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# XINGHUA PORT HOLDINGS LTD.
# 興華港口控股有限公司*

*(Singapore Company Registration Number: 200514209G)*
*(Incorporated in the Republic of Singapore with limited liability)*
**(Stock Code: 01990)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

## FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Xinghua Port Holdings Ltd. (the “**Company**” or “**Xinghua**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2019, with the relevant comparative figures for the six months ended 30 June 2018 and certain comparative figures as at 31 December 2018 as follows:

* *for identification purpose only*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

*For the six months ended 30 June 2019*

| | **Unaudited 2019 *RMB'000*** | Unaudited 2018 *RMB'000* |
|---|---|---|
| Revenue | **194,403** | 212,320 |
| Other income and gains | **1,613** | 751 |
| Subcontract costs | **(33,535)** | (36,564) |
| Distribution costs, consumables and fuel used | **(12,876)** | (25,617) |
| Employee benefit expenses | **(29,054)** | (22,258) |
| Depreciation and amortisation expenses | **(29,306)** | (24,468) |
| Leasing costs | **(5,675)** | (10,383) |
| Other operating expenses | **(20,228)** | (27,386) |
| Other expenses | **(4,653)** | (13,351) |
| Finance costs | **(15,001)** | (16,427) |
| Share of profits of an associate | **5,495** | 4,469 |
| Profit before tax | **51,183** | 41,086 |
| Income tax expense | **(14,684)** | (15,969) |
| Profit for the period | **36,499** | 25,117 |
| Other comprehensive income representing item that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign operations | **–** | 34 |
| Other comprehensive income for the period, net of tax | **–** | 34 |
| Total comprehensive income for the period | **36,499** | 25,151 |
| Profit attributable to: | | |
| Equity holders of the Company | **34,465** | 24,708 |
| Non-controlling interests | **2,034** | 409 |
| Profit for the period | **36,499** | 25,117 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | **34,465** | 24,742 |
| Non-controlling interests | **2,034** | 409 |
| Total comprehensive income for the period | **36,499** | 25,151 |
| Earnings per share attributable to equity holders of the Company (RMB cents per share) | **4.2** | 3.0 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2019*

| | Group | | Company | |
|---|---|---|---|---|
| | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) | **(unaudited)** | (audited) |
| **Non-current assets** | | | | |
| Property, plant and equipment | **1,014,665** | 1,006,361 | **–** | – |
| Prepaid land lease payments and other land related costs | **266,045** | 261,557 | **–** | – |
| Intangible assets | **822** | 934 | **–** | – |
| Goodwill | **106,549** | 106,549 | **–** | – |
| Investments in subsidiaries | **–** | – | **685,197** | 685,197 |
| Investments in associates | **19,636** | 22,768 | **–** | – |
| Deferred tax assets | **16,730** | 12,485 | **–** | – |
| Prepayment for property, land and equipment | **1,715** | 615 | **–** | – |
| Total non-current assets | **1,426,162** | 1,411,269 | **685,197** | 685,197 |
| **Current assets** | | | | |
| Inventories | **1,429** | 1,244 | **–** | – |
| Trade and bills receivables | **79,215** | 68,509 | **–** | – |
| Prepaid land lease payments | **8,330** | 7,983 | **–** | – |
| Prepayments, deposits and other receivables | **18,814** | 28,504 | **15,285** | 21,753 |
| Cash and cash equivalents | **91,667** | 105,068 | **11,367** | 6,753 |
| Total current assets | **199,455** | 211,308 | **26,652** | 28,506 |
| **Current liabilities** | | | | |
| Trade payables | **49,341** | 54,749 | **224** | 168 |
| Other payables and accruals | **70,630** | 63,676 | **1,109** | 1,000 |
| Deferred income | **429** | 858 | **–** | – |
| Loans and borrowings | **36,375** | 97,000 | **–** | – |
| Tax payable | **5,669** | 6,411 | **–** | – |
| Total current liabilities | **162,444** | 222,694 | **1,333** | 1,168 |

| | Group | | Company | |
|---|---|---|---|---|
| | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) | **(unaudited)** | (audited) |
| Net current assets/(liabilities) | **37,011** | (11,386) | **25,319** | 27,338 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | **511,000** | 482,375 | **–** | – |
| Deferred tax liabilities | **25,658** | 25,469 | **–** | – |
| Deferred income | **2,466** | 2,489 | **–** | – |
| Total non-current liabilities | **539,124** | 510,333 | **–** | – |
| Net assets | **924,049** | 889,550 | **710,516** | 712,535 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | **597,659** | 597,659 | **597,659** | 597,659 |
| Reserves | **245,846** | 211,381 | **112,857** | 114,876 |
| | **843,505** | 809,040 | **710,516** | 712,535 |
| Non-controlling interests | **80,544** | 80,510 | **–** | – |
| Total equity | **924,049** | 889,550 | **710,516** | 712,535 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*For the six months ended 30 June 2019*

