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

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

(Stock code: 3378)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- Revenues amounted to approximately RMB13,759,144,000, representing an increase of approximately 11.2% over approximately RMB12,378,444,000 in the corresponding period in 2021, mainly due to increase in revenue from the container loading and unloading and storage business, the bulk/general cargo loading and unloading business and the merchandise trading business of the Group.
- Profit attributable to owners of the Company amounted to approximately RMB308,097,000, representing an increase of approximately 57.5% over approximately RMB195,670,000 (restated) in the corresponding period in 2021. The increase was mainly due to the overall profit growth and acquisition of non-controlling interest of Xiamen Container Terminal Group Co., Ltd (“Xiamen Terminal Group”) in the second half of 2021.
- Earnings per share for profit attributable to owners of the Company (basic and diluted) amounted to approximately RMB11.30 cents, representing an increase of approximately 57.5% over approximately RMB7.18 cents (restated) in the corresponding period in 2021.

FINANCIAL RESULTS

The board of directors (the “Board”) of Xiamen International Port Co., Ltd (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022. The interim results have been reviewed by the Company’s audit committee. The Group’s unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated balance sheet and explanatory notes 1 to 11 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022, which have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited	
		Six months ended 30 June	
	Note	2022	2021
		RMB'000	RMB'000
			(Restated)
Revenues	4	13,759,144	12,378,444
Cost of sales		<u>(12,882,692)</u>	<u>(11,670,357)</u>
Gross profit		876,452	708,087
Other income		158,496	117,378
Other (losses)/gains — net		(32,233)	10,235
Selling and marketing expenses		(24,118)	(28,404)
General and administrative expenses		(243,387)	(206,592)
Net impairment reversals/(losses) on financial assets		<u>3,514</u>	<u>(5,025)</u>
Operating profit	5	738,724	595,679
Finance income	6	23,532	18,112
Finance costs	6	<u>(207,231)</u>	<u>(128,346)</u>
		555,025	485,445
Share of profits less losses of joint ventures		4,144	5,879
Share of profits less losses of associates		<u>10,621</u>	<u>16,826</u>
Profit before income tax		569,790	508,150
Income tax expense	7	<u>(136,931)</u>	<u>(120,154)</u>
Profit for the period		<u>432,859</u>	<u>387,996</u>
Profit for the period attributable to:			
Owners of the Company		308,097	195,670
Non-controlling interests		<u>124,762</u>	<u>192,326</u>
		<u>432,859</u>	<u>387,996</u>
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (in RMB cents)	9	<u>11.30</u>	<u>7.18</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Profit for the period		
Other comprehensive income, net of tax	432,859	387,996
Items that will not be reclassified subsequently to profit or loss		
— Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	(639)	(449)
Total comprehensive income for the period	432,220	387,547
Total comprehensive income for the period attributable to:		
— Owners of the Company	307,458	195,221
— Non-controlling interests	124,762	192,326
	432,220	387,547

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	<i>Note</i>	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Investment properties		253,843	169,094
Property, plant and equipment		12,620,080	12,857,042
Intangible assets		190,176	188,998
Right-of-use assets		4,734,025	4,761,060
Interests in joint ventures		136,772	132,628
Interests in associates		192,207	184,458
Financial assets at fair value through other comprehensive income		13,191	13,893
Long-term receivables and prepayments		955	5,277
Deferred income tax assets		271,219	280,109
		<hr/>	<hr/>
Total non-current assets		18,412,468	18,502,559
Current assets			
Inventories		1,777,279	1,872,517
Accounts receivable	10	1,610,745	1,107,941
Other receivables and prepayments		979,323	1,048,850
Financial assets at fair value through other comprehensive income		18,752	81,053
Financial assets at fair value through profit or loss		445,816	45,817
Term deposits with initial term over three months		800,000	800,000
Restricted cash		621,322	40,496
Cash and cash equivalents		3,521,285	2,971,304
Derivative financial instrument		4,453	—
		<hr/>	<hr/>
Total current assets		9,778,975	7,967,978
		<hr/>	<hr/>
Total assets		28,191,443	26,470,537

		Unaudited	Audited
		30 June	31 December
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		2,726,200	2,726,200
Reserves		3,305,815	3,160,423
		6,032,015	5,886,623
Non-controlling interests		4,185,574	4,776,122
		10,217,589	10,662,745
LIABILITIES			
Non-current liabilities			
Borrowings		6,569,360	3,691,829
Deferred government grants and income		100,895	105,326
Long-term payables and advances		1,617	1,662
Lease liabilities		110,503	109,446
Deferred income tax liabilities		384,430	387,191
		7,166,805	4,295,454
Current liabilities			
Accounts and notes payable	<i>11</i>	1,988,588	1,886,082
Contract liabilities		491,324	506,584
Other payables and accruals		815,608	851,579
Borrowings		7,321,165	8,073,342
Lease liabilities		119,673	107,159
Taxes payable		70,691	87,332
Derivative financial instrument		—	260
		10,807,049	11,512,338
Total liabilities		17,973,854	15,807,792
Total equity and liabilities		28,191,443	26,470,537

NOTES:

1. General information

The Company is a joint stock limited company established in the People's Republic of China (the "PRC"). The Company's H-shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is No. 439 Gangnan Road, Haicang District, Xiamen City, Fujian Province, the PRC.

The Group are principally engaged through the relevant terminals in Dongdu port area and Haicang port area of Xiamen, Qingzhou operating area in Fuzhou and Quanzhou port, in container, bulk and general cargo loading and unloading and storage businesses; comprehensive port logistic services, including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying; the trading of merchandise and investment holding.

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

The unaudited condensed consolidated interim financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and are approved for issue by the Board on 26 August 2022.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

On 10 December 2021, Xiamen Container Terminal Group Company Limited ("Xiamen Terminal Group"), a subsidiary of the Company, acquired a 100% equity interest of Xiamen Port Haitong Terminal Company Limited ("Haitong Terminal"), which are under common control of XPHG.

The Company has applied merger accounting as prescribed in Hong Kong Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA to account for the business combinations under common control. Haitong Terminal has been under control of XPHG from its start of operation in 2010. Therefore, the financial information of Haitong Terminal has been combined in the consolidated financial statements of the Company since 1 January 2010, as if the combination had occurred since then. The comparative amounts in the consolidated financial statements are restated accordingly.

3. Accounting policies

Changes in accounting policies and disclosures

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2021, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the amendments and interpretation of HKFRSs effective for the financial year ending 31 December 2022 as described in note (a) below.

(a) *New standards and amendments adopted by the Group in 2022*

The following new standards and amendments of HKFRSs have been adopted by the Group for the first time for the financial year beginning 1 January 2022:

		Effective for annual periods beginning on or after
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Improvements to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022

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

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

The following new standard, amendments and interpretation of HKFRSs have been published but are not mandatory for the Group's accounting periods beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretations 5 (2020)	Hong Kong Interpretations 5 (2020) presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1, HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

4. Revenues and segment information

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

The chief operating decision-maker considers the business from service/product perspective and assesses the performance of the following segments: (1) container loading and unloading and storage business; (2) bulk/general cargo loading and unloading business; (3) comprehensive port logistic services; and (4) merchandise trading business. Substantially all of the Group's activities are conducted in the PRC, virtually all of the Group's revenues and operating profits are earned within the PRC and substantially all assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns. As such, the chief operating decision-maker did not evaluate segment on geographical basis.

