, all of the above conditions precedent have been fulfilled, save for condition precedent numbered (iv).

The Formal Agreement is intended to mirror the principal terms and conditions precedent of the Acquisition as set out in the Framework Agreement with no material variation thereto. The Board is of the view that the Formal Agreement is simply a further elaboration and clarification of the details of the implementation of the Acquisition and therefore shall not constitute any new category of transaction under Chapter 14 or Chapter 14A of the Listing Rules.

Termination: The parties should use their best endeavours to procure fulfilment of these conditions precedent on or before 10 November 2021. If these conditions precedent are unable to be fulfilled within such time limit (except for any delay in remittance of the Consideration due to the procedures of the foreign exchange administration authority or bank) and not waived by the relevant party, the Formal Agreement can be terminated by either party upon prior notice in writing.

Lock-up: The Target Equity will not be subject to any lock-up restriction at any time after the Acquisition.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on 12 December 2013 and is principally engaged in, inter alia, container logistics services, terminal operations, provision of terminal equipment for vessels and other port integrated logistics services in Xiamen. As at the Latest Practicable Date, the effective equity interest of the Target Company is held by the Company as to 60%, NWXP as to 20%, Xiamen ITG as to 10% and Xiamen Xiangyu as to 10%.

According to the audited consolidated financial statements of the Target Company which were prepared pursuant to the Chinese Enterprise Accounting Standards, (i) the consolidated net asset value of the Target Company as at 31 December 2020 amounted to approximately RMB8,487,508,880; and (ii) the profits (both before and after taxation) of the Target Company for the two years ended 31 December 2019 and 2020 are as follows:

	For the year ended 31 December 2019 (in RMB)	For the year ended 31 December 2020 (in RMB)
Profits before taxation	660,200,521	560,014,598
Profits after taxation	531,664,436	460,460,911

The subscribed capital and the paid-up registered capital corresponding to the Target Equity amounts to approximately RMB487,346,358. The Board is of the view that such amount incurred by NWXP has no relevancy to the determination of the Consideration given that (i) NWXP is one of founding shareholders of the Target Company; and (ii) the Valuer has conducted an independent valuation on the entire shareholders' equity in the Target Company, the result of which is set out in the Valuation Report.

CHANGES IN SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

Assuming that there will be no change in the issued share capital of the Target Company between the date of the Framework Agreement and the date of Completion, the changes in the shareholding structures of the Target Company as a result of the Acquisition will be as follows:

	Effective equity interest	
	As at the date of the Framework Agreement	*Immediately after Completion*
The Company	60%	80%
NWXP	20%	0%
Xiamen ITG	10%	10%
Xiamen Xiangyu	10%	10%
Total:	**100%**	**100%**

Upon Completion, (i) the Company will effectively hold 80% equity interest in the Target Company and the Target Company will remain as a non-wholly owned subsidiary of the Company; and (ii) NWXP will cease to hold any equity interest in the Target Company.

FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the Acquisition on the Group is set out in Appendix IV to this circular and summarised as below:

a. Assets

The assets of the Target Company will continue to be consolidated to the Group after Completion. As at 30 June 2021, the consolidated total assets of the Group were approximately RMB24,623.5 million. According to the unaudited pro forma financial information, assuming the completion of the Acquisition took place on 30 June 2021, the total assets of the Group will be reduced by RMB627.2 million upon payment of the Consideration by cash, the unaudited pro forma consolidated total assets of the enlarged Group would have been decreased to approximately RMB23,996.3 million.

b. Liabilities

The liabilities of the Target Company will continue to be consolidated to the Group after Completion. As at 30 June 2021, the consolidated total liabilities of the Group were approximately RMB11,688.8 million. According to the unaudited pro forma financial information, assuming the completion of the Acquisition took place on 30 June 2021, the total liabilities of the Group will be increase by the estimated amounts for payment of the Consideration by proposed bank borrowings of RMB 940.8 million and professional fees and other expenses payable by the Group for the Acquisition of RMB2.0 million, the unaudited pro forma consolidated total liabilities of the enlarged Group would have been increased to approximately RMB12,631.6 million.

c. Earnings

Upon completion of the Acquisition, there will be no immediate material impact on the earnings of the Group. The Directors expect that the Acquisition will further contribute to the existing earnings attributable to the owners of the Company in the long run as the financial results of the Target Group would no longer be shared by NWXP, the shareholder which holds 20% equity interest of the Target Company. However, the financial impact will depend on the future operating performance of the Group after the Acquisition.

Based on the audited financial statements of the Target Group, the Target Group had generated operating profits of approximately RMB762.7 million, RMB715.5 million, RMB633.7 million and RMB364.7 million for the three years ended 31 December 2020 and the six months ended 30 June 2021 respectively. The Directors believe that the Target Group will continue to contribute positive operating results to the Group after completion of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board is of the view that the Acquisition would be beneficial to the Company and its shareholders as a whole as it could (i) solidify the Company's control of and dominance over the business operations and development of the Target Company as the Group's core leading enterprise by ruling out the possibility that the Target Equity would be acquired by any market competitor of the Group; (ii) promote the Group's province-wide port investment development strategic planning and deployment of the container terminal resources by utilising the advantages of Xiamen port as an important hub of the southeastern coastal transportation system and the key container truck line port in Fujian Province; and (iii) further enhance the Target Company's overall revenue and the net profits attributable to the Company as a result of the increase of its stake in the Target Company, which is the largest source of the net profits attributable to the Company, as the Company is able to further dominate the rationalisation and unification of the business operations of the Target Company by more effectively implementing strategic changes in the Target Company across-the-board as and when required for its business operation and development.

The Directors (including all the independent non-executive Directors) have approved the Acquisition. Despite the Acquisition would not fall within the ordinary and usual course of business of the Group, the Directors have considered its and are of the view that the same are on normal commercial terms, are fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

None of the Directors has a material interest in the Acquisition and hence none of them is required to abstain from voting on the resolutions passed by the Board for approving the Acquisition.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major acquisition of the Company under Chapter 14 of the Listing Rules. In addition, given that (i) the Target Company is a non-wholly owned subsidiary of the Company; and (ii) NWXP holds more than 10% equity interest in the Target Company, NWXP is regarded as a substantial shareholder of the Group and therefore is a connected person of the Company at the subsidiary level, the Acquisition also constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules. In this connection, by virtue of Rule 14A.101 of the Listing Rules, since (i) the Board has approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition hence is subject to the reporting, announcement, circular and shareholders' approval requirements as set out in Chapter 14 and Chapter 14A of the Listing Rules, but is exempted from the independent financial advice and independent shareholders' approval requirements.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve the Acquisition if the Company was to convene a general meeting for approving the Acquisition. The Company has received written approval in respect of the Acquisition from Xiamen Port Holding, the controlling shareholder of the Company which effectively holds approximately 68.32% of the equity interest in the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Acquisition.

GENERAL

The Group is the largest port terminal operator in Xiamen, the PRC, and is also the only group providing full-scale port integrated logistics services in Xiamen. The Group is principally engaged in, inter alia, (i) container loading and unloading and storage for international and domestic trade; (ii) bulk/general cargo loading and unloading and storage for international and domestic trade; and (iii) port integrated logistics services, which mainly include shipping agency, tallying, tugboat-assisted berthing and unberthing and port-related logistics in Xiamen.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) NWXP is a limited company incorporated in Hong Kong and is an investment holding entity; and (ii) its ultimate beneficial owner is New World Development Company Limited, a company listed on the Stock Exchange (Stock Code: 17), which is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Acquisition are in the best interest of the Company and the Shareholders as a whole. Despite that no general meeting of the Company will be convened for the purpose of approving the Acquisition as explained above, the Directors (including the independent non-executive Directors) would also recommend the Shareholders to approve the Acquisition if a general meeting for such purpose were convened.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Xiamen International Port Co., Ltd
Cai Changzhen
Company Secretary

1 FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.xipc.com.cn):

(a) annual report of the Group for the year ended 31 December 2020 published on 22 April 2021, from pages 116 to 236

(https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200875.pdf)

(b) annual report of the Group for the year ended 31 December 2019 published on 23 April 2020, from pages 104 to 228

(https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042300887.pdf)

(c) annual report of the Group for the year ended 31 December 2018 published on 25 April 2019, from pages 107 to 240; and

(https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn20190425829.pdf)

(d) interim results announcement of the Group for the six months ended 30 June 2021 published on 27 August 2021, from pages 1 to 14.

(https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0827/2021082701118.pdf)

2 INDEBTEDNESS STATEMENT

Indebtedness

At the close of business on 31 July 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately RMB9,030,037,635, comprising (i) bank borrowings of approximately RMB2,200,870,486; and (ii) debentures of approximately RMB6,829,167,149. Out of the total bank borrowings of approximately RMB910,278,968, the balances of approximately RMB5,066,089 and RMB602,980,304 were guaranteed by China Construction Bank and several non-controlling shareholders of several subsidiaries respectively; the balances of approximately RMB104,008,907 were secured by the Group's land use rights, approximately RMB59,286,893 were secured by the Group's sea use rights, USD bank borrowings of approximately RMB125,702,445 were secured by USD restrict cash and approximately RMB13,234,330 were secured by letters of credit. The remaining balances of bank borrowings of approximately RMB1,290,591,518 were unguaranteed/unsecured. The debentures of approximately RMB6,829,167,149 were unguaranteed/unsecured.

Lease liabilities

At the close of business on 31 July 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had lease liabilities approximately RMB 91,467,391, Out of which approximately RMB 23,181,142 are current portion and approximately RMB 68,286,249 are non-current portion. All of the lease liabilities were unguaranteed/unsecured.

Contingent liabilities

As at 31 July 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had no material contingent liability.

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, none of the companies in the Group had, at the close of business on 31 July 2021, any outstanding loan capital (issued and outstanding or agreed to be issued), bank overdrafts, debentures, loans or other similar indebtedness, mortgages or charges, or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits or any guarantees or other material contingent liabilities.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 31 July 2021.

3 SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the Acquisition and the financial resources available to the Group including internally generated funds, proceeds raised from public offering and available banking facilities, the Group will have sufficient working capital for its present operating requirements for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

4 NO MATERIAL ACQUISITIONS

Save for the Acquisition pursuant to the Framework Agreement and the Formal Agreement, the Group has not entered into any material acquisition after the latest published audited accounts of the Company.

5 NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since 31 December 2020 (being the date of the latest audited consolidated financial information of the Group) and up to the Latest Practicable date, there has been no material adverse change in the financial or trading position or prospects of the Group.

6 FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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 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.

- 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.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF XIAMEN INTERNATIONAL PORT CO., LTD.

Introduction

We report on the historical financial information of Xiamen Container Terminal Group Company Limited (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-4 to II-78, which comprises the consolidated and company balance sheets as at 31 December 2018, 2019 and 2020 and 30 June 2021, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-78 forms an integral part of this report, which has been prepared for inclusion in the circular of Xiamen International Port Co., Ltd. (the "Company") dated 24 September 2021 (the "Circular") in connection with the proposed acquisition of the 20% equity interest of the Target Group by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial information of The Target Group for the Track Record Period ("Underlying Financial Information"), on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the consolidated Underlying Financial Information of The Target Group that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and for such internal control as the directors determine is necessary to enable the preparation of Underlying Financial Information that are free from material misstatement, whether due to fraud or error.

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Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Company and the consolidated financial position of the Target Group as at 31 December 2018, 2019 and 2020 and 30 June 2021 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our 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 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period

Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statement have been made.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 September 2021

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Information, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Xiamen Container Terminal Group Company Limited

CONSOLIDATED BALANCE SHEETS

As at 31 December 2018, 2019 and 2020 and 30 June 2021

		As at 31 December			As at 30 June
		2018	2019	2020	2021
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Investment properties	5	261,710	254,690	247,121	243,664
Property, plant and equipment	6	7,152,775	6,868,826	6,647,213	6,546,256
Land use rights	7	2,623,224	—	—	—
Intangible assets	8	463,063	239,873	240,534	238,755
Right-of-use assets	9	—	2,853,436	2,755,731	2,710,007
Interests in associates		2,481	2,396	2,411	2,123
Interests in joint venture		—	—	—	2,956
Deferred income tax assets	11	209,352	203,420	196,358	193,421
Total non-current assets		**10,712,605**	**10,422,641**	**10,089,368**	**9,937,182**
Current assets					
Inventories	12	50,994	44,868	41,443	41,300
Accounts receivable	13	302,338	292,709	260,925	271,813
Other receivables and prepayments	14	334,124	388,468	725,446	986,607
Restricted cash	15	12,977	13,023	13,070	13,080
Cash and cash equivalents	16	221,563	268,644	47,265	77,167
Total current assets		**921,996**	**1,007,712**	**1,088,149**	**1,389,967**
Total assets		**11,634,601**	**11,430,353**	**11,177,517**	**11,327,149**
EQUITY					
Equity attributable to owners of the Target Company					
Paid-in capital	1	2,436,604	2,436,604	2,436,604	2,436,604
Reserves		4,439,190	4,474,341	4,362,995	4,613,295
		6,875,794	6,910,945	6,799,599	7,049,899
Non-controlling interests	10	**1,733,146**	**1,699,828**	**1,687,209**	**1,720,748**
Total equity		**8,608,940**	**8,610,773**	**8,486,808**	**8,770,647**
LIABILITIES					
Non-current liabilities					
Borrowings	20	890,809	800,802	446,608	—
Deferred government grants and income		—	—	11,100	11,100
Deferred income tax liabilities	11	251,958	245,521	234,211	227,271
Lease liabilities	9	—	93,445	10,652	9,293
Total non-current liabilities		**1,142,767**	**1,139,768**	**702,571**	**247,664**
Current liabilities					
Accounts and notes payable	18	146,287	121,543	188,459	218,202
Contract liabilities	21	22,015	17,370	24,395	32,144
Other payables and accruals	19	249,750	278,565	271,250	228,949
Borrowings	20	1,395,320	1,242,320	1,471,320	1,793,163
Lease liabilities	9	—	2,416	2,670	1,745
Taxes payable		69,522	17,598	30,044	34,635
Total current liabilities		**1,882,894**	**1,679,812**	**1,988,138**	**2,308,838**
Total liabilities		**3,025,661**	**2,819,580**	**2,690,709**	**2,556,502**
Total equity and liabilities		**11,634,601**	**11,430,353**	**11,177,517**	**11,327,149**

Xiamen Container Terminal Group Company Limited

BALANCE SHEETS

As at 31 December 2018, 2019 and 2020 and 30 June 2021

		As at 31 December			As at 30 June
		2018	2019	2020	2021
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Investment properties	5	261,710	254,690	247,121	243,664
Property, plant and equipment	6	1,616,993	1,550,429	1,495,245	1,459,170
Land use rights	7	1,458,892	—	—	—
Intangible assets	8	241,637	236,152	238,474	237,824
Right-of-use assets	9	—	1,420,071	1,363,076	1,339,083
Interests in subsidiaries	10	3,678,512	3,678,512	3,678,512	3,686,162
Interests in joint venture		—	—	—	2,956
Deferred income tax assets	11	842	878	171	171
Total non-current assets		**7,258,586**	**7,140,732**	**7,022,599**	**6,969,030**
Current assets					
Inventories		26,738	23,608	22,221	21,493
Accounts receivable	13	120,643	133,029	158,995	134,625
Other receivables and prepayments	14	715,772	789,405	1,026,083	1,307,325
Restricted cash		12,977	13,023	13,070	13,080
Cash and cash equivalents		27,675	10,767	7,974	7,645
Total current assets		**903,805**	**969,832**	**1,228,343**	**1,484,168**
Total assets		**8,162,391**	**8,110,564**	**8,250,942**	**8,453,198**
EQUITY					
Equity attributable to owners of Target Company					
Paid-in capital	1	2,436,604	2,436,604	2,436,604	2,436,604
Reserves		5,054,133	5,126,588	5,081,329	5,251,409
Total equity		**7,490,737**	**7,563,192**	**7,517,933**	**7,688,013**
LIABILITIES					
Non-current liabilities					
Borrowings	20	2,813	—	—	—
Lease liabilities	9	—	2,302	2,843	2,366
Deferred income tax liabilities	11	204,319	198,027	191,687	187,329
Total non-current liabilities		**207,132**	**200,329**	**194,530**	**189,695**
Current liabilities					
Accounts and notes payable		25,578	26,102	39,275	48,006
Contract liabilities		12,464	10,808	17,429	21,499
Other payables and accruals	19	93,422	160,133	463,477	487,394
Borrowings	20	275,000	150,000	—	—
Taxes payable		58,058	—	18,298	18,591
Total current liabilities		**464,522**	**347,043**	**538,479**	**575,490**
Total liabilities		**671,654**	**547,372**	**733,009**	**765,185**
Total equity and liabilities		**8,162,391**	**8,110,564**	**8,250,942**	**8,453,198**

Xiamen Container Terminal Group Company Limited

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021

		Years ended 31 December			Six months ended 30 June	
		2018	2019	2020	2020	2021
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenues	21	1,972,869	2,023,785	1,987,015	904,157	1,090,053
Cost of sales	24	(1,216,420)	(1,276,252)	(1,311,332)	(602,188)	(658,316)
Gross profit		**756,449**	**747,533**	**675,683**	**301,969**	**431,737**
Other income	21	182,720	189,176	141,045	70,255	27,987
Other gains/(losses)—net	22	1,117	1,885	6,489	(1,221)	680
Selling and marketing expenses	24	(4,797)	(4,502)	(5,174)	(2,618)	(2,481)
General and administrative expenses	24	(173,636)	(181,820)	(182,740)	(84,003)	(92,676)
Net impairment loss reversals/(provision) on financial assets		814	(797)	(1,572)	(745)	(508)
Operating profit		**762,667**	**751,475**	**633,731**	**283,637**	**364,739**
Finance income	25	11,354	5,557	11,085	6,387	4,053
Finance costs	25	(121,193)	(97,692)	(85,373)	(47,680)	(31,740)
		652,828	**659,340**	**559,443**	**242,344**	**337,052**
Share of profit of an associate		968	395	335	—	—
Share of loss of joint venture		—	—	—	—	(104)
Profit before income tax		**653,796**	**659,735**	**559,778**	**242,344**	**336,948**
Income tax expense	26(a)	(170,472)	(128,536)	(99,553)	(42,162)	(60,459)
Profit for the year/period		**483,324**	**531,199**	**460,225**	**200,182**	**276,489**
Profit for the year/period attributable to:						
Owners of the Target Company		444,771	494,141	428,069	190,577	250,301
Non-controlling interests		38,553	37,058	32,156	9,605	26,188
		483,324	**531,199**	**460,225**	**200,182**	**276,489**
Other comprehensive income, net of tax		**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the year/period		**483,324**	**531,199**	**460,225**	**200,182**	**276,489**

Xiamen Container Terminal Group Company Limited

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021

	Attributable to owners of the Target Company					
	Paid-in capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018	**2,436,604**	**3,125,874**	**1,416,341**	**6,978,819**	**1,776,443**	**8,755,262**
Comprehensive income						
Profit for the year	—	—	444,771	444,771	38,553	483,324
Total comprehensive income	—	—	444,771	444,771	38,553	483,324
Transactions with owners in their capacity as owners						
Profit appropriation	—	—	(546,376)	(546,376)	(81,830)	(628,206)
Others	—	—	(1,420)	(1,420)	(20)	(1,440)
Total transactions with owners in their capacity as owners	—	—	(547,796)	(547,796)	(81,850)	(629,646)
Balance at 31 December 2018	**2,436,604**	**3,125,874**	**1,313,316**	**6,875,794**	**1,733,146**	**8,608,940**
Comprehensive income						
Profit for the year	—	—	494,141	494,141	37,058	531,199
Total comprehensive income	—	—	494,141	494,141	37,058	531,199
Transactions with owners in their capacity as owners						
Profit appropriation	—	—	(457,202)	(457,202)	(70,250)	(527,452)
Others	—	—	(1,788)	(1,788)	(126)	(1,914)
Total transactions with owners in their capacity as owners	—	—	(458,990)	(458,990)	(70,376)	(529,366)
Balance at 31 December 2019	**2,436,604**	**3,125,874**	**1,348,467**	**6,910,945**	**1,699,828**	**8,610,773**
Comprehensive income						
Profit for the year	—	—	428,069	428,069	32,156	460,225
Total comprehensive income	—	—	428,069	428,069	32,156	460,225
Transactions with owners in their capacity as owners						
Profit appropriation	—	—	(537,256)	(537,256)	(44,600)	(581,856)
Others	—	—	(2,159)	(2,159)	(175)	(2,334)
Total transactions with owners in their capacity as owners	—	—	(539,415)	(539,415)	(44,775)	(584,190)
Balance at 31 December 2020	**2,436,604**	**3,125,874**	**1,237,121**	**6,799,599**	**1,687,209**	**8,486,808**

Xiamen Container Terminal Group Company Limited

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021

	Attributable to owners of the Target Company					
	Paid-in capital RMB'000	**Other reserves** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at 1 January 2020	**2,436,604**	**3,125,874**	**1,348,467**	**6,910,945**	**1,699,828**	**8,610,773**
Comprehensive income						
Profit for the year	—	—	190,577	190,577	9,605	200,182
Total comprehensive income	—	—	190,577	190,577	9,605	200,182
Transactions with owners in their capacity as owners						
Profit appropriation	—	—	(537,256)	(537,256)	(34,600)	(571,856)
Others	—	—	(1,713)	(1,713)	—	(1,713)
Total transactions with owners in their capacity as owners	—	—	(538,969)	(538,969)	(34,600)	(573,569)
Balance at 30 June 2020 (unaudited)	**2,436,604**	**3,125,874**	**1,000,075**	**6,562,553**	**1,674,833**	**8,237,386**
Balance at 1 January 2021	**2,436,604**	**3,125,874**	**1,237,121**	**6,799,599**	**1,687,209**	**8,486,808**
Comprehensive income						
Profit for the year	—	—	250,301	250,301	26,188	276,489
Total comprehensive income	—	—	250,301	250,301	26,188	276,489
Transactions with owners in their capacity as owners						
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	7,350	7,350
Total transactions with owners in their capacity as owners	—	—	—	—	7,350	7,350
Balance at 30 June 2021	**2,436,604**	**3,125,874**	**1,487,422**	**7,049,900**	**1,720,747**	**8,770,647**

Xiamen Container Terminal Group Company Limited

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021

		Years ended 31 December			Six months ended 30 June	
		2018	2019	2020	2020	2021
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Net cash generated from operations	27(a)	1,141,245	1,130,501	1,328,919	583,973	632,300
Interest paid		(120,269)	(91,957)	(91,030)	(45,597)	(21,904)
Income tax paid		(182,164)	(180,966)	(91,356)	(34,332)	(56,699)
Net cash generated from operating activities		838,812	857,578	1,146,533	504,044	553,697
Cash flows from investing activities						
Purchases of property, plant and equipment and intangible assets		(379,525)	(163,739)	(203,512)	(52,976)	(76,744)
Proceeds from disposals of property, plant and equipment and land use rights		657	1,099	7,633	93	183
Government grants for property, plant and equipment		23,403	8,174	12,494	—	—
Loans to a related party		(74,864)	(22,195)	(379,511)	(274,359)	(298,632)
Repayment of loans to a related party		150,000	4,424	—	—	—
Interest received		14,291	5,557	14,058	6,410	4,053
Dividends received		—	480	320	—	—
Capital injection to a joint venture		—	—	—	—	(3,060)
Decrease in restricted cash		(46)	(46)	(46)	(23)	(10)
Net cash used in investing activities		(266,084)	(166,246)	(548,564)	(320,855)	(374,210)
Cash flows from financing activities						
Proceeds from bank borrowings		1,819,000	1,312,640	831,320	801,320	781,320
Repayments of bank borrowings		(1,834,137)	(1,615,640)	(912,320)	(822,320)	(806,320)
Repayments of lease liabilities		—	(4,260)	(90,796)	(88,100)	(2,531)
Loans from a related party		551,000	630,000	520,000	100,000	—
Repayment of loans from a related party		(466,399)	(490,013)	(565,000)	(150,000)	(100,000)
Capital contribution from non-controlling shareholders of subsidiaries		—	—	—	—	7,350
Dividends paid to owners of the Target Company		(546,376)	(457,202)	(537,256)	—	—
Dividends paid to non-controlling shareholders of subsidiaries		(81,830)	(19,600)	(65,850)	(36,250)	(29,400)
Net cash used in financing activities		(558,742)	(644,075)	(819,902)	(195,350)	(149,581)
Net increase/(decrease) in cash and cash equivalents		13,986	47,257	(221,933)	(12,161)	29,906
Cash and cash equivalents at beginning of year/period		207,555	221,563	268,644	268,644	47,265
Exchange gains/(losses) on cash and cash equivalents		22	(176)	554	84	(4)
Cash and cash equivalents at end of year/period	16	221,563	268,644	47,265	256,567	77,167

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

Xiamen Container Terminal Group Company Limited (the "Target Company") was established in Xiamen, China on December 13, 2013 with a registered capital of RMB2,436,604,228.

The Target Company and its subsidiaries (hereinafter collectively the "Target Group") are principally engaged in the containers loading and unloading businesses at Dongdu and Haicang Port Area in Xiamen.

The financial year end of the Target Group is 31 December. The statutory auditor of the Target Company during the track record period is PricewaterhouseCoopers Zhong Tian LLP.

The directors of the Target Company regard Xiamen International Port Co., Ltd. (the "Company") as being the immediate parent company of the Target Company before and upon completion of the acquisition.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong.

The Historical Financial Information have been prepared under the historical cost convention.

The preparation of financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in Note 4.

As at 31 December 2018, 2019 and 2020, and 30 June 2021, the Target Group's current liabilities exceeded current assets by RMB961 million, RMB672 million, RMB900 million, and RMB919 million. As at 31 December 2018, 2019 and 2020, and 30 June 2021, the available unused financing facilities of the Target Group amounted to RMB1,153 million, RMB1,180 million, RMB1,473 million, and RMB1,370 million. Based on the cash inflows from operating activities and the financing facilities available to the Target Group, the Board believes that the Target Group will continue to receive sufficient finance to support the operation and debt repayment and capital expenditure during at least twelve months from the date of these financial statements. Accordingly, these financial statements are prepared on going-concern basis.

The Target Group adopted HKFRS 9 and HKFRS 15 at 1 January 2018 and throughout all periods presented in the Target Group's HKFRS financial statements consistently throughout the Track Record Period.

The Target Group had to change its accounting policies and make certain adjustments following the adoption of HKFRS 16 from 1 January 2019 and the impact of the adoption of HKFRS 16 is disclosed in Note 2.2 below.

New standard and amendments not yet adopted

The following new standard and amendments of HKFRSs have been published but are not mandatory for the Target Group for the Target Group's financial year beginning on 1 January 2021 and have not been early adopted by the Target 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 Target Group will adopt the above new standard and amendments when they become effective but it is not expected that they will result in any significant impact to the Target Group's financial statements.

