兴华港口
XINGHUA PORT

(Incorporated in the Republic of Singapore with limited liability)
Stock Code: 01990

2018
INTERIM REPORT

XINGHUA PORT HOLDINGS LTD.
INTERIM REPORT 2018

CONTENTS

COMPANY PROFILE

Xinghua Port Holdings Ltd. (the "**Company**" or "**Xinghua**", together with its subsidiaries, the "**Group**") owns and operates in the People's Republic of China (the "**PRC**") two highly accessible multi-purpose ports in Changshu City; the Changshu Xinghua Port (the "**CXP Port**"), operated by Changshu Xinghua Port Co., Ltd. ("**CXP**"), which started operations in 1996 and the adjacent Changshu Changjiang International Port (the "**CCIP Port**"), operated by Changshu Changjiang International Port Co., Ltd. ("**CCIP**"), which was acquired in early 2014.

The ports are strategically located near the mouth of the Changjiang River and serve a vast economic zone that spans across east and central PRC. Xinghua's geographical edge has delivered a proven track record, both as an international port and a transshipment gateway, for the robust domestic and export markets. The Group has grown rapidly into a key regional hub for handling high-value finished steel products and project equipment cargo, as well as import cargo, including pulp & paper and logs cargo, for domestic consumption.

The Group can handle a wide range of vessels from river barges to 85,000 DWT ocean-going vessels. The combined ports occupy a total land area of 1.36 square kilometres, stretching across a total berth length of approximately 2.57 kilometres and boasting water depth of up to 13.3 metres. Together, CXP and CCIP have a total of 16 multi-purpose berths, 18 shore cranes, two quay cranes, a mobile harbour crane, 20 warehouses and stack yards with a combined total area of approximately 1.0 square kilometre.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Patrick NG Bee Soon *(Chairman)*
Mr. KOR Tor Khoon *(Chief Executive Officer)*
Ms. Jane Kimberly NG Bee Kiok

Non-executive Directors

Mr. Alan CHAN Hong Joo
Mr. LEE Cheong Seng

Independent Non-executive Directors

Mr. TAN Chian Khong
Mr. SOH Ee Beng
Mr. TING Yian Ann

BOARD COMMITTEES

Audit Committee

Mr. TAN Chian Khong *(Chairman)*
Mr. LEE Cheong Seng
Mr. SOH Ee Beng
Mr. TING Yian Ann

Remuneration Committee

Mr. SOH Ee Beng *(Chairman)*
Mr. TING Yian Ann
Ms. Jane Kimberly NG Bee Kiok

Nomination Committee

Mr. Patrick NG Bee Soon *(Chairman)*
Mr. TAN Chian Khong
Mr. SOH Ee Beng

AUTHORISED REPRESENTATIVES

Mr. KWOK Siu Man
Ms. Jane Kimberly NG Bee Kiok

JOINT COMPANY SECRETARIES

Mr. KWOK Siu Man
Mr. CHO Form Po

REGISTERED OFFICE AND HEAD OFFICE IN SINGAPORE

7 Temasek Boulevard
#16-01
Suntec Tower One
Singapore 038987

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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North Point
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1 Yi Road Xinghua Port Area
Xingang Town
Changshu City
Jiangsu Province
PRC

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F., 148 Electric Road
North Point
Hong Kong

INDEPENDENT AUDITOR

Ernst & Young LLP

PRINCIPAL BANKS

Bank of China Ltd.
Bank of Ningbo
CIMB Bank Berhad

COMPLIANCE ADVISOR

CGS-CIMB Securities (Hong Kong) Limited

INVESTOR RELATIONS CONSULTANT

Unicorn Financial Company Limited

COMPANY WEBSITE

www.xinghuaport.com

DATE OF LISTING

12 February 2018

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

English/Chinese Stock Short Names

Xinghua Port/興華港口

Stock Code

01990

FINANCIAL AND OPERATING HIGHLIGHTS

RESULTS

	For the six months ended 30 June		
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	Variance %
Revenue	212,320	231,559	(8.3)
Profit before tax	41,086	58,296	(29.5)
Profit for the period	25,117	43,410	(42.1)
Profit attributable to:			
Equity holders of the Company	24,708	35,704	(30.8)
Non-controlling interests	409	7,706	(94.7)
Profit for the period	25,117	43,410	(42.1)
Earnings per share (RMB cents per share)*	3.0	4.0	(25.0)

Note: * Earnings per ordinary share on existing issued share capital are computed based on the number of the shares of the Company (the "**Shares**") in issue of 814,412,028 as at 30 June 2018

BALANCE SHEET

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	Variance %
Net current assets/(liabilities)	8,772	(42,387)	nm
Total equity	895,655	828,401	8.1
Total interest-bearing loans and borrowings	629,375	624,375	0.8

Note: nm means not meaningful

KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Net profit ratio (%)	11.8	18.7
Interest coverage ratio (times)*	3.5	4.0

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
Net debt to total equity and net debt ratio (%)	36.0	39.0

Note: * include share of profits of an associate

OPERATION STATISTICS

	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Total cargo throughput (million tonnes)	7.0	8.5
CXP berth utilisation rate (%)	77	70
CCIP berth utilisation rate (%)	32	44

BUSINESS OVERVIEW

Xinghua's financial performance for the six months ended 30 June 2018 (the "**Interim Period**") was adversely affected by an accident which happened at the CCIP Port on 31 March 2018 (the "**Accident**"). As a result of the Accident, the CCIP Port has remained closed till 12 September 2018. The Group's other port, which is operated by CXP, was also closed on 1 April 2018 for 20 days, and both ports are now back on track for normal operations.

Given the strong economy in the PRC, Xinghua saw an increase of 5% in total cargo volume handled for the first quarter of 2018 as compared to the first quarter of 2017. If not for the Accident, the Group was expected to continue to do well in the second quarter of 2018.

As a result of the shorter number of operating days and smaller port capacity in the Interim Period, the total cargo volume handled dropped by 18.4% from 6.4 million tonnes to 5.2 million tonnes. The container TEUs handled were also down by 20% to 48,580 TEUs in the Interim Period, due also to the periodic maintenance works on the quay cranes in the second quarter of 2018. The container TEUs handled in the first quarter of 2018 were on par with those handled in the first quarter of 2017.

With a lower revenue of Renminbi ("**RMB**") 212.3 million and higher costs incurred mainly for safety rectifications and improvements, the Group's profit before tax for the Interim Period was down by 29.5% to RMB41.1 million.

Save as disclosed in this interim report, there was no other major event that affected the operations of the Group's business during the Interim Period.

REVENUE

Revenue represents the net invoiced value of services provided after trade discounts. An analysis of the Group's revenue for the Interim Period is as follows:

	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	Variance %
Stevedoring income	175,757	207,416	(15.3)
Storage income	32,961	21,445	53.7
Rental income	979	1,745	(43.9)
Other	2,623	953	175.2
Total revenue	212,320	231,559	(8.3)

Stevedoring income decreased by 15.3% mainly due to the stop work order imposed on the CXP Port for a period of 20 days during the Interim Period and the stop work order at the CCIP Port for a period of about five and a half months as a result of the Accident.

The higher storage income came from the storage of cargo beyond the free storage period and the one-off fee collected from the relevant courts for the final settlement and removal of the court sealed cargo from three of CCIP's warehouses.

Rental income decreased by 43.9% as a rental agreement for a warehouse expired in the financial year ended 31 December 2017 (the "**FY2017**") and was not renewed. The warehouse has since been used for storage of cargo.

REVENUE (Continued)

Other income increased resulting from higher sales of fuel and consumables to customers and subcontractors.

The following table sets out the total cargo volume handled by cargo type in the Interim Period:

	2018 (Unaudited)	2017 (Unaudited)	Variance %
Pulp and paper (tonnes)	2,417,665	2,419,998	(0.1)
Steel (tonnes)	893,039	1,565,176	(42.9)
Logs (cubic metre)	717,445	1,060,862	(32.4)
Project equipment (cubic metre)	302,112	251,184	20.3
Other general cargo (tonnes)	127,954	150,891	(15.2)
Containers (TEUs)	48,580	60,428	(19.6)
Total volume handled (tonnes)	5,186,915	6,354,531	(18.4)

Notes:

(1) One cubic metre is approximately equal to one tonne.

(2) One TEU is approximately equal to 15 tonnes.

The following table sets out the average handling fee by cargo type for the Interim Period:

	2018 (Unaudited)	2017 (Unaudited)	Variance %
Pulp and paper (RMB per tonne)	47.3	46.8	1.1
Steel (RMB per tonne)	37.2	24.3	53.1
Logs (RMB per cubic metre)	32.1	34.8	(7.8)
Project equipment (RMB per cubic metre)	22.1	28.9	(23.5)
Other general cargo (RMB per tonne)	143.8	115.5	24.5
Containers (RMB per TEU)	265.9	266.1	(0.1)
Average handling fee (exclude containers) (RMB per tonne)	44.7	39.6	12.9

Note: The cargo average handling fee is calculated by dividing the revenue of relevant cargo type by the relevant cargo tonnages.