The segment results provided to the chief operating decision-maker for the reportable segments for the six months ended 30 June 2022 and 2021 are as follows:

	Six months ended 30 June 2022 (Unaudited)				
	Container loading and unloading and storage business <i>RMB'000</i>	Bulk/general cargo loading and unloading business <i>RMB'000</i>	Comprehensive port logistic services <i>RMB'000</i>	Merchandise trading business <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenues	1,265,412	518,359	681,719	11,515,534	13,981,024
Inter-segment revenues	—	—	(221,880)	—	(221,880)
Revenues	<u>1,265,412</u>	<u>518,359</u>	<u>459,839</u>	<u>11,515,534</u>	<u>13,759,144</u>
Operating profit	462,740	82,491	132,504	60,989	738,724
Finance income					23,532
Finance costs					(207,231)
					<u>555,025</u>
Share of profits less losses of joint ventures	—	—	4,144	—	4,144
Share of profits less losses of associates	—	—	3,785	6,836	10,621
Profit before income tax					569,790
Income tax expense					(136,931)
Profit for the period					<u><u>432,859</u></u>
Other information					
Depreciation	194,058	87,181	44,918	3,792	329,949
Amortisation	78,643	14,946	20,689	1,912	116,190
Net provision for/(reversal of) impairment of inventories	25	—	—	(29,771)	(29,746)
Net impairment losses/(reversals) on financial assets	<u>20</u>	<u>70</u>	<u>(195)</u>	<u>(3,409)</u>	<u>(3,514)</u>

The segment results provided to the chief operating decision-maker for the reportable segments for the six months ended 30 June 2022 and 2021 are as follows: (continued)

	Six months ended 30 June 2021 (Unaudited)				Total RMB'000 (Restated)
	Container loading and unloading and storage business RMB'000 (Restated)	Bulk/general cargo loading and unloading business RMB'000	Comprehensive port logistic services RMB'000	Merchandise trading business RMB'000	
Total segment revenues	1,134,759	437,880	541,445	10,423,572	12,537,656
Inter-segment revenues	—	—	(159,212)	—	(159,212)
Revenues	<u>1,134,759</u>	<u>437,880</u>	<u>382,233</u>	<u>10,423,572</u>	<u>12,378,444</u>
Operating profit	381,109	59,883	104,520	50,167	595,679
Finance income					18,112
Finance costs					(128,346)
					<u>485,445</u>
Share of profits less losses of joint ventures	—	—	5,879	—	5,879
Share of profits less losses of associates	276	—	1,271	15,279	16,826
Profit before income tax					508,150
Income tax expense					(120,154)
Profit for the period					<u>387,996</u>
Other information					
Depreciation	194,233	85,756	42,702	3,092	325,783
Amortisation	75,059	14,847	15,797	1,814	107,517
Net (reversal of)/provision for impairment of inventories	(91)	—	—	35,645	35,554
Net impairment losses/(reversals) on financial assets	<u>8</u>	<u>(52)</u>	<u>523</u>	<u>4,546</u>	<u>5,025</u>

The segment assets and liabilities provided to the chief operating decision-maker for the reportable segments as at 30 June 2022 and 31 December 2021 is as follows:

	Container loading and unloading and storage business <i>RMB'000</i>	Bulk/general cargo loading and unloading business <i>RMB'000</i>	Comprehensive port logistic services <i>RMB'000</i>	Merchandise trading business <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2022 (Unaudited)					
Segment assets	15,648,150	5,173,465	2,992,120	3,624,277	27,438,012
Including:					
Interests in joint ventures	6,066	—	130,706	—	136,772
Interests in associates	2,191	—	30,849	159,167	192,207
Additions to non-current assets	103,061	134,874	125,226	633	363,794
Segment liabilities	<u>648,905</u>	<u>396,708</u>	<u>841,748</u>	<u>1,740,847</u>	<u>3,628,208</u>
As at 31 December 2021 (Audited)					
Segment assets	15,143,234	5,011,030	2,517,628	3,377,773	26,049,665
Including:					
Interests in joint ventures	6,066	—	126,562	—	132,628
Interests in associates	2,431	—	31,087	150,940	184,458
Additions to non-current assets	279,900	356,925	159,950	2,050	798,825
Segment liabilities	<u>640,910</u>	<u>325,824</u>	<u>845,980</u>	<u>1,755,124</u>	<u>3,567,838</u>

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

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

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

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

5. Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>
Cost of inventories sold/consumed	11,555,776	10,435,821
Employee benefit expenses	747,537	662,275
Distribution, transportation and labor outsourcing	309,710	216,375
Depreciation of		
— investment properties	5,039	3,856
— property, plant and equipment	324,910	321,927
Amortization of		
— intangible assets	5,166	4,676
— right-of-use assets	111,024	102,841
Short-term or low-value operating lease rentals in respect of property, plant and equipment	19,332	17,320
Repairs and maintenance	28,518	30,556
General office expenses	24,626	16,234
Stamp duty and real estate tax	21,886	21,429
Advertising and marketing expenses	10,972	11,450
Insurance expenses	8,130	8,396
Auditors' remuneration	1,678	1,678
Dredging expenses	989	9,216
Net (reversal of)/provision for impairment of inventories	(29,746)	35,554
Others	4,650	5,749
	<u>13,150,197</u>	<u>11,905,353</u>
Total cost of sales, selling and marketing expenses and general and administrative expenses		

6. Finance income and costs

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>
Interest income	23,532	18,112
Interest cost on borrowings	(203,640)	(143,796)
Interest portions of lease liabilities	(6,634)	(5,863)
Less: amounts capitalised	9,557	13,935
Net foreign exchange (losses)/gains	(6,514)	7,378
	<u>(207,231)</u>	<u>(128,346)</u>
Finance costs — net	<u>(183,699)</u>	<u>(110,234)</u>

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowing costs for the six months ended 30 June 2022 is 4.6% per annum (six months ended 30 June 2021: 4.3%).

7. Income tax expense

(a) Hong Kong profits tax

Trend Wood Investments Limited (“Trend Wood”), Xiamen Ocean Shipping Agency (Hong Kong) Limited (“Hong Kong Ocean Shipping Agency”) and Xiamen Port Haiheng (Hong Kong) Limited (“Haiheng Hong Kong”) are subsidiaries of the Company incorporated in Hong Kong, thus their applicable income tax rate is 16.5% (same period of 2021: 16.5%).

Hong Kong profits tax has not been provided as the estimated assessable profits deriving from Hong Kong are not material for the six months ended 30 June 2022 (same period of 2021: Nil).