2.2 Impact from changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Target Group's financial information.

The Target Group has adopted HKFRS 16 "Leases" from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.25.

Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Target Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.82%.

For leases previously classified as finance leases, the Target Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. There had been no measurement adjustments to these finance leases recognised immediately after the date of initial application.

(i) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review—there were no onerous contracts as at 1 January 2019,
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

(ii) Measurement of lease liabilities

	1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	25,438
Less: Short-term leases to be recognised on a straight-line basis as expenses	(16,501)
Discounted using the lessee's incremental borrowing rate at the date of initial application	8,904
Add: Finance lease liabilities recognised as at 31 December 2018	80,967
Lease liabilities recognised as at 1 January 2019	**89,871**
Of which are:	
Current lease liabilities	2,183
Non-current lease liabilities	87,688
	89,871

(iii) Measurement of/Reclassification to right-of-use assets

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

	31 December 2019	1 January 2019
	RMB'000	RMB'000
Measurement (a)		
—Properties	6,254	8,904
Reclassification		
—Equipment under finance lease	86,841	80,967
—Land use rights (b)	2,553,336	2,623,224
—Port line and sea area use rights (b)	207,005	222,558
	2,847,182	2,926,749
Total right-of-use assets	**2,853,436**	**2,935,653**

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

(b) The Target Group reclassify all land use rights, and all port line and sea area use rights formerly recorded under intangible assets to the right-of-use assets at the date of initial application.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are entities (including a structured entity) over which the Target Group has control. The Target Group controls entities when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Target Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2.3.2 Associate

An associate is an entity over which the Target Group has significant influence but not control or joint control. This is generally the case where the Target Group holds between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method (see 2.3.4 below) of accounting, after initially being recognised at cost.

2.3.3 Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Target Group has joint ventures.

Interests in joint ventures are accounted for using the equity method (see 2.3.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.3.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Target Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Target Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Target Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Target Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Target Group and its associates and joint ventures are eliminated to the extent of the Target Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.12.

2.3.5 Changes in ownership interests

The Target Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Target Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Target Group.

When the Target Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Target Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Business combinations

The acquisition method of accounting is used to account for business combinations, except for business combinations under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Target Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Target Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2.5 Separate financial statement

Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries, joint ventures and associates are accounted for by the Target Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries, joint ventures and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the investment in the period the dividend is declared or if the carrying amount of the investment in the separate financial information exceeds the carrying amount in the consolidated financial information of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chairman and the chief executive officer of the Target Company who carry out on a regular basis to make strategic decisions, are responsible for allocating resources and assessing performance of the operating segments.

No segmental information for the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2020 and 2021 is presented as the Target Group's revenue and operating results for the years/periods were generated solely from one business segment, namely, container loading and unloading business related operation.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Target Company's functional and the Target Group's presentation currency. Renminbi is also the functional currency of all the subsidiaries, joint ventures and associates of the Target Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within finance income or expenses. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2.8 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Target Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

2.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to the residual values over their estimated useful lives, as follows:

—Buildings	10 to 40 years
—Port infrastructure	25 to 50 years
—Storage infrastructure	20 to 25 years
—Loading machineries	8 to 15 years
—Other machineries	6 to 15 years
—Vehicles	5 to 10 years
—Furniture, fittings and equipment	5 to 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction-in-progress represents property, plant and equipment under construction or pending installation and is stated at cost. Cost includes the costs of construction of property, plant and equipment, and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to the relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated statements of comprehensive income.

2.10 Right-of-use assets

Applicable after 1 January 2019

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Target Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(a) Land use rights

Land use rights upon adoption of HKFRS 16 on 1 January 2019 represent prepaid operating lease payments for land less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the lease periods of 26 to 50 years.

(b) Port line use rights

Port line use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the port lines for periods of 48 years. Amortisation of port line use rights are calculated on the straight-line method over the period of the port line use rights of 48 years.

(c) Sea area use rights

The Target Group reclassified all the sea area use rights formerly recorded under intangible assets to the right-of-use assets at the date of initial application of HKFRS 16. Sea area use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the sea area for periods of 48 years. Amortisation of sea area use rights are calculated on the straight-line method over the period of the sea area use rights of 48 years.

(d) Other right-of-use assets

The Group's right-of-use assets comprise of properties and equipment. Right-of-use assets are initially measured at cost which includes the initially measured amount of lease liabilities, the lease payment and initial direct costs on or before the beginning date of the lease period, deducting the lease incentives already received. If the Group can reasonably assure to obtain the ownership of lease assets when the lease period is due, depreciation is charged over the residual useful life of lease assets. Otherwise, depreciation is charged over the shorter of the lease period and the residual useful life of lease assets. The carrying amounts of right-of-use assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts.

2.11 Intangible assets

(a) Software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on a straight-line basis.

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Target Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Target Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.12 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Investments and other financial assets

(a) Classification

The Target Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Target Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Target Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Target Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Target Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Target Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Target Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Target Group subsequently measures all equity investments at fair value. Where the Target Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Target Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Target Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Target Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 2.16 for further details.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

2.16 Accounts and other receivables

Accounts receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Accounts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Target Group holds the accounts and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently measured at amortised cost using the effective interest method, less provision for impairment.

See Note 2.13 for further information about the Target Group's accounting for receivables and a description of the Target Group's impairment policies for receivables.

2.17 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts (if any).

2.18 Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Accounts and other payables

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.22 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Target Company, its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Target Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Target Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.23 Employee benefits

(a) Retirement benefit obligations

The Target Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans. In addition, the Target Group has participated in a supplementary pension scheme under which the Target Group is required to make monthly payments to insurance companies for its existing qualifying employees, at certain percentages of the annual salaries of the qualifying employees. The Target Group has no further obligation for post-retirement benefits beyond the above contributions made. Contributions to these plans or scheme are expensed as incurred.

(b) Early retirement benefits

Early retirement benefits are recognised as expense in the period the Target Group reaches agreements with the relevant employees for the early retirement.

(c) Housing benefits

Full-time employees of the Target Group are entitled to participate in various government sponsored housing funds. the Target Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis. The Target Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the funds are expensed as incurred.

2.24 Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Target Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.25 Government grants and subsidies

Grants and subsidies from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Target Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statements of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.26 Recognition of revenue and income

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, stated net of discounts returns and value added taxes.

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

Control of the services is transferred over time or at a point in time.

(a) Revenue from container loading and unloading and storage

Revenue from container loading and unloading is recognized based on the progress of completed services over a period of time. Revenue from container storage is recognised on a straight-line basis over the period of storage. If the contract amount received or receivable exceeds the amount for the completed services, the difference is recognized as contract liabilities.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Rental income

Rental income on assets leased out under operating leases is recognised on the straight-line basis over the lease periods.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.27 Leases

(a) The Target Group as lessee

As explained in Note 2.2 above, the Target Group has changed its accounting policy for leases where the Target Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Accounting policies applied until 31 December 2018

Until 31 December 2018, leases of property, plant and equipment where the Target Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Target Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Target Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Accounting policies applied from 1 January 2019

From 1 January 2019, leases are recognised as a right-of-use asset (Note 2.10) and a corresponding liability at the date at which the leased asset is available for use by the Target Group.

Contracts may contain both lease and non-lease components. The Target Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Target Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Target Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Target Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Target Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Target Group uses that rate as a starting point to determine the incremental borrowing rate.

The Target Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Target Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Target Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Target Group.

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

(b) The Target Group as lessor

Lease income from operating leases where the Target Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature. The Target Group did not need to make any adjustments to the accounting for consolidated assets held as lessor as a result of adopting the new leasing standard.

2.28 Dividend distribution

Dividend distribution to the Target Group's shareholders is recognised as a liability in the Target Group's and the Target Company's financial information in the period in which the dividends are approved by the Target Company's shareholders or directors, where appropriate.

3. Financial risk management

3.1 Financial risk factors

(a) Foreign exchange risk

The Target Group mainly operates in the PRC with most of the transactions settled in RMB. However, foreign currencies are required to settle the Target Group's purchases of finished goods and merchandise and certain expenses. RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. Details of the Target Group's cash and bank balances, accounts receivables, accounts payables and borrowings as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021 which are denominated in currencies other than RMB (primarily with respect to United States Dollars ("USD"), and Hong Kong Dollars ("HKD") (Collectively the "Non-functional Currency Financial Assets/Liabilities")), are disclosed in Notes 16 and 18 respectively.

The Target Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, if RMB had weakened/strengthened by 5% against the USD or HKD with all other variables held constant, the impact on the Target Group's pre-tax profit for the year/period would have been substantially immaterial.

(b) Interest rate risk

The Target Group's income and operating cash flows are substantially independent of changes in market interest rates as the Target Group has no significant interest-bearing assets (other than term deposits, cash and bank balances). The Target Group's exposure to changes in interest rates is mainly attributable to its borrowings.

Borrowings at variable rates expose the Target Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Target Group to fair value interest-rate risk. As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, all of the Target Group's borrowings are fixed interest rates borrowings. The effective interest rates and terms of repayment of the Target Group's borrowings are disclosed in Note 20.

As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the Target Group's pre-tax profit for the year would have been RMB11,431,000, RMB10,216,000, RMB9,590,000 and RMB8,966,000 lower/higher respectively, mainly as a result of higher/lower finance costs on bank borrowings.

(c) Credit risk

The Target Group's maximum exposure to credit risk in respect of financial assets is the carrying amounts of cash and cash equivalents, restricted cash, accounts and other receivables as at the balance sheet date. Management has credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Cash and cash equivalents and restricted cash

For term deposits, cash and cash equivalents and restricted cash, the Target Group has limited its credit exposure by restricting their selection of financial institutions on those reputable local banks or state-owned banks.

In respect of accounts receivables, the Target Group limits its exposure to credit risk through performing credit reviews and monitoring the financial strength of its major customers and asks for collateral when proper and necessary. Customers are assessed and rated based on their credit quality, taking into account its financial position, past experience and other factors. Individual risk limits are set by management and utilisation of these credit limits is regularly monitored. Generally, accounts receivables are due within 60 days from the date of billing.

(ii) Accounts receivables

The Target Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 to 36 month before 30 June 2021, 31 December 2020, 31 December 2019 or 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group has identified the Gross Domestic Product and Consumer Price Index to be the most relevant factors of the Target Group, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, and the failure of a debtor to engage in a repayment plan with the Target Group.

Impairment losses on accounts receivable are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The closing loss allowances for accounts receivable of port related business as at 30 June 2021, 31 December 2020, 31 December 2019 or 31 December 2018 are listed as follows:

	Within 6 months	6-12 months	1-2 years	2-3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivables						
At 31 December 2018						
Expected loss rate	0.2%-0.5%	0.5%	10.0%	50.0%	100.0%	
Gross carrying amount (excluding receivables assessed individually)	303,067	—	—	—	1,870	304,937
Loss allowance provision	729	—	—	—	1,870	2,599
Total loss allowance provision	729	—	—	—	1,870	2,599
Accounts receivables						
At 31 December 2019						
Expected loss rate	0.2%-0.5%	0.5%	10.0%	50.0%	100.0%	
Gross carrying amount (excluding receivables assessed individually)	293,477	—	—	—	1,870	295,347
Loss allowance provision	768	—	—	—	1,870	2,638
Total loss allowance provision	768	—	—	—	1,870	2,638
Accounts receivables						
At 31 December 2020						
Expected loss rate	0.2%-0.5%	0.5%	10.0%	50.0%	100.0%	
Gross carrying amount (excluding receivables assessed individually)	261,651	—	—	—	—	261,651
Loss allowance provision	726	—	—	—	—	726
Total loss allowance provision	726	—	—	—	—	726
Accounts receivables						
At 30 June 2021						
Expected loss rate	0.2%-0.5%	0.5%	10.0%	50.0%	100.0%	
Gross carrying amount (excluding receivables assessed individually)	273,179	—	—	—	—	273,179
Loss allowance provision	1,366	—	—	—	—	1,366
Total loss allowance provision	1,366	—	—	—	—	1,366

(iii) Other receivables and prepayments

The Target Group applies the HKFRS 9 three-stage approach to measure expected credit loss ("ECL"). Excluding advances to suppliers and value-added tax to be deducted, other receivables comprise mainly deposit and others. Since the credit risk of other receivables are considered not significantly increase since initial recognition, therefore the impairment provision is determined as 12 months ECL. The Target Group has identified the Gross Domestic Product and Consumer Price Index to be the most relevant factors of the Target Group, and accordingly adjusts the historical loss rates based on expected changes in these factors. As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, RMB913,000, RMB1,043,000, RMB846,000, and RMB133,000 were provided as loss allowance for other receivables respectively.

Further quantitative disclosure in respect of the Target Group's exposure to credit risk from accounts and other receivables are set out in Note 13 and Note 14.

No other financial assets carry a significant exposure to credit risk.

(d) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Target Group. Management monitors rolling forecasts of the Target 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 time so that the Target Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Target 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 Target Group's demand for cash is due to the port construction, purchase of cargo loading machines and debt repayment. The operating cash flow needed is satisfied by cash received from business operation and bank debt financing.

The table below analyses the Target 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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018					
Borrowings	1,490,935	43,054	870,712	45,287	2,449,988
Accounts and notes payable	146,287	—	—	—	146,287
Other payables and accruals	249,750	—	—	—	249,750
	1,886,972	**43,054**	**870,712**	**45,287**	**2,846,025**
At 31 December 2019					
Borrowings	1,325,277	18,328	818,820	—	2,162,425
Accounts and notes payable	121,543	—	—	—	121,543
Lease liabilities	4,832	812	93,981	—	99,625
Other payables and accruals	278,565	—	—	—	278,565
	1,730,217	**19,140**	**912,801**	**—**	**2,662,158**
At 31 December 2020					
Borrowings	1,562,406	464,086	—	—	2,026,492
Accounts and notes payable	188,549	—	—	—	188,549
Lease liabilities	3,164	409	10,779	—	14,352
Other payables and accruals	271,250	—	—	—	271,250
	2,025,369	**464,495**	**10,779**	**—**	**2,500,643**
At 30 June 2021					
Borrowings	1,804,831	—	—	—	1,804,831
Accounts and notes payable	218,202	—	—	—	218,202
Lease liabilities	1,938	72	9,348	—	11,358
Other payables and accruals	228,949	—	—	—	228,949
	2,253,920	**72**	**9,348**	**—**	**2,263,340**

3.2 Capital risk management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Target Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheets plus net debt.

The gearing ratios at 31 December 2018, 2019 and 2020, and 30 June 2021 were as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total borrowings (Note 20)	2,286,129	2,043,122	1,917,928	1,793,163
Less: Cash and cash equivalents (Note 16)	(221,563)	(268,644)	(47,265)	(77,167)
Net debt	2,064,566	1,774,478	1,870,663	1,715,996
Total equity	8,608,940	8,610,773	8,486,808	8,770,647
Total capital	10,673,506	10,385,251	10,357,471	10,486,643
Gearing ratio (%)	19%	17%	18%	16%

As at 31 December 2018, the gearing ratio decreased to 19% compared to 31 December 2017 because of the decrease in total borrowings.

As at 31 December 2019, the gearing ratio decreased to 17% compared to 31 December 2018 because of the decrease in total borrowings.

As at 31 December 2020, the gearing ratio increased to 18% compared to 31 December 2019 because of the decrease in cash and cash equivalents.

As at 30 June 2021, the gearing ratio decreased to 16% compared to 31 December 2020 because of the decrease in total borrowings.

4. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Impairments of non-current assets

The Target Group tests at least annually whether goodwill has suffered any impairment. Assets (including intangible assets and property, plant and equipment) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Target Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

Specific assumptions and estimates involved in the cash flow projections for non-current assets impairment assessment are set out in Note 8.

4.2 Useful lives of property, plant and equipment

The Target Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

If the useful lives of property, plant and equipment differ by 10% from management's estimates, the Target Group would need to:

- increase the carrying amounts of property, plant and equipment and decrease the depreciation charge by RMB30,917,000, RMB29,553,000, RMB26,976,000, RMB16,261,000 and RMB17,362,000 for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 respectively if favourable; or
- decrease the carrying amounts of property, plant and equipment and increase the depreciation charge by RMB30,917,000, RMB29,553,000, RMB26,976,000, RMB16,261,000 and RMB17,362,000 for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 respectively if unfavourable.

4.3 Taxation

The Target Group is subject to various kinds of taxes in daily operation. Influenced by effective or substantively effective tax laws and relevant interpretations from tax authorities, there exists the uncertainty in the tax treatment on many transactions and events where requires the estimation from the Target Group. The management makes the best estimation and records the tax results based on the effective or substantively effective tax laws, relative interpretations and the actual situation of the transactions in the Target Group. At each balance sheet date, the management revaluates the estimations according to the updates of the transactions and changes in laws and regulations. Because of the uncertainty aforementioned, the final tax result could be different from management's estimation such differences will impact the tax recorded in the periods when the final tax results are determined.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Target Group's management determines the deferred income tax assets based on the enacted or substantively enacted tax rates and laws and best knowledge of profit projections of the Target Group for coming years during which the deferred income tax assets are expected to be recovered. Management will revise the assumptions and profit projections by each balance sheet date.

4.4 Provision for impairment of receivables

According to HKFRS 9, the Target Group has adopted the simplified expected credit loss model for its accounts receivable (Note 13) and the general expected credit loss model for other receivables, debt investments carried at amortised cost and debt investments carried at fair value through other comprehensive income. All of the Target Group's debt investments at amortised costs have low credit risk at both the beginning and end of the reporting period. Management will reassess the provision by each balance sheet date.

4.5 The progress and cost of construction in progress

The terminal project experiences a long construction period and the Target Group transfers the construction in progress to fixed assets upon the completion of the project. Because the whole construction involves various projects, the completion settlement also takes a long time to accomplish. Consequently, the Target Group makes the best estimation on the completion status of the project, the time to transfer the construction in progress to fixed assets and the total costs to be transferred. These judgement and estimation may differ with the final completion settlement result which will have impact on the cost of the fixed assets initially estimated and corresponding depreciation.

5. Investment properties

	2018	2019	2020	2020 June	2021 June
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Opening net book amount	268,961	261,710	254,690	254,690	247,121
Depreciation	(7,251)	(7,020)	(7,569)	(4,355)	(3,457)
Closing net book amount	261,710	254,690	247,121	250,335	243,664
Cost	300,327	300,327	300,327	300,327	300,327
Accumulated depreciation	(38,617)	(45,637)	(53,206)	(49,992)	(56,663)
Net book amount	261,710	254,690	247,121	250,335	243,664

Investment properties are stated at cost less accumulated depreciation and any impairment losses.

No independent valuation was carried out for the investment properties. The management estimated the fair value of the Target Group's investment properties amounted to approximately RMB262,117,000, RMB270,836,000, RMB289,461,000, RMB278,283,000 and RMB292,875,000 by making reference to current market prices for similar properties in the similar location and condition with similar leasing arrangement for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2020 and 2021, respectively.

Depreciation expense of RMB7,251,000, RMB7,020,000, RMB7,569,000, RMB4,355,000 and RMB3,457,000 has been charged to cost of sales (Note 24).

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had no unprovided contractual obligations for future repairs and maintenance respectively.

6. Property, plant and equipment

(i) Target Group

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vehicles	Furniture, fittings and equipment	Others	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018										
Cost	265,985	5,015,953	367,464	2,874,529	211,284	33,581	161,093	8,003	294,279	9,232,171
Accumulated depreciation	(48,776)	(593,234)	(136,368)	(996,078)	(103,004)	(22,369)	(78,703)	(2,409)	—	(1,980,941)
Net book amount	217,209	4,422,719	231,096	1,878,451	108,280	11,212	82,390	5,594	294,279	7,251,230
Year ended 31 December 2018										
Opening net book amount	217,209	4,422,719	231,096	1,878,451	108,280	11,212	82,390	5,594	294,279	7,251,230
Additions	2,981	21,768	395	23,491	2,939	1,401	10,609	424	185,824	249,832
Transfers from construction-in-progress	22,473	81,500	21,007	29,670	43,887	—	12,712	791	(212,040)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(1,009)	(1,009)
Disposals	—	—	(238)	(359)	(116)	(214)	(469)	—	—	(1,396)
Government grants	—	—	—	—	(11,907)	—	—	—	(11,496)	(23,403)
Depreciation	(10,530)	(129,695)	(15,108)	(125,137)	(15,825)	(2,367)	(19,458)	(4,359)	—	(322,479)
Closing net book amount	232,133	4,396,292	237,152	1,806,116	127,258	10,032	85,784	2,450	255,558	7,152,775
At 31 December 2018										
Cost	291,430	5,119,221	387,554	2,886,610	245,081	32,597	177,496	9,218	255,558	9,404,765
Accumulated depreciation	(59,297)	(722,929)	(150,402)	(1,080,494)	(117,823)	(22,565)	(91,712)	(6,768)	—	(2,251,990)
Net book amount	232,133	4,396,292	237,152	1,806,116	127,258	10,032	85,784	2,450	255,558	7,152,775
At 1 January 2019										
Opening net book amount	232,133	4,396,292	237,152	1,806,116	127,258	10,032	85,784	2,450	255,558	7,152,775
Adjustment for change in accounting policy (Note 2)	—	—	—	—	—	—	(2,813)	—	(78,154)	(80,967)
Restated opening net book amount as at 1 January 2019	232,133	4,396,292	237,152	1,806,116	127,258	10,032	82,971	2,450	177,404	7,071,808

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vehicles	Furniture, fittings and equipment	Others	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019										
Opening net book amount	232,133	4,396,292	237,152	1,806,116	127,258	10,032	82,971	2,450	177,404	7,071,808
Additions	4,843	21,700	2,888	3,829	20,687	1,227	13,136	3,399	67,310	139,019
Transfers from construction-in-progress	12,919	20,135	21,739	38,787	30,550	79	2,552	244	(127,005)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(1,739)	(1,739)
Disposals	(40)	—	(260)	(786)	(279)	(103)	(2,097)	—	—	(3,565)
Government grants	—	—	—	—	(1,570)	—	—	—	(6,604)	(8,174)
Depreciation	(11,356)	(132,381)	(15,838)	(128,629)	(16,315)	(2,053)	(21,785)	(166)	—	(328,523)
Closing net book amount	238,499	4,305,746	245,681	1,719,317	160,331	9,182	74,777	5,927	109,366	6,868,826
At 31 December 2019										
Cost	308,938	5,161,056	410,864	2,911,805	292,060	33,043	174,749	12,861	109,366	9,414,742
Accumulated depreciation	(70,439)	(855,310)	(165,183)	(1,192,488)	(131,729)	(23,861)	(99,972)	(6,934)	—	(2,545,916)
Net book amount	238,499	4,305,746	245,681	1,719,317	160,331	9,182	74,777	5,927	109,366	6,868,826
Year ended 31 December 2020										
Opening net book amount	238,499	4,305,746	245,681	1,719,317	160,331	9,182	74,777	5,927	109,366	6,868,826
Additions	814	10,686	972	22,667	8,385	1,259	8,809	3,084	66,791	123,467
Transfers from construction-in-progress	1,785	45,043	16,673	15,369	13,926	—	2,491	—	(95,287)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(2,862)	(2,862)
Disposals	(58)	—	—	(1,913)	(313)	(509)	(1,229)	—	—	(4,022)
Government grants	(744)	—	—	—	—	—	(141)	—	—	(885)
Depreciation	(13,276)	(133,058)	(16,248)	(112,712)	(36,257)	(1,352)	(21,938)	(2,470)	—	(337,311)
Closing net book amount	227,020	4,228,417	247,078	1,642,728	146,072	8,580	62,769	6,541	78,008	6,647,213
At 31 December 2020										
Cost	310,533	5,215,369	428,506	2,911,398	311,247	17,681	175,254	15,946	78,008	9,463,942
Accumulated depreciation	(83,513)	(986,952)	(181,428)	(1,268,670)	(165,175)	(9,101)	(112,485)	(9,405)	—	(2,816,729)
Net book amount	227,020	4,228,417	247,078	1,642,728	146,072	8,580	62,769	6,541	78,008	6,647,213

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vehicles	Furniture, fittings and equipment	Others	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2020 (unaudited)										
Opening net book amount	238,499	4,305,746	245,681	1,719,317	160,331	9,182	74,777	5,927	109,366	6,868,826
Additions	236	5,877	356	3,764	615	1,120	1,542	2,142	25,497	41,149
Transfers from construction-in-progress	153	1,256	8,127	1,478	3,244	—	124	58	(14,440)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(845)	(845)
Disposals	—	—	—	(60)	(142)	(88)	(317)	—	—	(607)
Depreciation	(8,650)	(66,065)	(12,136)	(57,811)	(11,218)	(702)	(16,972)	(1,225)	—	(174,779)
Closing net book amount	230,238	4,246,814	242,028	1,666,688	152,830	9,512	59,154	6,902	119,578	6,733,744
At 30 June 2020 (unaudited)										
Cost	302,511	5,166,311	415,332	2,922,655	293,749	32,759	164,674	21,795	119,578	9,439,364
Accumulated depreciation	(72,273)	(919,497)	(173,304)	(1,255,967)	(140,919)	(23,247)	(105,520)	(14,893)	—	(2,705,620)
Net book amount	230,238	4,246,814	242,028	1,666,688	152,830	9,512	59,154	6,902	119,578	6,733,744
Six months ended 30 June 2021										
Opening net book amount	227,020	4,228,417	247,078	1,642,728	146,072	8,580	62,769	6,541	78,008	6,647,213
Additions	906	5,772	1,364	44	10,598	550	5,461	663	49,242	74,600
Transfers from construction-in-progress	571	1,008	—	2,276	2,012	268	1,172	648	(7,955)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(449)	(449)
Disposals	—	(173)	(32)	—	(388)	(144)	(753)	—	—	(1,490)
Depreciation	(6,067)	(72,396)	(7,840)	(29,606)	(43,337)	(681)	(10,451)	(3,240)	—	(173,618)
Closing net book amount	222,430	4,162,628	240,570	1,615,442	114,957	8,573	58,198	4,612	118,846	6,546,256
At 30 June 2021										
Cost	311,553	5,221,322	429,960	2,911,442	326,440	19,918	186,394	16,705	127,250	9,550,984
Accumulated depreciation	(89,123)	(1,058,694)	(189,390)	(1,296,000)	(211,483)	(11,345)	(128,196)	(12,093)	(8,404)	(3,004,728)
Net book amount	222,430	4,162,628	240,570	1,615,442	114,957	8,573	58,198	4,612	118,846	6,546,256

The depreciation charges recognised as expenses and included in cost of sale and general administrative expenses are stated below:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cost of sales	300,607	322,536	331,138	171,766	170,701
General and administrative expenses	21,872	5,987	6,173	3,013	2,917
Total	322,479	328,523	337,311	174,779	173,618