The total cargo volume handled in the Interim Period was adversely affected by the stop work orders on the two ports. However, the Group did well to maintain almost the same level of the pulp and paper cargo handled in the Interim Period. After the stop work order had been lifted for the CXP Port, the Group focused on the imports of the pulp and paper cargo. The higher project equipment cargo volume handled came in during the first quarter of 2018.

The average handling fee for pulp and paper cargo improved marginally for the Interim Period. The significantly higher average handling fee for steel cargo was due mainly to a one-off fee collected in February 2018 from the relevant courts for the final settlement and removal of the court sealed cargo from three of CCIP's warehouses. If excluding this fee, the average handling fee for steel cargo would be still higher year-on-year at RMB29.3 per tonne. The case of the court sealed cargo has been fully resolved and CCIP has been using the warehouses for storage of cargo from February 2018.

OTHER INCOME AND GAINS

Other income and gains increased by 3.2% for the Interim Period mainly due to the sales of scrap material.

SUBCONTRACT COSTS

Subcontract costs decreased by 16.6% for the Interim Period mainly due to a decrease in the total cargo volume handled.

DISTRIBUTION COSTS, CONSUMABLES AND FUEL USED

Distribution costs, consumables and fuel used increased by 11.6% for the Interim Period, which was attributable to additional logs cargo movement from the port stacking yards to external third party stacking yards to vacate storage space for the pulp and paper and project equipment cargo.

EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by 4.8% for the Interim Period mainly due to the annual increment of staff wages.

DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and amortisation expenses remained approximately the same, at RMB24.5 million.

LEASING COSTS

Leasing costs increased by 6.7% for the Interim Period mainly due to an increase in the leasing of external third party warehouses and stacking yards for storage of logs and borax cargo.

OTHER OPERATING EXPENSES

Other operating expenses increased by 3.3% for the Interim Period mainly due to higher costs incurred for safety rectifications and improvements.

OTHER EXPENSES

Other expenses increased by 11.9% for the Interim Period mainly due to a further expenditure of RMB2.6 million for the listing of the issued Shares by way of introduction on 12 February 2018 on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**" and the "**Listing**", respectively).

FINANCE COSTS

Bank loan interest expenses decreased by 14.6% for the Interim Period which was in tandem with the lower borrowings.

During the Interim Period, the Group made instalment repayments of RMB25.0 million and drew down new loans of RMB30.0 million, resulting in a bank borrowing balance of RMB629.4 million as at 30 June 2018 (31 December 2017: RMB624.4 million).

SHARE OF PROFITS OF AN ASSOCIATE

Share of profits of an associate decreased by 28.2% as the net profit of Changshu Westerlund Warehousing Co., Ltd. ("**CWW**"), the Group's associate, declined during the Interim Period due to lower handling fee earned for their cargo handled.

PROFIT BEFORE TAX

Profit before tax decreased by 29.5% for the Interim Period mainly due to the lower revenue and share of profits of an associate, and higher safety-related expenditures.

INCOME TAX EXPENSE

The corporate tax rates in Singapore and in the PRC are 17% and 25%, respectively. Due to the existing tax treaty between Singapore and the PRC, the Group currently enjoys a concession withholding tax rate of 5%, instead of the normal tax rate of 10%, for any dividend flow from the Group's PRC subsidiary to the Group's Singapore subsidiary.

The Company applied a 5% withholding tax rate to its share of CXP's net profit to the Group's income tax expense for the Interim Period.

The breakdown of the total tax charge for the Interim Period is as follows:

	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	Variance %
Current tax	12,921	15,031	(14.0)
Deferred tax	3,048	(145)	nm
Total tax charge for the period	15,969	14,886	7.3

Note: nm means not meaningful

The increase in income tax expense was mainly due to a higher deferred tax. The Group charged deferred tax liabilities of RMB2.0 million for the withholding tax applicable to its share of CXP's net profit and deferred tax assets of RMB1.0 million for losses incurred at CCIP available for offsetting against future taxable profits.

PROFIT FOR THE PERIOD

The profit for the period decreased by 42.1% from RMB43.4 million for the six months ended 30 June 2017 (the "**Corresponding Period**") to RMB25.1 million for the Interim Period. Although the Group did well in the first quarter of 2018, the profit for the second quarter of 2018 was significantly affected by the stop work orders imposed on the two ports after the Accident.

EARNINGS PER SHARE

Earnings per ordinary share on the existing issued share capital are computed based on the number of Shares in issue of 814,412,028 as at 30 June 2018.

	For the six months ended 30 June		
	2018 (Unaudited)	2017 (Unaudited)	Variance %
Earnings per share attributable to equity holders of the Company (RMB cents per share)	3.0	4.0	(25.0)

PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2018, certain of the Group's property, plant and equipment with a carrying amount of RMB717.4 million (31 December 2017: RMB715.9 million) were pledged to secure the Group's loans and borrowings.

PREPAID LAND LEASE PAYMENTS AND OTHER LAND RELATED COSTS

As at 30 June 2018, the Group's prepaid land lease payments with a carrying amount of RMB242.4 million (31 December 2017: RMB243.6 million) were pledged to secure certain loans and borrowings of the Group.

GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2018 (31 December 2017: RMB106.5 million) arose from the acquisition of a 90% equity interest in CCIP in 2014.

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. Management holds the view that the Accident which resulted in the stop work of the CCIP Port and the CXP Port, though an unfortunate event, is not expected to recur in the same manner or magnitude in the future. As such, management did not identify any significant adverse changes in the future operating results of the ports and has concluded that the carrying value of the goodwill as at 30 June 2018 remained appropriate.

TRADE AND BILLS RECEIVABLES

Trade receivables of the Group are non-interest-bearing and are normally settled on credit terms of 30 to 45 days. The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset should be impaired. The Group considered factors such as the probability of insolvency or significant financial difficulties of the debtors and their default or significant delay in payment. The average trade receivables turnover day as at 30 June 2018 was 88 days (31 December 2017: 86 days).

The ageing analysis of the trade and bills receivables based on the invoice date is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	Variance %
Within three months	52,433	79,031	(33.7)
More than three months to one year	23,322	28,452	(18.0)
More than one year to two years	82	–	nm
More than two years to three years	–	2,192	(100.0)
Over three years	–	8,599	(100.0)
Trade receivables	75,837	118,274	(35.9)
Bills receivables	10,751	174	nm
Total trade and bills receivables	86,588	118,448	(26.9)

Note: nm means not meaningful.

TRADE AND BILLS RECEIVABLES (Continued)

The ageing analysis of the trade receivables that are not considered to be individually nor collectively impaired is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	Variance %
Neither past due nor impaired	52,433	79,031	(33.7)
Past due but not impaired:			
Within three months	23,081	24,857	(7.1)
More than three months	323	14,386	(97.8)
Total trade receivables	75,837	118,274	(35.9)

As at 30 June 2018, the Group had trade receivables amounting to RMB23.4 million (31 December 2017: RMB39.2 million) that were past due but not impaired.

As part of the Group's internal policies, customers are required to settle all outstanding payments in full prior to the last batch of cargo being released to the customers from the warehouses or stack yards. Based on the past experience, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

There was no impairment loss in the Interim Period (31 December 2017: Nil) in respect of trade receivables.

CASH AND CASH EQUIVALENTS

The Group monitors its risk to a shortage of funds through close monitoring of trade receivables collection, managing payments to vendors and having sufficient banking facilities in place. The objective is to maintain a balance between continuity of cash generated from operations and flexibility through the use of loans and borrowings.

As at 30 June 2018, the cash and short-term deposits of the Group were about RMB130.1 million (31 December 2017: RMB87.4 million), of which, 75% of the cash were denominated in RMB, 17% of the cash were in Singapore dollar, 6% of the cash were in Hong Kong dollar and 2% of the cash were in United States dollar.

TRADE PAYABLES

Trade payables primarily comprise the outstanding amounts payable by the Group to external parties, such as subcontractors and suppliers. These include payments for purchase of services, consumables and fuel, and spare parts for equipment maintenance. The Group's trade payables are non-interest-bearing and are normally settled on a 30 to 90 days' term. The average trade payables turnover day as at 30 June 2018 was 112 days (31 December 2017: 98 days).

The ageing analysis of the trade payables based on the invoice date is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	Variance %
Within one year	55,969	72,318	(22.6)
More than one year to two years	5,333	2,696	97.8
Over two years	10,289	10,224	0.6
Total trade payables	71,591	85,238	(16.0)

LOANS AND BORROWINGS

As at 30 June 2018, the loans and borrowings were denominated in RMB and secured with certain of the Group's property, plant and equipment with a carrying amount of RMB717.4 million and the Group's prepaid land lease payments with a carrying amount of RMB242.4 million.