(b) PRC corporate income tax

Approved by Xiamen Municipal Bureau of Finance in the second half of 2021, Xiamen Songyu Container Terminal Co., Ltd (“Songyu Terminal”), a subsidiary of the Company, is entitled to a three-year reduction in corporate income tax from 2021 to 2023. The income tax rate of Songyu Terminal for the six months ended 30 June 2022 is 15% (same period of 2021: 25%).

Approved by Xiamen Municipal Bureau of Finance in the second half of 2021, Xiamen Hairun Container Terminal Co., Ltd. (“Hairun Terminal”), a subsidiary of the Company, is entitled to a three-year reduction in corporate income tax from 2021 to 2023. The income tax rate of Hairun Terminal for the six months ended 30 June 2022 is 15% (same period of 2021: 25%).

Approved by Xiamen Municipal Bureau of Finance, Xiamen Terminal Group, a subsidiary of the Company, is entitled to a three-year reduction in corporate income tax from 2021 to 2023. The income tax rate of Xiamen Terminal Group for the six months ended 30 June 2022 is 15% (same period of 2021: 15%).

Except for Xiamen Terminal Group, Songyu Terminal, Hairun Terminal, Trend Wood, Hong Kong Ocean Shipping Agency and Haiheng HongKong, the Company and other subsidiaries of the Company are subject to income tax rate of 25% for the six months ended 30 June 2022 (same period of 2021: except for Xiamen Terminal Group, Xiamen International Container Terminals Ltd, Trend Wood, Hong Kong Ocean Shipping Agency and Haiheng HongKong, the Company and other subsidiaries of the Company are subject to income tax rate of 25%).

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
PRC corporate income tax expense	130,802	131,996
Deferred income tax charge	6,129	(11,842)
	<u>136,931</u>	<u>120,154</u>

8. Dividends

At the Board meeting held on 25 March 2022, the Board proposed a final dividend of RMB2.1 cents per share (tax inclusive) totaling RMB57,250,000 for the year ended 31 December 2021 (the “2021 Final Dividend”). The proposal was subsequently approved at the annual general meeting on 10 June 2022. The 2021 Final Dividend has been reflected as an appropriation of retained earnings during the six months ended 30 June 2022.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (same period of 2021: Nil).

9. Earnings per share

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
		<i>(Restated)</i>
Profit attributable to the owners of the Company (in RMB)	308,097,000	195,670,000
Weighted average number of the Company's shares in issue	2,726,200,000	2,726,200,000
Basic earnings per share (in RMB cents)	11.30	7.18

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

10. Accounts receivable

	Unaudited	Audited
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
Accounts receivable — third parties	1,663,374	1,179,842
Due from the immediate holding company	810	—
Due from fellow subsidiaries	25,803	10,202
Due from joint ventures	1,340	1,058
Due from associates	412	—
Due from other related parties	1	121
	1,691,740	1,191,223
Less: expected credit loss allowance	(80,995)	(83,282)
	1,610,745	1,107,941

Majority of the Group's revenues is on open account terms and in accordance with the terms specified in the contracts governing the relevant transactions. A credit period, which may be extended for up to three months, may be granted to large or long-established customers with good repayment histories. Revenues from small, new and short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

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

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 <i>RMB'000</i>
Less than 6 months	1,502,886	956,986
6 months to 1 year	36,222	41,856
1 year to 2 years	356	33,940
2 years to 3 years	56,463	97,822
Over 3 years	95,813	60,619
	1,691,740	1,191,223
Less: expected credit loss allowance	(80,995)	(83,282)
	1,610,745	1,107,941

11. Accounts and notes payable

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 <i>RMB'000</i>
Accounts payable	1,144,076	1,501,181
Due to the immediate holding company	9,441	7,801
Due to fellow subsidiaries	102,435	81,737
Due to joint ventures	1,213	—
Due to associates	2	1,788
Due to other related parties	8,029	4,546
Notes payable	723,392	289,029
	1,988,588	1,886,082

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 <i>RMB'000</i>
Within 1 year	1,900,181	1,769,936
1 year to 2 years	78,713	82,919
2 years to 3 years	6,972	22,316
Over 3 years	2,722	10,911
	1,988,588	1,886,082

Notes payable are with average maturity dates of within 6 months.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS REVIEW

In the first half of 2022, hit by several worse-than-expected factors, such as the Russia-Ukraine conflict, the constant high price of international commodities, especially the food and energy price, and the sporadic outbreaks of the novel coronavirus (COVID-19) pandemic (the “Pandemic”) within China, the global economic growth slowed down obviously, and China’s economic operation suffered a certain degree of fluctuations and decline in phases in its major economic indicators. Under the complex and evolving situation at home and abroad, the Chinese government has efficiently coordinated the Pandemic prevention and control and economic and social development, enhanced macro policy regulation, and effectively implemented a package of policy measures to stabilize the economy. Accordingly, the Pandemic resurgences have been effectively controlled, and the overall economic operation has been stabilized and rebounded. China’s gross domestic product in the first half of the year increased by 2.5% year-on-year, and its total volume of export and import increased by 9.4% year-on-year. Facing the severe and complicated domestic and foreign trade economic and environment, the Group, while promoting the Pandemic prevention and control, proactively took various countermeasures, continued to promote overall marketing, strengthened strategic cooperation with major shipping companies, strived to improve the business environment and enhanced port services; besides, the Group strengthened capital operation and resources integration, promoted the construction of green and intelligent ports, deepened fine management, strengthened cost decreasing and benefit increasing, and strived to promote the sustainable and stable development of the production and operation of the Group.

During the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB13,759,144,000, representing an increase of approximately 11.2% as compared with approximately RMB12,378,444,000 in the same period of 2021. Profit attributable to the owners of the Company was approximately RMB308,097,000, representing an increase of approximately 57.5% as compared with approximately RMB195,670,000 (restated) in the same period of 2021. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB11.30 cents (the same period of 2021: approximately RMB7.18 cents) (restated). The increase in revenue was mainly due to the increase in revenue from the container business, the bulk/general cargo business and the merchandise trading business of the Group. Profit attributable to the owners of the Company has increased due to the overall profit growth and acquisition of non-controlling interest of Xiamen Terminal Group in the second half of 2021.

BUSINESS REVIEW

The Group is principally engaged in the relevant port terminal businesses at 33 self-owned berths and four leased berths in Dongdu port area and Haicang port area in Xiamen, four self-owned berths in Quanzhou port (“Huajin Terminal”), one leased berth in Qingzhou operating area in Fuzhou (“Fuzhou Zhongying Terminal”) and two self-owned berths in the new port area of Sanbaimen, Chaozhou City, Guangdong Province (“Chaozhou Xiaohongshan Terminal”), including container port operations, bulk/general cargo port operations and port comprehensive logistics services.