(ii) Target Company

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vehicles	Furniture, fittings and equipment	Others	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018										
Cost	124,557	762,636	213,375	693,442	52,325	7,730	54,352	2,742	109,308	2,020,467
Accumulated depreciation	(17,867)	(76,577)	(46,384)	(182,491)	(29,186)	(5,833)	(17,625)	(2,742)	—	(378,705)
Net book amount	106,690	686,059	166,991	510,951	23,139	1,897	36,727	—	109,308	1,641,762
Year ended 31 December 2018										
Opening net book amount	106,690	686,059	166,991	510,951	23,139	1,897	36,727	—	109,308	1,641,762
Additions	305	5,426	—	15,710	469	239	4,570	—	58,299	85,018
Transfers from construction-in-progress	21,589	—	17,171	1,923	33,900	—	3,907	—	(78,490)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(576)	(576)
Disposals	—	—	(58)	—	—	(120)	(15)	—	—	(193)
Government grants	—	—	—	—	—	—	—	—	(7,595)	(7,595)
Depreciation	(5,598)	(19,469)	(12,279)	(44,780)	(8,040)	(566)	(10,691)	—	—	(101,423)
Closing net book amount	122,986	672,016	171,825	483,804	49,468	1,450	34,498	—	80,946	1,616,993
At 31 December 2018										
Cost	146,452	768,062	230,465	711,074	86,694	7,130	62,341	2,742	80,946	2,095,906
Accumulated depreciation	(23,466)	(96,046)	(58,640)	(227,270)	(37,226)	(5,680)	(27,843)	(2,742)	—	(478,913)
Net book amount	122,986	672,016	171,825	483,804	49,468	1,450	34,498	—	80,946	1,616,993
At 1 January 2019										
Opening net book amount	122,986	672,016	171,825	483,804	49,468	1,450	34,498	—	80,946	1,616,993
Adjustment for change in accounting policy (Note 2)	—	—	—	—	—	—	(2,813)	—	—	(2,813)
Restated opening net book amount as at 1 January 2019	122,986	672,016	171,825	483,804	49,468	1,450	31,685	—	80,946	1,614,180

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vehicles	Furniture, fittings and equipment	Others	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019										
Opening net book amount	122,986	672,016	171,825	483,804	49,468	1,450	31,685	—	80,946	1,614,180
Additions	—	6,272	—	9,582	5,122	1,101	2,306	364	25,855	50,602
Transfers from construction-in-progress	10,066	2,242	9,774	298	26,568	—	86	—	(49,034)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(1,715)	(1,715)
Disposals	—	—	—	(115)	—	—	—	—	—	(115)
Government grants	—	—	—	—	—	—	—	—	(6,605)	(6,605)
Depreciation	(6,607)	(21,568)	(12,894)	(45,596)	(8,951)	(475)	(9,787)	(40)	—	(105,918)
Closing net book amount	126,445	658,962	168,705	447,973	72,207	2,076	24,290	324	49,447	1,550,429
At 31 December 2019										
Cost	156,517	776,577	240,239	717,134	118,349	8,000	61,663	3,107	49,447	2,131,033
Accumulated depreciation	(30,072)	(117,615)	(71,534)	(269,161)	(46,142)	(5,924)	(37,373)	(2,783)	—	(580,604)
Net book amount	126,445	658,962	168,705	447,973	72,207	2,076	24,290	324	49,447	1,550,429
Year ended 31 December 2020										
Opening net book amount	126,445	658,962	168,705	447,973	72,207	2,076	24,290	324	49,447	1,550,429
Additions	216	1,947	177	14,413	752	772	3,455	—	40,669	62,401
Transfers from construction-in-progress	667	—	8,585	9,535	7,813	—	1,566	—	(28,166)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(2,803)	(2,803)
Disposals	—	—	—	(293)	—	(88)	—	—	—	(381)
Government grants	(744)	—	—	—	—	—	—	—	—	(744)
Depreciation	(8,842)	(23,987)	(12,982)	(45,468)	(12,349)	(294)	(9,614)	(121)	—	(113,657)
Closing net book amount	117,742	636,922	164,485	426,160	68,423	2,466	19,697	203	59,147	1,495,245
At 31 December 2020										
Cost	156,656	778,524	249,001	735,337	126,914	5,847	66,692	3,107	59,147	2,181,225
Accumulated depreciation	(38,914)	(141,602)	(84,516)	(309,177)	(58,491)	(3,381)	(46,995)	(2,904)	—	(685,980)
Net book amount	117,742	636,922	164,485	426,160	68,423	2,466	19,697	203	59,147	1,495,245

	Buildings	Port infrastructure	Storage infrastructure	Loading machineries	Other machineries	Vehicles	Furniture, fittings and equipment	Others	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2020 (unaudited)										
Opening net book amount	126,445	658,962	168,705	447,973	72,207	2,076	24,290	324	49,447	1,550,429
Additions	216	—	—	3,377	369	771	2,375	—	15,539	22,647
Transfers from construction-in-progress	153	—	—	477	3,008	—	—	—	(3,638)	—
Transfers to intangible assets (Note 8)	—	—	—	—	—	—	—	—	(845)	(845)
Depreciation	(4,211)	(15,352)	(6,487)	(22,414)	(5,079)	(224)	(1,376)	(60)	—	(55,203)
Closing net book amount	122,603	643,610	162,218	429,413	70,505	2,623	25,289	264	60,503	1,517,028
At 30 June 2020(unaudited)										
Cost	156,887	772,162	240,239	720,988	121,727	8,750	68,286	3,107	60,503	2,152,649
Accumulated depreciation	(34,284)	(128,552)	(78,021)	(291,575)	(51,222)	(6,127)	(42,997)	(2,843)	—	(635,621)
Net book amount	122,603	643,610	162,218	429,413	70,505	2,623	25,289	264	60,503	1,517,028
Six months ended 30 June 2021										
Opening net book amount	117,742	636,922	164,485	426,160	68,423	2,466	19,697	203	59,147	1,495,245
Additions	231	3,969	—	423	1,761	360	2,403	—	12,913	22,060
Transfers from construction-in-progress	385	—	—	—	2,506	—	45	—	(2,936)	—
Transfers to intangible assets	—	—	—	—	—	—	—	—	(421)	(421)
Depreciation	(4,139)	(13,794)	(6,669)	(1,066)	(26,410)	(256)	(5,314)	(66)	—	(57,714)
Closing net book amount	114,219	627,097	157,816	425,517	46,280	2,570	16,831	137	68,703	1,459,170
At 30 June 2021										
Cost	156,948	782,072	249,015	736,312	128,964	6,206	69,118	3,259	72,060	2,203,954
Accumulated depreciation	(42,729)	(154,975)	(91,199)	(310,795)	(82,684)	(3,636)	(52,287)	(3,122)	(3,357)	(744,784)
Net book amount	114,219	627,097	157,816	425,517	46,280	2,570	16,831	137	68,703	1,459,170

The depreciation charges recognised as expenses and included in cost of sale and general administrative expenses in the respective years/periods are stated as below:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of sales	100,002	104,655	112,231	54,492	56,866
General and administrative expenses	1,421	1,263	1,426	711	848
Total	101,423	105,918	113,657	55,203	57,714

7. Land use rights

(i) Target Group

	Land use rights
	RMB'000
At 1 January 2018	
Cost	3,076,168
Accumulated amortisation	(375,049)
Net book amount	2,701,119
Year ended 31 December 2018	
Opening net book amount	2,701,119
Amortisation	(77,895)
Closing net book amount	2,623,224
At 31 December 2018	
Cost	3,076,168
Accumulated amortisation	(452,944)
Net book amount	2,623,224
At 1 January 2019	
Opening net book amount	2,623,224
Reclassification upon adoption of HKFRS16 (Note 2.2)	(2,623,224)
Net book amount as at 1 January 2019	—

The amortisation charges recognised as expense and included in cost of sales amounted to RMB77,895,000 for the year ended 31 December 2018.

(ii) Target Company

	RMB'000
At 1 January 2018	
Cost	1,696,354
Accumulated amortisation	(189,843)
Net book amount	1,506,511
Year ended 31 December 2018	
Opening net book amount	1,506,511
Amortisation	(47,619)
Closing net book amount	1,458,892
At 31 December 2018	
Cost	1,696,354
Accumulated amortisation	(237,462)
Net book amount	1,458,892
At 1 January 2019	
Opening net book amount	1,458,892
Reclassification upon adoption of HKFRS16 (Note 2.2)	(1,458,892)
Net book amount as at 1 January 2019	—

The amortisation charges recognised as expense and included in cost of sales amounted to RMB47,619,000 for the year ended 31 December 2018.

8. Intangible assets

(i) Target Group

Movement in intangible assets is set out as follows:

	Goodwill (a)	Sea area use rights	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018				
Cost	216,333	259,309	55,480	531,122
Accumulated amortisation	—	(30,703)	(29,509)	(60,212)
Net book amount	216,333	228,606	25,971	470,910
Year ended 31 December 2018				
Opening net book amount	216,333	228,606	25,971	470,910
Additions	—	—	2,035	2,035
Transfers from construction-in-progress	—	—	1,009	1,009
Amortisation	—	(6,048)	(4,843)	(10,891)
Closing net book amount	216,333	222,558	24,172	463,063
At 31 December 2018				
Cost	216,333	259,309	58,523	534,165
Accumulated amortisation	—	(36,751)	(34,351)	(71,102)
Net book amount	216,333	222,558	24,172	463,063
At 1 January 2019				
Opening net book amount	216,333	222,558	24,172	463,063
Reclassification upon adoption of HKFRS16	—	(222,558)	—	(222,558)
Opening net book amount as at 1 January 2019	216,333	—	24,172	240,505
Year ended 31 December 2019				
Opening net book amount	216,333	—	24,172	240,505
Additions	—	—	2,294	2,294
Transfers from construction-in-progress	—	—	1,739	1,739
Amortisation	—	—	(4,665)	(4,665)
Closing net book amount	216,333	—	23,540	239,873
At 31 December 2019				
Cost	216,333	—	62,547	278,880
Accumulated amortisation	—	—	(39,007)	(39,007)
Net book amount	216,333	—	23,540	239,873

	Goodwill (a)	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2020			
Opening net book amount	216,333	23,540	239,873
Additions	—	3,242	3,242
Transfers from construction-in-progress	—	2,862	2,862
Government grants	—	(509)	(509)
Amortisation	—	(4,934)	(4,934)
Closing net book amount	216,333	24,201	240,534
At 31 December 2020			
Cost	216,333	67,838	284,171
Accumulated amortisation	—	(43,637)	(43,637)
Net book amount	216,333	24,201	240,534
Six months ended 30 June 2020 (unaudited)			
Opening net book amount	216,333	23,540	239,873
Additions	—	1,271	1,271
Transfers from construction-in-progress	—	845	845
Disposal	—	(50)	(50)
Amortisation	—	(2,310)	(2,310)
Closing net book amount	216,333	23,296	239,629
At 30 June 2020 (unaudited)			
Cost	216,333	64,635	280,968
Accumulated amortisation	—	(41,339)	(41,339)
Net book amount	216,333	23,296	239,629
Six months ended 30 June 2021			
Opening net book amount	216,333	24,201	240,534
Additions	—	313	313
Transfers from construction-in-progress	—	449	449
Amortisation	—	(2,541)	(2,541)
Closing net book amount	216,333	22,422	238,755
At 30 June 2021			
Cost	216,333	68,599	284,932
Accumulated amortisation	—	(46,177)	(46,177)
Net book amount	216,333	22,422	238,755

The amortisation charges recognised as expense and included in cost of sales amounted to RMB10,891,000, RMB4,665,000, RMB4,934,000, RMB2,310,000 and RMB2,541,000 for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2020 and 2021, respectively.

(a) Impairment testing of goodwill

In 2013, the Company and Xiamen Port Holding Group Co., Ltd. ("XPHG") entered into merger agreements with other joint venture parties to establish the Target Company ("the Merge"). Goodwill of RMB216,333,000 was arising from the acquisition of Xiamen ITG Terminals Co., Ltd. ("Xiamen IGT") and New World Xiangyu Terminals Co., Ltd. ("New World Xiangyu") upon the Merger. The goodwill is attributable to strengthening the competitiveness of the Target Group's container loading, unloading and storage business.

For the purpose of impairment assessment, the goodwill is allocated to container loading, unloading and storage business, the principal cash generating unit ("CGU") that the Target Group operates and benefits from the acquisition.

The recoverable amount of the above CGU has been determined based on value-in-use calculation. The calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

For the Target Group, the key assumptions used in the value-in-use calculation as at 31 December 2018, 2019 and 2020 and 30 June 2021 are as follows.

	As at 31 December			As at 30 June
	2018	2019	2020	2021
Sales volume (% annual growth rate)	6%	6%	6%	6%
Sales price (% annual growth rate)	1%	1%	1%	1%
Gross margin (% of revenue)	43%	43%	43%	43%
Long term growth rate used to extrapolate cash flows beyond five-year period	2%	2%	2%	2%
Pre-tax discount rate	14%	14%	14%	14%

Sales volume is the average annual growth rate over the five-year forecast period. It is based on past performance and management's expectations of market development.

Sales price is the average annual growth rate over the five-year forecast period. It is based on current industry trends and long-term inflation forecasts.

Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the current sales margin levels and sales mix.

The long-term growth rate used is consistent with the forecast included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the relevant operating segment.

The headroom of the CGU containing goodwill for container loading, unloading and storage business are RMB827 million, RMB1,365 million, RMB1,271 million and RMB1,607 million as at 31 December 2018, 2019 and 2020 and 30 June 2021 respectively.

The Company performs the sensitivity analysis based on the assumption that the revenue amount or sales price or the discount rate has been changed. Had the estimated key assumptions during the forecast period been changed respectively, with all other variables held constant, the headroom would be decreased to as below:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	In millions of RMB			
—Sales volume decreases by 5%	634	1,290	1,200	1,535
—Sales price decreases by 5%	814	1,353	1,259	1,595
—Discount rate increases by 5%	214	629	669	995

(ii) Target Company

	Goodwill	Sea area use rights	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018				
Cost	216,333	7,454	24,642	248,429
Accumulated amortisation	—	(941)	(4,778)	(5,719)
Net book amount	216,333	6,513	19,864	242,710
Year ended 31 December 2018				
Opening net book amount	216,333	6,513	19,864	242,710
Additions	—	—	745	745
Transfers from construction-in-progress	—	—	576	576
Amortisation	—	(232)	(2,162)	(2,394)
Closing net book amount	216,333	6,281	19,023	241,637
At 31 December 2018				
Cost	216,333	7,454	25,963	249,750
Accumulated amortisation	—	(1,173)	(6,940)	(8,113)
Net book amount	216,333	6,281	19,023	241,637
At 1 January 2019				
Opening net book amount	216,333	6,281	19,023	241,637
Reclassification upon adoption of HKFRS16	—	(6,281)	—	(6,281)
Opening net book amount as at 1 January 2019	216,333	—	19,023	235,356
Year ended 31 December 2019				
Opening net book amount	216,333	—	19,023	235,356
Additions	—	—	1,351	1,351
Transfers from construction-in-progress	—	—	1,715	1,715
Amortisation	—	—	(2,270)	(2,270)
Closing net book amount	216,333	—	19,819	236,152
At 31 December 2019				
Cost	216,333	—	29,029	245,362
Accumulated amortisation	—	—	(9,210)	(9,210)
Net book amount	216,333	—	19,819	236,152

	Goodwill	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2020			
Opening net book amount	216,333	19,819	236,152
Additions	—	2,150	2,150
Transfers from construction-in-progress	—	2,803	2,803
Amortisation	—	(2,631)	(2,631)
Closing net book amount	216,333	22,141	238,474
At 31 December 2020			
Cost	216,333	33,981	250,314
Accumulated amortisation	—	(11,840)	(11,840)
Net book amount	216,333	22,141	238,474
Six months ended 30 June 2020 (unaudited)			
Opening net book amount	216,333	19,819	236,152
Additions	—	1,242	1,242
Transfers from construction-in-progress	—	845	845
Amortisation	—	(1,331)	(1,331)
Closing net book amount	216,333	20,575	236,908
At 30 June 2020 (unaudited)			
Cost	216,333	31,116	247,449
Accumulated amortisation	—	(10,541)	(10,541)
Net book amount	216,333	20,575	236,908
Six months ended 30 June 2021			
Opening net book amount	216,333	22,141	238,474
Additions	—	420	420
Transfers from construction-in-progress	—	421	421
Amortisation	—	(1,491)	(1,491)
Closing net book amount	216,333	21,491	237,824
At 30 June 2021			
Cost	216,333	34,823	251,156
Accumulated amortisation	—	(13,332)	(13,332)
Net book amount	216,333	21,491	237,824

The amortisation charges recognised as expense and included in cost of sales amounted to RMB2,394,000, RMB2,270,000, RMB2,631,000, RMB1,331,000 and RMB1,491,000 for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2020 and 2021, respectively.

9. Leases

(i) Amounts recognised in the consolidated balance sheets and the Target Company balance sheets

The consolidated balance sheet shows the following amounts relating to leases:

	At 31 December 2019	At 31 December 2020	At 30 June 2021
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Properties	6,254	3,604	2,278
Equipment	86,841	88,773	86,753
Land use rights	2,553,336	2,453,211	2,414,184
Port line and sea area use rights	207,005	210,143	206,792
	2,853,436	2,755,731	2,710,007
Lease liabilities			
Current	2,416	2,670	1,745
Non-current	93,445	10,652	9,293
	95,861	13,322	11,038

The Target Company balance sheet shows the following amounts relating to leases:

	At 31 December 2019	At 31 December 2020	At 30 June 2021
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Equipment	2,493	4,637	4,360
Land use rights	1,411,530	1,352,623	1,329,023
Port line and sea area use rights	6,048	5,816	5,700
	1,420,071	1,363,076	1,339,083
Lease liabilities			
Non-current	2,302	2,843	2,366

(ii) Amounts recognised in the consolidated income statement and the Target Company income statement.

The consolidated income statement shows the following amounts relating to leases:

	Year ended 31 December 2019	Year ended 31 December 2020	Six months ended 30 June 2020	Six months ended 30 June 2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Amortisation charges of right-of-use assets (Note 24)				
Properties	2,650	2,650	1,325	848
Equipment	3,485	3,907	1,894	2,020
Land use rights	79,234	79,070	38,772	39,535
Port line and sea area use rights	6,207	6,207	3,104	3,104
	91,576	91,834	45,095	45,507
Interest portions of lease liabilities	2,077	2,416	2,137	247
Expenses relating to short-term leases	10,948	22,209	4,374	4,635
Expenses relating to variable lease payments not included in lease liabilities (a)	49,212	32,042	24,901	21,133

(a) Variable lease payments

Certain properties and equipment leases contain variable payment terms that are linked to container throughput. Variable lease payments that depend on container throughput are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in container throughput in the Target Group with such variable lease contracts would increase total lease payments by approximately RMB4,921,000, RMB3,204,000, RMB2,490,000, and RMB2,113,000 for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2021.

The Target Company income statement shows the following amounts relating to leases:

	Year ended 31 December 2019	Year ended 31 December 2020	Six months ended 30 June 2020	Six months ended 30 June 20201
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Amortisation charges of right-of-use assets (Note 24)				
Equipment	424	502	225	277
Land use rights	47,362	47,198	23,797	23,600
Port line and sea area use rights	232	232	116	116
	48,018	47,932	24,138	23,993
Interest portions of lease liabilities	528	689	363	276
Expenses relating to short-term leases	2,241	1,498	656	3,795

10. Investments in subsidiaries

The Target Company's investments in subsidiaries are set out below:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Xiamen Hairun Container Terminal Co., Ltd. ("Hairun")	1,090,940	1,090,940	1,090,940	1,090,940
Xiamen Songyu Container Terminal Co., Ltd. ("Songyu")	1,320,415	1,320,415	1,320,415	1,320,415
Xiamen Haicang XinHaiDa Container Terminals Co., Ltd. ("XinHaiDa")	138,337	138,337	138,337	138,337
Xiamen International Container Terminals Ltd. ("XICT")	708,232	708,232	708,232	708,232
Xiamen Haicang International Container Terminal Ltd. ("XHICT")	405,311	405,311	405,311	405,311
Xiamen Port Haicang Container Inspection Services Co., Ltd. ("Haicang Inspection")	3,325	3,325	3,325	3,325
Trend Wood Investments Limited ("Trend Wood")	11,952	11,952	11,952	11,952
Xiamen Zhitusi Technology Co., Ltd. ("Zhitusi")	—	—	—	7,650
	3,678,512	3,678,512	3,678,512	3,686,162

The English names of these companies above represent management's best effort at translating the Chinese names as no English names have been registered for these companies.

The Target Company had direct interests in the following subsidiaries:

Company name	Country/place of incorporation/ operation	Paid-up capital as at 31 December 2018, 2019 and 2020 and 30 June 2021	Equity interest held as at 31 December 2018, 2019 and 2020 and 30 June 2021	Principal activities
Hairun	Xiamen, Fujian, The PRC	RMB10,000,000	100%	Container loading and unloading services
Songyu	Xiamen, Fujian, The PRC	RMB1,680,000,000	75%	Container loading and unloading services
XinHaiDa	Xiamen, Fujian, The PRC	RMB756,000,000	66%	Container loading and unloading services
XICT	Xiamen, Fujian, The PRC	RMB1,148,700,000	51%	Container loading and unloading services
XHICT	Xiamen, Fujian, The PRC	RMB555,515,000	51%	Container loading and unloading services
Haicang Inspection	Xiamen, Fujian, The PRC	RMB1,000,000	75%	Container loading and unloading, stacking and storage management, container packing and unpacking, storage and container cargo inspection
Trend Wood	Hong Kong, The PRC	HK$ 1	100%	Investment holding

Company name	Country/place of incorporation/ operation	Paid-up capital as at 30 June 2021	Equity interest held as at 30 June 2021	Principal activities
Zhitusi	Xiamen, Fujian, The PRC	RMB15,000,000	51%	Software development

Material non-controlling interests

Summarised balance sheets

	Songyu			
	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	94,910	121,572	94,739	130,456
Current liabilities	402,915	413,046	473,919	448,299
Total net current liabilities	(308,005)	(291,474)	(379,180)	(317,843)
Non-current assets	2,284,568	2,233,685	2,166,126	2,134,886
Non-current liabilities	127,000	117,000	—	—
Total net non-current assets	2,157,568	2,116,685	2,166,126	2,134,886
Net assets	1,849,563	1,825,211	1,786,946	1,817,043
Equity attributable to owners	1,387,172	1,368,908	1,340,210	1,362,782
Non-controlling interests	462,391	456,303	446,736	454,261

Summarised statements of comprehensive income

	Songyu				
	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	380,979	365,072	389,387	169,764	219,902
Profit before income tax	81,514	71,763	73,375	30,651	40,210
Income tax expense	(12,231)	(10,684)	(10,988)	(4,580)	(10,112)
Profit after income tax	69,283	61,079	62,387	26,071	30,098
Total comprehensive income	69,283	61,079	62,387	26,071	30,098
Total comprehensive income allocated to non-controlling interests	17,321	15,270	15,597	6,518	7,524
Dividend paid to non-controlling interests	—	21,250	25,000	—	—

Summarised cash flows

	Songyu				
	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash generated from operations	175,171	179,199	168,419	110,076	80,549
Interest paid	(24,323)	(11,472)	(20,096)	(8,941)	(7,036)
Income tax paid	(14,887)	(7,407)	(12,349)	(4,693)	(8,866)
Net cash generated from operating activities	135,961	160,320	135,974	96,442	64,647
Net cash (used in)/generated from investing activities	(47,521)	(69,755)	9,803	(2,258)	(9,647)
Net cash used in financing activities	(110,000)	(90,750)	(146,250)	(94,133)	(55,000)
Net (decrease)/increase in cash and cash equivalents	(21,560)	(185)	(473)	51	—
Cash and cash equivalents at beginning of year/period	22,728	1,168	983	983	510
Exchange losses on cash and cash equivalents	—	—	—	(1)	(2)
Cash and cash equivalents at end of year/period	1,168	983	510	1,033	508

Summarised balance sheets

	XICT			
	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	318,016	314,509	324,353	383,954
Current liabilities	83,824	44,230	46,387	63,190
Total net current assets	234,192	270,279	277,966	320,764
Non-current assets	936,272	976,132	913,197	885,538
Total net non-current assets	936,272	976,132	913,197	885,538
Net assets	1,170,464	1,246,411	1,191,163	1,206,302
Equity attributable to owners	596,937	635,670	607,493	615,214
Non-controlling interests	573,527	610,741	583,670	591,088

Summarised statements of comprehensive income

	XICT				
	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	201,724	185,027	153,187	58,931	88,419
Profit before income tax	49,451	42,665	28,738	2,418	17,955
Income tax expense	(7,450)	(6,400)	(4,102)	(363)	(2,816)
Profit after income tax	42,001	36,265	24,636	2,055	15,139
Total comprehensive income	42,001	36,265	24,636	2,055	15,139
Total comprehensive income allocated to non-controlling interests	20,580	17,770	11,876	1,007	7,418
Dividend paid to non- controlling interests	—	19,600	19,600	19,600	—

Summarised cash flows

	XICT				
	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash generated from operations	84,972	164,144	148,055	37,098	16,776
Income tax paid	(14,833)	(1,658)	(3,748)	(1,777)	(3,097)
Net cash generated from operating activities	70,139	162,486	144,307	35,321	13,679
Net cash used in investing activities	(22,760)	(27,660)	(291,751)	(2,221)	(14,998)
Net cash used in financing activities	(40,000)	(40,000)	(40,000)	—	—
Net increase/(decrease) in cash and cash equivalents	7,379	94,826	(187,444)	33,100	(1,319)
Cash and cash equivalents at beginning of year/period	91,529	98,909	193,735	193,735	6,298
Exchange gains/(losses) on cash and cash equivalents	1	—	(1)	(1)	—
Cash and cash equivalents at end of year/period	98,909	193,735	6,290	226,834	4,979

Summarised balance sheets

	XHICT			
	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	7,653	2,466	50,022	25,573
Current liabilities	123,081	101,400	71,287	10,751
Total net current liabilities	(115,428)	(98,934)	(21,265)	14,822
Non-current assets	912,401	889,763	866,519	853,361
Non-current liabilities	—	—	14,000	14,000
Total net non-current assets	912,401	889,763	852,519	839,361
Net assets	796,973	790,829	831,254	854,183
Equity attributable to owners	406,456	403,323	423,939	435,633
Non-controlling interests	390,517	387,506	407,315	418,550

Summarised statements of comprehensive income

	XHICT				
	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	209,958	192,579	159,440	61,337	92,028
Profit before income tax	77,468	71,879	53,961	16,093	30,796
Income tax expense	(19,401)	(18,022)	(13,537)	(4,070)	(7,866)
Profit after income tax	58,067	53,857	40,424	12,023	22,930
Total comprehensive income	58,067	53,857	40,424	12,023	22,930
Total comprehensive income allocated to non-controlling interests	28,453	26,390	19,808	5,891	11,236
Dividend paid to non- controlling interests	62,230	—	—	—	—

Summarised cash flows

	XHICT				
	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash generated from operations	160,290	16,373	5,857	23,638	66,692
Interest paid	—	—	(500)	—	—
Income tax paid	(19,491)	(17,438)	(12,154)	(6,502)	(6,848)
Net cash generated from/(used in) operating activities	140,799	(1,065)	(6,797)	17,136	59,844
Net cash (used in)/generated from investing activities	(9,527)	(4,201)	(9,473)	1	38
Net cash (used in)/generated from financing activities	(127,000)	—	14,000	(14,000)	(60,001)
Net increase/(decrease) in cash and cash equivalents	4,272	(5,266)	(2,270)	3,137	(119)
Cash and cash equivalents at beginning of year/period	3,381	7,653	2,387	2,387	119
Cash and cash equivalents at end of year/period	7,653	2,387	117	5,524	—

The information above is the amount before inter-company eliminations.