| Group | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital** *RMB'000* | **Statutory reserve** *RMB'000* | **Exchange fluctuation reserve** *RMB'000* | **Other reserves** *RMB'000* | **Retained profits** *RMB'000* | **Total** *RMB'000* | **Non-controlling interests** *RMB'000* | **Total equity** *RMB'000* |
| As at 1 January 2019 (audited) | **597,659** | **22,164** | **16,838** | **(376,960)** | **549,339** | **211,381** | **80,510** | **889,550** |
| Profit for the period | **–** | **–** | **–** | **–** | **34,465** | **34,465** | **2,034** | **36,499** |
| Total comprehensive income for the period | **–** | **–** | **–** | **–** | **34,465** | **34,465** | **2,034** | **36,499** |
| Contributions by and distributions by equity holders | | | | | | | | |
| Dividends paid to non-controlling shareholder of a subsidiary | **–** | **–** | **–** | **–** | **–** | **–** | **(2,000)** | **(2,000)** |
| **As at 30 June 2019 (unaudited)** | **597,659** | **22,164** | **16,838** | **(376,960)** | **583,804** | **245,846** | **80,544** | **924,049** |
| As at 1 January 2018 (audited) | 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 |
| Contributions by and distributions by equity holders | | | | | | | | |
| 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 |

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
*For the six months ended 30 June 2019*

| | Attributable to equity holders of the Company | | | | |
|---|---|---|---|---|---|
| | Share capital | Exchange fluctuation reserve | Retained profits | Total | Total equity |
| **Company** | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| As at 1 January 2019 (audited) | **597,659** | **6,059** | **106,609** | **112,668** | **710,327** |
| Loss for the period | **–** | **–** | **(2,019)** | **(2,019)** | **(2,019)** |
| Total comprehensive loss for the period | **–** | **–** | **(2,019)** | **(2,019)** | **(2,019)** |
| **As at 30 June 2019 (unaudited)** | **597,659** | **6,059** | **104,590** | **110,649** | **708,308** |
| As at 1 January 2018 (audited) | 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/(loss) 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 |

## CONSOLIDATED CASH FLOW STATEMENT

*For the six months ended 30 June 2019*

| | Note | Unaudited 2019 RMB'000 | Unaudited 2018 RMB'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **51,183** | 41,086 |
| Adjustments for: | | | |
| Finance costs | | **15,001** | 16,427 |
| Share of profits of an associate | | **(5,495)** | (4,469) |
| Interest income | | **(298)** | (333) |
| Depreciation of property, plant and equipment | | **25,040** | 20,403 |
| Amortisation of prepaid land lease payments and other land related costs | | **4,154** | 3,992 |
| Amortisation of intangible assets | | **112** | 73 |
| Reversal of write down of inventories | | **–** | (24) |
| Loss on disposal of property, plant and equipment | | **(727)** | 205 |
| Foreign exchange differences | | **–** | 18 |
| Cash flow from operating activities before changes in working capital | | **88,970** | 77,378 |
| Increase in inventories | | **(185)** | (282) |
| (Increase)/decrease in trade and bills receivables | | **(10,706)** | 31,860 |
| Decrease/(increase) in prepayments, deposits and other receivables | | **9,690** | (21,291) |
| Decrease in trade payables | | **(5,408)** | (13,647) |
| Increase/(decrease) in other payables and accruals | | **6,954** | (24,745) |
| Decrease in deferred income | | **(452)** | (452) |
| Cash generated from operations | | **88,863** | 48,821 |
| Interest received | | **298** | 333 |
| Interest paid | | **(15,001)** | (16,427) |
| Income tax paid | | **(19,479)** | (12,894) |
| **Net cash flows from operating activities** | | **54,681** | 19,833 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | *Note A* | **(43,901)** | (24,592) |
| Proceeds from disposal of property, plant and equipment | | **1,193** | 328 |
| Dividend income from an associate | | **8,156** | – |
| Investment capital reduction in an associate | | **470** | – |
| **Net cash flows used in investing activities** | | **(34,082)** | (24,264) |

| | Note | Unaudited 2019 RMB'000 | Unaudited 2018 RMB'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from loans and borrowings | | **523,375** | 30,000 |
| Repayment of loans and borrowings | | **(555,375)** | (25,000) |
| Issuance of new shares | | **–** | 42,103 |
| Dividends paid to non-controlling shareholder of a subsidiary | | **(2,000)** | – |
| **Net cash flows (used in)/from financing activities** | | **(34,000)** | 47,103 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(13,401)** | 42,672 |
| Cash and cash equivalents at beginning of the year | | **105,068** | 87,403 |
| Effect of foreign exchange rate changes, net | | **–** | 17 |
| **Cash and cash equivalents at end of the period** | | **91,667** | 130,092 |
| *Note A:* Reconciliation on purchase of property, plant and equipment | | | |
| Addition of property, plant and equipment | | **42,801** | 7,128 |
| Addition of intangible assets | | **–** | 1,108 |
| Amount paid for the purchase of property, plant and equipment of prior period | | **1,100** | 16,356 |
| | | **43,901** | 24,592 |

## GENERAL INFORMATION

The Company was 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 ordinary shares of the Company (the "**Shares**") in issue have been initially listed on the Main Board of SEHK since 12 February 2018 (the "**Listing**").