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

Container Port Business

In the first half of 2022, the Group achieved a total throughput of 4,788,915 Twenty-foot Equivalent Units (“TEUs”) in the container business. Details of the container throughput achieved by each terminal are as follows:

	Container throughput		
	Six months ended 30 June		
	2022	2021	Increase/ (Decrease)
	<i>(TEUs)</i>	<i>(TEUs)</i>	
Haitian Terminal and Hairun Terminal of the Group ¹	2,441,386	2,436,836	1.9%
XICT and XHICT ²	633,618	585,118	8.3%
Songyu Terminal ³	744,274	765,192	(2.7%)
Xinhaida Terminal ³	627,718	683,629	(8.2%)
Total throughput in Xiamen region	4,446,996	4,470,775	(0.5%)
Fuzhou Zhongying Terminal ⁴	146,011	143,790	1.5%
Quanzhou Huajin Terminal ⁵	128,061	148,238	(13.6%)
Chaozhou Xiaohongshan Terminal ⁶	67,847	16,608	308.5%
Total throughput	4,788,915	4,779,411	0.2%

- Since 1 January 2016, Xiamen Terminal Group and its wholly-owned subsidiary Hairun Terminal have successively leased and operated Haitong Terminal (Songyu berths No. 4 to No. 6) from Xiamen Haitong Terminals Co., Ltd. (“Haitong Terminal Company”), a former wholly-owned subsidiary of Xiamen Port Holding and becoming a wholly-owned subsidiary of Xiamen Terminal Group in December 2021 due to equity transaction accordingly, due to their business development needs. Since January 2017, Xiamen Terminal Group has leased the relevant berths in Haixiang Terminal for the operation of container business. Therefore, for the purpose of the operating information set out in this chart, the related operating figures of Haitian Terminal and Hairun Terminal include the figures relating to the container business of Dongdu berths No. 5 to No. 16, Haitong Terminal, berths No. 4, No. 5 and No. 6 in the Haicang port area of Xiamen port and the relevant berths in Haixiang Terminal.
- Xiamen International Container Terminals Limited (“XICT”) and Xiamen Haicang International Container Terminals Ltd. (“XHICT”) are joint ventures established by Xiamen Terminal Group with Hutchison Ports Xiamen Limited and Hutchison Ports Haicang Limited, respectively. Since 1 September 2008, as a result of the commencement of unified operation of XICT and XHICT, the relevant operating information of XICT also incorporated the figures of XHICT, both were consolidated in the calculation and were fully incorporated into the port business. The Company has adopted HKFRS 11 “Joint Arrangements” for the financial year beginning on 1 January 2013 and determined the Group’s jointly controlled entities as joint ventures with its interest accounted for under the equity method. Pursuant to the relevant agreed arrangement entered into on 28 November 2016, XHICT has become a subsidiary of the Group accordingly. Pursuant to the relevant agreed arrangement entered into on 15 May 2017, XICT has become a subsidiary of the Group accordingly.
- Songyu Terminal and Xinhaida Terminal are terminals controlled and operated, directly or indirectly, by the Group and Xiamen Terminal Group, and the relevant operating figures of the two terminals were 100% incorporated into the port business.

- 4 Since 20 November 2012, the Group has leased and operated Fuzhou Zhongying Terminal from Fuzhou Zhongying Gangwu Co., Ltd. (“Zhongying Gangwu”) for operating container and general cargo loading and unloading business as well as port-related comprehensive logistics business.
- 5 Quanzhou Huajin Terminal has been incorporated into the Group at the end of October 2017, becoming a terminal directly or indirectly controlled by the Group and Xiamen Port Development Co., Ltd. (“Xiamen Port Development”). Quanzhou Huajin Terminal originally owned berths No.1 to No. 3. After Quanzhou Huajin Terminal No. berth 4 was put into operation in October 2021, Quanzhou Huajin Terminal currently operates four berths.
- 6 Chaozhou Xiaohongshan Terminal (berths No. 1 and No. 2 in the new port area of Sanbaimen, Chaozhou) has been put into operation since June 2020 and is now in the incubation period.

In the first half of 2022, the Group’s container business as a whole recorded a slight year-on-year growth of approximately 0.2%. The container business in the Xiamen region slightly decreased by approximately 0.5% as compared with the corresponding period in 2021, of which: (1) international trade container business completed approximately 3.222 million TEUs in the first half of 2022, representing a year-on-year growth of approximately 5.3%, mainly benefiting from the sustained recovery of the foreign trade shipping market, which led to a slight growth of approximately 2.3% in the Group’s foreign trade local container business, as well as an increase of approximately 8.3% in the international trade container transshipment business and a significant growth in the empty container transfer business; and (2) the domestic trade container business totaled at approximately 1.225 million TEUs in the first half of 2022, representing a year-on-year decrease of approximately 13.2%. The main influencing factors were that the Group’s domestic trade local container business and domestic trade container transshipment business were both on a downward trend, decreased by approximately 7.6% and 22.8% year-on-year respectively, due to the strong demand for foreign trade attracting the transfer from domestic trade vessel capacity to foreign trade and the alliance of domestic trade shipping enterprises carrying out cabin sharing operation, straightening of domestic trade shipping routes and frequent Pandemic outbreaks in many provinces and cities such as Shanghai and Guangdong. The container business of Fuzhou Zhongying Terminal increased slightly by approximately 1.5% over the same period of 2021, mainly due to the high growth of its major domestic trade container line business, as well as the steady growth of its Fuzhou-Ningbo and other container feeder business and Fuzhou-Taiwan container line business, which generally offset the decline in the Fuzhou-Xiamen container feeder business. The container throughput of Huajin Terminal decreased by approximately 13.6% in the first half of the year compared with the same period of the previous year, mainly due to the impact of the Pandemic and the Russia-Ukraine conflict on China’s economy, port and shipping logistics transportation resulting in reduced cargo sources and increased costs, as well as factors such as the tight capacity of domestic trade and the tilting of capacity resources to trunk ports by carriers. The container throughput of Chaozhou Xiaohongshan Terminal increased approximately threefold in the first half of the year, mainly benefiting from the progress in cultivating container business as its strategic partner carriers clustered to open container trunk lines at the terminal.

In response to the aforementioned decline in container business in domestic trade, the Group endeavored to strengthen strategic cooperation with major domestic trade carriers, reinforce headquarters marketing and joint marketing, and actively adopt targeted business strategies in an effort to develop its port business. Meanwhile, the Group also continued to improve its service capability and port business environment so as to attract shipping routes and cargo sources, and promote the sustainable development of its container business.

Bulk/General Cargo Port Business

In the first half of 2022, the total bulk/general cargo throughput achieved by the Group was 18,103,069 tonnes, details of which are as follows:

	Bulk/general cargo throughput		
	For the six months ended 30 June		
	2022	2021	Increase
	<i>(tonnes)</i>	<i>(tonnes)</i>	
Hailong Terminal, ITG Terminal and Songyu Terminal ¹	4,606,265	4,356,355	5.7%
Shihushan Terminal, Haiyi Terminal and Haiyu Terminal ²	9,421,058	8,844,331	6.5%
Total throughput in Xiamen	14,027,323	13,200,686	6.3%
Fuzhou Zhongying Terminal ³	28,496	23,215	22.8%
Quanzhou Huajin Terminal ⁴	3,771,608	2,338,920	61.3%
Chaozhou Xiaohongshan Terminal ⁵	275,642	81,790	237.0%
Total throughput	18,103,069	15,644,611	15.7%

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

2 Xiamen Port Group Shihushan Terminal Company Limited (廈門港務集團石湖山碼頭有限公司) (“Shihushan Terminal”) and its subsidiaries, Haiyi Terminal and Haiyu Terminal have been incorporated into the Group at the end of November 2016, Shihushan Terminal has leased berth No. 8 (Mingda Terminal) in the Haicang port area of Xiamen port since April 2018. Therefore, for the purpose of the operating information set out in this chart, the related operating figures of Shihushan Terminal, Haiyi Terminal and Haiyu Terminal included the related figures of the three terminals and Mingda Terminal.