11. Deferred income tax

(i) Target Group

Movements in deferred income tax assets and liabilities during the years/periods are as follows:

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets				
At 1 January	217,282	209,352	203,420	196,358
Charged to consolidated statements of comprehensive income (Note 26)	(7,930)	(5,932)	(7,062)	(2,937)
At 31 December/30 June	209,352	203,420	196,358	193,421
To be recovered:				
Within 12 months	5,554	6,113	7,860	5,874
Over 12 months	203,798	197,307	188,498	187,547

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax liabilities				
At 1 January	258,957	251,958	245,521	234,211
Credited to consolidated statements of comprehensive income (Note 26)	(6,999)	(6,437)	(11,310)	(6,940)
At 31 December/30 June	251,958	245,521	234,211	227,271
To be recovered:				
Within 12 months	6,998	6,437	6,221	6,940
Over 12 months	244,960	239,084	227,990	220,331

The principal components of deferred income tax assets and liabilities provided for are as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets				
Provisions for impairment of				
—receivables	872	920	251	200
—inventories	385	441	325	311
Revaluation in connection with businesses contributed to a subsidiary (a)	190,582	184,804	179,295	176,439
Others	17,513	17,255	16,487	16,471
	209,352	203,420	196,358	193,421

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax liabilities				
Assets revaluation gains (b)	181,557	175,999	168,899	164,815
Fair value adjustment arising from acquisition of subsidiaries (c)	70,401	69,522	65,312	62,456
	251,958	245,521	234,211	227,271

The movements of the deferred income tax assets are charged or credited to the consolidated statements of comprehensive income.

(a) The balance represents i) the deferred income tax assets arising from the revaluation difference resulting from the Berth No. 6 of Haicang Port injected by XPHG into the Target Group, the Berth No. 4–5 of Haicang Port and Berth No. 5–11 of Dongdu Port injected by the Company into the Target Group as part of capital contributions. Due to these capital injections were regarded as business combinations under common control, the accounting base of these assets are equal to carrying amount in the consolidated financial statements, while the valuation amounts form the tax base for calculating the future taxable profits.

(b) The balance represents the deferred tax liabilities resulting from the revaluation surplus arising from the Guomao Berth and Xiangyu Berth injected by Xiamen IGT and New World Xiangyu on the establishment of the Target Group in 2013.

(c) The balance represents the deferred tax liabilities resulting from the revaluation surplus arising from the acquisition of XHICT in 2016 and the acquisition of XICT in 2017.

Tax losses for which no deferred tax assets have been recognised will expire within 5 years as set out below:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2022	57,044,375	57,044,375	57,044,375	57,044,375
2023	76,593,075	76,593,075	76,593,075	76,593,075
2024	—	58,783,176	58,783,176	58,783,176
2025	—	—	40,583,918	40,583,918
2026	—	—	—	2,439,000
	133,637,450	192,420,626	233,004,544	235,443,544

(ii) Target Company

Movements in deferred income tax assets and liabilities during the years/periods are as follows:

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets				
At 1 January	1,028	842	878	171
Charged to consolidated statements of comprehensive income	(186)	36	(707)	—
At 31 December/30 June	842	878	171	171
To be recovered:				
Within 12 months	842	878	171	171

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax liabilities				
At 1 January	211,190	204,319	198,027	191,687
Credited to consolidated statements of comprehensive income	(6,871)	(6,292)	(6,340)	(4,358)
At 31 December/30 June	204,319	198,027	191,687	187,329
To be recovered:				
Within 12 months	6,998	6,437	6,221	6,940
Over 12 months	197,321	191,590	185,466	180,389

The principal components of deferred income tax assets and liabilities provided for are as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets				
Provisions for impairment of—receivables	842	878	171	171
Deferred income tax liabilities				
Assets revaluation gains (a)	204,319	198,027	191,687	187,329

The movements of the deferred income tax assets are charged or credited to the consolidated statements of comprehensive income.

(a) The balance represents the deferred tax liabilities resulting from the revaluation surplus arising from the Guomao Berth and Xiangyu Berth injected by Xiamen IGT and New World Xiangyu, and two subsidiaries injected by the Company on the establishment of the Target Group in 2013.

12. Inventories

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Spare parts	51,899	46,978	43,511	43,270
Consumables	1,486	508	98	104
Less: provision for impairment	(2,391)	(2,618)	(2,166)	(2,074)
	50,994	44,868	41,443	41,300

The cost of inventories recognised as expense and included in cost of sales of the Target Group amounted to RMB103,782,000, RMB106,623,000, RMB108,168,000, RMB38,380,000 and RMB45,750,000 for the years ended 31 December 2018, 2019 and 2020 and six months ended 31 June 2020 and 2021, respectively.

13. Accounts receivable

(i) Target Group

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivable	282,776	269,082	233,147	239,675
Due from the ultimate holding company (Note 30(b))	—	—	306	1,809
Due from fellow subsidiaries (Note 30(b))	16,361	17,056	19,557	22,175
Due from other related parties (Note 30(b))	5,800	9,209	8,641	9,520
	304,937	295,347	261,651	273,179
Less: expected credit loss allowance of receivables	(2,599)	(2,638)	(726)	(1,366)
	302,338	292,709	260,925	271,813

There is no concentration of credit risk with respect to accounts receivable as the Target Group has a large number of customers.

Majority of the Target 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 the six months, may be granted to large or long-established customers with good repayment histories. Revenues from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

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

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 6 months	303,067	293,477	261,651	273,179
Over 3 years	1,870	1,870	—	—
	304,937	295,347	261,651	273,179

Due to the short-term nature of the current receivables, their carrying amount is the same as their fair value.

The amounts due from the ultimate holding company, fellow subsidiaries and other related parties were unsecured, interest free and subject to agreed credit terms.

The Target Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. Note 3.1(a) provides for details about the calculation of the allowance.

As at 31 December 2018, 2019, 2020 and 30 June 2021, there were no accounts receivable of the Target Group past due but not impaired.

The remaining impaired accounts receivable related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The carrying amounts of accounts and receivable were all denominated in RMB.

Movements on the expected credit loss allowance of receivables are as follows:

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	(3,069)	(2,599)	(2,638)	(726)
Net reversal of/(provision for) impairment	470	(39)	42	(640)
Uncollectible receivables written off during the year	—	—	1,870	—
At 31 December/30 June	(2,599)	(2,638)	(726)	(1,366)

The creation and release of provision for impaired receivables have been included in "net impairment reversals/(losses) on financial assets" in the consolidated income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(ii) Target Company

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivable	104,322	109,572	102,264	77,403
Due from fellow subsidiaries	14,149	14,009	13,577	9,820
Due from subsidiaries	4,442	11,120	43,409	47,882
Due from other related parties	184	796	301	196
	123,097	135,497	159,551	135,301
Less: expected credit loss allowance of receivables	(2,454)	(2,468)	(556)	(676)
	120,643	133,029	158,995	134,625

There is no concentration of credit risk with respect to accounts receivable as the Target Company has a large number of customers.

Majority of the Target Company'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 the six months, may be granted to large or long-established customers with good repayment histories. Revenues from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

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

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 6 months	121,227	133,627	159,551	135,301
Over 3 years	1,870	1,870	—	—
	123,097	135,497	159,551	135,301

Due to the short-term nature of the current receivables, their carrying amount is the same as their fair value.

The amounts due from fellow subsidiaries, subsidiaries and other related parties were unsecured, interest free and subject to agreed credit terms.

The Target Company applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, there were no accounts receivable of the Target Company past due but not impaired.

The remaining impaired accounts receivable related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The carrying amounts of accounts and receivable were all denominated in RMB.

Movements on the expected credit loss allowance of receivables are as follows:

	Year ended 31 December			Six months ended 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	(2,464)	(2,454)	(2,468)	(556)
Net reversal of/(provision for) impairment	10	(14)	42	(120)
Uncollectible receivables written off during the year	—	—	1,870	—
At 31 December/30 June	(2,454)	(2,468)	(556)	(676)

The creation and release of provision for impaired receivables have been included in "net impairment reversals/(losses) on financial assets" in the consolidated income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

14. Other receivables and prepayments

(i) Target Group

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables (a)—third parties	83,292	84,294	80,040	52,588
Less: expected credit loss allowance (Note 3.1(c))	(913)	(1,043)	(846)	(133)
Advances to suppliers	31,004	33,982	33,962	34,852
	113,383	117,233	113,156	87,307
Due from the ultimate holding company (Note 30(b))	31,537	28,793	16,942	397
Due from immediate parent company (Note 30(b)) (b)	157,457	179,652	559,163	857,795
Due from a shareholder of the Company (Note 30(b))	23,665	23,665	23,665	23,665
Due from fellow subsidiaries (Note 30(b))	5,495	34,061	8,170	12,843
Due from other related parties (Note 30(b))	461	1,116	101	3,439
Prepayments and deposits	2,126	3,948	4,249	1,161
Other receivables and prepayments	334,124	388,468	725,446	986,607

The Target Group's other receivables and prepayments were denominated in RMB and the carrying amounts of which approximated their fair values.

The amounts due from the ultimate holding company, a shareholder of the Company, fellow subsidiaries and other related parties were unsecured, interest free and had no fixed terms of repayment.

(a) The balance mainly represents receivable for value-added tax to be deducted of RMB82,864,000, RMB79,899,000, RMB75,603,000 and RMB47,292,000 as at 31 December 2018, 2019 and 2020 and 30 June 2021 respectively.

(b) Cash pooling loans to parent company were recorded in other receivables with amount of RMB157,457,000, RMB179,652,000, RMB559,163,000 and RMB857,795,000 as at 31 December 2018, 2019 and 2020 and 30 June 2021 respectively. The weighted average interest rate of the entrusted loan is 4.35%, whose maturity is within one year.

(i) Target Group

Movements on the expected credit loss allowance of receivables of the Target Group's other receivables and prepayments are as follows:

	Year ended 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	(1,350)	(913)	(1,043)	(846)
Reversal of/(provision for) impairment	437	(311)	(774)	41
Uncollectible receivables written off during the year	—	181	971	672
At 31 December/30 June	(913)	(1,043)	(846)	(133)

The creation and release of provision for impaired receivables have been included in "net impairment reversals/(losses) on financial assets" in the consolidated income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The Target Group's maximum exposure to credit risk in respect of other receivables and prepayments at 31 December 2018, 2019 and 2020 and 30 June 2021 was the carrying amount of each class of receivables and prepayments mentioned above. The Target Group did not hold any collateral as security for other receivables and prepayments as at 31 December 2018, 2019 and 2020 and 30 June 2021.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

Note 3.1 sets out information about the impairment of financial assets and the Target Group's exposure to credit risk.

(ii) Target Company

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables—third parties	4,555	9,949	1,073	638
Less: expected credit loss allowance	(913)	(1,043)	(128)	(128)
Advances to suppliers	11,440	15,798	5,396	3,427
	15,082	24,704	6,341	3,937
Dividend receivable	—	30,600	83,008	52,408
Due from immediate parent company(a)	153,034	179,652	558,661	857,006
Due from a shareholder of the Company	23,665	23,665	23,665	23,665
Due from fellow subsidiaries	1,337	25,443	3,096	9,405
Due from subsidiaries	521,029	504,004	350,290	360,088
Due from other related parties	133	314	—	—
Prepayments and deposits	1,492	1,023	1,022	816
Other receivables and prepayments	715,772	789,405	1,026,083	1,307,325

(ii) Target Company

The Target Company's other receivables and prepayments were denominated in RMB and the carrying amounts of which approximated their fair values.

The amounts due from a shareholder of the Company, fellow subsidiaries, and other related parties were unsecured, interest free and had no fixed terms of repayment.

(a) Cash pooling loans to parent company were recorded in other receivables with amount of RMB153,034,000, RMB179,652,000, RMB558,661,000 and RMB857,006,000 as at 31 December 2018, 2019 and 2020 and 30 June 2021 respectively. The weighted average interest rate of the entrusted loan is 4.35%, whose maturity is within one year.

Movements on the expected credit loss allowance of receivables of the Target Company's other receivables and prepayments are as follows:

	Year ended 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	(1,350)	(913)	(1,043)	(128)
Reversal of/(provision for) impairment	437	(311)	(56)	—
Uncollectible receivables written off during the year	—	181	971	—
At 31 December/30 June	(913)	(1,043)	(128)	(128)

The creation and release of provision for impaired receivables have been included in "net impairment reversals/(losses) on financial assets" in the consolidated income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The Target Company's maximum exposure to credit risk in respect of other receivables and prepayments at 31 December 2018, 2019 and 2020 and 30 June 2021 was the carrying amount of each class of receivables and prepayments mentioned above. The Target Group did not hold any collateral as security for other receivables and prepayments as at 31 December 2018, 2019 and 2020 and 30 June 2021.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

15. Restricted cash

The restricted cash was held in designated bank accounts as for the maintenance of staff quarters.

The maximum exposure to credit risk in respect of restricted cash at the balance sheet date is the carrying amount of the restricted cash balances.

16. Cash and cash equivalents

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	221,563	268,644	47,265	77,167
Maximum exposure to credit risk (net of cash in hand)	221,563	268,644	47,265	77,167
Denominated in:				
RMB	221,102	266,147	47,071	76,821
USD	456	2,494	190	188
HKD	5	3	4	158

The Target Group's RMB denominated cash and cash equivalents were deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

17. Financial instruments by category

The Target Group holds the following financial instruments:

		As at 31 December			As at 30 June
		2018	2019	2020	2021
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets					
Financial assets at amortised cost					
Accounts receivable	13	302,338	292,709	260,925	271,183
Other receivables and prepayments	14	334,124	388,468	725,446	986,607
Cash and cash equivalents	16	221,563	268,664	47,265	77,167
		858,025	949,841	1,033,636	1,334,957
Financial liabilities					
Liabilities at amortised cost					
Accounts and notes payable	18	146,287	121,543	188,459	218,202
Other payables and accruals	19	249,750	278,565	271,250	228,949
Borrowings	20	2,286,129	2,043,122	1,917,928	1,793,163
Lease liabilities	9	—	95,861	13,322	11,038
		2,682,166	2,539,091	2,390,959	2,251,352

The Target Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

18. Accounts payable

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts payable—third parties	45,648	31,631	66,948	13,226
Due to immediate parent company (Note 30 (b))	7,002	—	—	4,159
Due to fellow subsidiaries (Note 30(b))	29,202	17,705	8,170	43,602
Due to other related parties (Note 30(b))	64,435	72,207	113,341	157,215
	146,287	121,543	188,459	218,202

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

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	129,682	115,031	131,547	153,715
1 year to 2 years	8,436	2,538	56,112	58,825
2 year to 3 years	5,371	270	26	4,916
Over 3 years	2,798	3,704	774	746
	146,287	121,543	188,459	218,202

The carrying amounts of the Target Group's accounts payable were denominated in the following currencies:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in:				
RMB	146,008	121,543	188,059	217,802
USD	279	—	400	400

The amounts due to immediate parent company, fellow subsidiaries and other related parties were unsecured, interest free and had no fixed terms of repayment.

The carrying amounts of the Target Group 's accounts payable approximated their fair values.

19. Other payables and accruals

(i) Target Group

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to immediate parent company (Note 30(b))	96,611	104,652	99,275	106,269
Due to fellow subsidiaries (Note 30(b))	641	502	2,289	440
Due to other related parties (Note 30(b))	796	1,617	5,743	8,803
Payables for purchases of property, plant and equipment	42,910	21,174	30,338	28,586
Salary and welfare payables	62,499	56,144	65,378	44,628
Dividends payable to non-controlling shareholders of subsidiaries	—	50,650	29,400	—
Interest payables	4,131	1,443	889	781
Deposit	21,864	19,094	12,592	12,723
Others	20,298	23,289	25,346	26,719
Other payables and accruals	249,750	278,565	271,250	228,949

As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, the payables due to immediate parent company, fellow subsidiaries and other related parties are unsecured, interest free and without fixed repayment term.

The carrying amounts of other payables of the Target Group approximated their fair values and were denominated in RMB.

(ii) Target Company

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to immediate parent company	—	1,703	—	—
Due to fellow subsidiaries	—	—	—	5,057
Due to subsidiaries	19,447	93,719	384,396	417,344
Due to other related parties	1,053	2,329	6,244	8,708
Payables for purchases of property, plant and equipment	17,207	12,003	12,994	23,796
Salary and welfare payables	27,799	23,354	30,104	17,396
Interest payables	347	1,443	—	—
Customer deposit	17,282	17,406	17,174	2,934
Others	10,287	8,176	12,565	16,914
Other payables and accruals	93,422	160,133	463,477	492,149

As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, the payables due to fellow subsidiaries and other related parties are unsecured, interest free and without fixed repayment term.

The carrying amounts of other payables of the Target Company approximated their fair values and were denominated in RMB.

20. Borrowings

(i) Target Group

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Finance lease	80,967	—	—	—
Loan from a related party	809,842	800,802	446,608	—
	890,809	800,802	446,608	—
Current				
Short-term bank borrowings	949,000	842,320	761,320	736,320
Long-term bank borrowings—current portion	196,320	—	—	—
Loan from a related party—current portion	250,000	400,000	710,000	1,056,843
	1,395,320	1,242,320	1,471,320	1,793,163
Total borrowings	2,286,129	2,043,122	1,917,928	1,793,163
Representing:				
—unguaranteed and unsecured	2,286,129	2,043,122	1,917,928	1,793,163
Total borrowings	2,286,129	2,043,122	1,917,928	1,793,163

Total borrowings at 31 December 2018, 2019 and 2020 and 30 June 2021 are repayable as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings repayable:				
—within 1 year	1,395,320	1,242,320	1,471,320	1,793,163
—between 1 and 2 years	11,635	—	446,608	—
—between 2 and 5 years	834,997	800,802	—	—
—over 5 years	44,177	—	—	—
	2,286,129	2,043,122	1,917,928	1,793,163

The Target Group's borrowings as at the respective balance sheet dates were denominated in RMB.

The weighted average effective interest rates at the respective balance sheet dates were as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
Borrowings	4.43%	4.39%	4.40%	3.65%

The carrying amounts of short-term bank borrowings approximated their fair values, as the impact of discounting was not significant.

The carrying amounts and fair values of long-term borrowings were as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amounts	890,809	800,802	446,608	—
Fair values	896,128	805,583	449,274	—

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the prevailing market rates of interest available to the Target Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates, and are within level 3 of the fair value hierarchy.

(ii) Target Company

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Finance lease	2,813	—	—	—
Current				
Short-term bank borrowings	275,000	—	—	—
Loan from a related party	—	150,000	—	—
	275,000	150,000	—	—
Total borrowings	277,813	150,000	—	—
Representing:				
- unguaranteed and unsecured	277,813	150,000	—	—
Total borrowings	277,813	150,000	—	—

Total borrowings at 31 December 2018, 2019 and 2020 and 30 June 2021 are repayable as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings repayable:				
—within 1 year	275,000	150,000	—	—
—between 1 and 2 years	1,635	—	—	—
—between 2 and 5 years	1,178	—	—	—
	277,813	150,000	—	—

The Target Company's borrowings as at the respective balance sheet dates were denominated in RMB.

The weighted average effective interest rates at the respective balance sheet dates were as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
Borrowings	4.13%	3.18%	—	—

21. Revenues

(a) Revenues and other income

The Target Group's revenues and other income are analysed as follows:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue—recognized over time					
Container loading and unloading business	1,770,269	1,833,833	1,782,641	817,732	956,153
Storage business	202,600	189,952	204,374	86,425	133,900
	1,972,869	2,023,785	1,987,015	904,157	1,090,053
Other income					
Government subsidies	134,614	139,623	98,048	44,721	4,826
Rental Income	47,849	47,707	41,881	25,300	22,293
Others	257	1,846	1,116	234	868
	182,720	189,176	141,045	70,255	27,987

(b) Liabilities related to contracts with customers

The group has recognised the following liabilities related to contracts with customers:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loading and unloading fee received in advance	12,464	10,808	17,429	21,499

There were no significant changes in contract liabilities for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2021.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the period					
Loading and unloading business	12,464	10,808	17,429	17,429	21,499

22. Other gains/(losses)—net

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Gains/(losses) on disposal of property, plant and equipment	(1,032)	(2,515)	(2,334)	(502)	183
Others	2,149	4,400	8,823	(719)	497
	1,117	1,885	6,489	(1,221)	680

23. Employee benefit expenses

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and bonuses	281,682	285,034	302,708	137,968	153,444
Welfare, medical and other expenses	75,803	73,388	80,487	38,569	44,519
Contributions to pension plans(a)	23,794	38,761	16,835	8,488	21,840
	381,279	397,183	400,030	185,025	219,803

(a) Pensions—defined contribution plans

The employees of the Target Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Target Group is obliged to make monthly defined contributions to these plans based on 16.0% to 24.8% of the employees' monthly salaries and wages, depending on the applicable social security regulations.

24. Expenses by nature

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Employee benefit expenses (Note 23)	381,279	397,183	400,030	185,025	219,803
Depreciation of					
—property, plant and equipment (Note 6)	322,479	328,523	337,311	174,779	173,618
—investment properties (Note 5)	7,251	7,020	7,569	4,355	3,457
Distribution, transportation and labour outsourcing	334,093	355,698	379,893	160,170	183,649
Amortisation of					
—right-of-use assets (Note 9)	—	91,576	91,834	45,095	45,507
—intangible assets (Note 8)	10,891	4,665	4,934	2,310	2,541
—land use rights (Note 7)	77,895	—	—	—	—
Cost of inventories sold/consumed (Note 12)	103,782	106,623	108,168	38,380	45,750
Short-term and variable lease in respect of property, plant and equipment	50,324	60,160	54,251	29,275	25,768
Repairs and maintenance	43,417	47,606	50,482	17,657	12,426
Dredging expense	15,673	16,563	16,072	7,344	9,216
Stamp duty and real estate tax	13,671	10,070	13,099	6,516	6,734
Insurance expenses	7,885	7,229	7,431	3,919	3,160
Advertising and marketing expenses	9,877	12,143	9,396	5,792	5,813
Consultant fee	6,277	7,739	8,342	3,370	5,659
Others	10,059	9,776	10,434	4,822	10,372
Total cost of sales, selling and marketing expenses and general and administrative expenses	1,394,853	1,462,574	1,499,246	688,809	753,473

25. Finance income and costs

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income	11,354	5,557	11,085	6,387	4,053
Interests on borrowings	(121,193)	(95,615)	(82,957)	(45,543)	(31,493)
Interests on lease liabilities	—	(2,077)	(2,416)	(2,137)	(247)
	(121,193)	(97,692)	(85,373)	(47,680)	(31,740)
Finance costs—net	(109,839)	(92,135)	(74,288)	(41,293)	(27,687)

26. Taxation

(a) Income tax expense

Approved by Xiamen Municipal Bureau of Finance, the Target Company is entitled to a three-year reduction in corporate income tax, commencing from 2019. The income tax rate of the Target Company for the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2020 and 2021 is 25%, 15%, 15%, 15%, and 15%, respectively.

Approved by Xiamen Municipal Bureau of Finance, Songyu is entitled to a three-year reduction in corporate income tax, commencing from 2018. The income tax rate of Songyu for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 is 15%, 15%, 15%, 15%, and 25%, respectively.

Approved by Xiamen Municipal Bureau of Finance, XICT is entitled to a three-year reduction in corporate income tax, commencing from 2018. The income tax rate of XICT for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 is 15%, 15%, 15%, 15%, and 25%, respectively.

Trend Wood is a subsidiary of the Company incorporated in Hong Kong, its applicable income tax for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 is 16.5%, 16.5%, 16.5%, 16.5%, and 16.5%.

Except for the Target Company, Songyu, XICT, Trend Wood, other subsidiaries of the target Company are subject to PRC income tax rate of 25% for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021.