The unaudited consolidated financial statements of the Group as at 30 June 2019 and for the six months ended 30 June 2019 (the "**Consolidated Financial Statements**") comprise the financial statements of the Group.

The Group owns and operates in the People's Republic of China (the "**PRC**" or "**China**") two highly accessible multi-purpose ports in Changshu City, Jiangsu province, PRC, namely the Changshu Xinghua Port (the "**CXP Port**"), operated by Changshu Xinghua Port Co., Ltd ("**CXP**") and the adjacent Changshu Changjiang International Port (the "**CCIP Port**"), operated by Changshu Changjiang International Port Co., Ltd. ("**CCIP**").

## BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and International Financial Reporting Standards ("**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 Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**"), except when otherwise indicated. The Group adopted RMB as its functional currency following the Listing. The accounting policies adopted are consistent with those of the previous financial year except for the six months ended 30 June 2019, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

The Group's financial performance for the six months ended 30 June 2019 was stable after CCIP Port resumed full operations from 12 September 2018, recovering from a lengthy stop work order from 1 April 2018 to 12 September 2018.

China's economic growth in the first half of 2019 has slumped to 6.3%, its lowest growth rate in nearly three decades (source: CNN Business) as the world second largest economy by nominal gross domestic product ("**GDP**") feels the heat of the prolonged trade war with the United States of America (the "**USA**").

The Group handled 4.6 million tonnes of total cargo for the six months ended 30 June 2019 which was evenly contributed, at 2.3 million tonnes in the first quarter of 2019 and 2.3 million tonnes in the second quarter of 2019.

The total volume of cargo handled by the Group decreased by 10.6% from 5,186,915 tonnes for the six months ended 30 June 2018 to 4,636,536 tonnes for the six months ended 30 June 2019. The decrease was due to the exceptional high total cargo volume registered in first quarter of 2018, prior to the stop work orders imposed on the CXP Port and CCIP Port in April 2018. Furthermore, the China's GDP increased by 6.8% in the first half of 2018 (source: China Daily), reflecting a better market sentiment then compared to the weaker first half of 2019 caused by the uncertainties of the China-USA trade war.

The Group's revenue decreased by 8.4% from RMB212.3 million for the six months ended 30 June 2018 to RMB194.4 million for the six months ended 30 June 2019. The Group's profit before tax during the six months ended 30 June 2019, however increased by 24.6% from RMB41.1 million for the six months ended 30 June 2018 to RMB51.2 million for the six months ended 30 June 2019, primarily due to the decrease in distribution costs, consumables and fuel used and other expenses. The distribution costs had decreased in the six months ended 30 June 2019 mainly due to the additional logistic costs incurred for moving logs cargo to outside the port storage in the six months ended 30 June 2018 to create storage space for pulp and paper cargo. Also, the distribution costs had decreased because the management of the Company (the "**Management**") had negotiated a lowered subcontract forklift driver costs from 1 January 2019. The lower consumables costs for the six months ended 30 June 2019 were due to the higher purchase of tarpaulin and dunnage for the increased storage of pulp and paper on stacking yard for the six months ended 30 June 2018. The lower fuel costs were due to lower total cargo volume handled for the six months ended 30 June 2019.

Save as disclosed in this interim results announcement, there was no other major event that affected the operations of the Group's business during the six months ended 30 June 2019.

## REVENUE

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

| | **Six months ended 30 June** | | |
|---|---|---|---|
| | **2019**<br>***RMB'000***<br>**(Unaudited)** | 2018<br>*RMB'000*<br>(Unaudited) | Variance<br>*%* |
| Stevedoring income | **155,300** | 175,757 | (11.6) |
| Storage income | **36,904** | 32,961 | 12.0 |
| Rental income | **940** | 979 | (4.0) |
| Other | **1,259** | 2,623 | (52.0) |
| Total | **194,403** | 212,320 | (8.4) |

Stevedoring income decreased by 11.6% from RMB175.8 million for the six months ended 30 June 2018 to RMB155.3 million for the six months ended 30 June 2019. The total cargo volume handled decreased by 10.6%, primarily resulting from the decrease in volume of project equipment cargo and logs cargo, each down by 209,669 cubic metres and 218,748 cubic metres, respectively.

The storage income derived from Changshu Westerlund Warehousing Co., Ltd. ("**CWW**") had increased due to the higher inventory of pulps and paper cargo held at the CXP Port, offset by the decrease in storage income at the CCIP Port mainly because there was a one-off fee received from the relevant courts for the final settlement and removal of the court sealed steel cargo from three of the CCIP's warehouses during the six months ended 30 June 2018. If excluding this one-off fee, the storage income at CCIP Port would be higher for the six months ended 30 June 2019.