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

4 Quanzhou Huajin Terminal has been incorporated into the Group at the end of October 2017, becoming a terminal directly or indirectly controlled and operated by the Group and Xiamen Port Development. Quanzhou Huajin Terminal originally owned berths No.1 to No. 3. After Quanzhou Huajin Terminal No. berth 4 was put into operation in October 2021, Quanzhou Huajin Terminal currently operates four berths.

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

Compared with the first half of 2021, the Group's bulk/general cargo business grew by approximately 15.7% during the Reporting Period. Among others, the bulk/general cargo business in Xiamen region grew by approximately 6.3% year-on-year, mainly because: (1) benefiting from the expected steady growth in the PRC, the demand for raw materials remained at a high level due to the rising procurement and production demand of steel mills, resulting in a significant overall growth of approximately 23.3% in iron ore throughput at Shihushan Terminal while maintaining a relatively stable coal throughput; (2) Hailong Terminal strengthened communication with customers and shipowners and rationalized site planning, resulting in varying degrees of growth in imported grain, foreign trade steel and imported copper concentrate business. Fuzhou Zhongying Terminal strengthened cooperation with major customers and expanded its domestic steel coil business, with its general cargo business increasing by approximately 22.8% compared with the same period of the previous year. Quanzhou Huajin Terminal experienced a significant growth in sand and gravel business in the first half of 2022 and actively expanded fly ash business and new cargoes such as clay, with throughput of its bulk/general cargo business increasing by approximately 1.433 million tonnes or approximately 61.3% over the same period of the previous year. Chaozhou Xiaohongshan Terminal benefited from the steady development of cement business after the commencement of the cement storage tank project of the relevant cargo owner. The total throughput of the cement business was approximately 276,000 tonnes in the first half of 2022, which led to a significant increase in the bulk and general cargo throughput of the terminal.

Port Comprehensive Logistics Services

The Group witnessed a stable development in port comprehensive logistics services in the first half of 2022, with the market share of shipping agency, tallying, tugboat-assisted berthing and unberthing, and port related logistics services within Xiamen port remaining at a leading position. In the first half of 2022, the Group's tugboat-assisted berthing and unberthing business demonstrated synergistic development within and outside Xiamen port, and stable growth in production and operation; the shipping agency business, despite the global Pandemic and market factors affecting the growth of its major business, promoted steady growth in corporate economic efficiency by improving service quality, adjusting tariffs for certain business items and making full use of business support policies. Its innovative financial service application based on the function of bill of lading property right certificate of intermodal "One-bill Coverage" mechanism was successfully implemented in the first half of 2022. The tallying business, together with the transformation of the terminal TOS system, actively promoted the transformation of intelligent tallying and the integration of tallying businesses. Breakthroughs were made in the integration of port tallying, and the quarantine inspection and sterilization business undertaken by it grew steadily. The business operation of port-related logistics services showed an overall positive trend, with bonded business, LCL (i.e. less than container load) warehousing business and empty container business growing by approximately 29.2%, 4.2% and 9.2%, respectively. The Comprehensive Free Trade Zone Export Cross-Border E-Commerce Supervision Center built within Xiamen island has successfully obtained the operation license, and has built a comprehensive cross-border e-commerce offline public service platform integrating cross-border e-commerce import 1210 and export 9610, 9710, 9810 list modes with various declaration functions, which successfully launched the full process operation in May 2022.

Merchandise Trading Business

In the first half of 2022, the Group relied on its port business platform, enhanced risk control and sound operation based on its business philosophy of combining port and trade, strengthened strategic cooperation with large state-owned customers taking neighboring port supply chain business as its focus and priority development target, paid close attention to the domestic and foreign economic and

trade environment, mainly developed the bulk merchandise trading business with coal, steel, corn, silicon metal and pulp at its core, and deeply cultivated the port supply chain synergy business. The combined business of port and trade accounted for approximately 42.2% of the overall business, effectively contributing to the growth of port throughput and boosting the business revenue of the Group's related member enterprises.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 11.2% from approximately RMB12,378,444,000 for the six months ended 30 June 2021 to approximately RMB13,759,144,000 for the six months ended 30 June 2022, mainly due to the increase in revenue from the container loading and unloading and storage business, the bulk/general cargo loading and unloading business and the merchandise trading business of the Group.

Revenue by business sector

Business	Six months ended 30 June		Increase
	2022 (RMB'000)	2021 (RMB'000) (Restated)	
Container loading and unloading and storage business	1,265,412	1,134,759	11.5%
Bulk/general cargo loading and unloading business	518,359	437,880	18.4%
Comprehensive port logistics service	459,839	382,233	20.3%
Merchandise trading business	11,515,534	10,423,572	10.5%
Total	<u>13,759,144</u>	<u>12,378,444</u>	<u>11.2%</u>

The reasons for the changes in the revenue of each business sector for the six months ended 30 June 2022 compared with the same period of last year are as follows:

1. The revenue of container loading and unloading and storage business of the Group for the six months ended 30 June 2022 increased by approximately 11.5% comparing with the same period of last year, which was mainly due to the increase of the foreign container throughput.
2. The revenue of bulk/general cargo loading and unloading business in this period increased by approximately 18.4% comparing with the same period of last year. The growth in revenue was primarily due to the continuous increase in business volume of the loading and unloading of bulk cargoes in Xiamen Hailong Terminal operation area.
3. The revenue of the comprehensive port logistics services in this period increased by approximately 20.3% comparing with the same period of last year, which was mainly because the flourishing import and export business stimulates the thriving business growth of China Ocean Shipping Agency Xiamen Co., Ltd (中國廈門外輪代理有限公司) and Xiamen Port Logistics Co., Ltd. (廈門港務物流有限公司) (“Port Logistics”).

4. The revenue of the Group's merchandise trading business in this period increased by approximately 10.5% comparing with the same period of last year, which was mainly due to the expansion of non-ferrous metals and aluminum products businesses, which led to a substantial increase in revenue in the current period.

Cost of Sales

Cost of sales of the Group increased by approximately 10.4% from approximately RMB11,670,357,000 (restated) for the six months ended 30 June 2021 to approximately RMB12,882,692,000 for the six months ended 30 June 2022. The increase of cost of sales was mainly caused by the increase of cost of inventories sold.

Cost of inventories sold of the Group increased by approximately 10.7% from approximately RMB10,435,821,000 for the six months ended 30 June 2021 to approximately RMB11,555,776,000 for the six months ended 30 June 2022. The increase was mainly due to the significant increase in the business volume of non-ferrous metals and agricultural products.