The amount of income tax expense charged/(credit) recognised in the consolidated statements of comprehensive income represents:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC enterprise income tax expense	169,541	129,041	103,802	42,245	64,462
Deferred income tax charge/(credit) (Note 11)	931	(505)	(4,248)	(83)	(4,003)
	170,472	128,536	99,554	42,162	60,459

The difference between the actual income tax charge in the consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax expense can be reconciled as follows:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before income tax expense	653,796	659,735	559,778	242,344	336,948
Tax calculated at the applicable tax rate of 15% (2018 : 25%)	163,449	98,960	83,967	36,352	50,542
Effect of different tax rate of entities	(13,096)	20,100	12,751	5,531	10,698
Tax losses for which no deferred tax asset was recognised	19,148	8,817	6,088	1,112	366
Others	971	659	(3,252)	(833)	(1,147)
Income tax expense	170,472	128,536	99,554	42,162	60,459

27. Notes to consolidated statements of cash flows

(a) Reconciliation of profit before income tax expense to net cash generated from operations:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before income tax expense	653,796	659,735	559,778	242,344	336,948
Adjustments for:					
—Share of gain of an associate	(968)	(395)	(335)	—	—
—Share of loss of a joint venture	—	—	—	—	104
—Depreciation of property, plant and equipment	322,479	328,523	337,311	174,779	173,618
—Amortisation of land use rights	77,895	—	—	—	—
—Amortisation of right-of-use assets	—	91,576	91,834	45,095	45,507
—Amortisation of intangible assets	10,891	4,665	4,934	2,310	2,541
—Depreciation of investment properties	7,251	7,020	7,569	4,355	3,457
—Loss/(gain) on disposal of property, plant and equipment	1,032	2,515	2,334	502	(183)
—Provision for/(reversal of) impairment of inventory	89	448	839	683	(91)
—Net impairment reversals/(losses) on financial assets	(814)	797	1,572	745	508
—Interest income	(11,354)	(5,557)	(11,085)	(6,387)	(4,053)
—Interest expenses	121,193	97,692	85,373	47,680	31,740
	1,181,490	1,187,019	1,080,124	512,106	590,096
Changes in working capital:					
—Accounts receivable	5,746	9,590	33,696	(6,817)	(11,528)
—Contract liabilities	(1,792)	(4,645)	7,025	1,574	7,749
—Other receivables and prepayments	(45,744)	(54,474)	(336,781)	(253,003)	(260,448)
—Inventories	5,150	5,899	3,878	1,027	235
—Accounts payable	(6,741)	(24,744)	66,916	36,167	29,743
—Other payables and accruals	3,136	11,856	474,061	292,919	276,453
Net cash generated from operations	1,141,245	1,130,501	1,328,919	583,973	632,300

(b) Net debt reconciliation

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash and cash equivalents	221,563	268,644	47,265	256,567	77,167
Borrowings—repayable within one year	(1,395,320)	(1,242,320)	(1,471,320)	(1,171,320)	(1,793,163)
Borrowings—repayable after one year	(890,809)	(800,802)	(446,608)	(801,289)	—
Lease liabilities- current portion	—	(2,416)	(2,670)	(2,541)	(1,745)
Lease liabilities- non-current portion	—	(93,445)	(10,652)	(9,304)	(9,293)
Net debt	(2,064,566)	(1,870,339)	(1,883,985)	(1,727,887)	(1,727,034)
Cash and liquid investments	221,563	268,644	47,265	256,567	77,167
Gross debt—fixed interest rates	(2,286,129)	(2,138,983)	(1,931,250)	(1,984,454)	(1,804,201)
Net debt	(2,064,566)	(1,870,339)	(1,883,985)	(1,727,887)	(1,727,034)

	Liabilities from financing activities			
	Cash/ bank	Borrowings and lease liabilities due within 1 year	Borrowings and lease liabilities due after 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2018	207,555	(1,253,100)	(910,679)	(1,956,224)
Net cash flows	14,008	54,100	(123,564)	(55,456)
Other non-cash movements	—	(196,320)	143,434	(52,886)
Net debt as at 31 December 2018	221,563	(1,395,320)	(890,809)	(2,064,566)
Net debt as at 1 January 2019	221,563	(1,395,320)	(890,809)	(2,064,566)
Net cash flows	47,081	155,565	11,708	214,354
Other non-cash movements	—	(4,981)	(15,146)	(20,127)
Net debt as at 31 December 2019	268,644	(1,244,736)	(894,247)	(1,870,339)
Net debt as at 1 January 2020	268,644	(1,244,736)	(894,247)	(1,870,339)
Net cash flows	(221,379)	(226,435)	443,231	(4,583)
Other non-cash movements	—	(2,819)	(6,244)	(9,063)
Net debt as at 31 December 2020	47,265	(1,473,990)	(457,260)	(1,883,985)
Net debt as at 1 January 2020	268,644	(1,244,736)	(894,247)	(1,870,339)
Net cash flows	(12,077)	72,345	86,755	147,023
Other non-cash movements	—	(1,470)	(3,101)	(4,571)
Net debt as at 30 June 2020 (unaudited)	256,567	(1,173,861)	(810,593)	(1,727,887)
Net debt as at 1 January 2021	47,265	(1,473,990)	(457,260)	(1,883,985)
Net cash flows	29,902	126,412	1,119	157,433
Other non-cash movements	—	(447,330)	446,848	(482)
Net debt as at 30 June 2021	77,167	(1,794,908)	(9,293)	(1,727,034)

28. Commitments

(a) Capital commitments

The Target Group's capital expenditure contracted for as at 31 December 2018, 2019 and 2020 and 30 June 2021 but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchases of property, plant and equipment	44,240	29,623	20,082	25,818

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases on property, plant and equipment are as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leases within one year	13,027	1,641	3,517	4,306
Leases with terms over one year and high-value	12,411	—	—	—
	25,438	1,641	3,517	4,306

Leases with terms over one year and high-value have been recorded as lease liabilities from 1 January 2019 with the adoption of HKFRS 16 (Note 9).

29. Contingent liabilities

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had no significant contingent liabilities.

30. Significant related party transactions

The Target Company is controlled by the Company, the parent company, which is in turn subject to the control of the PRC Government.

In addition to those disclosed elsewhere in the consolidated financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Target Group and its related parties, for each of the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 and balances arising from these significant related party transactions.

(a) The transactions with related parties of the Target Group for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 are as follows:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Transactions with the ultimate holding company					
Expenses					
Operating lease in respect of storage infrastructure	1,645	1,625	1,744	872	1,092
Revenue					
Labour service revenue	8,758	20,103	31,912	9,780	9,053
Transactions with parent company					
Expenses					
Short-term lease in respect of storage infrastructure	6,360	6,047	7,155	3,578	3,815
Transactions with fellow subsidiaries					
Revenue					
Labour service revenue	19,303	17,516	13,086	5,966	3,351
Operating lease in respect of land, port facilities and office premises	34,454	32,987	29,561	15,327	14,526
Expenses					
Electricity Supply and Maintenance	17,979	49,537	48,924	20,872	24,083
Electrical equipment maintenance	566	583	635	310	418
Short-term lease in respect of storage infrastructure	—	1,570	2,173	902	1,000
Transportation service	127,833	133,401	133,653	60,815	69,835
Transactions with other related parties					
Revenue					
Labour service revenue	37,030	53,209	37,535	15,209	5,175
Expenses					
Purchase of property, plant and equipment	2,573	2,277	1,320	586	1,936
Short-term lease and variable lease in respect of storage infrastructure	44,220	49,212	32,042	24,901	21,133
Labour services	42,358	51,307	48,682	14,000	24,078

Transactions rendered to the related parties above were carried out on terms that were mutually agreed among the involved parties.

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

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balances with the ultimate holding company				
Account receivables	—	—	306	1,809
Other receivables	31,537	28,793	16,942	12,980
Balances with parent company				
Other receivables	181,122	203,317	582,828	881,460
Account payables	7,002	—	—	4,159
Other payables and accruals	96,611	104,652	99,275	106,269
Loans from a related party	284,735	307,969	682,103	991,888
Balances with fellow subsidiaries				
Account receivables	16,361	17,056	19,557	22,175
Other receivables	5,495	34,061	8,170	12,843
Account payables	29,202	17,705	8,170	43,602
Other payables	641	502	2,289	440
Balances with other related parties				
Account receivables	5,800	9,209	8,641	9,520
Other receivables	461	1,116	101	3,439
Account payables	64,435	72,207	113,341	157,215
Other payables	796	1,617	5,743	8,803

Except for cash pooling loans to parent company were recorded in other receivables whose interest rate is 4.35% with maturity within one year, the balances with related parties of the Target Group are unsecured, interest free and without fixed repayment term.

(c) Loans from related parties

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loans from the immediate parent company					
Beginning of the year/period	974,662	1,059,842	1,200,802	1,200,802	1,156,608
Loans advanced	551,000	630,000	520,000	100,000	—
Loan repayments made	(466,399)	(490,013)	(565,000)	(150,000)	(100,000)
Non-cash transactions	579	973	806	486	235
End of year/period	1,059,842	1,200,802	1,156,608	1,151,288	1,056,843

As at 31 December 2018, 2019 and 2020, and 30 June 2020 and 2021, loans from immediate parent company were unsecured and bearing interest rates from 3.18% to 4.85% with repayment terms from within 1 to 3 years.

(d) Key management compensation:

Key management includes Mr. Xu Xubo prior to February 2020 and Mr. Wu Yansong after February 2020, the directors of the Target Company. The compensation paid or payable to key management for employee services is shown below:

	Years ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Emoluments	361	299	389	—	—
Basic salaries, housing allowances, other allowances and benefits-in-kind	494	491	411	164	83
Contributions to pension plans	95	106	73	29	21
	950	896	873	193	104

31. Subsequent event

From 30 June 2021 to the issue date of this historical financial information, there is no subsequent event that has a significant impact on the Target Group.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2021 and up to the date of this report. No dividend or distribution has been declared or made by the Target Company in respect of any period subsequent to 30 June 2021.

Set out below is the management discussion and analysis of the Target Group for each of the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the six months period ended 30 June 2021 (the "**Relevant Periods**"). The following financial information is based on the Accountant's Report of the Target Group as set out in Appendix II.

Overview

The Target Company is a limited liability company established in the PRC on 12 December 2013 and is principally engaged in, inter alia, container logistics services, terminal operations, provision of terminal equipment for vessels and other port integrated logistics services in Xiamen. The Target Company owns seven subsidiaries within the scope of consolidation, namely Xiamen Hairun Container Terminal Co., Ltd. * (廈門海潤集裝箱碼頭有限公司), Xiamen Songyu Container Terminal Co., Ltd.* (廈門嵩嶼集裝箱碼頭有限公司), Xiamen International Container Terminals Limited * (廈門國際貨櫃碼頭有限公司), Xiamen Haicang International Container Terminals Ltd.* (廈門海滄國際貨櫃碼頭有限公司), Xiamen Haicang Xinhaida Container Terminal Co., Ltd.* (廈門海滄新海達集裝箱碼頭有限公司), Xiamen Port Haicang Container Inspection Service Co., Ltd.* (廈門港海滄集裝箱查驗服務有限公司) and Xiamen Zhitusi Technology Co., Ltd.* (廈門智圖思科技有限公司).

The Target Group

As at the Latest Practicable Date, the effective equity interest of the Target Company is held by the Company as to 60%, NWXP as to 20%, Xiamen ITG as to 10% and Xiamen Xiangyu as to 10%.

Financial Review

Revenue

The revenue of Target Group increased from approximately RMB1,972.9 million for the year ended 31 December 2018 to approximately RMB2,023.8 million for the year ended 31 December 2019 mainly due to the increase in the domestic trade containers throughput of Xiamen Haicang XinHaiDa Container Terminal Co., Ltd. ("**XinHaiDa Terminal**") as a result from client's new launch of shipping routes; the revenue decreased from approximately RMB2,023.8 million for the year ended 31 December 2019 to RMB1,987.0 million for the year ended 31 December 2020 mainly due to the drop in both domestic and foreign trade throughput of Target Group in the first half of the year influenced by the global outbreak of the Epidemic; in addition, the business volume of waste paper inspection of Xiamen Port Haicang Container Inspection Service Co., Ltd. ("**Haicang Inspection**") decreased significantly due to government environmental protection policy limiting the import of wastepaper. For the six months ended 30 June 2021, the Target Group's revenue increased from approximately RMB904.2 million for the six months ended 30 June 2020 to approximately RMB1,090.1 million, mainly due to the increase in the volume of container throughput.

Gross Profit

The Target Group recorded gross profit for each of the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 of RMB756.4 million, RMB747.5 million, RMB675.7 million, RMB302.0 million and RMB431.7 million respectively. The change of gross profit of the Target Group during the Relevant Periods was mainly due to the change of revenue and average container charge rate.

Operating Profit

The operating profit of the Target Group decreased from approximately RMB762.7 million for the year ended 31 December 2018 to RMB751.5 million for the year ended 31 December 2019 mainly due to the decrease in gross profit caused by the decreasing average charging rate of foreign trade containers, and further decreased to RMB633.7 million for the year ended 31 December 2020 resulting from the decreasing revenue caused by the Epidemic. The operating profit of the Target Group increased from RMB283.6 million for the six months ended 30 June 2020 to RMB364.7 million for the six months ended 30 June 2021 which was mainly due to the increase in revenue of the Target Group after the economy recovered from the Epidemic.

Net Profit

The net profit after taxation of the Target Group increased from approximately RMB483.3 million for the year ended 31 December 2018 to RMB531.2 million for the year ended 31 December 2019 which was mainly due to the decrease of finance costs; the net profit decreased from 531.2 million for the year ended 31 December 2019 to RMB460.2 million for the year ended 31 December 2020 which was mainly due to the decrease in operating profit of Target Group. For the six months ended 30 June 2021, the Target Group's net profit increased from RMB200.2 million to RMB276.5 million mainly due to the increase in operating profit.

Liquidity, financial resources and capital structure

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had current assets of approximately RMB922.0 million, RMB1,007.7 million, RMB1,088.1 million and RMB1,390.0 million, respectively, which mainly comprised other receivables and prepayments, accounts receivable and cash and cash equivalents, etc.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had current liabilities of approximately RMB1,882.9 million, RMB1,679.8 million, RMB1,988.1 million and RMB2,308.8 million, respectively, which mainly comprised other payables and accruals and borrowings, etc. The Target Group's current ratios as at 31 December 2018, 2019 and 2020 and 30 June 2021 were approximately 0.49, 0.60, 0.55 and 0.60 respectively.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had borrowings of approximately RMB2,286.1 million, RMB2,043.1 million, RMB1,917.9 million and RMB1,793.2 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, bank borrowings of the Target Group were unsecured.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the gearing ratio (being total borrowings and lease liabilities over the total assets) of the Target Group was approximately 0.20, 0.19, 0.17 and 0.16, respectively.

Foreign Exchange Exposure

The businesses conducted by the Target Group during the three years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2021 were mainly denominated in RMB. In addition, since only a minor part of the business revenue is settled in US dollars and HKD, fluctuation in RMB exchange rate has no material impact on the business operations of the Target Group. The

Target Group believes that the depreciation of RMB had no material impact on the operating results and financial position. Therefore, the management did not consider that the Target Group was exposed to any significant foreign currency exchange risks and it had not used any financial instrument for hedging purpose during the aforesaid periods.

Capital Commitment

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had capital commitments of RMB44.2 million, RMB29.6 million, RMB20.1 million and RMB25.8 million, respectively.

Charge of assets

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group did not have any charge on assets.

Contingent liabilities

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group did not have any significant contingent liabilities.

Treasury Policies

The objective of the Target Group's treasury policies is to minimise risks. The Target Group adopts a prudent treasury policy towards its overall business operation and manages and monitors its financial risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

Material investment, acquisition and disposals

During the Relevant Periods, the Target Group did not have any material acquisitions or disposals of assets.

Employee information

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Target Group had 844, 832, 818 and 797 employees (including directors), respectively.

Remuneration policy

The Target Group recruit, employ, promote and remunerate their employees based on their qualification, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. Other benefits include social insurance, housing fund and allowance. Bonus to the employees of the Target Company was determined after taking into accounts the results of the Target Company and the performance of employees. During the year ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the employees' remuneration of the Target Group were approximately RMB381.3 million, RMB397.2 million, RMB400.0 million, RMB185.0 million and RMB219.8 million, respectively.

A. Unaudited Pro Forma Financial Information of the Group

The following is an illustrative and unaudited pro forma statement of assets and liabilities of Xiamen International Port Co., Ltd (the "Company") and its subsidiaries (together, the "Group") including Xiamen Container Terminal Group Company Limited (the "Target Company") (collectively referred to as the "Enlarged Group") as at 30 June 2021 (the "Unaudited Pro Forma Financial Information") which has been prepared in accordance with paragraph 4.29 of the Listing Rules. The Unaudited Pro Forma Financial Information has been prepared based on the basis of the notes set out below, which is consistent with the accounting policies of the Group, for the purpose of illustrating the effect of acquisition of 20% equity interests of Target Company and (the "Acquisition Transaction"), as if the Acquisition Transaction had been taken place on 30 June 2021.

This Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition Transaction been completed as at 30 June 2021 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2021

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2021	Pro forma adjustments		Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2021
	(Note 1)	*(Note 2)*	*(Note 3)*	
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Assets				
Non-current assets				
Investment properties	150,122	—	—	150,122
Property, plant and equipment	11,655,923	—	—	11,655,923
Intangible assets	186,571	—	—	186,571
Right-of-use assets	3,969,351	—	—	3,969,351
Interests in joint ventures	130,117	—	—	130,117
Interests in associates	186,584	—	—	186,584
Financial assets at fair value through other comprehensive income	61,214	—	—	61,214
Long-term receivables and prepayments	457	—	—	457
Deferred income tax assets	265,558	—	—	265,558
Total non-current assets	**16,605,897**	**—**	**—**	**16,605,897**
Current assets				
Inventories	1,985,237	—	—	1,985,237
Accounts and notes receivable	1,970,228	—	—	1,970,228
Other receivables and prepayments	1,103,602	—	—	1,103,602
Financial assets at fair value through other comprehensive income	115,958	—	—	115,958
Financial assets at fair value through profit or loss	45,813	—	—	45,813
Term deposits with initial term of over three months	802,220	—	—	802,220
Restricted cash	212,205	—	—	212,205
Cash and cash equivalents	1,782,281	(627,200)	—	1,155,081
Derivative financial instrument	45	—	—	45
Total current assets	**8,017,589**	**(627,200)**	**—**	**7,390,389**
Total assets	**24,623,486**	**(627,200)**	**—**	**23,996,286**

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2021 (CONTINUED)

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2021	Pro forma adjustments		Unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2021
	(Note 1) *RMB '000*	*(Note 2)* *RMB '000*	*(Note 3)* *RMB '000*	*RMB '000*
Liabilities				
Non-current liabilities				
Borrowings	2,093,901	—	—	2,993,901
Deferred government grants and income	115,031	—	—	115,031
Long-term payables and advances	1,662	—	—	1,662
Lease liabilities	37,658	—	—	37,658
Deferred income tax liabilities	394,552	—	—	394,552
Total non-current liabilities	**2,642,804**	**—**	**—**	**2,642,804**
Current liabilities				
Accounts and notes payable	2,117,914	—	—	2,117,914
Contract liabilities	737,896	—	—	737,896
Other payables and accruals	734,574	—	1,990	736,564
Borrowings	5,309,601	940,800	—	6,250,401
Lease liabilities	66,873	—	—	66,873
Income tax payable	79,177	—	—	79,177
Total current liabilities	**9,046,035**	**940,800**	**1,990**	**9,988,825**
Total liabilities	**11,688,839**	**940,800**	**1,990**	**12,631,629**
Net Assets	**12,934,647**	**(1,568,000)**	**(1,990)**	**11,368,637**

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The amounts are extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2021 as set out in the published interim report of the Company for the six months ended 30 June 2021.

   As at 30 June 2021, the Company is the immediate parent company of the Target Company before the Acquisition Transaction, thus the assets and liabilities of the Target Company were included in the consolidated statement of assets and liabilities of the Group as at 30 June 2021.

2. The pro forma adjustment represents that the consideration for the Acquisition Transaction will be paid by the Company by cash of RMB627.2 million and the short-term bank borrowings with a total principal amount of RMB940.8 million.

3. The pro forma adjustment represents the estimated amounts for professional fees and other expenses payable by the Group for the Acquisition Transaction.

4. Apart from the Acquisition Transaction, no other adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2021.

B. Report on Unaudited Pro Forma Financial Information of the Group

The following is the text of a report on the unaudited pro forma financial information of the Enlarged Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Xiamen International Port Co., Ltd

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xiamen International Port Co., Ltd (the "Company") and its subsidiaries (collectively the "Group"), and Xiamen Container Terminal Group Company Limited (the "Target") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2021 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-4 of the Company's circular dated 24 September 2021, in connection with the proposed acquisition of the Target (the "Transaction") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-4 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2021 as if the Transaction had taken place at 30 June 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim financial information for the period ended 30 June 2021 set out in the interim report, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 September 2021

The following is the text of a letter, summary of values and a valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the properties as at 30 June 2021 .

The Directors
Xiamen International Port Co., Ltd.
No. 439 Gangnan Road
Haicang District
Xiamen
Fujian Province
The People's Republic of China

savills
第一太平戴維斯

Savills Valuation and
Professional Services Limited
Room 1208
1111 King's Road
Taikoo Shing, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

24 September 2021

Dear Sirs,

INSTRUCTIONS

In accordance with the instructions from Xiamen International Port Co., Ltd. (the "Company") for us to value the properties situated in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at 30 June 2021 (the "valuation date") for inclusion in the Company's circular dated 24 September 2021.

BASIS OF VALUATION

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors ("HKIS"), which incorporates the International Valuation Standards ("IVS"), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Anthony C.K. Lau, who is a Director of Savills Valuation and Professional Services Limited ("SVPSL") and a Member of HKIS (General

Practice Division) with over 28 years' experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the properties, SVPSL had not been involved in valuation of the properties in the last 12 months.

We are independent of the Company. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL or Mr. Lau in the subject exercise. We confirm SVPSL and Mr. Lau are in the position to provide objective and unbiased valuation for the properties.

VALUATION METHODOLOGY

In valuing Property Nos. 1 to 7, which are mainly held by the owners for port operation, due to the specific purpose for which these properties have been constructed, there are no readily available market comparables and thus these properties cannot be valued on the basis of direct comparison. They have been valued by the Depreciated Replacement Cost ("DRC") Method. The DRC Method is based on an estimate of the market value for the existing use of the land plus the current replacement costs of the buildings and structures, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The DRC Method is subject to adequate potential profitability of the business. Our valuation applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed. In respect of portions of these properties which are subject to tenancies, we have also considered their existing rental incomes and remaining lease terms in the course of our valuation.

In valuing Property No. 8, which is held by the owner for investment, we have adopted the Income Capitalization Method on the basis of capitalization of the rental income derived from the tenancy agreement with due allowance for reversionary income potential of this property.

In valuing Property No. 9, we have assigned no commercial value to this property due to its lack of valid title documents.

TITLE INVESTIGATION

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Company and the legal opinion issued by the Company's PRC legal adviser, King & Wood Mallesons, regarding the titles to the properties in the PRC.

SOURCES OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on information from the Company and also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We are also advised by the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

VALUATION ASSUMPTIONS

In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the properties for their specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the owners of the properties have good legal titles to the properties and have free and uninterrupted rights to occupy, use, transfer or lease the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SITE INSPECTION

We have inspected the exterior and where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. The site inspections were carried out during the period between 29 June 2021 and 3 July 2021 by the following professional valuers:

Mr. Dirk Li	China Registered Real Estate Appraiser
Ms. Vicky Wu	China Registered Real Estate Appraiser and China Registered Land Valuer
Ms. Sherry Ren	Valuer
Ms. Astrid Qin	Assistant Valuer

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation report.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C.K. Lau is a professional surveyor who has over 28 years’ experience in valuation of properties in the PRC.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 30 June 2021
1.	Berth Nos. 2 and 3 and various buildings and ancillary structures located at Haicang Port, No. 108 Jiangang Road, Haicang District, Xiamen, Fujian Province, PRC	RMB933,200,000
2.	Berth Nos. 1 to 3 and various buildings and ancillary structures located at Songyu Port, Haicang District, Xiamen, Fujian Province, PRC	RMB1,950,900,000
3.	Berth Nos. 18 and 19 and various buildings and ancillary structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	RMB1,659,500,000
4.	Berth No. 1 and various ancillary structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	RMB793,600,000
5.	Berth Nos. 4 to 6 and various structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	RMB905,100,000
6.	Berth Nos. 5 to 16 and various buildings and ancillary structures located at Haitian Port, Changan Road, Huli District, Xiamen, Fujian Province, PRC	RMB2,359,000,000
7.	Berth Nos. 20 and 21 and various ancillary structures located at Dongdu Port, Shihu Mountain, Huli District, Xiamen, Fujian Province, PRC	RMB497,400,000

No.	Property	Market value in existing state as at 30 June 2021
8.	Unit 1A, No. 22 Xiangxing Fourth Road, Xiangyu Bonded Area, Huli District, Xiamen, Fujian Province, PRC	RMB21,800,000
9.	Various ancillary structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	No commercial value
	Total:	**RMB9,120,500,000**

VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
1.	Berth Nos. 2 and 3 and various buildings and ancillary structures located at Haicang Port, No. 108 Jiangang Road, Haicang District, Xiamen, Fujian Province, PRC	The property is situated in the south of Haicang District with a number of berths in its immediate neighbourhood. It takes about 20 to 25 minutes' drive to the city centre of Xiamen from the property. The property comprises two container terminal berths together with various buildings and ancillary structures erected on two parcels of land with a total site area of approximately 466,033.20 sq m. Berth Nos. 2 and 3 have a total quay length of 640 metres and a depth of 13.3 metres. They have a total designed annual capacity of 1,040,000 TEU and were completed in 2002. The buildings mainly comprise a composite building, a warehouse and other ancillary buildings with a total gross floor area of approximately 19,586.81 sq m and were completed in various stages between 1997 and 2012. The ancillary structures mainly comprise boiler-houses and car parks and were completed in various stages between 1997 and 2020. The land use rights of the property have been granted for two concurrent terms due to expire on 20 January 2047 and 19 November 2048 respectively for port use.	As at the valuation date, portion of the property with a gross floor area of approximately 32.00 sq m was subject to a tenancy for a term due to expire on 31 December 2021 at a monthly rent of approximately RMB1,600. The remaining portion of the property was being owner-occupied for port use.	RMB933,200,000 (Renminbi Nine Hundred Thirty Three Million and Two Hundred Thousand) (see Note 5)

Notes:

1. Pursuant to a Land Use Rights Certificate — Xia Di Fang Zheng Di No. Di00000785 dated 1 April 2002, the land use rights of a parcel of land of the property with a site area of approximately 78,330.80 sq m have been granted to Xiamen International Container Terminals Limited (廈門國際貨櫃碼頭有限公司) ("XICT") for a term due to expire on 19 November 2048 for port use.

2. Pursuant to twelve Real Estate Title Certificates — Xia Di Fang Zheng Di Nos. 00337528, 00337783, 00337784, 00337785, 00337786, 00337787, 00337788, 00337789, 00337790, 00337791, 00337792 and 00337793 dated 1 November 2004 and 2 November 2004 respectively, the building ownership of the buildings of the property with a total gross floor area of approximately 19,178.62 sq m and their corresponding land use rights with a total site area of approximately 387,702.40 sq m are vested in XICT for a term due to expire on 20 January 2047 for port use.

3. Pursuant to a Certificate of Completion of Works of Port — Xia Gang Jun [2012] No. 8 dated 26 June 2012, the construction works of Berth Nos. 2 and 3 of the property were certified to be completed.

4. As advised by the Company, there are four buildings of the property with a total gross floor area of approximately 408.19 sq m which do not have any ownership certificates.

5. In the course of our valuation, we have assigned no commercial value to the buildings of the property with no valid title documents as mentioned in Note 4. For the Company's management reference purpose, the depreciated replacement cost of the said buildings of the property was in the sum of RMB400,000 as at the valuation date.

6. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   (i) XICT is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Notes 1 and 2 above;

   (ii) the buildings as mentioned in Note 4 are subject to a risk of being punished by the relevant government departments. However, XICT is entitled to occupy or use those buildings. Up to now, there exist no dispute or claim by any other third parties and punishment from the relevant government departments for those buildings; and

   (iii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
2.	Berth Nos. 1 to 3 and various buildings and ancillary structures located at Songyu Port, Haicang District, Xiamen, Fujian Province, PRC	The property is situated in the south of Haicang District with a number of berths in its immediate neighbourhood. It takes about 30 minutes' drive to the city centre of Xiamen from the property. The property comprises three container terminal berths together with various buildings and ancillary structures erected on a parcel of land with a site area of approximately 640,983.65 sq m. Berth Nos. 1 to 3 have a total quay length of 1,246 metres and a depth of 17 metres. They have a total designed annual capacity of 1,800,000 TEU and were completed in 2007. The buildings mainly comprise a composite building, a canteen, power substations and other ancillary buildings with a total gross floor area of approximately 17,340.37 sq m and were completed in various stages between 2007 and 2018. The ancillary structures mainly comprise stacking areas, roads, quays, gates and sewage treatment plants and were completed in various stages between 2007 and 2021. The land use rights of the property have been granted for a term due to expire on 10 November 2055 for port and storage uses.	As at the valuation date, portion of the property with a gross floor area of approximately 150.00 sq m was subject to a tenancy for a term due to expire on 31 December 2023 at a monthly rent of approximately RMB4,800. The remaining portion of the property was being owner-occupied for port use.	RMB1,950,900,000 (Renminbi One Billion Nine Hundred Fifty Million and Nine Hundred Thousand) (see Note 3)

Notes:

1. Pursuant to a Land Use Rights Certificate — Xia Di Fang Zheng No. Di00005747 dated 14 December 2006, the land use rights of a parcel of land of the property with a site area of approximately 641,947.90 sq m have been granted to Xiamen Songyu Container Terminal Co., Ltd. (廈門嵩嶼集裝箱碼頭有限公司) ("Songyu") for a term due to expire on 10 November 2055 for port and storage uses.

   As advised by the Company, portion of the land with a site area of 964.255 sq m was resumed by the government in 2010.

2. As advised by the Company, there are eleven buildings of the property with a total gross floor area of approximately 17,340.37 sq m which do not have any ownership certificates.

3. In the course of our valuation, we have assigned no commercial value to the buildings of the property with no valid title documents as mentioned in Note 2. For the Company's management reference purpose, the depreciated replacement cost of the said buildings of the property was in the sum of RMB38,300,000 as at the valuation date.

4. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   (i) Songyu is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Note 1 above;

   (ii) Songyu has not obtained any ownership certificates for the buildings of the property but they are entitled to occupy and use those buildings. Up to now, there exist no dispute or claim by any other third parties and punishment from the relevant government departments for the property; and

   (iii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
3.	Berth Nos. 18 and 19 and various buildings and ancillary structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	The property is situated in the south of Haicang District with a number of berths in its immediate neighbourhood. It takes about 40 minutes' drive to the city centre of Xiamen from the property. The property comprises two container terminal berths together with various buildings and ancillary structures erected on a parcel of land with a site area of approximately 431,306.30 sq m. Berth Nos. 18 and 19 have a total quay length of 754 metres and a depth of 15 metres. They have a total designed annual capacity of 1,300,000 TEU and were completed in 2013. The buildings mainly comprise a composite building, power transformer rooms and other ancillary buildings with a total gross floor area of approximately 18,664.22 sq m and were completed in various stages between 2011 and 2012. The ancillary structures mainly comprise sprinkler systems, storerooms and watchhouses and were completed in various stages between 2010 and 2020. The land use rights of the property have been granted for a term due to expire on 11 February 2059 for port use.	As at the valuation date, portions of the property with a total gross floor area of approximately 418.30 sq m were subject to various tenancies with the latest one due to expire on 30 June 2023 at a total monthly rent of approximately RMB17,000. The remaining portion of the property was being owner-occupied for port use.	RMB1,659,500,000 (Renminbi One Billion Six Hundred Fifty Nine Million and Five Hundred Thousand) (see Note 3)

Notes:

1. Pursuant to a Land Use Rights Certificate — Xia Guo Tu Fang Zheng No. Di00010429 dated 25 September 2009, the land use rights of a parcel of land of the property with a site area of approximately 431,306.30 sq m have been granted to Xiamen Haicang Xinhaida Container Terminals Co., Ltd. (廈門海滄新海達集裝箱碼頭有限公司) ("Xinhaida") for a term due to expire on 11 February 2059 for port use.

2. As advised by the Company, there are nine buildings of the property with a total gross floor area of approximately 18,664.22 sq m which do not have any ownership certificates.

3. In the course of our valuation, we have assigned no commercial value to the buildings of the property with no valid title documents as mentioned in Note 2. For the Company's management reference purpose, the depreciated replacement cost of the said buildings of the property was in the sum of RMB56,700,000 as at the valuation date.

4. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   (i) Xinhaida is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Note 1 above;

(ii) Xinhaida has not obtained any ownership certificates for the buildings of the property but is entitled to occupy and use those buildings. Up to now, there exist no dispute or claim by any other third parties and punishment from the relevant government departments for the property. As advised by the Company, Xinhaida is applying the ownership certificates for those buildings; and

(iii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
4.	Berth No. 1 and various ancillary structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	The property is situated in the south of Haicang District with a number of berths in its immediate neighbourhood. It takes about 20 to 25 minutes' drive to the city centre of Xiamen from the property. The property comprises a container terminal berth together with various ancillary structures erected on two parcels of land with a total site area of approximately 255,580.60 sq m. Berth No. 1 has a total quay length of 443.8 metres and a depth of 17.5 metres. It has a total designed annual capacity of 350,000 TEU and was completed in 2009. The ancillary structures mainly comprise power and water supply systems, roads and walls and were completed in various stages between 2007 and 2020. The land use rights of the property have been granted for a term due to expire on 21 February 2055 for port use.	As at the valuation date, portion of the property with a site area of approximately 42,190.00 sq m was subject to a tenancy for a term due to expire on 31 December 2021 at a monthly rent of approximately RMB246,000. The remaining portion of the property was being owner-occupied for port use.	RMB793,600,000 (Renminbi Seven Hundred Ninety Three Million and Six Hundred Thousand)

Notes:

1. Pursuant to two Land Use Rights Certificates — Xia Guo Tu Fang Zheng Nos. Di00010380 and Di00010381 both dated 26 June 2009, the land use rights of two parcels of land of the property with a total site area of approximately 255,580.60 sq m have been granted to Xiamen Haicang International Container Terminals Ltd. (廈門海滄國際貨櫃碼頭有限公司) ("XHICT") for a term due to expire on 21 February 2055 for port use.

2. Pursuant to a Certificate of Completion of Works of Port — Jiao Gang Yan Zheng Zi [2011] No. 10 dated 24 June 2011, the construction works of Berth No. 1 of the property were certified to be completed.

3. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   (i) XHICT is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Note 1 above; and

   (ii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
5.	Berth Nos. 4 to 6 and various structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	The property is situated in the south of Haicang District with a number of berths in its immediate neighbourhood. It takes about 20 to 25 minutes' drive to the city centre of Xiamen from the property. The property comprises three container terminal berths together with various ancillary structures erected on two parcels of land with a total site area of approximately 392,785.60 sq m. Berth Nos. 4 to 6 have a total quay length of 719 metres and a depth of 15.3 metres. They have a total designed annual capacity of 110,000 TEU and were completed in 2008. The ancillary structures mainly comprise roads, walls and temporary structures and were completed in various stages between 2008 and 2020. The land use rights of the property have been granted for two concurrent terms due to expire on 29 December 2054 for port use and 15 August 2056 for port and storage uses respectively.	As at the valuation date, the property was being owner-occupied for port use.	RMB905,100,000 (Renminbi Nine Hundred Five Million and One Hundred Thousand)

Notes:

1. Pursuant to two Real Estate Title Certificates — Min (2017) Xia Men Shi Bu Dong Chan Quan Di Nos. 0105618 and 0105620 both dated 26 September 2017, the land use rights of two parcels of land of the property with a total site area of approximately 392,785.60 sq m have been granted to Xiamen Hairun Container Terminal Co., Ltd. (廈門海潤集裝箱碼頭有限公司) ("Hairun") for two concurrent terms due to expire on 29 December 2054 for port use and 15 August 2056 for port and storage uses respectively .

2. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   (i) Hairun is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Note 1 above; and

   (ii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
6.	Berth Nos. 5 to 16 and various buildings and ancillary structures located at Haitian Port, Changan Road, Huli District, Xiamen, Fujian Province, PRC	The property is situated in the west of Huli District with a number of berths in its immediate neighbourhood. It takes about 15 to 20 minutes' drive to the city centre of Xiamen from the property. The property comprises 12 container terminal berths together with various buildings and ancillary structures erected on various parcels of land with a total site area of approximately 1,038,915.10 sq m. Berth Nos. 5 to 16 have a total quay length of 2,486 metres and a depth ranging from 12.2 to 14.5 metres. They have a total designed annual capacity of 2,300,000 TEU and were completed in various stages between 1994 and 2002. The buildings mainly comprise warehouses, power transformer rooms and composite buildings with a total gross floor area of approximately 43,584.77 sq m and were completed in various stages between 1991 and 2002. The ancillary structures mainly comprise stacking areas, quays and roads and were completed in various stages between 1993 and 2020. The land use rights of the property have been granted for three concurrent terms due to expire on 14 May 2044, 27 March 2047 and 29 June 2053 respectively for port, storage and ancillary facilities uses.	As at the valuation date, portions of the property with a total site area of approximately 78,504.87 sq m and a total gross floor area of approximately 12,940.24 sq m were subject to various tenancies with the latest one due to expire on 28 February 2030 at a total monthly rent of approximately RMB1,220,000. The remaining portion of the property was being owner-occupied for port use.	RMB2,359,000,000 (Renminbi Two Billion Three Hundred and Fifty Nine Million) (see Note 4)

Notes:

1. Pursuant to a Land Use Rights Certificate — Xia Guo Tu Fang Zheng No. Di00020810 dated 10 October 2015, the land use rights of a parcel of land of the property with a site area of approximately 164,366.70 sq m have been granted to Xiamen Container Terminal Group Co., Ltd. (廈門集裝箱碼頭集團有限公司) ("XCTG") for a term due to expire on 15 May 2044 for port use.

   As advised by the Company, portion of the land with a site area of 225.746 sq m was resumed by the government in 2017.

2. Pursuant to 27 Real Estate Title Certificates — Xia Guo Tu Fang Zheng Di Nos. 01299904, 01299910, 01299920, 01300064, 01300066, 01300067, 01300068, 01300069 and 01300071 and Min (2015) Xia Men Shi Bu Dong Chan Quan Di Nos. 0005504, 0008965, 0008994, 0009002, 0009007, 0009679, 0009682, 0009684, 0009685, 0009688, 0009697, 0009700, 0009701, 0009703, 0009707, 0009709, 0009713 and 0009738 dated between 10 October 2015 and 19 November 2015, the building ownership of the buildings of the

property with a total gross floor area of approximately 43,522.63 sq m and their corresponding land use rights with a total site area of approximately 874,774.15 sq m are vested in XCTG for two concurrent terms due to expire on 27 March 2047 and 29 June 2053 respectively for port, storage and ancillary facilities uses.

3. As advised by the Company, there is a building of the property with a gross floor area of approximately 62.14 sq m which do not have any ownership certificates.

4. In the course of our valuation, we have assigned no commercial value to the building of the property with no valid title documents as mentioned in Note 3. For the Company's management reference purpose, the depreciated replacement cost of the said building of the property was in the sum of RMB20,000 as at the valuation date.

5. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   (i) XCTG is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Notes 1 and 2 above;

   (ii) XCTG has not obtained any ownership certificates for the building of the property as stated in Note 3 but they are entitled to occupy and use this building. Up to now, there exist no dispute or claim by any other third parties and punishment from the relevant government departments for this building; and

   (iii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
7.	Berth Nos. 20 and 21 and various ancillary structures located at Dongdu Port, Shihu Mountain, Huli District, Xiamen, Fujian Province, PRC	The property is situated in the west of Huli District with a number of berths in its immediate neighbourhood. It takes about 15 to 20 minutes' drive to the city centre of Xiamen from the property. The property comprises two multi-functional berths together with various ancillary structures erected on three parcels of land with a total site area of approximately 193,560.04 sq m. Berth Nos. 20 and 21 have a total quay length of 550 metres and a depth of 13.5 metres. They have a total designed annual capacity of 300,000 TEU and were completed in various stages between 2006 and 2008. The ancillary structures mainly comprise stacking areas, quays and drainage systems and were completed in various stages between 2004 and 2010. The land use rights of the property have been granted for two concurrent terms due to expire on 21 May 2048 and 5 December 2056 respectively for port and transportation uses.	As at the valuation date, portion of the property with a site area of approximately 187,201.80 sq m was subject to a tenancy for a term due to expire on 31 March 2022 at a monthly rent of approximately RMB2,250,000. The remaining portion of the property was being owner-occupied for port use.	RMB497,400,000 (Renminbi Four Hundred Ninety Seven Million and Four Hundred Thousand)

Notes:

1. Pursuant to three Land Use Rights Certificates — Min (2017) Xia Men Shi Bu Dong Chan Quan No. 0099909 and Xia Guo Tu Fang Zheng Nos. Di00020809 and Di00020808 dated between 10 October 2015 and 2 October 2017, the land use rights of three parcels of land of the property with a total site area of approximately 204,073.63 sq m have been granted to Xiamen Container Terminal Group Co., Ltd. (廈門集裝箱碼頭集團有限公司) ("XCTG") for two concurrent terms due to expire on 21 May 2048 and 5 December 2056 respectively for port and transportation uses.

   As advised by the Company, portion of the land with a site area of 10,513.586 sq m was resumed by the government in 2020.

2. Pursuant to a Certificate of Completion of Works of Port — Xia Gang Jun [2010] 1 dated 18 June 2010, the construction works of Berth No. 20 of the property were certified to be completed.

3. Pursuant to a Certificate of Completion of Works of Port — Xia Gang Jun [2013] 3 dated 2 July 2013, the construction works of Berth No. 21 of the property were certified to be completed.

4. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   (i) XCTG is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Note 1 above; and

   (ii) the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
8.	Unit 1A, No. 22 Xiangxing Fourth Road, Xiangyu Bonded Area, Huli District, Xiamen, Fujian Province, PRC	The property is situated in the west of Huli District of Xiamen. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about 15 to 20 minutes' drive to the city centre of Xiamen from the property. The property comprises a commercial unit on Level 2 of an office building with a gross floor area of approximately 2,665.13 sq m. As advised by the Company, the property was completed in 1997. The land use rights of the property have been granted for a term due to expire on 17 May 2044 for commercial use.	As at the valuation date, the property was subject to a tenancy for a term due to expire on 31 December 2024 at a monthly rental of approximately RMB98,700.	RMB21,800,000 (Renminbi Twenty One Million and Eight Hundred Thousand)

Notes:

1. Pursuant to a Real Estate Title Certificate — Xia Guo Tu Fang Zheng No. 01300065 dated 10 October 2015, the building ownership of the property with a gross floor area of approximately 2,665.13 sq m and its corresponding land use rights are vested in Xiamen Container Terminal Group Co., Ltd. (廈門集裝箱碼頭集團有限公司) ("XCTG") for a term due to expire on 17 May 2044 for commercial use.

2. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. XCTG is entitled to occupy, use, transfer, lease, mortgage or by other legal means to dispose of the property as stated in Note 1 above; and

   ii. the property is free from mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2021
9.	Various ancillary structures located at Haicang Port, Haicang District, Xiamen, Fujian Province, PRC	The property is situated in the south of Haicang District with a number of berths in its immediate neighbourhood. It takes about 25 minutes' drive to the city centre of Xiamen from the property. The property comprises various structures erected on a parcel of land with a site area of approximately 120,000.00 sq m. The ancillary structures mainly comprise parking sheds and watchhouses and were completed in various stages between 2011 and 2020.	As at the valuation date, the property was being occupied for port use.	No commercial value (see Note 2)

Notes:

1. Pursuant to an agreement entered into between Xiamen Port Holding Group Co., Ltd. (廈門港務控股集團有限公司) and Xiamen Port Haicang Container Inspection Service Co., Ltd. (廈門港海滄集裝箱查驗服務有限公司) ("Haicang Inspection") dated 1 January 2021, Haicang Container Inspection has been allowed to use a parcel of land together with the relevant facilities of the property for a period between 1 January 2021 and 31 December 2021 at an annual fee of RMB6,293,700.

2. In the course of our valuation, we have assigned no commercial value to the ancillary structures of the property with no valid title documents as mentioned in Note 1.

3. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

   (i) Haicang Inspection does not hold the property;

   (ii) Haicang Inspection is entitled to occupy and use the property. Up to now, there exist no claim by any other third parties and punishment from the relevant government departments for the property; and

   (iii) the property is free from mortgages.

* * * * * *

This Appendix VI contains the English translation of the Valuation Report of the Target Company and the Target Equity Interests prepared by China Enterprise Appraisals Consultation Co., Ltd. ("CEA"), a PRC Qualified Valuer, using asset-based approach which is the basis for the determination of the consideration. In case of discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

All Equity Interests of Xiamen Container Terminal Group Co., Ltd. in connection with Proposed Purchase of Equity Assets by Xiamen International Port Co., Ltd

Asset Valuation Report

Zhong Qi Hua Ping Bao Zi (2021) No. 3682

To: Xiamen International Port Co., Ltd

China Enterprise Appraisals Consultation Co., Ltd. accepted your engagement to conduct appraisal on the market value as at 31 December 2020 of all equity interests of shareholders of Xiamen Container Terminal Group Co., Ltd. involved in the equity assets proposed to be acquired by the Company in accordance with the laws, administrative regulations and asset valuation standards and pursuant to the principles of independence, objectivity and impartiality and by using the asset-based approach and the income approach. The information on asset valuation is set forth herein as follows.

I. Principals, Appraised Entity and Other Users of the Asset Valuation Report as Stipulated in the Asset Valuation Commission Contract

The principal of this Asset Valuation Report is Xiamen International Port Co., Ltd, and the appraised entity is Xiamen Container Terminal Group Co., Ltd. The users of the Asset Valuation Report as stipulated in the Asset Valuation Commission Contract shall be the principal and other users of the Asset Valuation Report as stipulated by laws and administrative regulations.

(I) Particulars of Principals

Enterprise name: Xiamen International Port Co., Ltd
Address: No. 439 Gangnan Road, Haicang District, Xiamen, Fujian Province
Registered capital: RMB2,726.2 million
Legal representative: Cai Liqun
Company type: Joint stock limited company

Scope of business: 1. to provide terminal facilities for vessels; 2. to provide cargo loading and unloading, warehousing and logistics services within the port area; and loading and unloading, stacking, devanning and consolidation of container; 3. to provide jacking and towing services for vessels entering and leaving ports, docking and leaving the dock, and shifting berths; 4. to provide port services for vessels: including shore power for vessels; and 5. to provide leasing services regarding port facilities, equipment and port machinery.

(II) Particulars of the Appraised Entity

1. Company Profile

Enterprise name: Xiamen Container Terminal Group Co., Ltd.
Address: No. 8 Xiangyu Road, Xiamen Area, China (Fujian) Pilot Free Trade Zone
Registered capital: RMB Two Thousand Four Hundred and Thirty Six Million Six Hundred and Four Thousand Two Hundred and Twenty-eight Yuan and Forty-seven Cents
Legal representative: Wu Yansong
Type of enterprise: Limited liability company (enterprises by investors from Hong Kong, Macao and Taiwan; non-exclusive)

Scope of business: to provide terminal facilities for vessels; to provide cargo loading and unloading, transhipment, warehousing and logistics services within the port area; and loading and unloading, stacking, devanning and consolidation of containers, cleaning and repairing containers; to provide port services for vessels, including shore power supply for vessels; and to provide leasing services.

2. Shareholding Structure and Changes

Xiamen Container Terminal Group Co., Ltd. was jointly funded and established in December 2013 by Xiamen International Port Co., Ltd, New World (Xiamen) Port Investments Limited, Xiamen Xiangyu Logistics Group Corporation, Xiamen ITG Group Corp., Ltd. (ITG), Pointer Investment (Hong Kong) Limited and Xiamen Port Logistics Co., Ltd. The specific shareholding percentages are as follows:

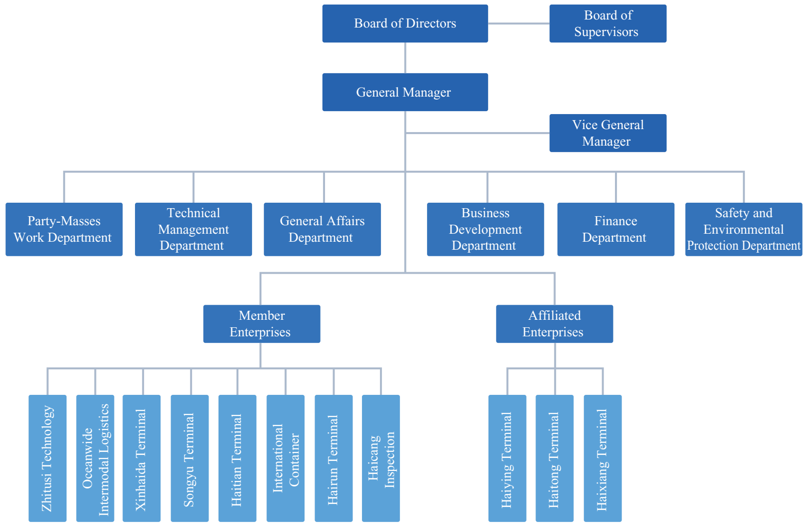
Shareholder	Registered Capital	Shareholding Proportion
Xiamen International Port Co., Ltd	144,852.37	59.45%
New World (Xiamen) Port Investments Limited	48,734.64	20.00%
Xiamen Xiangyu Logistics Group Corporation	24,364.17	10.00%
Xiamen ITG Group Corp., Ltd. (ITG)	20,431.56	8.39%
Pointer Investment (Hong Kong) Limited	3,933.24	1.61%
Xiamen Port Logistics Co., Ltd.	1,344.46	0.55%
Total	243,660.42	100.00%

There was no change in equity as at the valuation benchmark date.

3. Property Rights and Operation Management Structure

Through the integration of port resources, Xiamen Container Terminal Group Co., Ltd. covers 13 special container berths and 4 general cargo terminals in Dongdu Port Area with a total coastline length of 3,672 meters, which can receive and berth 100,000-ton container ships (unloading) with an annual shipping capacity of over 2.5 million TEUs.

The organizational structure of the company is as follows:



4. Assets, Financial and Operating Conditions in Recent Years

The following table sets forth the financial position (on a consolidated basis) in recent years:

Monetary unit: RMB'0,000

Item	2018	2019	2020
Total assets	1,163,606.45	1,142,409.95	1,117,391.45
Total liabilities	302,712.47	281,285.97	268,640.56
Total equity attributable to owners' equity	687,579.42	691,141.21	680,030.03
Minority interests	173,314.56	169,982.78	168,720.86
Total owners' equity	860,893.97	861,123.98	848,750.89

The following table sets forth the financial position of the parent company in recent years:

Monetary unit: RMB'0,000

Item	2018	2019	2020
Total assets	816,239.21	811,056.50	825,094.03
Total liabilities	67,165.41	54,737.26	73,300.63
Total owners' equity	749,073.80	756,319.24	751,793.40

The following table sets forth the operating position (on a consolidated basis) in recent years:

Monetary unit: RMB'0,000

Item	2018	2019	2020
Operating Income	202,150.59	207,333.72	203,001.27
Operating profit	64,863.59	65,448.69	54,767.13
Net profit	48,332.41	53,166.44	46,046.09
Net profit attributable to owners of parent company	44,477.09	49,460.64	42,830.49
Profit and loss of minority shareholders	3,855.32	3,705.80	3,215.60

The following table sets forth the operating position of the parent company in recent years:

Monetary unit: RMB'0,000

Item	2018	2019	2020
Operating Income	94,156.11	94,490.16	92,578.30
Operating profit	55,282.52	58,405.84	53,669.15
Net profit	45,608.26	53,110.07	49,365.66

The above financial and operating information is extracted from the financial statements of the appraised entity, of which the financial statements for the year of the valuation benchmark date, the year of 2019 and 2018 were audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) with standard unqualified opinions issued.

5. Relationship Between the Appraised Entity and the Principal

The Principal, Xiamen International Port Co., Ltd, is a shareholder of the appraised entity, Xiamen Container Terminal Group Co., Ltd.

(III) Users of the Asset Valuation Report

This Asset Valuation Report shall only be used by the principal and the users of the Asset Valuation Report as stipulated by laws and administrative regulations. No other institution or individual shall become the user of the Asset Valuation Report.

II. Purpose of Valuation

According to the meeting minutes of Xiamen International Port Co., Ltd ("Meeting Minutes of Operation Team of Xiamen International Port Co., Ltd" (Xia Gang Gu Ban [2021] No. 15), Xiamen International Port Co., Ltd proposed to acquire the equity interest in Xiamen Container Terminal Group Co., Ltd. China Enterprise Appraisals Consultation Co., Ltd. was entrusted by Xiamen International Port Co., Ltd to conduct appraisal on the value of the all equity interests of shareholders involved in Xiamen Container Terminal Group Co., Ltd., so as to provide asset value reference for the implementation of the above economic behavior.

III. Object and Scope of Valuation

(I) Object of Valuation

The object of valuation of this report is the value of all equity interests of shareholders of Xiamen Container Terminal Group Co., Ltd.

(II) Scope of Valuation

1. Scope of Valuation

The scope of valuation of this report covers all assets and liabilities of Xiamen Container Terminal Group Co., Ltd., specifically including current assets, long-term equity investment, investment real estates, fixed assets, construction in progress, intangible assets, goodwill, long-term deferred expenses, deferred income tax assets, current liabilities and non-current liabilities. As at the valuation benchmark date of 31 December 2020, the carrying amounts of various assets and liabilities are as follows:

Monetary unit: RMB'0,000

Item	Book value
Current assets	122,834.22
Long-term equity investment	367,851.17
Investment real estates	45,750.91
Fixed assets	143,655.97
Construction in progress	5,914.70
Intangible assets	117,019.10
Other non-current assets	22,067.96
Total assets	825,094.03
Current liabilities	53,847.63
Non-current liabilities	19,453.00
Total liabilities	73,300.63
Owners' equity	751,793.40

The above book value has been audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) with standard unqualified opinions issued. The object and scope of valuation entrusted are consistent with those involved in economic behavior.

2. Explanation on Major Assets within the Scope of Valuation

(1) Other receivables

The book value of other receivables was RMB1,019.6008 million and the provision for bad debts was RMB127,600, which mainly include capital collection, borrowings and current accounts.

(2) Intangible assets—land usage rights

There are 5 cases of intangible assets—land use rights, with book value of RMB1,144.554 million and a total land area of 1,045,499.09 sq.m. The land is used for terminal storage and port terminal, and all types of land use rights are granted. Each parcel of land has obtained the ownership certificate for use right, and the owner of the land-use right as stated in all certificates is Xiamen Container Terminal Group Co., Ltd.