Rental income has decreased marginally by 4.0% from RMB979,000 for the six months ended 30 June 2018 to RMB940,000 for the six months ended 30 June 2019 mainly due to the reduction in rental of office space to customers and agents.

Other income decreased by 52.0% from RMB2.6 million for the six months ended 30 June 2018 to RMB1.3 million for the six months ended 30 June 2019 resulting from lower sales of fuel and consumables to customers and subcontractors.

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

| | **Six months ended 30 June** | | |
|---|---|---|---|
| | **2019** | 2018 | Variance % |
| Pulp and paper cargo (tonnes) | **2,268,456** | 2,417,665 | (6.2) |
| Steel cargo (tonnes) | **872,878** | 893,039 | (2.3) |
| Logs (cubic metre) | **498,697** | 717,445 | (30.5) |
| Project equipment (cubic metre) | **92,443** | 302,112 | (69.4) |
| Other general cargo (tonnes) | **106,587** | 127,954 | (16.7) |
| Containers (TEUs) | **53,165** | 48,580 | 9.4 |
| Total volume handled (tonnes) | **4,636,536** | 5,186,915 | (10.6) |

*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:

| | Six months ended 30 June | | |
|---|---|---|---|
| | **2019** | 2018 | Variance % |
| Pulp and paper cargo (RMB per tonne) | **52.5** | 47.3 | 11.0 |
| Steel cargo (RMB per tonne) | **27.3** | 37.2 | (26.6) |
| Logs (RMB per cubic metre) | **33.7** | 32.1 | 5.0 |
| Project equipment (RMB per cubic metre) | **28.6** | 22.1 | 29.4 |
| Other general cargo (RMB per tonne) | **149.3** | 143.8 | 3.8 |
| Containers (RMB per TEU) | **262.2** | 265.9 | (1.4) |
| Average handling fee (exclude containers) (RMB per tonne) | **47.0** | 44.7 | 5.1 |

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

The average handling fee for pulp and paper cargo has improved by 11.0% from RMB47.3 per tonne for the six months ended 30 June 2018 to RMB52.5 per tonne for the six months ended 30 June 2019 due to higher storage income from slower moving pulp and paper cargo inventory.

The average handling fee for steel cargo decreased by 26.6% from RMB37.2 per tonne for the six months ended 30 June 2018 to RMB27.3 per tonne for the six months ended 30 June 2019 was mainly due 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 the CCIP's warehouses. If excluding this one-off fee collected in February 2018, the average handling fee for steel cargo would decrease by 6.8% for the six months ended 30 June 2019 in tandem with the average lower international steel price.

The average handling fee for project equipment cargo increased by 29.4% from RMB22.1 per cubic metre for the six months ended 30 June 2018 to RMB28.6 per cubic metre mainly due to longer storage period outside free storage period.

## OTHER INCOME AND GAINS

Other income and gains increased by 114.8% from RMB751,000 for the six months ended 30 June 2018 to RMB1.6 million for the six months ended 30 June 2019 mainly attributable to (i) the gain on disposal from sales of assets; (ii) increase in penalty income collected from subcontractors due to the violation of the Company's safety procedures by subcontracted workers; and (iii) additional value added tax deductible allowed by the Chinese government during the six months ended 30 June 2019.

## SUBCONTRACT COSTS

Subcontract costs decreased by 8.3% from RMB36.6 million for the six months ended 30 June 2018 to RMB33.5 million for the six months ended 30 June 2019 mainly due to a decrease in the total cargo volume handled.

## DISTRIBUTION COSTS, CONSUMABLES AND FUEL USED

Distribution costs, consumables and fuel used decreased by 49.7% from RMB25.6 million for the six months ended 30 June 2018 to RMB12.9 million for the six months ended 30 June 2019. The distribution costs had decreased in the six months ended 30 June 2019 mainly due to the additional logistic costs incurred for moving logs cargo to outside the port storage in the six months ended 30 June 2018 to create storage space for pulp and paper cargo. Also, the distribution costs had decreased because Management had negotiated a lowered subcontract forklift driver costs from 1 January 2019. The lower consumables costs for the six months ended 30 June 2019 were due to the higher purchase of tarpaulin and dunnage for the increased storage of pulp and paper on stacking yard for the six months ended 30 June 2018. The lower fuel costs were due to the lower total cargo volume handled for the six months ended 30 June 2019.

## EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by 30.5% from RMB22.3 million for the six months ended 30 June 2018 to RMB29.1 million for the six months ended 30 June 2019 mainly due to (i) expansion of Management team since the second half of 2018; (ii) higher bonus accrued for the six months ended 30 June 2019 and (iii) higher pension and social security contribution in the six months ended 30 June 2019.