Other (Losses)/Gains — Net

Other (losses)/gains — net of the Group decreased from a gain position with an amount of approximately RMB10,235,000 (restated) for the six months ended 30 June 2021 to a loss position with an amount of approximately RMB32,233,000 for the six months ended 30 June 2022. The decrease was primarily due to the foreign exchange losses resulting from the RMB's depreciation against U.S. dollar and the significant increase in the foreign currency accounts payable of the Group's trading business of merchandise.

Liquidity, Financial Resources and Capital Structure

The Group mainly utilised its cash for investments, operating costs, construction of terminals and berths and repayment of loans. As at 30 June 2022, the balance of the Group's cash and cash equivalents (which are mainly held in RMB) amounted to approximately RMB3,521,285,000 (as at 31 December 2021: approximately RMB2,971,304,000), which increased by approximately 18.5% and was mainly due to the increase of borrowings.

Borrowing of the Group increased from approximately RMB11,765,171,000 as at 31 December 2021 to approximately RMB13,890,525,000 as at 30 June 2022 as a result of the issue of one medium-term note and one corporate bond in the first half of 2022.

As at 30 June 2022, the Group's total bank borrowings guaranteed were approximately RMB554,615,000 which were guaranteed by non-controlling shareholders of subsidiaries of the Company. The Group's total secured bank borrowings were approximately RMB678,936,000, where bank borrowings of RMB78,228,000 were secured by land use rights, bank borrowings of RMB70,000,000 were secured by sea use rights, USD bank borrowings of RMB530,709,000 were secured by USD restricted cash of RMB530,709,000.

Gearing Ratio

The Group's net gearing is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" and "lease liabilities" as shown in the condensed consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" (as shown in the condensed consolidated balance sheet) plus net debt.

The gearing ratios as at 30 June 2022 and 31 December 2021 were as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Total borrowings and lease liabilities	14,120,701	11,981,776
Less: Cash and cash equivalents	(3,521,285)	(2,971,304)
Net debt	10,599,416	9,010,472
Total equity	10,217,589	10,662,745
Total capital	20,817,005	19,673,217
Gearing ratio (%)	50.9%	45.8%

As at 30 June 2022, the Group had a net debt position.

Other Financial Information

The financial assets at fair value through profit or loss of the Group increased from approximately RMB45,817,000 as at 31 December 2021 to approximately RMB445,816,000 as at 30 June 2022, which was primarily because the Group purchased the structural deposits of approximately RMB400,000,000 in this period.

Capital Expenditure Commitments

As at 30 June 2022, the Group's capital expenditure commitments amounted to approximately RMB438,705,000, primarily consisting of expenditure for constructing and upgrading port and storage infrastructure, acquisition of new loading and unloading machinery and other machineries and building renovation.

Material Subsidiaries of the Company

	Xiamen Terminal Group RMB'000	Xiamen Port Development RMB'000
Principal activities	Container loading and unloading, transfer, storage and other related port services	Bulk/general cargo loading and unloading, storage and other related port services; comprehensive port logistics service; merchandise trading business
Percentage of shareholding	99.45%	61.89%
Cost of investment	7,303,732	1,196,757
The scale of investments in its total asset value	44.96%	7.37%
Financial performance for the Period-net profit	299,831	188,373
Dividends received for the Period	—	—

Exchange Rate and Interest Rate Risk

The Group's bank borrowings are denominated in RMB and US dollars. To the extent that RMB appreciates (or depreciates) against US dollars, the value of bank borrowings and repayment cost of such borrowings will decrease (or increase) correspondingly. In addition, since only a minor part of the business revenue of the Group is settled in foreign currencies, fluctuation in RMB exchange rate has no material impact on the business operations of the Group. The Board believes that fluctuation in RMB exchange rate had no material impact on the operating results and financial position of the Group as at 30 June 2022. The Group has not used any means to hedge its foreign currency exposure currently, nevertheless, the foreign currency exposure is still monitored by the Board, who will consider hedging any significant foreign currency exposure should the need arise.

Legal Proceedings

The Group confirmed that, for the six months ended 30 June 2022, there was no significant litigation against the Group, and the Board was not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

EMPLOYEES

As of 30 June 2022, the Group had a total of 7,186 employees, representing a decrease of 26 employees as compared to 31 December 2021. Employees' remuneration package of the Group is determined by their positions, performance, qualifications and the prevailing industry practices. Employees may be granted with bonus and awards depending on the annual results of operations and the assessment of their performance. In addition, the grant of awards is an impetus to motivate each employee, while the enterprise annuity will enhance the pension insurance treatment of the employees after retirement. Employees are also entitled to public holidays and other holidays as stipulated by the relevant regulations.

ESTABLISHMENT OF NEW COMPANIES

On 10 February 2022, Port Logistics, a subsidiary of the Group, and Box Technology (Shenzhen) Co., Ltd. (箱子科技(深圳)有限公司) (“Box Technology”) entered into a framework agreement, pursuant to which, Port Logistics and Box Technology jointly invested and established Fujian Ganglianjie Logistics Technology Co., Ltd. (福建港聯捷物流科技有限公司) (“Ganglianjie”) in the Xiamen Area of China (Fujian) Pilot Free Trade Zone (Bonded Logistics Park), which principally engages in joint operation of container smart yard and warehousing and other businesses. The registered capital of Ganglianjie is RMB10,000,000, which is held as to 51% by Port Logistics and 49% by Box Technology, and the relevant industrial and commercial registration formalities have been completed.

OTHER MAJOR EVENTS

On 4 January 2022, The Group completed the acquisition of the remaining aggregate 10% equity interest in Xiamen Terminal Group held by Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) (“Xiamen ITG”) and Pointer Investment (Hong Kong) Limited (寶達投資(香港)有限公司) (“Pointer Investment”), a wholly-owned subsidiary of Xiamen ITG, at a total consideration of RMB796,098,430, whereupon the Group effectively holds the entire equity interest in Xiamen Terminal Group, and Xiamen ITG and Pointer Investment ceased to be shareholders of Xiamen Terminal Group.

In the first half of 2022, the Company has issued six tranches of the super short-term notes successively, and the net proceeds were used for repayment of the relevant issued super short-term notes upon maturity, supplementing the Group’s working capital and repaying the Group’s bank loans and other interest-bearing debts, respectively. The details of the issues are as follows:

- (i) On 19 January 2022, the Company has completed the issue of the first tranche of the super short-term notes in 2022 with a term of 180 days from the date of issue with a total principal amount of RMB1,100,000,000 at a fixed interest rate of 2.55% per annum.
- (ii) On 18 February 2022, the Company has completed the issue of the second tranche of the super short-term notes in 2022 with a term of 90 days from the date of issue with a total principal amount of RMB1,050,000,000 at a fixed interest rate of 2.28% per annum.
- (iii) On 28 February 2022, the Company has completed the issue of the third tranche of the super short-term notes in 2022 with a term of 179 days from the date of issue with a total principal amount of RMB800,000,000 at a fixed interest rate of 2.27% per annum.
- (iv) On 7 March 2022, the Company has completed the issue of the fourth tranche of the super short-term notes in 2022 with a term of 150 days from the date of issue with a total principal amount of RMB1,000,000,000 at a fixed interest rate of 2.19% per annum.
- (v) On 12 April 2022, the Company has completed the issue of the fifth tranche of the super short-term notes in 2022 with a term of 150 days from the date of issue with a total principal amount of RMB600,000,000 at a fixed interest rate of 2.20% per annum.
- (vi) On 20 April 2022, the Company has completed the issue of the sixth tranche of the super short-term notes in 2022 with a term of 177 days from the date of issue with a total principal amount of RMB600,000,000 at a fixed interest rate of 2.18% per annum.