(3) Fixed assets—Buildings assets

Fixed assets—Buildings assets include buildings, structures and other auxiliary facilities. The total original book value is RMB1,164.3558 million, and the total net book value is RMB910.1222 million. No provision for impairment has been made. Among them, there are 50 buildings with a total gross floor area of 43,393.49 sq.m, of which 26 buildings have obtained the ownership certificates. The owner of the buildings as stated in all certificates is Xiamen Container Terminal Group Co., Ltd. The main uses of the buildings include complex building, container transportation warehouse, warehouse, staff lounge, mobile machinery warehouse, power transformation station, etc. There are 171 structures and other ancillary facilities, mainly including No. 5 to No. 11 terminals, No. 12 to No. 16 terminals hydraulic works, 5,000-ton terminal, 1,000-ton terminal, terminal roads, stacking yards and various types of bounding walls and other supporting ancillary facilities. The above-mentioned buildings were mainly built between 1991 and 2016. At present, they are used by the appraised entity itself and can be used normally. The use rights of land occupied by buildings have been included in valuation.

(4) Investment real estates

The total original book value and net book value of investment real estates amount to RMB557.796 million and RMB457.5091 million, respectively. There are 34 items in total without provision for impairment. Among them, 32 are buildings and 2 are land parcels.

The buildings are mainly used for offices, gas stations and 20# and 21# terminals, with a total gross floor area of 76,213.32 sq.m. There are 2 buildings with ownership certificates obtained. The owner of the buildings as stated in the certificate is Xiamen Container Terminal Group Co., Ltd., with a total gross floor area of 2,856.42 sq.m. Each parcel of land has obtained the ownership certificate, and the owner of the buildings as stated in the certificate is Xiamen Container Terminal Group Co., Ltd., with a total site area of 197,715.39 sq.m. Currently, the enterprise has leased out all these buildings.

(5) Fixed assets—Equipment assets

Equipment assets include machinery and equipment, vehicles and electronic equipment, with a total original book value of RMB943.6639 million and an aggregate net book value of RMB526.4375 million. Major machinery and equipment include gantry cranes, bridge cranes, stacking machine and reach stackers. The above major equipment was purchased and put into use during the period from 1997 to 2020, and was upgraded during the period from 2005 to 2020, which is currently in normal use.

(6) Long-term equity investment

There are 7 long-term equity investments within the scope of valuation, details of which are as follows:

Monetary unit: RMB'0,000

Investee	Shareholding proportion	Book value of long-term equity investments
Xiamen Hairun Container Terminal Co., Ltd.	100.00%	109,093.93
Xiamen Songyu Container Terminal Co., Ltd.	75.00%	132,041.52
Xiamen Port Haicang Container Equipment Inspection Services Co., Ltd.	75.00%	332.55
Trend Wood Investments Limited	100.00%	1,195.17
Xiamen Haicang International Container Terminals Ltd.	51.00%	40,531.12
Xiamen International Container Terminals Limited	51.00%	70,823.20
Xiamen Haicang Xinhaida Container Terminal Co., Ltd.	20.00%	13,833.68
Total		367,851.17

The investees are currently under normal operation, of which, Trend Wood Investments Limited is a Hong Kong incorporated company.

3. Type and quantity of off-balance sheet assets declared by the enterprise

The enterprise has not reported any off-balance sheet assets.

4. Reference to reports of other institutions

This Asset Valuation Report does not refer to reports from other institutions.

IV. Type of Value

(I) Selection of Type of Value

According to the relevant valuation standards, selection and use of type of value shall fully consider factors such as the purpose of valuation, market conditions and the conditions of the object of valuation, as well as the relevance between the type of value and the valuation assumptions. When the basic elements of asset valuation, such as the purpose of valuation and the object of valuation, meet the requirements of the definition of market value, market value is generally selected as the type of value of the valuation conclusion. The purpose of valuation of this report is to provide a reference opinion for the acquisition of equity assets. The economic behavior is a normal market economic behavior and there is no special restriction on and requirement for the market conditions and the use of the valuation target. Therefore, this valuation is based on the assumption that the valuation target is traded in the open market, excluding the impact of non-market factors and abnormal factors on the valuation conclusion. Based on the above analysis, the basic elements of this asset valuation meet the requirements of the definition of market value; therefore, the market value is selected as the value type of the valuation conclusion.

(II) Definition of Value Type

The market value referred to in this evaluation report means the estimated value of the evaluation object in the normal and fair transaction conducted on the evaluation benchmark date when the willing buyer and willing seller act reasonably and voluntarily.

V. Valuation Benchmark Date

The valuation benchmark date of this report is 31 December 2020.

Factors such as the realization date of the economic behavior corresponding to the valuation purpose and the end of the accounting period are taken into account in determining the valuation benchmark date.

VI. Valuation Basis

(I) Basis for Behaviour

1. The meeting minutes of Xiamen International Port Co., Ltd ("Meeting Minutes of the Operation Team of Xiamen International Port Co., Ltd") (Xia Gang Gu Ban [2021] No. 15).

(II) Basis for Laws and Regulations

1. Assets Appraisal Law of the People's Republic of China (adopted at the 21st meeting of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. Company Law of the People's Republic of China (revised at the 6th Meeting of the Standing Committee of the 13th National People's Congress on 26 October 2018);

3. Civil Code of the People's Republic of China (adopted at the 3rd Meeting of the 13th National People's Congress on 28 May 2020);

4. Measures for Financial Supervision and Administration of Assets Valuation Industry (Order No. 97 of the Ministry of Finance);

5. Urban Real Estate Administration Law of the People's Republic of China (amended at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

6. Land Administration Law of the People's Republic of China (amended at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019);

7. Enterprise Income Tax Law of the People's Republic of China (revised at the 7th Meeting of the 13th National People's Congress on 29 December 2018);

8. Law of the People's Republic of China on State-owned Assets of Enterprises (adopted at the 5th Meeting of the Standing Committee of the 11th National People's Congress on 28 October 2008);

9. Interim Measures for the Supervision and Administration of State-owned Assets of Enterprises (Order No. 378 of the State Council, revised by Order No. 709 of the State Council);

10. Administrative Measures for State-Owned Assets Assessment (Order No. 91 of the State Council);

11. Circular on Printing and Distributing the Detailed Rules for the Implementation of the Administrative Measures for State-owned Assets Assessment (Guo Zi Ban Fa [1992] No. 36);

12. Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (Order No. 12 of State-owned Assets Supervision and Administration Commission of the State Council);

13. Notice of Issues on Strengthening the Administration of Assessment of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

14. Notice on Relevant Matters Concerning the Audit of State-owned Asset Valuation Report of Enterprises (Guo Zi Chan Quan [2009] No. 941);

15. Guidelines for the Filing of State-owned Assets Valuation Projects of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

16. Measures for the Supervision and Administration of State-owned Assets Trading of Enterprises (Order No. 32 of the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council);

17. Provisional Regulations on Value Added Tax of the People's Republic of China (Order No. 691 of the State Council);

18. Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting the VAT Rate (Cai Shui [2018] No. 32);

19. Announcement on Policies Concerning Deepening Value Added Tax Reform issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (No. 39 of 2019);

20. Accounting Standards for Business Enterprises-Basic Standards (Order No. 33 of the Ministry of Finance) and the Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises-Basic Standards (Order No. 76 of the Ministry of Finance).

(III) Basis for Valuation Standards

1. Asset Evaluation Standards—Basic Standards (Cai Zi [2017] No. 43);

2. Code of Professional Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);

3. Practice Guidelines for Asset Valuation-Asset Valuation Report (Zhong Ping Xie [2018] No. 35);

4. Practice Guidelines for Asset Valuation-Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

5. Practice Guidelines for Asset Valuation-Asset Valuation Archives (Zhong Ping Xie [2018] No. 37);

6. Practice Guidelines for Asset Valuation-Enterprise Value (Zhong Ping Xie [2018] No. 38);

7. Practice Guidelines for Asset Valuation-Asset Valuation Approach (Zhong Ping Xie [2019] No. 35);

8. Practice Guidelines for Asset Valuation-Asset Valuation Authorization Contracts (Zhong Ping Xie [2017] No. 33);

9. Practice Guidelines for Asset Valuation-Using Expert Work and Related Reports (Zhong Ping Xie [2017] 35);

10. Practice Guidelines for Asset Valuation-Real Estate (Zhong Ping Xie [2017] 38);

11. Practice Guidelines for Asset Valuation-Machinery and Equipment (Zhong Ping Xie [2017] No. 39);

12. Guidelines for the Asset Valuation Report of State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);

13. Guidelines for Business Quality Control of Asset Appraisal Institutions (Zhong Ping Xie [2017] No. 46);

14. Guiding Opinions on Value Types of Assets Valuation (Zhong Ping Xie [2017] No. 47);

15. Guiding Opinions on Legal Ownership of Assets Valuation Objects (Zhong Ping Xie [2017] No. 48);

16. Guidance on the Evaluation of Investment Real Estates (Zhong Ping Xie [2017] No. 53);

17. Terms of Asset Valuation Standards 2020 (Zhong Ping Xie [2020] No. 31).

(IV) Basis for Property Rights

1. Major equipment purchase contract and invoice;

2. Building Ownership Certificates, State-owned Land Use Certificates, Real Estate Certificates, Sea Area Use Rights Certificates, and Vehicle License;

3. Articles of Association, financial statements as at the benchmark date and business licenses, etc.;

4. Contracts or Agreements for relevant business.

(V) Pricing Basis

1. Mechanical and Electrical Products Quotation Manual (prepared by Mechanical Industry Press, 2021 Edition);

2. Major equipment purchase contracts or invoices entered into between the appraised entity and the suppliers;

3. Regulations on Compulsory Scrapping Standards of Motor Vehicles (Order No. 12 of 2012 of the Ministry of Commerce, Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection);

4. Measures for Preparing Budget Estimates for Construction Projects of Machinery Industry and Indicators for Budget Estimates (Ji Xie Ji [1995] No. 1041);

5. Budget Quota for Building Construction and Decoration Projects in Fujian Province (FJYD-101-2017);

6. Budget Quota for Structure Project in Fujian Province (FJYD-102-2017);

7. Budget Quota for General Installation Project in Fujian Province (FJYD-301-2017 ~ FJYD-311-2017);

8. Budget Quota for Municipal Engineering in Fujian Province (FJYD-401-2017 ~ FJYD-409-2017);

9. Construction and Installation Engineering Cost Quota in Fujian Province (2017 Edition);

10. Construction Period Quota for National Unified Construction and Installation Project;

11. Notice of Xiamen Municipal People's Government on Urban Land Benchmark Land Price and Land Price Collection Management Regulations (Xia Fu Gui [2020] No. 10);

12. Regulations of Xiamen City on the Management of Land Price Collection (2020);

13. Notice of Xiamen Municipal People's Government on Adjusting Compensation Standards for Land Acquisition (Xia Fu (2019) No. 430);

14. Stipulations on Compiling Estimate and Budget for Water Transportation Construction Engineering (JTS/T 116-2019);

15. Cost Quota for Ship Machinery (Units) for Coastal Port Engineering (JTS/T 276-2-2019);

16. Reference Quota for Projects in Coastal Ports (JTS/T 276-3-2019);

17. Consumption Quota for Concrete and Mortar Materials in Water Transportation Engineering (JTS/T 277-2019);

18. Budget Quota for Dredging Engineering (JTS/T 278-1-2019);

19. Unit Expense Quota for Ships of Dredging Engineering (JTS/T 278-2-2019);

20. Unit Price of Fixed Materials for Water Transportation Engineering (2019 Edition);

21. Notice of the General Office of the Ministry of Transport on Printing and Distributing the Measures for Adjustment of the Basis of Value-added Tax in Lieu of Business Tax for Water Transportation Projects [Jiao Ban Shui (2016) No. 100];

22. Regulations on the Administration of the Right to the Use of Sea Areas (Guo Hai Fa [2006] No. 27, 1 January 2007);

23. Technical Code for Marine Price Evaluation (HY/T-0288-2020);

24. Notice on Improving the Administration on Collection of Sea Waters Use Fee (Cai Zong [2007] No. 10, 24 January 2007);

25. Notice of the Ministry of Finance and the State Oceanic Administration on Adjusting the Collection Standards of Fees for the Use of Sea Areas and Islands Without Residents (Cai Zong [2018] No. 15);

26. Historical production and operation data and future forecast data provided by the appraised entity;

27. Financial statements and audit reports of previous years provided by the appraised entity;

28. Relevant information such as production and operation, financial management provided by the appraised entity;

29. Future development plans and investment plans provided by the appraised entity;

30. Relevant information obtained through market research by asset valuation professionals;

31. Other relevant information.

(VI) Other Reference Basis

1. Asset appraisal declaration form provided by the appraised entity;

2. Circular of the National Development and Reform Commission and the Ministry of Construction on Printing and Distributing the Regulations on the Management of Construction Project Supervision and Related Service Charges (Fa Gai Jia Ge [2007] No. 670);

3. Circular of the State Development Planning Commission and the Ministry of Construction on Distributing the Regulations on the Management of Engineering Survey and Design Fees (Ji Jia Ge [2002] No. 10);

4. Circular of the State Development Planning Commission on Printing and Distributing the Interim Measures for the Administration of Bidding Agency Service Charges (Ji Jia Ge [2002] No. 1980);

5. Notice of the Ministry of Finance on Printing and Distributing the Regulations on the Management of Construction Costs of Capital Construction Projects (Cai Jian [2016] No. 504);

6. Circular of the State Development Planning Commission on Printing and Distributing the Interim Provisions on Consultation Fees for Preparatory Work of Construction Projects (Ji Jia Ge [1999] No. 1283);

7. Circular of the State Development Planning Commission and the State Environmental Protection Administration on Issues Concerning Regulating Environmental Impact Consultation Fees (Ji Jia Ge [2002] No. 125);

8. Manual of Data and Parameters Commonly Used in Asset Valuation;

9. "PwC Zhong Tian Shen Zi (2021) No. 28359 Audit Report" issued by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership);

10. Code for Real Estate Valuation (GB/T 50291-2015);

11. Code for Urban Land Valuation (GB/T 18508-2014);

12. Rules for Classification and Grading of Urban Land (GB/T 18507-2014);

13. Other relevant information.

VII. Valuation Approaches

(I) Selection of Valuation Approaches

In the execution of enterprise value appraisal, it is necessary to analyze the applicability of the three basic approaches of asset valuation, namely, income approach, market approach and cost approach (asset-based approach), according to the relevant conditions such as the appraisal purpose, appraisal object, value type and data collection, and select the appropriate approach.

The cost approach in enterprise value appraisal, also known as the asset-based approach, refers to a valuation approach that reasonably evaluates the value of each asset and liability on and off the enterprise's balance sheet that can be identified and determines the value of the appraisal object on the basis of the balance sheet of the appraised entity on the valuation benchmark date. The asset-based approach is applicable on the premise that: ①the significant assets and liabilities of the appraised entity can be identified and individually appraised; and ②sufficient valuation data is available.

(II) Introduction of the Asset-based Approach

The asset-based approach in enterprise value appraisal refers to a valuation approach that reasonably evaluates the value of each asset and liability on and off the enterprise's balance sheet that can be identified and determines the value of the appraisal object on the basis of balance sheet of the appraised entity on the valuation benchmark date. The specific valuation approaches of each asset and liability are as follows.

1. Current Assets

(1) Monetary funds

The accounting content of monetary funds of the appraised entity is bank deposits. The asset appraisal professionals check the book amount of bank deposits with bank statements and perform trial balance according to the bank balance reconciliation statement, and verify with the letter from banks. After each item is verified to be correct, the appraised value is determined by the verified book value.

(2) Receivables (accounts receivable, other receivables)

Asset appraisal professionals verify receivables by consulting relevant account books, vouchers, business contracts, and by other means such as obtaining confirmations for large amounts. With the help of historical information and on-site investigation and verification, they specifically analyze the amount of creditor's rights, the time and reasons for arrears, the recovery of payment, the funds, credit and management status of the debtors. On this basis, the appraised value of the receivables is determined at the estimated recoverable amount.

(3) Prepayments

Asset appraisal professionals verify prepayments by consulting relevant account books, vouchers, business contracts, and by other means such as obtaining confirmations for large amounts. With the help of historical information and on-site investigation and verification, they specifically analyze the time of occurrence of prepayments and the corresponding business, the collection of goods and the arrival of goods after the period. On this basis, the appraised value is calculated and determined on the basis that the corresponding assets can be recovered or the corresponding rights acquired after the valuation benchmark date.

(4) Inventories

Inventories are mainly raw materials, including raw materials for production and spare parts, etc. For the various raw materials purchased near the valuation benchmark date, their appraised value is calculated and determined based on their verified quantity and market price on the valuation benchmark date, after taking into account the reasonable transportation costs and reasonable losses; if the purchase date is relatively far from the valuation benchmark date, the appraised value is determined based on the residual value of the materials.

(5) Other current assets

Other current assets are accounted for as input tax and personal income tax to be deducted. The appraised value is determined by consulting the relevant account books and vouchers to understand whether corresponding assets or rights remain after the valuation benchmark date and on the basis of verification of the benefit period and benefit amount.

2. Long-term Equity Investment

For wholly-owned and controlled investees, the valuation of their total shareholders' equity is conducted in accordance with the enterprise value appraisal approach, and the appraised value of long-term equity investments is determined by multiplying the appraised results of the total shareholders' equity of the investees by the equity ratio.

3. Investment Real Estates

The investment real estates included in the scope of valuation include buildings assets and land assets.

(1) Buildings

The buildings assets included in the scope of valuation are houses, which are self-built and purchased. The self-built buildings assets are mainly Terminals No. 20 and No. 21 and port ancillary buildings and supporting facilities, for which the cost approach is adopted for valuation; the purchased commercial building is the Xiangyu Building (business hall on the second floor), which is income-producing real estate and its future income and risks can be reasonably estimated, so the income approach is adopted for valuation.

- Cost approach

Based on the nature of this project and the characteristics of buildings assets, this valuation adopts the path which carries out valuation for buildings and land separately. The calculation formula for calculating the appraised value of buildings assets is as follows:

Appraised value = replacement cost × newness rate

The cost approach refers to the valuation approach for similar fixed assets.

- Income approach

The calculation formula for income approach is as follows:

$$V = \sum_{i=1}^{n} \frac{A_i}{(1 + Y_i)^i}$$

Where: V — income value;

A_i — net income in year i in the future;

Y_i — rate of income in year i in the future;

n — income period.

(2) Land

The land use rights separately valuated in the scope of valuation are all terminal land, and after analysis, this appraisal of land use rights was carried out using the cost approximation approach.

The cost approximation approach is an approach to determine the price of land mainly based on the sum of objective costs incurred in acquiring and developing the land, plus objective profits, interest, taxes payable and land appreciation income. The basic calculation formula is as follows:

$$\begin{aligned} P &= E_a + E_d + T + R_1 + R_2 + R_3 \\ &= P_E + R_3 \end{aligned}$$

Where: P — price of the parcel to be estimated

E_a — land acquisition cost;

E_d — land development cost;

T — taxes;

R_1 — interest;

R_2 — profit;

R_3 — land appreciation;

P_E — land cost price.

4. Fixed Assets

Fixed assets included in the scope of valuation are equipment assets and buildings assets.

(1) Equipment assets

Equipment assets are machinery, equipment, vehicles and electronic equipment. Based on the nature of the project and the characteristics of the equipment assets included in the scope of valuation, for some of the old electronic equipment (such as computers, etc.) and vehicles, due to the existence of an active second-hand market, the market approach for valuation is adopted and the second-hand market price of similar equipment is used as the appraised value, while the rest of the equipment is appraised through the cost approach. The calculation formula for the cost approach is as follows:

Appraised value = replacement cost × newness rate

① Replacement cost

Based on the characteristics and nature of the equipment assets included in the scope of valuation and the situation of the appraised entity, the calculation method of the replacement cost of each type of equipment for the valuation is as follows.

A. Machinery equipment

Replacement cost = equipment acquisition cost + transportation and miscellaneous costs + installation costs + preliminary and other costs + capital costs – VAT input tax

a. Equipment acquisition cost

The acquisition cost of domestically produced equipment is determined by consulting the relevant quotation manuals, market surveys and inquiries, and combining with the relevant price information available to the asset appraisal institution.

b. Transportation and miscellaneous costs

If the equipment acquisition cost does not cover transportation and miscellaneous costs, the transportation and miscellaneous rates are determined by referring to the relevant budget estimates, and combining the distance, weight, volume and other factors of the equipment.

c. Installation costs

If the purchase cost of equipment does not cover installation costs, the installation rates are determined by referring to the estimated indicators, and combining the size, nature and other factors of the installation project. For the equipment that does not need to be installed or only requires simple installation, no installation fee will be charged.

d. Preliminary and other costs

Preliminary and other costs cover preliminary work consulting fee, project construction management fee, bidding agent fee, environmental impact appraisal fee, survey and design fee, engineering supervision fee, combined trial operation fee, etc. The rates are determined by investigating the average cost level of similar projects, and referring to the relevant quotas and billing standards, and combining the actual situation of the project.

e. Capital cost

Based on the normal construction period of the project where the equipment is located and the quoted market interest rate of the loan in effect on the valuation benchmark date, the sum of equipment purchase cost, transportation and miscellaneous costs, installation cost, preliminary and other costs are calculated based on the uniform input of funds.

f. VAT input tax

According to the relevant laws and regulations, the VAT input tax includes the input tax of value-added tax in the equipment acquisition cost, transportation and miscellaneous costs, installation cost, preliminary and other costs.

B. Vehicles

The acquisition cost of vehicles is determined through market survey and inquiry, and the replacement cost is determined by adding vehicle acquisition tax and other normal costs (such as license fees) and deducting VAT input tax.

C. Electronic equipment

The equipment acquisition cost is determined by consulting the relevant quotation manuals, market surveys and inquiries, combining with the relevant price information available to the asset appraisal institution, and deducting VAT input tax as the replacement cost. Some of the electronic equipment to be installed is evaluated with reference to machinery equipment.

② Newness rate

Based on the economic life of the equipment and the used life, the newness rate is measured through on-site investigation of the equipment, comprehensively taking into account the technical condition, load and utilization rate, maintenance status and other factors.

A. Important equipment

According to the economic life of the equipment and the used life, the acceptable useful life is determined through on-site investigation of the equipment, comprehensively taking into account the technical condition, load and utilization rate, maintenance status and other factors, and the newness rate is measured by the following calculation formula:

Newness rate = acceptable useful life / economic life × 100%

B. General equipment

It should be determined by using theoretical newness rate (age newness rate). Where the actual condition of the equipment differs greatly from the theoretical newness rate, adjustments are made according to the results of on-site investigation. The calculation formula is as follows:

Newness rate = theoretical newness rate (age newness rate) × adjustment coefficient

Wherein, the theoretical newness rate = (economic life – used life) / economic life × 100%

C. Vehicles

According to the relevant scrapping standards, the age newness rate and mileage newness rate are measured respectively. The theoretical newness rate is determined in accordance with the principle of the lower, and adjustments are made according to the results of the on-site investigation. The calculation formula is as follows:

Newness rate = theoretical newness rate × adjustment coefficient

(2) Buildings assets

The buildings assets included in the scope of valuation contain houses and structures, all of which are self-built, and mainly for container terminals, terminal structures, office buildings, industrial buildings and supporting ancillary facilities. Due to very few examples on lease and sales of local similar buildings, it is not appropriate to adopt the market approach or income approach for the valuation. Therefore, the cost approach is adopted for this valuation.

Based on the nature of the project and the characteristics of buildings assets, this valuation adopts the separate appraisal path of land and house. The calculation formula of appraised value for buildings assets is as follows:

Appraised value = replacement cost × newness rate

① Replacement cost

Based on the characteristics and nature of buildings assets included in the scope of valuation and the conditions of appraised entity, the calculation formula of replacement cost for this valuation is as follows:

Replacement cost = construction and installation engineering cost + preliminary and other costs + capital cost – VAT input tax

A. Construction and installation engineering cost

a. Buildings

According to the related materials provided by the appraised entity and engineering features and technical data of buildings assets obtained through on-site investigation in combination with local quota standards and relevant charging documents as well as the cost information of similar buildings assets, for high-value and important buildings assets and general buildings assets, the unit-in-place method and comparative unit method are adopted to calculate the construction and installation engineering cost, respectively.

b. Hydro terminal

According to the engineering drawings, statement of final project accounting as well as breakdown of fixed assets and other relevant materials of each hydro building engineering project provided by the appraised entity, based on the quantities listed in the statement of account of each hydro building engineering project, the construction and installation engineering cost is calculated through Easier (億吉爾) hydro estimate and budget software by adopting the current stipulations on quota and compilation of estimate and budget for coastal construction and installation engineering.

B. Preliminary and other costs

The preliminary and other costs include preliminary work consulting fees, project construction management fee, bidding agency fee, environmental impact appraisal fees, survey and design fee, engineering supervision fee, etc., and the rates are determined through investigation on average costs of local similar construction projects and with reference to relevant charging standards in combination with the scope and nature of the project.

C. Capital cost

Based on the normal construction period of the construction project where the buildings assets are located and the quoted market interest rate of the loan in effect on the valuation benchmark date, the capital cost is determined as per the capital by taking the sum of the construction and installation engineering cost and the preliminary and other costs as the base.

D. VAT input tax

According to relevant regulations, the VAT input tax includes the VAT input tax of construction and installation engineering cost, preliminary and other costs.

② Newness rate

According to the economic life and used life of buildings assets, the newness rate is calculated by on-site investigation on buildings assets and comprehensive consideration of construction, service, maintenance, replacement and reconstruction and other conditions for buildings assets.

A. Important buildings assets

According to the economic life and used life of buildings assets, the acceptable useful life is calculated by on-site investigation on buildings assets and comprehensive consideration of construction, service, maintenance, replacement and reconstruction and other conditions for buildings assets, and the newness rate is calculated with the following calculation formula:

Newness rate = acceptable useful life / economic life × 100%

B. General buildings assets

The newness rate is determined by the theoretical newness rate (age newness rate). Where the actual status differs greatly from the theoretical newness rate of buildings assets, the newness rate is adjusted according to the results of on-site investigation. Its calculation formula is as follows:

Newness rate = theoretical newness rate (age newness rate) × adjustment coefficient

Wherein, theoretical newness rate = (economic life – used life) / economic life × 100%

5. Construction in Progress

The construction in progress is appraised using the cost approach. According to the types and specific conditions of various constructions in progress, the following valuation approaches are adopted:

(1) Completed projects

The completed construction in progress is appraised with reference to valuation approaches of similar fixed assets and deducted the construction cost or expense to be paid.