As the Group's port operations and financial performance for the year ended 31 December 2018 ("**FY2018**") were adversely affected by the stop work orders, a lower bonus was paid out correspondingly. As the Group works towards normalising the port operations and improving the financial performance in this current year, it is expected to incur a higher bonus payment in the second half of 2019.

## DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and amortisation expenses increased by 19.8% from RMB24.5 million for the six months ended 30 June 2018 to RMB29.3 million for the six months ended 30 June 2019 due to the adjustments made in the second half year of 2018 to lower the residual values across all categories of properties, plant and equipment based on prevailing market conditions.

## LEASING COSTS

Leasing costs decreased by 45.3% from RMB10.4 million for the six months ended 30 June 2018 to RMB5.7 million for the six months ended 30 June 2019 mainly due to termination of certain rental equipment that are no longer required and external storage space.

## OTHER OPERATING EXPENSES

Other operating expenses decreased by 26.1% from RMB27.4 million for the six months ended 30 June 2018 to RMB20.2 million for the six months ended 30 June 2019 mainly due to lower costs incurred for safety related expenses and legal fees.

## OTHER EXPENSES

Other expenses decreased by 65.1% from RMB13.4 million for the six months ended 30 June 2018 to RMB4.7 million for the six months ended 30 June 2019 mainly due to the remaining balance of professional service fees incurred in respect of the Listing in the first half year of 2018.

## FINANCE COSTS

Bank loan interest expenses decreased by 8.7% from RMB16.4 million for the six months ended 30 June 2018 to RMB15.0 million for the six months ended 30 June 2019 which was in tandem with the lower bank loans balance. As at 30 June 2019, the bank loans balance was RMB547.4 million (as at 31 December 2018: RMB579.4 million), decreased by RMB32.0 million.

## SHARE OF PROFITS OF AN ASSOCIATE

Share of profits of an associate increased by 23.0% from RMB4.5 million for the six months ended 30 June 2018 to RMB5.5 million for the six months ended 30 June 2019 as the net profit of CWW, an associate of the Group, increased from higher average pulp cargo handling fee achieved.

## PROFIT BEFORE TAX

Profit before tax increased by 24.6% from RMB41.1 million for the six months ended 30 June 2018 to RMB51.2 million for the six months ended 30 June 2019 mainly due to lower costs and overheads and higher share of profits of an associate. The lower costs were mainly due to lower distribution costs, consumables and fuel used and other expenses.

## 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 95% of CXP's net profit to the Group's income tax expense for the six months ended 30 June 2019.

The breakdown of the total tax charge as follows:

| | Six months ended 30 June | | |
|---|---|---|---|
| | **2019** | 2018 | Variance |
| | ***RMB'000*** | *RMB'000* | *%* |
| | **(Unaudited)** | (Unaudited) | |
| Current tax | **18,740** | 12,921 | 45.0 |
| Deferred tax | **(4,056)** | 3,048 | (233.1) |
| Total tax charge for the period | **14,684** | 15,969 | (8.0) |

The decrease in income tax expense was mainly due to a deferred tax assets recognised. The Group charged deferred tax liabilities of RMB0.2 million for the withholding tax applicable to the 95% of CXP's net profit and deferred tax assets of RMB4.2 million for losses incurred at CCIP available for offsetting against future taxable profits.

## PROFIT FOR THE PERIOD

Profit increased by 45.3% from RMB25.1 million for the six months ended 30 June 2018 to RMB36.5 million for the six months ended 30 June 2019 mainly due to the reductions in distribution costs, consumables and fuel costs and other expenses and higher share of profit from an associate, offset by the decrease in revenue as mentioned above.

## 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 2019:

| | Six months ended 30 June | | |
|---|---|---|---|
| | **2019** | 2018 | Variance |
| | **(Unaudited)** | (Unaudited) | |
| | | | % |
| Earnings per share (RMB cents per share) | | | |
| Attributable to equity holders of the Company | **4.2** | 3.0 | 40.0 |

## PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2019, certain of the Group's property, plant and equipment with a carrying amount of RMB703.0 million (as at 31 December 2018: RMB704.9 million) were pledged to secure the Group's loans and borrowings.

## PREPAID LAND LEASE PAYMENT AND OTHER LAND RELATED COSTS

As at 30 June 2019, the Group's prepaid land lease payments with a carrying amount of RMB235.4 million (as at 31 December 2018: RMB238.9 million) were pledged to secure certain loans and borrowings of the Group.

## GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2019 (as at 31 December 2018: RMB106.5 million) arose from the acquisition of a 90% equity interest in CCIP in 2014.

International Accounting Standard 36 requires an entity to perform impairment tests on goodwill on an annual basis. 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 2019 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, historical bad debts and outlook of each industry that used cargo like pulps, steel, project equipment, logs and containers. The average trade receivables turnover day for the six months ended 30 June 2019 was 69 days (31 December 2018: 84 days).