The effective interest rate for the Interim Period ranged from 5.20% to 5.34% per annum. The interest rate is pegged against the People's Bank of China's published rate with a certain spread.

The maturity profile of the loans and borrowings is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	Variance %
On demand or within one year	108,000	72,000	50.0
In the second year	103,500	91,000	13.7
In the third to fifth years, inclusive	324,500	310,000	4.7
Beyond five years	93,375	151,375	(38.3)
Total loans and borrowings	629,375	624,375	0.8

SHARE CAPITAL

On 9 February 2018, the share capital of the Company was increased from RMB555.6 million as at 31 December 2017 to RMB597.7 million due to the issuance of 35,650,000 new Shares pursuant to the one-time share incentive scheme established by the Company, in conjunction with the Listing, for the benefit of certain eligible participants (the "**Share Incentive Scheme**").

CASH FLOW STATEMENT

The Group's cash flows from operating activities primarily comprise the profit before tax adjusted for non-cash items, such as depreciation of property, plant and equipment, and allowance for inventories.

Net cash inflow from operating activities after changes in working capital for the Interim Period was RMB19.8 million while the profit before income tax for the same period was RMB41.1 million. The difference of RMB21.3 million primarily reflected adjustments to the income statement items for non-cash items such as depreciation and amortisation of assets of RMB24.4 million, deducting share of profits of an associate of RMB4.5 million, income taxes paid of RMB12.9 million and a cash outflow adjustment for working capital of RMB28.6 million.

The cash flow used in investing activities mainly consists of payments for acquisition of property, plant and equipment. The cash flow from investing activities mainly consists of dividend income from an associate of the Company.

Net cash used in investing activities for the Interim Period was RMB10.8 million, which was mainly attributable to the purchase of property, plant and equipment of RMB11.1 million, offset by proceeds from the disposal of property, plant and equipment of RMB0.3 million.

The cash flows used in financing activities mainly consist of repayment of certain loans and bank borrowings, and dividends paid to the shareholders of the Company (the "**Shareholders**"). The cash flows from financing activities mainly consist of proceeds from loans and bank borrowings and issuance of new Shares.

Net cash used in financing activities for the Interim Period was RMB47.1 million, which mainly comprised proceeds from certain loans and bank borrowings of RMB30.0 million, repayment of certain loans and bank borrowings of RMB25.0 million according to the repayment schedule, and issuance of new Shares of RMB42.1 million under the Share Incentive Scheme.

As at 30 June 2018, the Group's cash and cash equivalents was RMB130.1 million (30 June 2017: RMB48.7 million).

CAPITAL STRUCTURE, LIQUIDITY AND GEARING

As at 30 June 2018, the Group's loans and borrowings were denominated in RMB and amounted to RMB629.4 million (31 December 2017: RMB624.4 million).

The net debt to total equity and net debt ratio as at 30 June 2018 was 36% (31 December 2017: 39%). The ratio has improved mainly due to a higher cash balance.

The Group aims to maintain the net debt to total equity and net debt ratio at a healthy level in order to support its operations. The principal strategies adopted by the Group included, but not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment and financing plans.

As at 30 June 2018, the Group had three banking facilities of Singapore dollar 10.0 million, RMB100.0 million and RMB80.0 million, respectively, which can be drawn down to support its working capital requirements. The Group has drawn down RMB30.0 million working capital loans in the second quarter of 2018 from these banking facilities.

The Group has complied with borrowing covenants during the Interim Period. The loan agreements did not have any covenants relating to specific performance of the controlling shareholders of the Company (the "**Controlling Shareholders**").

FOREIGN CURRENCY RISK

The Group's operations and customers are primarily located in the PRC with a majority of the Group's assets, liabilities and transactions are denominated and settled in RMB. Accordingly, the Group's foreign currency risk is not material.

The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures, if necessary.

INTEREST RATE RISK

The Group's interest rate risk arising from the changes in interest rates related primarily to its loans and borrowings.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any contingent liabilities (31 December 2017: Nil).

FUTURE DEVELOPMENTS OF THE GROUP

The Group secured the lifting of the stop work order on CCIP on 12 September 2018 and CCIP has resumed operations. The Group had submitted the required safety review reports in relation to CCIP to the relevant authorities and the independent third party safety experts, at the order of the authorities, conducted site inspections at the CCIP Port and had verified the completion of the required remedial measures.

Safety is paramount to the Group and as such, the Group is committed to allocating additional resources to step up its safety culture and safety processes in every area of work.

The Group will continue to diversify its cargo mix to ensure sustainable growth in cargo volume and revenue and to tap into higher margin segments. To achieve this, the Group aims to maximise the use of its port equipment and facilities and minimise its dependency on labour for cargo handling.

The Group wants to reduce the handling of cargo that have higher handling risks and require more labour-intensive operations.

The Group also wants to align its growth in cargo volume with the PRC's Belt and Road Initiative.

The Group will continuously seek new cargo to broaden the revenue base. In June 2018, CXP successfully secured a new customer to import aluminium ingot cargo through the CXP Port into the PRC market. Having been able to satisfy the new customer's requirements for the initial shipments, the Group aims to grow the cargo volume for this new cargo type.

The Group will continue to improve berth utilisation and operational efficiency in order to optimise the return on its assets. The synergies derived from the two ports have helped to serve the Group's stakeholders better and increase efficiency as the Group continues with its integrated logistics hub-and-spoke strategy for the core cargo.

The Group will explore strategic opportunities and seek to strengthen its business relationships with key customers and business partners, most of whom are global and expanding. The Group wants to grow together with the existing and new customers.

The Group will also continue to scout for management talent and enhance its internal training to better prepare the team to embrace its growth strategy.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 497 full time employees (31 December 2017: 501). The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

The Group provides competitive remuneration packages to retain employees, including salaries, discretionary bonus, medical insurance, various allowances and benefits in kind as well as mandatory Central Provident Fund schemes for employees in Singapore and pension schemes for employees in the PRC.

DONATIONS

As part of the Group's efforts to contribute to the local community where the Group operates, CXP has committed to a five-year donation plan in December 2017 to make a total contribution of RMB250,000 to Changshu General Charity, a charity fund whose purpose is to help the needy in nine major charitable areas, including education, health care, elderly care, difficulties-relief, housing, disability, counselling and condolences.

The Company also donated HK$1.0 million to the Community Chest of Hong Kong on 12 February 2018, which serves 162 charitable organisations and has provided aids to over 2 million individuals in Hong Kong.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	5	212,320	231,559
Other income and gains	5	751	728
Subcontract costs		(36,564)	(43,830)
Distribution costs, consumables and fuel used		(25,617)	(22,956)
Employee benefit expenses		(22,258)	(21,242)
Depreciation and amortisation expenses		(24,468)	(24,781)
Leasing costs		(10,383)	(9,735)
Other operating expenses		(27,386)	(26,504)
Other expenses		(13,351)	(11,928)
Finance costs	6	(16,427)	(19,240)
Share of profits of an associate		4,469	6,225
Profit before tax	7	41,086	58,296
Income tax expense	10	(15,969)	(14,886)
Profit for the period		25,117	43,410
Other comprehensive income:			
Exchange differences on translation of foreign operations		34	(12,248)
Other comprehensive income for the period, net of tax		34	(12,248)
Total comprehensive income for the period		25,151	31,162
Profit attributable to:			
Equity holders of the Company		24,708	35,704
Non-controlling interests		409	7,706
Profit for the period		25,117	43,410
Total comprehensive income attributable to:			
Equity holders of the Company		24,742	23,478
Non-controlling interests		409	7,684
Total comprehensive income for the period		25,151	31,162
Earnings per share attributable to equity holders of the Company (RMB cents per share)	11	3.0	4.0

BALANCE SHEETS

AS AT 30 JUNE 2018

		Group		Company	
	Notes	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Non-current assets					
Property, plant and equipment	12	1,023,492	1,037,300	–	–
Prepaid land lease payments and other land related costs	13	265,547	269,540	–	–
Intangible assets	14	1,035	–	–	–
Goodwill	15	106,549	106,549	–	–
Investments in subsidiaries	27	–	–	685,197	685,197
Investments in associates	16	30,958	26,489	–	–
Deferred tax assets	17	7,035	8,044	–	–
Prepayment for property, land and equipment		812	824	–	–
Total non-current assets		1,435,428	1,448,746	685,197	685,197
Current assets					
Inventories	18	1,321	1,014	–	–
Trade and bills receivables	19	86,588	118,448	–	–
Prepaid land lease payments		7,983	7,983	–	–
Prepayments, deposits and other receivables	20	26,290	4,999	21,973	56
Cash and cash equivalents	21	130,092	87,403	13,977	3,134
Total current assets		252,274	219,847	35,950	3,190
Current liabilities					
Trade payables	22	71,591	85,238	107	–
Other payables and accruals	23	57,085	98,398	1,165	7,104
Deferred income	24	858	858	–	–
Loans and borrowings	25	108,000	72,000	–	–
Tax payable		5,968	5,740	–	–
Total current liabilities		243,502	262,234	1,272	7,104
Net current assets/(liabilities)		8,772	(42,387)	34,678	(3,914)
Non-current liabilities					
Loans and borrowings	25	521,375	552,375	–	–
Deferred tax liabilities	17	24,230	22,191	–	–
Deferred income	24	2,940	3,392	–	–
Amount due to a subsidiary		–	–	9,548	9,756
Total non-current liabilities		548,545	577,958	9,548	9,756
Net assets		895,655	828,401	710,327	671,527
Equity attributable to equity holders of the Company					
Share capital	26	597,659	555,556	597,659	555,556
Reserves		217,156	192,414	112,668	115,971
		814,815	747,970	710,327	671,527
Non-controlling interests		80,840	80,431	–	–
Total equity		895,655	828,401	710,327	671,527