On 21 February 2022, the Company has completed the issue of the first tranche of the medium-term notes in 2022 with a term of 3 years from the date of issue with a total principal amount of RMB1,200,000,000 at a fixed interest rate of 3.00% per annum. RMB680,000,000 of the net proceeds from the issue of the first tranche of the medium-term notes in 2022 were used for repaying the sixth tranche super short-term notes in 2021 and the seventh tranche super short-term notes in 2021 issued by the Company and were due, the remaining RMB520,000,000 were used for supplementing the working capital of the Group.

On 20 April 2022, the Company has completed the issue of the first tranche of the corporate bonds in 2022 with a term of 5 years from the date of issue with a total principal amount of RMB1,800,000,000 at a fixed interest rate of 3.05% per annum. The net proceeds from the issue of the first tranche of the corporate bonds in 2022 were entirely used for repaying the Group's interest-bearing debts and supplementing the Group's working capital so as to satisfy the requirement of its business development.

On 2 June 2022, the Company and Xiamen Port Investment Operation Co., Ltd. (廈門港務投資運營有限公司) ("Xiamen Port Investment"), a wholly-owned subsidiary of Xiamen Port Holding, have entered into a merger agreement subject to pre-condition and conditions to effectiveness, pursuant to which the Company and Xiamen Port Investment have agreed to implement a merger by absorption of the Company by Xiamen Port Investment subject to the terms and conditions of the merger agreement. Upon satisfaction of the pre-condition and all the conditions to effectiveness, the Company will apply to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for voluntary withdrawal of the listing of the H Shares from the Stock Exchange. After completion of the merger, the Company will be merged into, and absorbed by, Xiamen Port Investment in accordance with the PRC Company Law and other applicable PRC Laws. For details, please refer to the Company's announcements dated 2 June 2022, 25 July 2022 and 16 August 2022, respectively, and the Company's composite document dated 23 August 2022.

SUBSEQUENT EVENTS

On 29 July 2022, the Company has completed the issue of the seventh tranche of the super short-term notes in 2022 with a term of 120 days from the date of issue with a total principal amount of RMB1,000,000,000 at a fixed interest rate of 1.65% per annum.

As at 8 August 2022, following the completion of the procedures for changing the industrial and commercial registration of Xiamen Port Group Shihushan Terminal Co., Ltd (廈門港務集團石湖山碼頭有限公司) ("Shihushan Terminal Company", a non-wholly owned subsidiary of Xiamen Port Development), Xiamen Hailong Terminal Co., Ltd (廈門海隆碼頭有限公司), ("Xiamen Hailong", a wholly-owned subsidiary of Xiamen Port Development), and Xiamen Haihong Petrochemical Terminal Co., Ltd (廈門海鴻石化碼頭有限公司), ("Xiamen Haihong", a wholly-owned subsidiary of Xiamen Port Holding) after the additional capital injection of the entire equity interest in (i) Xiamen Hailong by Xiamen Port Development and (ii) Xiamen Haihong by Xiamen Port Holding into Shihushan Terminal Company, respectively, completion of the capital contribution transactions has also been taken place on even date, pursuant to which (i) the equity interest of Shihushan Terminal Company is owned by Xiamen Port Development as to 65.08% and Xiamen Port Holding as to 34.92%; (ii) Xiamen Hailong has become a direct wholly-owned subsidiary of Shihushan Terminal Company; and (iii) Xiamen Haihong has become a direct wholly-owned subsidiary of Shihushan Terminal Company. For details above, please refer to the Company's announcements dated 5 August 2020, 16 September 2020 and 8 August 2022, respectively, and the Company's circular dated 31 August 2020.

On 8 August 2022, the registration of the subscription shares newly issued by Xiamen Port Development have been completed via China Securities Depository and Clearing Corporation Limited, and were listed on 15 August 2022 after review by the Shenzhen Stock Exchange, pursuant to which a total of 116,618,075 shares (representing approximately 18.65% of the total registered share capital of Xiamen Port Development immediately before the new issue) have been issued to a total of 16 subscribers at a total consideration of RMB799,999,994.50 (i.e. RMB6.86 per subscription share). Subsequent to the completion of the new issue, the Company continues to hold 386,907,522 shares of Xiamen Port Development, and the shareholding in Xiamen Port Development by the Company has changed from 61.89% to 52.16%. Xiamen Port Development remains as a non-wholly owned subsidiary of the Company. For details, please refer to the Company's announcements dated 3 August 2021 and 11 August 2022, respectively.

On 19 August 2022, the Company has completed the issue of the eighth tranche of the super short-term notes in 2022 with a term of 147 days from the date of issue with a total principal amount of RMB1,000,000,000 at a fixed interest rate of 1.50% per annum.

Saved as disclosed above, since 30 June 2022 to the date of this announcement, there was no significant events affecting the Group.

PROSPECTS AND OUTLOOK

Overall, the domestic and international economic environment in the second half of 2022 will still be complicated and severe. Internationally, due to the surge in global energy and food prices, global supply disruptions triggered by the Russia-Ukraine conflict, and the general upsurge in interest rates by major global central banks, global inflation will be high in the next few years, many economies around the world may face recession, stagflation risk will rise, and global trade growth momentum will be weakened. All these will impact on China's foreign trade environment. Domestically, the stagflation risk in the global economy is rising, and there are still many unstable and uncertain factors in China's economic recovery, but the basic characteristics of China's economic resilience, potential and long-term optimism remain unchanged. With the implementation of a package of policy measures to stabilize the economy, especially the policy to stabilize foreign trade and investment, and the continuous recovery of the industrial chain and supply chain, China's economic operation is expected to be further improved and continue to rebound and remain in a reasonable range. According to the "Global Economic Prospects" released by World Bank in June of this year, global economic growth is estimated to be reduced to 2.9% this year, and China's economic growth rate is expected to be 4.3% this year. In addition, the continuous transfer from domestic trade transport capacity to the foreign trade shipping market, and the cabin sharing and straight route operation of domestic trade carriers, as well as the frequent occurrence of domestic Pandemics and other factors will affect the development of Xiamen port's container business in domestic trade to a certain extent and bring greater pressure on port production. Facing the complex and changing economic environment of port shipping, the Group will have firm confidence to cope with various challenges, fully utilise its overall advantages, strive to coordinate the Pandemic prevention and control and port production and operation, further explore its development potential, make steady progress, and strive to ensure stable investment returns for all shareholders of the Company. Taking into account of the actual situation, the Group will focus on the following tasks in the second half of 2022:

- Coordinating the Pandemic prevention and control with port production safety. The Group will focus on the Pandemic prevention and control regularly, strictly implementing the Pandemic prevention and control strategy of "Preventing the Spread of Virus Domestically and Preventing the Importation of Virus from the Outside World" and focusing on key links such as port quarantine, ship-shore interface and cold-chain logistics. Besides, the Group will strengthen the main responsibility for safety, promote safety production standardization, strengthen the hierarchical

management of safe production risks and the management of potential safety hazards, perfect the intelligent safety management platform and enhance the efficiency of safety management, so as to ensure that the Pandemic prevention and control and safe production are implemented properly.