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

| | **As at 30 June 2019** *RMB'000* **(Unaudited)** | As at 31 December 2018 *RMB'000* (Audited) | Variance % |
|---|---|---|---|
| Within 3 months | **64,674** | 57,087 | 13.3 |
| More than 3 months to 1 year | **11,676** | 6,454 | 80.9 |
| Over 1 year | **–** | – | – |
| Trade receivables | **76,350** | 63,541 | 20.2 |
| Less: Provision for doubtful debts | **(707)** | (707) | – |
| Bills receivables | **3,572** | 5,675 | (37.1) |
| Trade and bills receivables | **79,215** | 68,509 | 15.6 |

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

| | **As at 30 June 2019** *RMB'000* **(Unaudited)** | As at 31 December 2018 *RMB'000* (Audited) | Variance % |
|---|---|---|---|
| Neither past due nor impaired | **64,674** | 57,087 | 13.3 |
| Past due but not impaired: | | | |
| Within 3 months | **10,969** | 5,154 | 112.8 |
| More than 3 months | **–** | 593 | nm |
| | **75,643** | 62,834 | 20.4 |
| Past due and impaired | **707** | 707 | – |
| Trade receivables | **76,350** | 63,541 | 20.2 |

*Note:* nm means not meaningful.

As at 30 June 2019, the Group had trade receivables amounting to approximately RMB11.0 million (31 December 2018: RMB5.7 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. The Group made a provision for bad debts of RMB386,362 for CXP and RMB320,870 for CCIP in relation to a customer for the export of project equipment cargo as at 31 December 2018. Accordingly, there was an impairment loss of RMB0.7 million as at 30 June 2019.

## 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 2019, the cash and cash equivalents of the Group were about RMB91.7 million (31 December 2018: RMB105.1 million), of which, 35% of the cash were denominated in RMB, 55% of the cash were in Singapore dollar ("**S$**"), 8% 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 third-party suppliers, 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 for the six months ended 30 June 2019 was 84 days (31 December 2018: 108 days).

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

| | **As at 30 June 2019** | As at 31 December 2018 | Variance |
|---|---|---|---|
| | ***RMB'000*** | *RMB'000* | *%* |
| | **(Unaudited)** | (Audited) | |
| Within 1 year | **43,416** | 48,246 | (10.0) |
| More than 1 year to 2 years | **1,330** | 2,694 | (50.6) |
| Over 2 years | **4,595** | 3,809 | 20.6 |
| Trade payables | **49,341** | 54,749 | (9.9) |

## LOANS AND BORROWINGS

As at 30 June 2019, 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 RMB703.0 million and the Group's prepaid land lease payments with a carrying amount of RMB235.4 million.

The effective interest rate for the six months ended 30 June 2019 ranged from 5.15% to 5.82% 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 2019** | As at 31 December 2018 | Variance |
|---|---|---|---|
| | ***RMB'000*** | *RMB'000* | *%* |
| | **(Unaudited)** | (Audited) | |
| Within one year | **36,375** | 97,000 | (62.5) |
| In the second year | **21,000** | 113,000 | (81.4) |
| In the third to fifth years, inclusive | **90,000** | 334,000 | (73.1) |
| Beyond five years | **400,000** | 35,375 | 1030.7 |
| Loans and borrowings | **547,375** | 579,375 | (5.5) |

**SHARE CAPITAL**

The share capital of the Company remained at RMB597.7 million as at 30 June 2019.

**CASH FLOW STATEMENT**

Net cash inflow from operating activities after changes in working capital for the six months ended 30 June 2019 was RMB54.7 million while the profit before income tax for the same period was RMB51.2 million. The difference of RMB3.5 million primarily reflected adjustments to the income statement items for non-cash items such as depreciation and amortization of assets of RMB29.3 million, deduction of share of profit of an associate of RMB5.5 million, income taxes paid of RMB19.5 million, loss on disposal of property, plant and equipment of RMB0.7 million and a decrease in working capital of RMB0.1 million.

Net cash used in investing activities for the six months ended 30 June 2019 was RMB34.1 million, which was mainly attributable to the purchase of property, plant and equipment of RMB43.9 million, offset by proceeds from the disposal of property, plant and equipment of RMB1.2 million, dividend income from an associate of RMB8.2 million and investment capital reduction in an associate of RMB0.5 million.

Net cash used in financing activities for the six months ended 30 June 2019 was RMB34.0 million, which was mainly attributable to the proceeds from loans and bank borrowings of RMB523.4 million, repayment of loans and bank borrowings of RMB555.4 million and dividends paid to non-controlling shareholder of a subsidiary of RMB2.0 million.

As at 30 June 2019, the Group's cash and cash equivalents was RMB91.7 million (31 December 2018: RMB105.1 million), of which, 35% was denominated in RMB.

## CAPITAL STRUCTURE, LIQUIDITY AND GEARING

As at 30 June 2019, the Group's loans and borrowings were denominated in RMB and amounted to RMB547.4 million (31 December 2018: RMB579.4 million).