	Attributable to equity holders of the Company							
Group	Share capital RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total reserves RMB'000	Non-controlling RMB'000	Total equity interests RMB'000
As at 1 January 2018	555,556	22,164	16,804	(376,960)	530,406	192,414	80,431	828,401
Profit for the period	–	–	–	–	24,708	24,708	409	25,117
Exchange differences on translation of foreign operations	–	–	34	–	–	34	–	34
Total comprehensive income for the period	–	–	34	–	24,708	24,742	409	25,151
Issuance of new Shares	42,103	–	–	–	–	–	–	42,103
As at 30 June 2018 (Unaudited)	597,659	22,164	16,838	(376,960)	555,114	217,156	80,840	895,655
As at 1 January 2017	–*	19,948	25,835	(345,795)	411,219	111,207	142,482	253,689
Profit for the year	–	–	–	–	70,768	70,768	16,184	86,952
Exchange differences on translation of foreign operations	–	–	(10,169)	–	–	(10,169)	(71)	(10,240)
Total comprehensive income for the year	–	–	(10,169)	–	70,768	60,599	16,113	76,712
Capitalisation of shareholders loan	500,000	–	–	–	–	–	–	500,000
Share swap arrangement	55,556	2,216	1,138	(31,165)	48,419	20,608	(76,164)	–
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(2,000)	(2,000)
As at 31 December 2017 (Audited)	555,556	22,164	16,804	(376,960)	530,406	192,414	80,431	828,401

Note: * Represents less than RMB1,000

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Company	Attributable to equity holders of the Company				
	Share capital RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total reserves RMB'000	Total equity RMB'000
As at 1 January 2018	555,556	5,428	110,543	115,971	671,527
Loss for the period	–	–	(3,934)	(3,934)	(3,934)
Exchange differences on translation of foreign operations	–	631	–	631	631
Total comprehensive income for the period	–	631	(3,934)	(3,303)	(3,303)
Issuance of new Shares	42,103	–	–	–	42,103
As at 30 June 2018 (Unaudited)	597,659	6,059	106,609	112,668	710,327
As at 1 January 2017	–*	14,959	126,176	141,135	141,135
Loss for the year	–	–	(15,633)	(15,633)	(15,633)
Exchange differences on translation of foreign operations	–	(9,531)	–	(9,531)	(9,531)
Total comprehensive income for the year	–	(9,531)	(15,633)	(25,164)	(25,164)
Capitalisation of shareholder's loan	500,000	–	–	–	500,000
Share swap arrangement	55,556	–	–	–	55,556
As at 31 December 2017 (Audited)	555,556	5,428	110,543	115,971	671,527

Note: * Represents less than RMB1,000

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Cash flows from operating activities			
Profit before tax		41,086	58,296
Adjustments for:			
Finance costs	6	16,427	19,240
Share of profits of an associate		(4,469)	(6,225)
Interest income	5	(333)	(548)
Depreciation of property, plant and equipment	12	20,403	20,778
Amortisation of prepaid land lease payments and other land related costs	13	3,992	3,992
Amortisation of intangible assets	14	73	11
Reversal of write down of inventories	18	(24)	(51)
Loss on disposal of property, plant and equipment		205	124
Foreign exchange differences		18	(113)
Cash flow from operating activities before changes in working capital		77,378	95,504
(Increase)/decrease in inventories		(282)	49
Decrease/(increase) in trade and bills receivables		31,860	(2,588)
(Increase)/decrease in prepayments, deposits and other receivables		(21,291)	2,842
(Decrease)/increase in trade payables		(13,647)	12,024
Decrease in other payables and accruals		(24,745)	(2,659)
Decrease in provisions		–	(1,074)
Decrease in deferred income		(452)	(451)
Cash generated from operations		48,821	103,647
Interest received		333	548
Interest paid		(16,427)	(19,240)
Income tax paid		(12,894)	(14,262)
Net cash flows from operating activities		19,833	70,693
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	Note A	(24,592)	(7,603)
Proceeds from disposal of property, plant and equipment		328	58
Dividend income from an associate	16	–	12,369
Net cash flows (used in)/from investing activities		(24,264)	4,824
Cash flows from financing activities			
Proceeds from loans and borrowings		30,000	99,375
Repayment of loans and borrowings		(25,000)	(184,375)
Issuance of new Shares	26	42,103	–
Increase in amount due to ultimate holding company*		–	1,935
Repayment of amount due to ultimate holding company*		–	(7,624)
Dividends paid to non-controlling shareholders of a subsidiary		–	(650)
Net cash flows from/(used in) financing activities		47,103	(91,339)
Net increase/(decrease) in cash and cash equivalents		42,672	(15,822)
Cash and cash equivalents at beginning of the year	21	87,403	64,477
Effect of foreign exchange rate changes, net		17	45
Cash and cash equivalents at end of the period	21	130,092	48,700
Note A: Reconciliation on purchase of property, plant and equipment			
Addition of property, plant and equipment	12	7,128	7,392
Addition of intangible assets	14	1,108	–
Amount paid for the purchase of property, plant and equipment of prior period		16,356	211
		24,592	7,603

Note: * Following the completion of the de-merger exercise in February 2018, the Company no longer has an ultimate holding company.

1. CORPORATE INFORMATION

Xinghua is a company incorporated in the Republic of Singapore ("**Singapore**"). The registered office of the Company is at 7 Temasek Boulevard, #16-01, Suntec Tower One, Singapore 038987. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 18 July 2017 and its principal place of business in Hong Kong is at 31/F., 148 Electric Road, North Point, Hong Kong. The Company completed its listing by way of introduction on 12 February 2018 and the issued Shares have been listed on the Main Board of SEHK since 12 February 2018.

The unaudited consolidated financial statements of the Group as at and for the Interim Period (the "**Consolidated Financial Statements**") comprise the financial statements of the Company and its subsidiaries.

The Company is an investment holding company and its subsidiaries are principally engaged in the operations of two ports and the related services in the PRC.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**"). The Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are carried at fair value. The Consolidated Financial Statements are presented in RMB and all values are rounded to the nearest thousand ("**RMB'000**"), except when otherwise indicated. The accounting policies adopted are consistent with those of the previous financial year except in the Interim Period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

3. IFRS STANDARDS ISSUED

The Group has adopted and will adopt the following standards applicable to the Group as per the effective dates shown below:

Description	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 16 Leases	1 January 2019

Further information about these IFRSs that were adopted by the Group is as follows:

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board (the "**IASB**") issued the final version of IFRS 9 Financial Instruments that replaces International Accounting Standards (the "**IAS**") 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

3. IFRS STANDARDS ISSUED (Continued)

IFRS 9 Financial Instruments (Continued)

The Group has adopted IFRS 9 from 1 January 2018. During FY2017 and in the Interim Period, the Group performed an assessment of the impact of the adoption of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows and is unlikely to have any significant impact on the financial position and performance of the Group.

(a) *Classification and measurement*

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring all financial assets as loans and receivables. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) *Impairment*

IFRS 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group applies the simplified approach and records lifetime expected losses on all trade receivables. The Group considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

(c) *Hedge accounting*

The Group does not have hedge relationships at the end of this reporting date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard revenue will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The Group has adopted IFRS 15 from 1 January 2018. During FY2017 and in the Interim Period, the Group performed an assessment of the impact of the adoption of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from additional reasonable and supportable information being made available to the Group in the future. The adoption of IFRS 15 is unlikely to have any significant impact on the financial position and performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one reportable operating segment which is the provision of port operating services. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since the Group solely operates in the PRC and all of the non-current assets of the Group are located in the PRC, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

Information about major customers

Revenue from an individual customer which amounted to more than 10% of the Group's revenue in the Interim Period is set out below:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Customer A	100,192	96,603

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of services provided after trade discounts.