(2) Uncompleted projects

For projects under construction which commenced construction no more than half a year before the valuation benchmark date, the residual value after deducting unreasonable expenses from the verified book value of the construction in progress is taken as the appraised value.

For projects under construction which commenced construction more than half a year before the valuation benchmark date, the appraisal is carried out using the cost approach, in which the capital cost is determined in accordance with the following principles:

① The interest rate shall be determined according to the effective interest rate as at the valuation benchmark date;

② The construction period shall be reasonably determined according to the project scale and actual completion rate and with reference to the relevant construction period quota.

(3) Pure cost construction in progress

Pure cost constructions in progress have no material entities. If the verified payment is necessary for the construction projects to be started in the future or has actual value for the future owners, the verified book value should be taken as the appraised value after it is confirmed that there is no duplicate valuation with the related asset projects, otherwise it should be treated as zero.

6. Land Use Rights

The land use rights separately evaluated in the scope of valuation are lands for storage and corresponding facilities and port terminals, and after analysis, this appraisal of land use rights was carried out using the cost approximation approach.

The cost approximation approach is an approach to determine the price of land mainly based on the sum of objective costs incurred in acquiring and developing the land, plus objective profits, interest, taxes payable and land appreciation income. The basic calculation formula is as follows:

$$\begin{aligned} P &= E_a + E_d + T + R_1 + R_2 + R_3 \\ &= P_E + R_3 \end{aligned}$$

Where: P — price of the parcel to be estimated;

E_a — land acquisition cost;

E_d — land development cost;

T — taxes;

R_1 — interests;

R_2 — profits;

R_3 — land appreciation;

P_E — land cost price.

7. Sea Use Right

The sea use right in the scope of valuation is for the port sea, and after analysis, the sea use right is appraised by the cost approximation approach.

The cost approximation approach is an approach to determine the sea price mainly based on the sum of objective expenses spent on sea development, plus certain profits, interests and taxes payable. Its basic calculation formula is as follows:

$$P = (Q+D+B+I+T+C) \times K$$

Where: P — sea price;

Q — sea acquisition cost;

D — sea development cost;

B — sea development interests;

I — sea development profits;

T — taxes;

C — sea appreciation benefits

K — Sea use period correction coefficient.

8. Other Intangible Assets

Other intangible assets in the scope of this valuation include the port line use right and various outsourced softwares.

(1) Port line use right

The port line use right in the scope of valuation is acquired by appraised entity through paid transfer. "The port line is subject to a paid use system and the specific measures shall be formulated by the Provincial People's Government" according to the *Fujian Port Regulations*. Considering that there is no specific implementation measure for the paid use of the port line provisionally in Xiamen City, the appraisal professionals make verification by consulting relevant account books, vouchers and business contracts, and with the help of historical data and on-site investigation and verification, analyze the occurrence time and corresponding right of the port line use right. On this basis, the amortized book value after verification as at the valuation benchmark date shall be used for determination.

(2) Software

For this valuation, the appraisal value is comprehensively determined through the market price of similar software for market investigation in combination with current utilization of appraised software.

9. Goodwill

The accounting content of goodwill includes goodwill arising from the valuation surplus of business combination not under common control in 2013. The asset appraisal professionals consulted the relevant vouchers, contracts and other materials to verify the components of the book value, considering that the relevant assets have been included in the scope of this valuation, thus the goodwill will not be valuated separately.

10. Long-term Deferred Expenses

The accounting contents of deferred expenses include dredging maintenance engineering costs, reconstruction costs, etc. The asset appraisal professionals consulted the relevant account books, vouchers, contracts and other materials to verify the components of the book value, so as to know about whether there is corresponding asset or right after the valuation benchmark date, and the appraisal value is determined based on the verification of benefit period and amount.

11. Deferred Tax Assets

The appraised value of deferred tax assets is calculated and determined based on appraisal and treatment of corresponding subjects after the asset appraisal professionals verified the accounting contents, reason of origin, formation process, amount accuracy of deferred tax assets.

12. Other Non-current Assets

The accounting contents of other non-current assets mainly include long-term prepayments; the asset appraisal professionals consulted the relevant account books, vouchers, business contracts and by other means to verify other non-current assets, and with the help of historical data and on-site investigation and verification, analyze the occurrence time and the respective business of prepayments, collection freight, arrival after period, etc. On this basis, the recoverable respective assets or the respective rights obtained after valuation benchmark date are taken to calculate and determine the appraisal value.

13. Liabilities

For valuation of liabilities, the asset appraisal professionals verified the book value according to list of items and related financial information provided by appraised entity, and the appraisal value is determined by the book value or the liabilities actually assumed by the appraised entity.

VIII. Implementation Process and Situation of Valuation Procedure

The asset appraisal professionals implemented the valuation of the appraisal object from 1 June 2021 to 5 July 2021, and the implementation process and situation of the main valuation procedures are as follows.

(I) Acceptance of Engagement and Preliminary Preparation

Before accepting an appraisal business engagement, the Asset Appraisal Institution shall adopt such means as discussing with the Principal and other relevant parties, reading basic information, and conducting preliminary investigation to clarify with the Principal and other relevant parties the basic matters, such as the basic situation of the principal and the appraised entity, appraisal purpose, valuation benchmark date, appraisal object and scope of valuation, and conduct a comprehensive analysis and evaluation of its own professional capacity, independence and business risks.

After accepting the engagement, the Asset Appraisal Institution shall formulate the asset appraisal work plan, organize and identify asset appraisal professionals based on the characteristics of the appraisal object and the general requirements of the project time. Based on the characteristics of the appraisal object, it shall provide the appraised entity with the asset appraisal declaration form, etc., and instruct the appraised entity to fill them out.

(II) Asset Verification and On-site Investigation

Based on the asset appraisal declaration form and other relevant information completed by the appraised entity, the asset appraisal professionals verified the assets and liabilities included in the scope of valuation and systematically investigated the financial and operating conditions of the appraised entity. The specific contents and processes of asset verification and investigation are as follows:

1. Investigation of the General Situation of the Appraised Entity

The asset appraisal professionals conducted interviews with the management of the appraised entity to understand the general overview, current operation status, development plan and market conditions of the industry in which the appraised entity is located, etc., and collected and reviewed documents such as the articles of association, capital verification report and audit report of the appraised entity as well as information on the internal management system, human resources, core technologies, R&D status, sales network, management composition and other operational management conditions of the appraised entity.

2. Verification and Investigation of Various Types of Assets and Liabilities

The process of verification and investigation of various types of assets and liabilities is as follows:

(1) Instruction of the appraised entity to fill in relevant forms and prepare information

Asset Appraisal Institution shall instruct the relevant financial and asset management personnel of the appraised entity to fill in the asset appraisal declaration form and its requirements provided by the Asset Appraisal Institution on the basis of the asset inventory, and at the same time collect information on ownership certificates of the assets and relevant information reflecting the performance, status, economic and technical indicators, etc.

(2) Preliminary verification of the asset appraisal declaration form and relevant information provided by the appraised entity

By reviewing relevant information, the asset appraisal professionals get an overview of various types of assets and liabilities within the scope of valuation, review the asset appraisal declaration form, check whether there are incomplete fillings, unclear asset items, omissions, etc., request the appraised entity to make necessary amendments and additions, and verify and validate the relevant information collected.

(3) On-site verification and investigation

The asset appraisal professionals verify and investigate various types of assets and liabilities through inquiries, interviews, checks, monitoring, surveys and confirmation in accordance with Practice Guidelines for Asset Valuation and other relevant norms. The verification of non-physical assets and liabilities mainly includes the formation process of assets or liabilities and the accuracy of book data; the verification of physical assets mainly includes the quantity of assets, technical condition, usage status, property rights status and other important factors affecting the value.

(4) Improvement of the asset appraisal declaration form

Based on the on-site verification result, the asset appraisal declaration form shall be further improved to achieve "account", "form" and "reality" consistency.

(5) Check of the ownership information

Necessary checks on the ownership information provided by the appraised entity shall be conducted.

3. Due Diligence

The asset appraised professionals conducted the necessary due diligence in order to fully understand the operation and management status of the appraised entity. The main contents of the due diligence are as follows:

(1) Historical evolution, substantial shareholders and shareholdings, property rights and operation management structure of the appraised entity;

(2) Assets, finance, production and operation management status of the appraised entity;

(3) Operation plan, development plan and financial prediction information of the appraised entity;

(4) Previous valuations and transactions of appraised objects and appraised entity;

(5) Macro and regional economic factors affecting the production and operation of the appraised entity;

(6) Development status and prospects of the industry in which the appraised entity is located;

(7) Other relevant information.

(III) Appraisal, Estimation and Report Preparation

Collect relevant market information and relevant information of appraisal with respect to the specific conditions of the appraisal object, and analyze, summarize and organize the collected market information and the information of appraisal to form the basis for appraisal and estimation. Select reasonable appraisal approaches based on the purpose of appraisal, appraisal object, value type, data collection, etc., and select corresponding formulas and parameters for analysis, calculation and judgment, and form preliminary appraisal conclusions. The project leader summarizes and analyzes the preliminary appraisal conclusions and then writes and forms a preliminary asset valuation report.

(IV) Internal Audit and Issuance of the Report

In accordance with the internal quality control system of the Asset Appraisal Institution, the project leader submits the preliminary asset valuation report to the company for internal review after completion. After completing the internal audit, he/she communicates with the principal or other relevant parties agreed by the principal regarding the relevant contents of the asset valuation report, conducts independent analysis of the communication and decides whether to make adjustments to the asset valuation report. Upon completion of the above asset valuation procedures, the Asset Appraisal Institution shall issue and submit a formal asset valuation report.

IX. Valuation Assumptions

The assumptions used in the analysis and estimation of this asset valuation report are as follows:

(I) Assuming that the appraisal object is already in the course of a transaction, the asset appraisal professionals conduct an appraisal based on a simulative market such as the transaction conditions of the appraisal object.

(II) Assuming that the market to be entered by the appraisal object is an open market. An open market refers to a fully competitive market with many buyers and sellers. In this market, buyers and sellers are on an equal footing. Both parties to an asset transaction have access to adequate market information and time, and both buyers and sellers act voluntarily and rationally, rather than under coercive or restricted conditions. Both buyers and sellers are able to make rational judgments about the function and use of the asset and its transaction price.

(III) Assuming that the appraisal entity continues to operate after the valuation benchmark date.

(IV) Assuming no significant changes in the political, economic and social environment of the countries and regions in which the appraised entity is located after the valuation benchmark date.

(V) Assuming no significant changes in the national macroeconomic policies, relevant industries policies and regional development policies after the valuation benchmark date.

(VI) Assuming no significant changes in interest rates, exchange rates, tax bases and rates, and policy levies related to the appraised entity after the valuation benchmark date.

(VII) Assuming that the relevant appraisal information provided by the Principal, the appraised entity and other relevant parties is true, complete, legal and accurate.

(VIII) Assuming that the management of the appraised entity is responsible, stable and capable of assuming its position after the valuation benchmark date.

(IX) Assuming that the appraised entity fully complies with all relevant laws and regulations.

(X) Assuming no force majeure has a significant impact on the appraised entity after the valuation benchmark date.

(XI) Assuming that the accounting policies adopted by the appraised entity after the valuation benchmark date and the accounting policies adopted in the preparation of this valuation report are consistent in material aspects.

(XII) Assuming that the scope and approach of operation of the appraised entity after the valuation benchmark date will remain the same as at present based on the existing management style and management level.

(XIII) Assuming that the cash inflow of the appraised entity after the valuation benchmark date is an average inflow and the cash outflow is an average outflow.

(XIV) Assuming that the products or services of the appraised entity maintain the current competitive market situation after the valuation benchmark date.

The conclusion of this Asset Valuation Report is based on the above assumptions, and when the above assumptions change, this Asset Appraisal Institution and the asset appraisal professionals will not be responsible for deriving different appraisal conclusions due to changes in the assumptions.

X. Appraisal Conclusion

(I) Appraisal Results of Asset-based Approach

As of the valuation benchmark date, the book value of the assets of Xiamen Container Terminal Group Co., Ltd. was RMB8,250.9403 million, and the appraised value was RMB9,044.3447 million, representing an increase in value of RMB793.4044 million and an increase in percentage of 9.62%; the book value of liabilities was RMB733.0063 million, and the appraised value was RMB733.0063 million, with no increase or decrease; the book value of the owner's equity was RMB7,517.9340 million, the appraised value was RMB8,311.3384 million, representing an increase in value of RMB793.4044 million and an increase in percentage of 10.55%. The summary of asset appraisal results is as follows:

Summary of Asset Appraisal Results

Monetary unit: RMB'0,000

Item		Book value A	Appraisal value B	Increase or decrease in value C=B-A	Value-added rate % D=C/A×100%
Current assets	1	122,834.22	122,813.57	-20.65	-0.02
Non-current assets	2	702,259.81	781,620.90	79,361.09	11.30
Among which: long-term equity investment	3	367,851.17	410,207.81	42,356.64	11.51
Investment real estate	4	45,750.91	50,291.32	4,540.41	9.92
Fixed assets	5	143,655.97	154,768.30	11,112.33	7.74
Construction in progress	6	5,914.70	3,846.26	-2,068.44	-34.97
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	117,019.10	162,072.60	45,053.50	38.50
Among which: land use right	9	114,455.40	159,484.36	45,028.96	39.34
Other non-current assets	10	22,067.96	434.61	-21,633.35	-98.03
Total assets	11	825,094.03	904,434.47	79,340.44	9.62
Current liabilities	12	53,847.63	53,847.63	0.00	0.00
Non-current liabilities	13	19,453.00	19,453.00	0.00	0.00
Total liabilities	14	73,300.63	73,300.63	0.00	0.00
Net assets	15	751,793.40	831,133.84	79,340.44	10.55

(II) Appraisal Conclusion

The appraisal results of the asset-based approach are selected as the appraisal conclusion of the total value of the equity interest of the shareholders of the appraised entity.

Based on the above analysis, the appraised value of the total shareholders' equity of Xiamen Container Terminal Group Co., Ltd. was determined to be RMB8,311.3384 million.

The appraisal conclusion in this report does not take into account the impact of liquidity on the value of the equity interest.

XI. Special Notes

Below are the relevant matters identified in the appraisal process that may affect the appraisal conclusion but are beyond the practicing level and capability of the asset appraisal professionals to assess and estimate:

(I) In this Asset Valuation Report, for all tables or wording expressed in RMB ten thousand, if there is any discrepancy between the sum of the total count and the sum of each sub-value, it is due to rounding.

(II) The audit report (PwC ZT Shen Zi (2021) No. 28359) issued by PricewaterhouseCoopers Zhong Tian LLP on 30 April 2021 was used in this valuation. The asset appraisal professionals analyzed and judged the requirements for the use of financial statements according to the valuation approach adopted, but it is not the responsibility of the asset appraisal professionals to express professional opinions on whether the relevant financial statements fairly reflect the financial position and current operating results and cash flow as at the valuation benchmark date.

(III) According to the *Assets Appraisal Law* and relevant appraisal standards, the Principals and other relevant parties shall provide information such as the legal ownership of the asset appraisal object in accordance with the law and ensure its authenticity, completeness and legality; the purpose of asset appraisal professionals performing asset appraisal business is to estimate the value of the asset appraisal object and issue professional opinions, and the confirmation or opinion on the legal ownership of the asset appraisal object is beyond the scope of practice of asset appraisal professionals.

(IV) Due to the limitation of conditions, in this valuation, the technical appraisal of machinery and equipment is mainly conducted by on-site investigation, and no precision instrument is used to test and inspect the equipment. Instead, the relevant equipment is verified through communication with the on-site equipment management personnel and inspection of relevant records; for fixed assets, especially for the concealed parts such as terminal hydro and drainage works, the investigation and observation cannot be carried out. The specific circumstances are based on the introduction of the relevant asset management personnel of the property owner and the experience and judgment of the appraisers.

(V) The use rights of the port line of Dongdu Berth No. 13-14 of Xiamen Container Terminal Group Co., Ltd., the use rights of the port line of the Phase I project of the Songyu Port area of Xiamen Songyu Container Terminal Co., Ltd., the use rights of the port line of Berth No. 1 of Xiamen Haicang International Container Terminal Co., Ltd., the use rights of the port line of Port Basin No. 2 and 3 of Xiamen International Container Terminals Limited, and the use rights of the port line of extended Port Basin No. 3 within the scope of valuation were obtained in accordance with the Notice of the General Office of the Xiamen Municipal People's Government on Forwarding the Planning Commission's Financing Measures of the Construction of Waterway and Other Port Public Facilities of Xiamen (Xia Fu Ban [2001] No. 252). The document provides that "revenue from the transfer of port line shall be in line with the previous practice of collecting revenue from the transfer of port line, where the revenue from the transfer of port line received by the government invested in the construction of a terminal by way of joint venture or cooperation shall be settled uniformly". The above "use rights of the port line" is determined based on the amortized book value after verification on the valuation benchmark date.

(VI) The following buildings within the scope of valuation have not obtained the ownership certificates, details of which are as follows:

No.	Asset occupant	Number of buildings not obtained ownership certificates	Total GFA (square metre)
1	Xiamen Container Terminal Group Co., Ltd.	1	62.14
2	Xiamen Songyu Container Terminal Co., Ltd.	11	17,340.37
3	Xiamen International Container Terminals Limited	4	408.19
4	Xiamen Haicang Xinhaida Container Terminal Co., Ltd.	9	18,664.22
5	Total	25	36,474.92

The GFA adopted in the report is determined based on the reported figures of the appraised entity after reviewing the relevant construction drawings and on-site inspection. The asset appraisal professionals have requested the appraised entity to apply for the relevant ownership certificates to perfect the title. If the GFA adopted in this valuation report is inconsistent with the future registered area of the ownership certificates, the appraisal conclusion shall be adjusted accordingly. The appraisal conclusion of this asset valuation report is based on the assumption that the above-mentioned buildings are free from title defects, and does not take into account the relevant expenses to be paid when obtaining the ownership certificates in the future.

For this situation, the appraised entity shall issue a statement of property rights and undertook that its property rights had no objection, and the above assets shall be owned and used by the appraised entity. The impact of the above matters on the appraised value is not considered in this valuation.

Users of the Asset Valuation Report are advised to pay attention to the possible impact of the above special matters on the appraisal conclusion and relevant economic actions.

XII. Limitations of the Use of Asset Valuation Report

(I) Scope of the use of the Asset Valuation Report

1. The users of the Asset Valuation Report are: the Principals and the users of the Asset Valuation Report as required by laws and administrative regulations.

2. The Principals or other users of the Asset Valuation Report shall use the Asset Valuation Report in accordance with the laws, administrative regulations and the purposes and uses set out in the Asset Valuation Report.

3. The appraisal conclusion of the Asset Valuation Report shall be valid for one year from the valuation benchmark date. The Principals or other users of the Asset Valuation Report shall use the Asset Valuation Report within the validity period of the stated appraisal conclusion.

4. Without the consent of the Asset Appraisal Institution, the contents of the Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, unless otherwise required by laws, administrative regulations and agreed by relevant parties.

(II) If the Principals or other users of the Asset Valuation Report fail to use the Asset Valuation Report in accordance with the laws, administrative regulations and the scope of use stated in the Asset Valuation Report, the Asset Appraisal Institution and its asset appraisal professionals shall not be liable.

(III) Except for the Principals, other users of Asset Valuation Report agreed in the Asset Valuation Commission Contract and users of Asset Valuation Report stipulated by laws and administrative regulations, no other institution or individual shall become users of Asset Valuation Report.

(IV) The users of the Asset Valuation Report shall correctly understand and use the appraisal conclusion, which is not equal to the realizable price of the appraisal object, and shall not be regarded as the guarantee of the realizable price of the appraisal object.

(V) The Asset Valuation Report is a professional report issued by the Asset Appraisal Institution and its asset appraisal professionals in compliance with the laws, administrative regulations and asset valuation standards and after performing the necessary asset valuation procedures in accordance with the entrustment. This Report can only be formally used after being signed by the asset appraisal professionals undertaking the valuation and affixed with the official seal of the Asset Appraisal Institution, and filed with (approved by) the state-owned assets supervision and administration authority or the invested enterprise.

XIII. Date of Asset Valuation Report

The date of the Asset Valuation Report is the formation date of the appraisal conclusion, being 5 July 2021.

The Asset Valuation Report is numbered Zhong Qi Hua Ping Bao Zi (2021) No. 3682. The appraised value of the total shareholders' equity of Xiamen Container Terminal Group Co., Ltd. involved in the proposed acquisition of the equity assets by Xiamen International Port Co., Ltd is RMB8,311.3384 million (SAY RMB EIGHT BILLION THREE HUNDRED AND ELEVEN MILLION THREE HUNDRED AND THIRTY EIGHT THOUSAND AND FOUR HUNDRED ONLY).

PRC Certified Public Valuers: Yu Wenqing, Jiang Huangcai
Legal Representative: Quan Zhongguang
China Enterprise Appraisals Consultation Co., Ltd.
5 July 2021

Note: Mr. Yu Wenqing has over 21 years of experience in asset appraisal and holds the certificate of certified public valuer. Mr. Jiang Huangcai has over 13 years of experience in asset appraisal and holds the certificate of certified public valuer.

Appendices to the Asset Valuation Report

APPENDIX I Copies of economic behavior documents corresponding to the purpose of valuation

APPENDIX II Copy of audit report of the appraised entity

APPENDIX III Copies of Business Licenses of the Principals and the Appraised Entity

APPENDIX IV Copies of major ownership certificates involved in the appraisal object

APPENDIX V Copies of letters of undertaking of the Principals and other relevant parties

APPENDIX VI Letter of undertaking by the signing asset valuer

APPENDIX VII Copy of filing announcement of China Enterprise Appraisals Consultation Co. Ltd.

APPENDIX VIII Announcement of filing of China Enterprise Appraisals Consultation Co. Ltd. engaging in securities service business

APPENDIX IX Copy of business license of China Enterprise Appraisals Consultation Co. Ltd.

APPENDIX X Copies of qualification certificates of asset valuers

APPENDIX XI Copy of Asset Valuation Commission Contract

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to be under such provisions of the SFO), or (ii) required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

3 SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, the following persons (other than the Directors or Supervisors) 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	Class of shares	Capacity	Number of shares	As a percentage of the relevant class of share capital	As a percentage of the total share capital
Xiamen Port Holding	Domestic Shares (Long position)	Beneficial owner	1,721,200,000	98.95%	63.14%
	H Shares (Long position)	Interest of controlled corporation	141,264,000 (note)	14.32%	5.18%
Xiamen Haixia Investment Co., Ltd.	H Shares (Long position)	Interest of controlled corporation	141,264,000 (note)	14.32%	5.18%
Shia Ning Shipping Co., Ltd.	H Shares (Long position)	Beneficial owner	141,264,000 (note)	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. were all directly or indirectly owned by Xiamen Port Holding and therefore by virtue of the SFO, Xiamen Port Holding was deemed to be interested in these Shares.

Save as disclosed above, to the best of the knowledge of the Directors of the Company, no other persons (other than the Directors or Supervisors) had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company and the 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.

At the Latest Practicable Date, save as disclosed below, none of the Directors or any proposed Directors or Supervisors or any proposed Supervisors was a director or employee of a company which has any interests or short positions in the shares, underlying shares of equity derivatives or debentures 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:

Name of Director or Supervisor	Position(s) held in Xiamen Port Holding or Fujian Port Group
Mr. Chen Zhiping	Deputy chairman and General manager of Fujian Port Group
Mr. Cai Liqun	Director, Legal Representative and General manager of Xiamen Port Holding
Mr. Fu Chengjing	Director and Deputy general manager and the chief accountant of Xiamen Port Holding
Mr. Huang Zirong	Chief engineer of Xiamen Port Holding
Ms. Bai Xueqing	Deputy general manager of Xiamen Port Holding
Mr. Chen Zhaohui	Deputy general manager of Xiamen Port Holding
Mr. Du Hongjia	Vice chairman of the supervisory committee and Secretary of Disciplinary Inspection Committee of Xiamen Port Holding
Mr. Zhang Guixian	Supervisor and Manager of Audit and Risk Control Department of Xiamen Port Holding

4 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed to enter into, a service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation, other than the statutory compensation.

5 DIRECTORS' AND SUPERVISORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, Supervisors or their close associates had any interests in a business which competes or may compete, either directly or indirectly, with the businesses of the Company or the Group.

6 INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2020 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7 INTEREST IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

8 MATERIAL CONTRACTS

Save and except for (i) the capital increase agreement dated 5 August 2020 in respect of the capital increase at a value equivalent to approximately RMB1,208,737,100 into a subsidiary of the Group (details of which are disclosed in the Company's announcement dated 5 August 2020 and the Company's circular dated 31 August 2020); (ii) the equity transfer agreement dated 28 October 2020 in respect of the subscription of new shares in a company at a consideration of RMB129,507,458 (details of which are disclosed in the Company's announcement dated 28 October 2020 and the Company's circular dated 24 November 2020); (iii) the Framework Agreement and the Formal Agreement, details of which are disclosed in the "Letter from the Board" set out in this circular, no contracts, not being contract entered in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the date of this circular and up to and including the Latest Practicable Date which are or may be material.

9 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10 LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

11 EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
Savills Valuation and Professional Services Limited	Independent property valuer
China Enterprise Appraisals Consultation Co., Ltd.	Valuer
King & Wood Mallesons, Beijing	PRC legal adviser of the Company

As at the Latest Practicable Date, each of the above experts did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion in this circular of its letters or reports (as the case may be) and reference to its names and opinions in the form and context in which they appear in this circular.

12 MISCELLANEOUS

(a) The company secretary of the Company is Mr. Cai Changzhen.

(b) The Company's H Shares registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The registered address of the Company is No. 439 Gangnan Road, Haicang District, Xiamen City, Fujian Province, the PRC. The principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(d) Save for the valuation report of the Target Company set out in Appendix VI to this circular respectively, in case of inconsistency, the English text shall prevail over the Chinese text.

13 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Company's principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong during normal business hours for a period of 14 days from the date of this circular (inclusive):

(a) the articles of the Company;

(b) the Framework Agreement;

(c) the Formal Agreement;

(d) the consolidated audited accounts of the Group for each of the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020;

(e) written consents from each of the experts as referred to in the paragraph headed "Experts and Consents" in this appendix;

(f) the accountants' report of the Target Group, the full text of which is set out in Appendix II to this circular;

(g) the unaudited pro forma financial information of the Group, the full text of which is set out in Appendix IV to this circular;

(h) the property valuation report, the full text of which is set out in Appendix V to this circular;

(i) the valuation report of the Target Company, the full text of which is set out in Appendix VI to this circular;

(j) the material contracts other than the Framework Agreement and the Formal Agreement as referred to in the paragraph headed "Material Contracts" in this appendix; and

(k) this circular.