The net debt to total equity and net debt ratio as at 30 June 2019 was 33% (31 December 2018: 35%).

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 include, 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 2019, the Group had three banking facilities of S$10.0 million, RMB100.0 million and RMB80.0 million, respectively, which can be drawdown to support its working capital requirements.

The Group did not breach any borrowing covenants during the six months ended 30 June 2019. The loan agreements did not have any covenants relating to specific performance of the controlling shareholders of the Company.

## 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 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 2019, the Group did not have any contingent liabilities (31 December 2018: Nil).

## FUTURE DEVELOPMENTS OF THE GROUP

The Group expects the trade war between China and USA to persist and the Chinese economy to grow at a slower pace of about 6.2% according to the estimation from World Bank. As such, the external environment in the second half of the year is expected to be more uncertain and market sentiment could be more pessimistic resulting in further downward pressure on the Chinese economy. However, the fundamentals for the long-term stable development of the overall Chinese economic is unlikely to change. The domestic market continues to be conducive for achieving economic and social development throughout the year.

As at 30 June 2019, total pulp and paper imported into China was 12.6 million tonnes. It is expected that the full year pulps tonnages imported into China to be similar to FY2018 at about 25.0 million tonnes (source: 中國紙網)

As at 30 June 2019, total export steel from China was 34.4 million tonnes. China is expected to export steel of about 65.0 to 70.0 million tonnes in the full year of 2019, similar to the FY2018 level (source: 中國鋼材價格網).

For the first five months of 2019, New Zealand logs imported into China increased by 23.7% to 7.4 million cubic metres despite that average price had dropped (source: Daily Timber News). With the current price level, buyers are unwilling to commit to pricing, hence, the outlook for the second half of 2019 is uncertain due to the continuous falling price, Management views that the total New Zealand logs imported into China for the full year of 2019 should be of similar level in FY2018 due to the high import level in the first five months of 2019.

The Group wants to align its growth in cargo volume with the PRC's Belt and Road Initiative (the "**BRI**"). Even though, the BRI projects did not take off as planned, the Group is of the view that in the longer term, the BRI should benefit the Chinese economy and our ports as more project equipment cargo should be shipped along the Changjiang river of China.

The Group will also continue to focus on a higher value cargo mix to ensure healthy sustainable growth in cargo volume.

The berth utilisation rate for CXP was 53% for the six months ended 30 June 2019 (30 June 2018: 77%) and for CCIP was 33% for the six months ended 30 June 2019 (30 June 2018: 32%). Management would focus to improve the berth utilisation rate for the rest of the year in order to optimise the return on its assets.

As safety is the key to the success of the ports operations, Management will continue to educate, document, control and manage every safety process of port operations.

The Group will explore strategic opportunities and seek to strengthen its business relationships with key customers and business partners (both existing and new), most of whom are global and expanding companies.

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

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 473 full time employees (31 December 2018: 491). 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 scheme for employees in Singapore and pension scheme for employees in the PRC.

## DONATIONS

The Group has committed to a five years donation plan from 2017 to 2021 to make a total contribution of RMB250,000 to the Changshu General Charity (the "**Charity**"). As at 30 June 2019, the Group has already contributed RMB100,000 to the Charity.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to the shareholders of the Company (the "**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 six months ended 30 June 2019.

## 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 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 Board's audit committee (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 six months ended 30 June 2019.

## 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 six months ended 30 June 2019.

## SIGNIFICANT INVESTMENT

The Group did not have any significant investments during the six months ended 30 June 2019 (for the year ended 31 December 2018: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company did not have any future plans for significant investments or capital assets as at 30 June 2019.

## MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals of the Company's subsidiaries, associates and joint ventures during the six months ended 30 June 2019.

## 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 the year ended 31 December 2018 (the "**2018 Annual Report**"), required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules is as follows:

| Names of Director | Details of Change |
|---|---|
| Mr. Tan Chian Khong | Appointed as a non-executive director of SMRT Corporation Ltd in August 2019 |
| Mr. Alan Chan Hong Joo | Retired as a non-executive Director in May 2019 |

Save as disclosed herein and in the Company's 2018 Annual Report, 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 six months ended 30 June 2019.

## DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

## 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 2019, 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:

### Long Position in the Shares

| Names of Directors/ Chief executive | Capacity/ Nature of interest | Number of Shares/ underlying Shares interested | Total number of Shares interested | Approximate percentage of the Company's issued Shares[1] |
|---|---|---|---|---|
| Mr. Patrick Ng Bee Soon | Beneficial owner | 39,901,037 | 39,901,037 | 4.90% |
| Mr. Kor Tor Khoon | Beneficial owner | 5,133,800 | 5,158,800 | 0.63% |
| | Interest of spouse | 25,000 | | |
| Ms. Jane Kimberly Ng Bee Kiok | 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. 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 the Shares and the number of underlying Shares interested divided by the number of issued Shares of 814,412,028 as at 30 June 2019.