An analysis of the Group's revenue and other income and gains for the Interim Period is as follows:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue		
Stevedoring income	175,757	207,416
Storage income	32,961	21,445
Rental income	979	1,745
Others	2,623	953
Total revenue	212,320	231,559

5. REVENUE AND OTHER INCOME AND GAINS (Continued)

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Other income and gains		
Interest income from cash in bank	333	548
Scrap income	165	147
Penalty income	65	20
Gain on disposal of property, plant and equipment	68	1
Government grants	–	2
Others	120	10
Total other income and gains	751	728

6. FINANCE COSTS

An analysis of the Group's finance costs for the Interim Period is as follows:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest on loans and borrowings	16,427	19,240

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax for the Interim Period:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Employee benefit expenses (including directors' and chief executive's remuneration as set out in Note 8):		
Wages and salaries	16,793	18,388
Pension and social security	5,465	2,854
Audit fee paid to:		
auditor of the Company	351	36
member firm of the auditor of the Company	132	60
Non-audit fee paid to member firm of the auditor of the Company	26	513
Non-audit fee paid to other auditors of the Company	153	3
Loss on disposal of items of property, plant and equipment	309	125
Depreciation of property, plant and equipment (Note 12)	20,403	20,778
Amortisation of prepaid land lease payments and other land related costs (Note 13)	3,992	3,992
Amortisation of intangible assets (Note 14)*	73	11
Leasing costs	10,383	9,735
Foreign exchange loss	32	45

Note: * The amortisation of intangible assets is included in "Depreciation and amortisation expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the directors and chief executive of the Company (the "**Directors**") for the Interim Period are as follows:

	Group			
	Patrick Ng Bee Soon ("**Patrick Ng**") RMB'000	Kor Tor Khoon RMB'000	Jane Kimberly Ng Bee Kiok ("**Jane Ng**") RMB'000	Total RMB'000
For the six months ended 30 June 2018 (Unaudited)				
Salaries, allowances and bonuses	358	1,350	278	1,986
Pension scheme contributions	15	71	11	97
Total	373	1,421	289	2,083

	Group			
	Patrick Ng RMB'000	Kor Tor Khoon RMB'000	Jane Ng RMB'000	Total RMB'000
For the six months ended 30 June 2017 (Unaudited)				
Salaries, allowances and bonuses	819	1,787	–	2,606
Pension scheme contributions	30	68	–	98
Total	849	1,855	–	2,704

Mr. Patrick Ng, Mr. Kor Tor Khoon and Ms. Jane Ng, in considering the adverse effect on the Group's financial performance from the Accident, have voluntarily waived a substantial portion of their remuneration for the year ending 31 December 2018.

With the approval of the Remuneration Committee, Mr. Patrick Ng waived his bonus entitlement from the Company for FY2017.

Ms. Jane Ng, who joined the Company in July 2017, did not receive any emolument from the Group for FY2017 as she was concurrently employed by Pan-United Corporation Ltd. during FY2017.

Save as disclosed, there was no arrangement under which a director waived or agreed to waive any emoluments during the Interim Period.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included the individuals, whose remuneration are set out in Note 8 above. Details of the remuneration for the Interim Period of the remaining highest paid employees of the Group are as follows:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Salaries, allowances and bonuses	686	460
Pension scheme contributions	79	15
Total	765	475

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands for the Interim Period is as follows:

	2018 (Unaudited)	2017 (Unaudited)
Nil to RMB1,000,000	2	3
RMB1,000,001 to RMB1,500,000	–	–

Save as disclosed above, in the Interim Period, no highest paid employees waived or agreed to waive any emoluments and no emoluments were paid by the Group to them as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for Singapore current income tax is based on the statutory rate of 17% of the assessable profits of the Company and its Singapore subsidiaries.

The provision for the PRC current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Company.

According to the PRC Corporate Income Tax Law Implementing Regulation, Article 87 of the State Council, CCIP is entitled to three years of full tax exemption from financial year 2012 followed by three years of 50% tax concession which ended in FY2017. Tax rate for CXP and CCIP is 25% in the Interim Period.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong in the Interim Period.

10. INCOME TAX EXPENSE (Continued)

The major components of income tax expense for the Interim Period are as follows:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current tax	12,921	15,031
Deferred tax (Note 17)	3,048	(145)
Total tax charge for the period	15,969	14,886

A reconciliation of the tax expense and the product of accounting profit multiplied by the corporate tax rate for the Interim Period is as follows:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Profit before tax	41,086	58,296
Tax at the statutory tax rates of 17% (2016: 17%)	6,985	9,910
Tax rates for specific provinces or enacted by local authority	3,588	4,545
Effect of withholding tax at 5% on the distributable profits of the Company's PRC subsidiaries	2,039	2,140
Share of tax attributable to an associate*	(1,117)	(1,556)
Tax losses utilised for previous years	3,677	(1,328)
Tax losses not recognised	–	977
Expenses not deductible for tax	797	198
Total tax charge for the period	15,969	14,886

Note: * The share of tax attributable to an associate amounting to RMB1,117,000 and RMB1,556,000 for the Interim Period and Corresponding Period respectively, is included in "Share of profits of an associate" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

11. EARNINGS PER SHARE

Earnings per ordinary share on existing issued share capital are computed based on the number of Shares in issue of 814,412,028 as at 30 June 2018.

	For the six months ended 30 June		
	2018 (Unaudited)	2017 (Unaudited)	Variance %
Earnings per share attributable to equity holders of the Company (RMB cents per share)	3.0	4.0	(25.0)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Machinery and port facilities RMB'000	Other assets* RMB'000	Construction in progress RMB'000	Total RMB'000
2018					
As at 1 January 2018, net of accumulated depreciation	889,789	130,767	9,779	6,965	1,037,300
Additions	2	1,704	2,328	3,094	7,128
Disposals	–	(514)	(18)	–	(532)
Depreciation charge for the period	(12,300)	(7,043)	(1,060)	–	(20,403)
Transfers	140	–	–	(140)	–
As at 30 June 2018 (Unaudited), net of accumulated depreciation	877,631	124,914	11,029	9,919	1,023,492
As at 30 June 2018 (Unaudited):					
Cost	1,108,798	313,495	22,659	9,918	1,454,870
Accumulated depreciation	(231,167)	(188,579)	(11,632)	–	(431,378)
Net carrying amount	877,631	124,916	11,027	9,918	1,023,492
2017					
As at 1 January 2017, net of accumulated depreciation	904,776	143,233	10,251	192	1,058,452
Additions	8,367	2,217	1,762	8,256	20,602
Disposals	(7)	(126)	(145)	–	(278)
Depreciation charge for the year	(24,610)	(14,777)	(2,089)	–	(41,476)
Transfers	1,263	220	–	(1,483)	–
As at 31 December 2017 (Audited), net of accumulated depreciation	889,789	130,767	9,779	6,965	1,037,300
As at 31 December 2017 (Audited):					
Cost	1,108,656	314,982	20,514	6,965	1,451,117
Accumulated depreciation	(218,867)	(184,215)	(10,735)	–	(413,817)
Net carrying amount	889,789	130,767	9,779	6,965	1,037,300

Note: * Other assets comprise motor vehicles, office furniture and equipment.

As at 30 June 2018, certain of the Group's property, plant and equipment with a carrying amount of RMB717.4 million (31 December 2017: RMB715.9 million) are pledged to secure the Group's loans and bank borrowings (Note 25 to the Consolidated Financial Statements).

13. PREPAID LAND LEASE PAYMENTS AND OTHER LAND RELATED COSTS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Carrying amount as at 1 January	277,523	285,506
Amortisation	(3,992)	(7,983)
Carrying amount as at 30 June 2018 (Unaudited) and as at 31 December 2017 (Audited)	273,531	277,523
Less: Current portion	7,983	7,983
Non-current portion	265,547	269,540

The Group's prepaid land lease payments with a carrying amount of RMB242.4 million (31 December 2017: RMB243.6 million) are pledged to secure certain loans and bank borrowings of the Group (Note 25 to the Consolidated Financial Statements).

The Group has not yet obtained the land use right certificate for a parcel of land with a carrying amount of RMB13.9 million as at 30 June 2018 (31 December 2017: RMB13.9 million).

14. INTANGIBLE ASSETS

	Software RMB'000
As at 1 January 2017, net of accumulated amortisation	–
Additions	1,108
Disposals	–
Amortisation	(73)
As at 30 June 2017 (Unaudited) and 1 January 2018	1,035
Amortisation provided during the period	–
As at 30 June 2018 (Unaudited)	**1,035**

15. GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2018 (31 December 2017: RMB106.5 million) arose from the acquisition of a 90% equity interest in CCIP in 2014.

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. Management holds the view that the Accident which resulted in the stop work of the CCIP Port and the CXP Port, though an unfortunate event, is not expected to recur in the same manner or magnitude in the future. As such, management did not identify any significant adverse changes in the future operating results of the ports and has concluded that the carrying value of the goodwill as at 30 June 2018 remained appropriate.