- Deepening strategic port-shipping cooperation. Firstly, the Group will facilitate the strategy of “Container Shipping Home Port”, promote the strategic deployment of carriers in Xiamen port, further improve the global shipping routes network, actively expand container transshipment business such as international transit and domestic feeder line transit business, and strive to procure incremental businesses such as extra vessels, vessel transloading and empty container allocation. Secondly, the Group will promote the overall marketing and headquarters marketing, implement customer classification management and designated person accountability system, follow up the business update of major customers and key routes and grasp the needs of key customers.
- Coordinating and promoting the expansion of hinterlands. Firstly, the Group will promote the business development strategy of implementing two-way sea and land transportation and attracting traffic with goods, strengthen the expansion of hinterland goods sources, improve the two-way sea and land collection, distribution and transportation channels and enhance logistics channels connectivity and service capacity. Secondly, the Group will strengthen the strategic fulcrum function of feeder line terminals and land-based ports, promote such businesses as sea-railed combined transport, China-Europe freight trains, Replacement of Bulk Shipments with Container Shipments and waterway transport, move fast to promote the “One Way Bill System” (“一單制”) for multimodal combined transport business and improve Xiamen port’s ability to collect and distribute goods.
- Focusing on improving quality and efficiency. Firstly, enhancing service capabilities. The Group will promote the upgrading of equipment and facilities, accelerating the completion and acceptance of the reinforcement and transformation of berths No. 1 and 2 in Haicang port area, speeding up the construction of berths No. 2 and No. 3 in the north of Gulei port area, warehouse No. 5 in comprehensive bonded zone of Dongdu port area and warehouse No. 6 at Hailong Terminal, and improve port service capabilities. Meanwhile, Haitong Terminal has been promoted to be integrated into the comprehensive bonded zone of Haicang port area so as to enhance the service capacities of foreign trade routes. Secondly, improving service level. The Group will implement the strategy of “Service Makes Port Stronger”, promote the optimization of the port customs clearance business environment, and enhance the level of trade facilitation. Besides, the Group will promote the integrated operation of Haicang container terminals, deepen transit service security system and strengthen service guarantees for super-large ships so as to continuously enhance operational efficiency.
- Promoting the construction of green and smart ports. Firstly, strengthening intelligent construction. The Group will deepen the upgrading and application of the container intelligent logistics platform, continue to optimize the fully intelligent transformation project of Hairun Terminal, improve the stability of operation, and promote the operation efficiency with technological innovation. Secondly, strengthening the construction of green environmental protection in ports. The Group will actively respond to the long-term goals of “Carbon Peaking and Carbon Neutrality”, continue to promote projects such as electrifying port equipment, upgrading ships to shore power and photovoltaic construction, establish a system for clean and low-carbon port energy use and green transportation, and actually implement energy conservation and emission reduction and pollution prevention and control.

- Enhancing fine management. Firstly, the Group will strengthen corporate governance, strictly promote the privatization projects of the Company in accordance with the relevant regulations of the Securities and Futures Commission of Hong Kong and the Stock Exchange, regulate information disclosure, and ensure compliance operations. Secondly, the Group will strengthen the construction of internal control systems and audit supervision, strengthen risk management and control, and promote the governance of enterprises according to laws. Thirdly, the Group will reduce costs and improve efficiency, strengthen budget implementation, cost management, and fund management, strictly control costs and expenditures and off-budget expenditures, and improve the level of enterprise refined management.
- Pursuant to the Options and Rights of First Refusal Agreement (《選擇權與優先權協議》) and Non-Competition Agreement (《非競爭協議》) entered into between the Company and Xiamen Port Holding and the Commitment Letter on Avoiding Horizontal Competition (《關於避免同業競爭的承諾函》) issued by Fujian Port Group to the Company, the Company will actively follow up on the relevant terminals assets and the progress of the terminal construction works and other relevant port businesses of Fujian Port Group and Xiamen Port Holding, so as to facilitate the Board and the shareholders to convene meetings to make appropriate decisions based on the management and operational circumstances in a timely manner.

OTHER INFORMATION

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2022:

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

There was no movement in the share capital of the Company during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend during the six months ended 30 June 2022 (same period of 2021: Nil).

SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2022, the Group did not purchase, sell or redeem any listed securities of the Company.

MAJOR ACQUISITION AND DISPOSAL

During the six months ended 30 June 2022, the Group did not make any major acquisitions or disposals of its subsidiaries, joint ventures and associated companies.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

The Company has been complying with the code provisions set out in the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Listing Rules and has adopted the Corporate Governance Code. For the six months ended 30 June 2022, the Company had complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Save as disclosed above, so far as was known to the Directors, no incident of deviation from the Corporate Governance Code was noted by or reported to the Company.

Code for Securities Transactions by Directors and Supervisors

The Company originally adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules, and with regard to the Company’s actual circumstances, the Company prepared a Model Code for Securities Transactions by Directors for Xiamen International Port Co., Ltd (the “Code”) on terms no less than the required standard set out in the Model Code. The Code was adopted as the code of conduct for securities transactions by the Directors, supervisors and senior management of the Company after the consideration and approval by the Board. Upon making specific enquiries to all Directors, supervisors and senior management, the Company confirmed that they had complied with the standards required in the Model Code and the Code throughout the six months ended 30 June 2022, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2022.

REVIEW OF THE 2022 INTERIM RESULTS

The Company’s external auditor PricewaterhouseCoopers and the Company’s audit committee have reviewed the Group’s interim results for the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this announcement will be published on the websites of “HKExnews” (<http://www.hkexnews.hk>) and the Company (<http://www.xipc.com.cn>). The Company will timely dispatch the interim report for the six months ended 30 June 2022, which contains the information required under Appendix 16 to the Listing Rules, to shareholders of the Company and publish it on the websites of “HKExnews” and the Company.

By order of the Board
Xiamen International Port Co., Ltd
Cai Liquan
Chairman

Xiamen, the PRC, 26 August 2022

As at the date of this announcement, the executive Directors are Mr. Cai Liquan, Mr. Chen Zhaohui, Mr. Lin Fuguang and Mr. Chen Zhen; the non-executive Directors are Mr. Chen Zhiping and Ms. Bai Xueqing; and the independent non-executive Directors are Mr. Lin Pengjiu, Mr. Jin Tao, Mr. Ji Wenyuan and Mr. Li Maoliang.

* *For identification purpose only*