2. 191,250,000 Shares are held by Ms. Jane Kimberly Ng Bee Kiok 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 Kimberly Ng Bee Kiok and Ms. Ng Bee Bee ("**BOS Trustee**" and the "**BOS Trustee Shares**", respectively).

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

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

As at 30 June 2019, 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:

### Long Position in the Shares

| Names of Shareholders | Capacity/ Nature of interest | Number of Shares/ interested | Total number of Shares interested | 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. ("**Petroships**") | Beneficial owner | 77,876,203 | 77,876,203 | 9.56% |
| Mr. Alan Chan Hong Joo[4] | Interest in a controlled corporation[5] | 77,876,203 | 77,876,203 | 9.56% |

*Notes:*

1. The percentage represents the number of Shares interested divided by the number of the issued Shares of 814,412,028 as at 30 June 2019.

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 Kimberly Ng Bee Kiok 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 Kimberly Ng Bee Kiok and Ms. Ng Bee Bee.

4. Mr. Alan Chan Hong Joo retired as the non-executive Director on 28 May 2019.

5. These Shares are held by 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 2019, 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.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Consolidated Financial Statements. The Audit Committee has reviewed these Consolidated Financial Statements and is of the view that (i) the same have been prepared in accordance with the IFRSs, the SFRS(I)s, 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.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the six months ended 30 June 2019 and up to the date of this announcement, the Group has complied with all the relevant laws and regulations that have significant impact on the operations of the Group.

## 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.

## MAJOR CUSTOMERS AND SUPPLIERS

For the six months ended 30 June 2019, the percentage of revenue attributable to the Group's five largest customers combined was 65.8% (30 June 2018: 64.7%). Among it, the Group's associate company accounted for 51.3%, which was also the Group's largest customer (30 June 2018: 47.2%).

Purchases from the Group's five largest suppliers combined accounted for 52.8% of the total purchases for the six months ended 30 June 2019 (30 June 2018: 37.6%) and purchases from the Group's largest supplier included therein amounted to 13.0% (30 June 2018: 11.4%).

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 six months ended 30 June 2019, 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.

## 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 of the end of the reporting period or at any time during the six months ended 30 June 2019; 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 six months ended 30 June 2019.

## 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 or had or might have any other conflicts of interest with the Group during the six months ended 30 June 2019.

## MAJOR EVENTS AFTER THE SIX MONTHS ENDED 30 JUNE 2019

CGS-CIMB Securities (Hong Kong) Limited has resigned as the compliance adviser of the Company (the "**Compliance Adviser**") with effect from 2 August 2019 as they have decided to cease their investment banking business in Hong Kong. China Galaxy International Securities (Hong Kong) Co., Limited has been appointed as the new Compliance Adviser pursuant to Rule 3A.27 of the Listing Rules with effect from 2 August 2019. For further details, please refer to the announcements of the Company dated 22 and 30 July 2019.

## 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 six months ended 30 June 2019.

## SHARE OPTION SCHEME

The Company did not have a share option scheme in place as at 30 June 2019.

## THE SHARE INCENTIVE SCHEME

On 1 December 2017, the Company adopted a share incentive scheme (the "**Share Incentive Scheme**") to recognise contributions by certain eligible participants and to align their interests with that of the Group and to provide them with incentives for the continuing growth of the 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.

## EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement during the six months ended 30 June 2019.

## 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 the six months ended 30 June 2019 and as at the date of this interim results announcement.

## 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.

## 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 auditors 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 (the "**INEDs**"), namely Mr. Tan Chian Khong, Mr, Soh Ee Beng and Mr. Ting Yian Ann and one non-executive Director (the "**NED**"), namely Mr. Lee Cheong Seng. Mr. Tan Chian Khong is the chairman of the Audit Committee.

The Audit Committee, together with the external auditor of the Company, have reviewed the Consolidated Financial Statements and this announcement. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters with Management. The Audit Committee is of the view that the Consolidated Financial Statements and this announcement have been prepared in compliance with the IFRSs, the SFRS(I)s, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## PUBLICATION OF INTERIM RESULTS

The interim report of the Company for the six months ended 30 June 2019 containing all information required by the Listing Rules will be dispatched to the Shareholders and available on the Company's website at www.xinghuaport.com and the SEHK website at www.hkexnews.hk in due course in the manner as required by the Listing Rules.

By Order of the Board
**Xinghua Port Holdings Ltd.**
**Patrick Ng Bee Soon**
*Chairman and Executive Director*

Singapore, 23 August 2019

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Patrick Ng Bee Soon, Mr. Kor Tor Khoon and Ms. Jane Kimberly Ng Bee Kiok; one NED, namely Mr. Lee Cheong Seng; and three INEDs, namely Mr. Tan Chian Khong, Mr. Soh Ee Beng and Mr. Ting Yian Ann.*