16. INVESTMENTS IN ASSOCIATES

The Group's material investments in associates are summarised below:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Share of net assets:		
Changshu Westerlund Warehousing Co., Ltd.	30,958	26,489
Changshu Xinghua Transportation Co., Ltd.	1,225	1,225
	32,183	27,714
Allowance for impairment:		
Changshu Xinghua Transportation Co., Ltd.	(1,225)	(1,225)
Carrying amount of investments in associates	30,958	26,489

Particulars of the associates are as follows:

Name of company	Principal activities	Principal place of business	Percentage of equity interest 2018 (%)	Percentage of equity interest 2017 (%)
Changshu Westerlund Warehousing Co., Ltd.	Provision of services, warehouse, and distribution of forestry products and related products	The PRC	25	25
Changshu Xinghua Transportation Co., Ltd. ("**CXT**")	Provision of logistic services	The PRC	49	49

The Group's shareholdings in the associates comprise equity shares held by a subsidiary of the Company.

The Group has discontinued the recognition of its share of losses of CXT because its share of losses of CXT has exceeded the Group's interests in CXT and the Group has no obligation to take up further losses. The amount of the Group's accumulative unrecognised share of losses of this associate was RMB467,809 as at 30 June 2018 (31 December 2017: RMB459,000).

CWW, which is considered a material associate of the Company, is a strategic partner of the Group that engages in the provision of services for forestry products and is accounted for using the equity method.

16. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the summarised financial information in respect of CWW, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the Consolidated Financial Statements:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Current assets	170,031	133,486
Non-current assets, excluding goodwill	23,634	23,936
Current liabilities	117,304	51,427
Net assets	76,361	105,995
Proportion of the Group's ownership	25%	25%
Share of net assets	19,090	26,499
Other adjustments	(10)	(10)
Dividend	11,877	–
Carrying amount of the investment	30,958	26,489

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	204,588	194,681
Profit after tax for the period	17,876	24,875
Total comprehensive income for the period	17,876	24,875
Dividend received	–	12,369

17. DEFERRED TAX

Deferred tax assets

	Group		
	Accruals RMB'000	Losses available for offsetting against future taxable profit RMB'000	Total RMB'000
Deferred tax assets as at 1 January 2017	6,503	2,159	8,662
Deferred tax charged to the profit or loss for the year	(296)	(322)	(618)
Deferred tax assets as at 31 December 2017 (Audited) and 1 January 2018	6,207	1,837	8,044
Deferred tax charged to the profit or loss for the period (Note 10)	(61)	(948)	(1,009)
Deferred tax assets as at 30 June 2018 (Unaudited)	**6,146**	**889**	**7,035**

17. DEFERRED TAX (Continued)

Deferred tax liabilities

	Group	
	Withholding tax RMB'000	Total RMB'000
Deferred tax liabilities as at 1 January 2017	19,659	19,659
Deferred tax charged to the profit or loss for the year	2,532	2,532
Deferred tax liabilities as at 31 December 2017 (Audited) and 1 January 2018	22,191	22,191
Deferred tax charged to the profit or loss for the period (Note 10)	2,039	2,039
Deferred tax liabilities as at 30 June 2018 (Unaudited)	**24,230**	**24,230**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. Accordingly, the Group is liable for withholding taxes of 5% on dividends distributable by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at the end of each reporting period, no deferred tax liabilities has been recognised for withholding tax of certain profits of subsidiaries which has been appropriated as statutory reserves, as management has no intention to dispose the subsidiaries in the foreseeable future. The aggregate amount of such temporary differences associated with the investment in subsidiary in the PRC for which deferred tax liabilities has not been recognised totalled approximately RMB23.3 million as at 30 June 2018 (31 December 2017: RMB23.3 million).

18. INVENTORIES

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Consumables and fuel	3,448	3,166
Allowance for impairment	(2,127)	(2,152)
	1,321	1,014

18. INVENTORIES (Continued)

Movements in the allowance for impairment losses are as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Impairment:		
At beginning of the year	2,152	2,188
Allowance for impairment		18
Reversal	(25)	(54)
At end of the period/year	2,127	2,152

There are no pledged inventories as at 30 June 2018 (31 December 2017: Nil).

	Group For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Income statement		
Inventories recognised as an expense:		
In distribution costs, consumables and fuel used	6,256	6,581
	6,256	6,581

19. TRADE AND BILLS RECEIVABLES

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade receivables*	75,837	118,274
Bills receivable	10,751	174
Total trade and bill receivables	86,588	118,448

Note: * Trade receivables include trade receivables from an associate and other related parties (Note 30 to the Consolidated Financial Statements).

The Group's trade terms with certain major customers with good repayment history and high reputations are on credit. The credit terms are 30 to 45 days. The Group seeks to maintain control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by management to minimise credit risk.

Trade receivables are unsecured and non-interest-bearing.

19. TRADE AND BILLS RECEIVABLES (Continued)

Ageing analysis by invoice date

An ageing analysis of the trade receivables based on invoice dates and net of provision is as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within three months	52,433	79,031
More than three months to one year	23,322	28,452
More than one year to two years*	82	–
More than two years to three years	–	2,192
Over three years	–	8,599
Trade receivables	75,837	118,274
Bill receivables	10,751	174
Total trade and bill receivables	86,588	118,448

Note: * RMB82,000 was collected in August 2018.

Trade receivables not individually nor collectively impaired

An ageing analysis of the trade receivables that are not considered to be individually nor collectively impaired is as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Neither past due nor impaired	52,433	79,031
Past due but not impaired		
Less than three months	23,081	24,857
More than three months	323	14,386
Total trade receivables	75,837	118,274

As at 30 June 2018, the Group had trade receivables amounting to RMB23.4 million (31 December 2017: RMB39.2 million) that were past due but not impaired.

As part of the Group's internal policies, customers are required to settle outstanding payments in full prior to the last batch of cargo being released to the customers from the warehouses or stack yards. Based on the past experience, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

There was no impairment loss in the Interim Period (31 December 2017: Nil) in respect of trade receivables.

20. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Prepayment	1,921	3,350	–	56
Value-added tax recoverable	1,177	1,255	–	–
Deposits and other receivables	23,192	394	21,973	–
Total prepayment, deposits and other receivables	26,290	4,999	21,973	56

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Cash and bank balances	130,092	87,403	13,977	3,134
Short-term deposits	–	–	–	–
Total cash and cash equivalents	130,092	87,403	13,977	3,134

As at 30 June 2018, the cash and short-term deposits of the Group were RMB130.1 million (31 December 2017: RMB87.4 million). The cash held under the subsidiaries in the PRC were not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

No interest was earned for cash and bank balances in Singapore for the Interim Period (31 December 2017: Nil). Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate of short-term deposits ranges from 0.30% to 1.495% per annum as at 30 June 2018 (31 December 2017: 0.30% to 1.495% per annum).

22. TRADE PAYABLES

An ageing analysis of the trade payables based on the invoice date is as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within one year	55,969	72,318
More than one year to two years	5,333	2,696
Over two years	10,289	10,224
Total trade payables	71,591	85,238

Trade payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 90 days.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Other payables	36,593	68,676	–	18
Advance from customers	72	9,844	–	–
Employee benefits	8,655	12,227	–	–
Accruals	11,765	7,651	1,165	7,086
Total other payables and accruals	57,085	98,398	1,165	7,104

Other payables are unsecured, non-interest-bearing and repayable on demand. Other payables have an average term of 90 to 120 days. Included in other payables is RMB2.0 million (31 December 2017: RMB3.2 million) relating to the purchase of property, plant and equipment.

24. DEFERRED INCOME

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Carrying amount at 1 January	4,250	5,152
Amortisation	(452)	(902)
Deferred income	3,798	4,250
Less: Current portion	858	858
Non-current portion	2,940	3,392

24. DEFERRED INCOME (Continued)

In 1997 and 2000, CXP separately entered into two contracts with CWW for the lease of a parcel of land in the PRC, the land-use-right of which is owned by CXP. Under the contracts, CWW is required to pay the lease price of US$2,726,000.

Both the lease contracts have a lease term of 25 years. Upon receipt of a written request from CWW and subject to satisfactory fulfilment of certain conditions as stipulated in the lease contracts, CWW has the right to extend the lease for terms to be mutually agreed.

The Group recognises the fully paid lease income over the lease term of 25 years from the contract commencement date.

25. LOANS AND BORROWINGS

	Group		
	Effective interest rate p.a. (%)	Maturity	RMB'000
As at 30 June 2018			
Current:			
Current portion of long-term bank loans – secured	5.20	2019	108,000
			108,000
Non-current:			
Bank loans – secured	5.34	2019 – 2024	521,375
As at 30 June 2018 (Unaudited)			629,375
As at 31 December 2017			
Current:			
Current portion of long-term bank loans – secured	5.12	2018	72,000
			72,000
Non-current:			
Bank loans – secured	5.36	2019 – 2024	552,375
As at 31 December 2017 (Audited)			624,375

The maturity profile of the loans and borrowings is as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within one year	108,000	72,000
In the second year	103,500	91,000
In the third to fifth years, inclusive	324,500	310,000
Beyond five years	93,375	151,375
Total loans and borrowings	629,375	624,375

No equity interest was pledged as at 30 June 2018 (31 December 2017: Nil).

26. SHARE CAPITAL

	Group and Company	
	No. of Shares	RMB'000
Issued and fully paid:		
As at 31 December 2017 (Audited)	778,762,028	555,556
As at 30 June 2018 (Unaudited)	814,412,028	597,659

On 1 December 2017, the Company adopted the Share Incentive Scheme to recognise contributions by certain eligible participants and to align their interests with that of our Group and to provide them with incentives for the continuing growth of our Group. Pursuant to the terms of the Share Incentive Scheme, the Company issued a total of 35,650,000 new Shares at a price of HK$1.45 each on 9 February 2018 to the participants. The Directors who participated in the Share Incentive Scheme included Mr. Kor Tor Khoon, Mr. Lee Cheong Seng and Mr. Tan Chian Khong, who were issued 2,800,000 Shares, 600,000 Shares and 100,000 Shares, respectively.

The holders of ordinary Shares are entitled to receive dividends as and when declared by the Company. Each ordinary Share carries one vote per share without restriction. The ordinary Shares have no par value.

27. INVESTMENTS IN SUBSIDIARIES

	Company	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Unlisted investments, at cost	685,197	685,197

28. COMMITMENTS

(a) Capital commitments

Capital commitments contracted for as at the end of the Interim Period but not recognised in the financial statements are as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Capital commitments in respect of plant and machinery	5,708	5,665

28. COMMITMENTS (Continued)

(b) Operating lease commitments – As lessee

As at 30 June 2018, the future minimum lease payables under non-cancellable leases are as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within one year	10,013	6,020
After one year and within five years	4,239	4,883
Total liabilities	14,253	10,903

The Group's operating lease commitments are mainly for machineries and equipment. The annual rent payables on these leases are subject to the market rates prevailing at time of revision.

(c) Operating lease commitments – As lessor

As at 30 June 2018, future minimum lease payments to be received under non-cancellable leases are as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within one year	22,492	35,630
After one year and within five years	22,751	18,201
Total liabilities	45,243	53,831

The above balances are amounts in relation to leases on the Group's properties. These non-cancellable leases have remaining lease terms of one to three and a half years (30 June 2017: one to four years).

29. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by certain assets of the Group are disclosed in Note 25 to the Consolidated Financial Statements.

30. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related parties	Relationship with the Group
Changshu Westerlund Warehousing Co., Ltd.	Associate
Changshu Binjiang Urban Construction Investment & Management Co., Ltd	Non-controlling investor of a subsidiary

(b) In addition to the transactions detailed elsewhere in this report, the Group had the following transactions with related parties:

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Service income from Changshu Westerlund Warehousing Co., Ltd.*	100,131	96,695
Rental income from Changshu Westerlund Warehousing Co., Ltd.*	451	451
Rental expense paid to Changshu Binjiang Urban Construction Investment & Management Co., Ltd. (c)	325	325

Note: * The service and rental income from related parties were made and rental expenses were paid to related parties according to prices mutually agreed after taking into account the prevailing market prices.

(c) Commitments with a related party

A subsidiary of the Group entered into an agreement in 2014 with Changshu Binjiang Urban Construction Investment & Management Co., Ltd., to rent buildings for a period of 4 years. The amount of rental expense per year was RMB650,000. The agreement was not renewed upon its expiry on 30 June 2018.

In 1997 and 2000, a subsidiary of the Group entered into two contracts with CWW to rent land for a period of 25 years. The total amount of rental income is US$2,726,000.

30. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances with related parties:

The Group's trade and non-trade balances with its related parties as at 30 June 2018 are as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Amount due from an associate		
Changshu Westerlund Warehousing Co., Ltd.		
Trade and bills receivables	17,875	9,091
Amount due to an associate		
Changshu Westerlund Warehousing Co., Ltd.		
Trade payables	1,457	–
Other payables and accruals	5,725	5,725
	7,182	5,725
Amount due to a non-controlling equity holder		
Changshu Binjiang Urban Construction Investment & Management Co., Ltd.		
Trade payables	2,763	2,438
Other payables and accruals	–	13,500
	2,763	15,938

The balances of related parties above are receivable or payable with a credit term of 30 days.

(e) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Short-term employee benefits	1,986	2,606
Pension scheme contributions	97	98
	2,083	2,704

Further details of the Directors' and the chief executive's remuneration are included in Note 8 to the Consolidated Financial Statements.

31. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Financial assets				
Trade and bills receivables	86,588	118,448	–	–
Other receivables	23,192	394	21,973	–
Cash and cash equivalents	130,092	87,403	13,977	3,134
Total financial assets	239,872	206,245	35,950	3,134
Financial liabilities				
Trade payables	71,591	85,238	107	–
Financial liabilities including other payables and accruals	57,013	88,554	1,165	7,104
Loans and borrowings	629,375	624,375	–	–
Total financial liabilities at amortised cost	757,979	798,167	1,272	7,104

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise loans and borrowings and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

It is, and has been the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of Directors (the "**Board**") reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its loans and borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk. With all other variables being held constantly, through the impact on the floating rate borrowings, the Group's profit after tax is affected as at the Interim Period and the Corresponding Period as follows:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Increase by 5 basis points (2017: 5 basis points)	(1,159)	(1,231)
Decrease by 5 basis points (2017: 5 basis points)	1,159	1,231

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales, purchases by or borrowings by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity as at the Interim Period and the Corresponding Period to a reasonably possible change in the foreign exchange rate due to changes in fair value of monetary assets and liabilities, with all other variables being held constantly, of the Group's profit before tax:

	Group	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
RMB/USD		
– strengthen by 5% (2017: 5%)	+1	+1
– weaken by 5% (2017: 5%)	-1	-1
RMB/SGD		
– strengthen by 5% (2017: 5%)	+36	+15
– weaken by 5% (2017: 5%)	-36	-15

(c) Credit risk

The Group trades only with related parties and recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, deposits and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer. As at 30 June 2018, the Group had certain concentrations of credit risk as 66% of the Group's trade receivables were due from the Group's ten largest customers and the largest one among them is the Group's material associate. Details are provided in Note 4 to the Consolidated Financial Statements.

(d) Liquidity risk

The Group monitors its risk to a shortage of funds through close monitoring of trade receivables collection, managing payments to vendors and having sufficient banking facilities in place. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and bank borrowings.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted obligations, is as follows:

	Group			
	Within 1 year RMB'000	More than 1 year to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 30 June 2018 (Unaudited)				
Financial liabilities				
Trade payables	71,591	–	–	71,591
Financial liabilities including other payables and accruals	57,085	–	–	57,085
Loans and borrowings	108,000	428,000	93,375	629,375
	236,676	428,000	93,375	758,051
As at 31 December 2017 (Audited)				
Financial liabilities				
Trade payables	85,238	–	–	85,238
Financial liabilities including other payables and accruals	98,398	–	–	98,398
Loans and borrowings	72,000	401,000	151,375	624,375
	255,636	401,000	151,375	808,011

	Company			
	Within 1 year RMB'000	More than 1 year to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 30 June 2018 (Unaudited)				
Financial liabilities				
Financial liabilities including other payables and accruals	1,165	–	–	1,165
	1,165	–	–	1,165
As at 31 December 2017 (Audited)				
Financial liabilities				
Financial liabilities including other payables and accruals	7,104	–	–	7,104
	7,104	–	–	7,104

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratios in order to support its business and maximise the Shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may vary the dividend payment to the Shareholders, return capital to the Shareholders or issue new Shares. No changes were made in the objectives, policies and processes in the Interim Period.

The Group's strategy was to maintain the net debt to total equity and net debt ratio at a healthy level in order to support its business. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The net debt to total equity and net debt ratios as at 30 June 2018 are as follows:

	Group	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Loans and borrowings	629,375	624,375
Less: Cash and cash equivalents	(130,092)	(87,403)
Net debt	499,283	536,972
Total equity	895,655	828,401
Total equity and net debt	1,394,938	1,365,373
Net debt to total equity and net debt ratio	36%	39%

The Group did not breach any borrowing covenants during the Interim Period.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2017.

1. CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing the Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Company and the Group so as to achieve effective accountability.

The Company has complied with all code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**" and the "**CG Code**", respectively) during the Interim Period.

2. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the securities transactions of the Directors (the "**Xinghua Code of Conduct**"). To ensure Directors' dealings in the securities of the Company are conducted in accordance with the Xinghua Code of Conduct, a Director is required to notify a committee comprising three members who are the chairmen of the Board, the audit committee of the Board (the "**Audit Committee**") and the remuneration committee respectively in writing and obtain a written acknowledgement from the committee prior to any dealings in the securities of the Company. In response to a specific enquiry made by the Company, all Directors have confirmed that they had complied with the required standard of dealings as set out in the Model Code and the Xinghua Code of Conduct throughout the Interim Period.

3. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its listed securities; nor did the Company or any of its subsidiaries purchase or sell such securities during the Interim Period.

4. MATERIAL INVESTMENT

The Group did not have any new material investments during the Interim Period (Corresponding Period: Nil).

5. MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals of the Company's subsidiaries, associates and joint ventures during the Interim Period.

6. CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to the information of the Directors, subsequent to the date of the Company's annual report for FY2017, required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules are as follows:

Name of Director	Details of Change
Mr. Soh Ee Beng	Resigned from The Hongkong and Shanghai Banking Corporation Limited on 4 July 2018, where he was previously a managing director and the head of advisory for Southeast Asia.

Save as disclosed, there had been no changes to the Directors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the subsequent period from the date of the Company's annual report for FY2017 to the date of this interim report.

7. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Interim Period (Corresponding Period: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the SEHK pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the SEHK were set out below:

Names of Directors/ Chief executive	Capacity/ Nature of interest	Number of Shares interested or held	Total number of Shares interested or held	Approximate percentage of the Company's issued Shares[1]
Mr. Patrick Ng	Beneficial owner	39,901,037	39,901,037	4.90%
Mr. Kor Tor Khoon	Beneficial owner	5,133,800	5,183,800	0.64%
	Interest of spouse	50,000		
Ms. Jane Ng	Beneficial owner	10,559,502	408,809,502	50.20%
	Interests held jointly with other persons[2]	191,250,000		
	Beneficiary of a trust (other than a discretionary interest)[3]	207,000,000		
Mr. Alan Chan Hong Joo	Interest in a controlled corporation[4]	77,876,203	77,876,203	9.56%
Mr. Lee Cheong Seng	Beneficial owner	3,100,000	3,100,000	0.38%
Mr. Tan Chian Khong	Beneficial owner	100,000	100,000	0.01%

Notes:

1. The percentage represents the total number of Shares interested or held divided by the number of Shares in issue of 814,412,028 as at 30 June 2018.

2. 191,250,000 Shares are held by Ms. Jane Ng as beneficial owner jointly with Mr. Ng Han Whatt and Ms. Ng Bee Bee (the "**Joint Names Shares**").

3. 207,000,000 Shares are held by BOS Trustee on trust for Mr. Ng Han Whatt, Ms. Jane Ng and Ms. Ng Bee Bee ("**BOS Trustee**" and the "**BOS Trustee Shares**", respectively).

4. These Shares are held by Petroships Investment Pte. Ltd. ("**Petroships**"), which is owned as to 90% by Mr. Alan Chan Hong Joo. Under the SFO, Mr. Alan Chan Hong Joo is deemed to be interested in the Shares held by Petroships.

Save as disclosed above, as at 30 June 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or (c) pursuant to the Model Code, to be notified to the Company and the SEHK.

9. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, so far as is known by the Directors, the following persons or entities, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Names of Shareholders	Capacity/ Nature of interest	Number of Shares interested or held	Total number of Shares interested or held	Approximate percentage of the Company's issued Shares[1]
Mr. Ng Han Whatt	Beneficial owner	29,200,037	427,450,037	52.49%
	Interests held jointly with other persons[2]	191,250,000		
	Beneficiary of a trust (other than a discretionary interest)[3]	207,000,000		
Ms. Ng Bee Bee	Beneficial owner	10,125,002	408,375,002	50.14%
	Interests held jointly with other persons[2]	191,250,000		
	Beneficiary of a trust (other than a discretionary interest)[3]	207,000,000		
Petroships Investment Pte. Ltd.	Beneficial owner	77,876,203	77,876,203	9.56%

Notes:

1. The percentage represents the total number of Shares interested or held divided by the number of Shares in issue of 814,412,028 as at 30 June 2018.

2. The 191,250,000 Shares refer to the same block of Shares as the Joint Names Shares and are held by Mr. Ng Han Whatt as beneficial owner jointly with Ms. Jane Ng and Ms. Ng Bee Bee.

3. The 207,000,000 Shares refer to the same block of Shares as the BOS Trustee Shares and are held by BOS Trustee on trust for Mr. Ng Han Whatt, Ms. Jane Ng and Ms. Ng Bee Bee.

Save as disclosed above, as at 30 June 2018, so far as is known by the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and the underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

10. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Consolidated Financial Statements and the interim report. The Audit Committee has reviewed the Consolidated Financial Statements and the interim report, and is of the view that (i) the same have been prepared in accordance with the IFRSs, the Listing Rules and other applicable legal requirements with adequate disclosures, (ii) prudent and reasonable adjustments and estimates have been made and (iii) the Consolidated Financial Statements have been prepared on a going concern basis.

Save as disclosed, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

11. COMPLIANCE WITH LAWS AND REGULATIONS

In the Interim Period and up to the date of this interim report, the Group has complied with all the relevant laws and regulations that have significant impact on the operations of the Group.

12. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Constitution and the laws of Singapore, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

13. MAJOR CUSTOMERS AND SUPPLIERS

During the Interim Period, the percentage of revenue attributable to the Group's five largest customers combined was 64.7% (Corresponding Period: 59.0%). Among it, the Group's material associate accounted for 47.2%, which was also the Group's largest customer (Corresponding Period: 42.0%).

Purchases from the Group's five largest suppliers combined accounted for 37.6% of the total purchases for the Interim Period (Corresponding Period: 31.8%) and purchases from the Group's largest supplier included therein amounted to 11.4% (Corresponding Period: 11.3%).

As far as the Directors are aware, neither the Directors, their respective close associates nor any substantial Shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued Shares) had any beneficial interest in the Group's five largest customers and suppliers.

The Group understands that it is important to maintain good relationship with its customers and suppliers. During the Interim Period, there was no material and significant dispute between the Group and its customers and suppliers. No major supplier cannot be replaced by other appropriate suppliers.

14. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of the Company's subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted as at the end of the reporting period or at any time during the Interim Period; and no contracts of significance (whether for the provisions of services to the Group or not) to which the Company or any of the Company's subsidiaries was a party and in which a Controlling Shareholder had a material interest, either directly or indirectly, subsisted during the Interim Period.

15. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the Controlling Shareholders or their respective close associates had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Interim Period.

16. MAJOR EVENTS AFTER THE INTERIM PERIOD

After the Interim Period, the Company has released an announcement on 10 September 2018 upon the publication of the investigation report by the Suzhou Safety Bureau on its website (the "**Investigation Report**"). According to findings set out in the Investigation Report, the direct cause of the Accident was an uneven distribution of a cargo loading, which had led to the failure of the hopper thus resulting in its collapse.

The Investigation Report included recommendations by the authorities to bring possible legal action to five of the Group's employees. The Group does not expect the operations of the Ports to be affected in any material aspect following the publication of the Investigation Report and in the event that further actions are taken against those employees who have been deemed to have failed to discharge their supervisory duties.

On 12 September 2018, the Company announced that the stop work order on CCIP was lifted to allow CCIP to resume operations. The Group completed and submitted the required safety review reports in relation to CCIP to the relevant authorities in consultation with the independent third party safety experts. Following the submission, the independent third party safety experts, at the order of the authorities, conducted site inspections at the CCIP Port and had verified the completion of the required remedial measures.

17. MANAGEMENT CONTRACTS

No contracts, except for the service contracts of the executive Directors, concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Interim Period.

18. SHARE OPTION SCHEME

The Company did not have a share option scheme in place as at 30 June 2018.

19. EQUITY-LINKED AGREEMENT

Save for the Share Incentive Scheme which led to the issuance of 35,650,000 new Shares by the Company on 9 February 2018, the Company did not enter into any equity-linked agreement for the Interim Period.

20. SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient public float of more than 25% of the issued Shares held by the public, as required under the Listing Rules throughout the Interim Period and as at the date of this interim report.

21. TAX RELIEF

The Company is a Singapore tax resident company and accordingly, under the current Singapore's one-tier corporate tax system, the dividends distributed by the Company will be exempt from Singapore income tax in the hands of the Shareholders, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

Save as disclosed, the Company is not aware of any other relief on taxation available to the Shareholders by reason of their holding of the Shares.

22. REVIEW BY AUDIT COMMITTEE

The Audit Committee was established on 1 December 2017 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.3 of the CG Code. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor and to review and monitor the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tan Chian Khong, Mr, Soh Ee Beng and Mr. Ting Yian Ann and one non-executive Director, namely Mr. Lee Cheong Seng. Mr. Tan Chian Khong is the chairman of the Audit Committee.

The Audit Committee has reviewed the Consolidated Financial Statements and the interim report and is of the view that they have been prepared in compliance with the IFRSs, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved and authorised for issue by the Board on 23 August 2018.

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