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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL RESULTS

The board of directors of Xinghua Port Holdings Ltd. (the "**Company**", the "**Directors**" and the "**Board**", respectively) announces the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**" or "**FY2019**"), together with the relevant comparative figures for the year ended 31 December 2018 ("**FY2018**") as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

		Year ended 31 December		
	Notes	**2019**	2018	Variance
		RMB'000	*RMB'000*	
Revenue	*1*	**397,096**	404,102	-1.7%
Other income and gains	*2*	**7,740**	2,534	205.4%
Subcontract costs	*3*	**(64,488)**	(65,100)	-0.9%
Distribution costs, consumables and fuel used	*4*	**(28,392)**	(39,233)	-27.6%
Employee benefit expenses	*5*	**(57,255)**	(54,794)	4.5%
Depreciation and amortisation expenses	*6*	**(59,565)**	(60,641)	-1.8%
Leasing costs	*7*	**(9,046)**	(15,822)	-42.8%
Other operating expenses	*8*	**(40,385)**	(47,718)	-15.4%
Other expenses	*9*	**(9,046)**	(19,036)	-52.5%
Finance costs	*10*	**(30,671)**	(33,035)	-7.2%
Share of profits of associates	*11*	**10,744**	8,156	31.7%
Profit before tax	*12*	**116,732**	79,413	47.0%
Income tax expenses	*13*	**(32,960)**	(27,671)	19.1%
Profit for the year	*14*	**83,772**	51,742	61.9%

* *for identification purpose only*

	Notes	**2019** **RMB'000**	2018 *RMB'000*	Variance
Other comprehensive income representing item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		–	34	n.m.
Other comprehensive income for the year, net of tax		–	34	n.m.
Total comprehensive income for the year		**83,772**	51,776	61.8%
Profit attributable to:				
Equity holders of the Company		**78,585**	50,663	55.1%
Non-controlling interests		**5,187**	1,079	380.7%
Profit for the year		**83,772**	51,742	61.9%
Total comprehensive income attributable to:				
Equity holders of the Company		**78,585**	50,697	55.0%
Non-controlling interests		**5,187**	1,079	380.7%
Total comprehensive income for the year		**83,772**	51,776	61.8%
Earnings per share attributable to equity holders of the Company (RMB cents per share)	*22*	**9.7**	6.2	56.5%

Note: n.m. means not meaningful

Consolidated Statement of Financial Position
As at 31 December 2019

	Notes	As at 31 December 2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment	*15*	**1,070,116**	1,006,361
Prepaid land lease payments and other land related costs		**–**	261,557
Intangible assets		**737**	934
Goodwill		**106,549**	106,549
Investment in associates		**24,885**	22,768
Deferred tax assets		**13,228**	12,485
Prepayment for property, land and equipment		**1,860**	615
Right-of-use assets		**261,942**	–
Total non-current assets		**1,479,317**	1,411,269
Current assets			
Inventories		**1,480**	1,244
Trade and bills receivables	*16*	**61,991**	68,509
Prepaid land lease payments		**–**	7,983
Prepayments, deposits and other receivables		**10,791**	28,504
Cash and cash equivalents	*17*	**141,707**	105,068
Total current assets		**215,969**	211,308
Current liabilities			
Trade payables	*18*	**37,381**	54,749
Other payables and accruals		**103,405**	63,676
Deferred income		**858**	858
Loans and borrowings	*19*	**17,500**	97,000
Tax payable		**3,351**	6,411
Lease liability		**404**	–
Total current liabilities		**162,899**	222,694
Net current assets/(liabilities)		**53,070**	(11,386)
Non-current liabilities			
Loans and borrowings	*19*	**563,620**	482,375
Deferred tax liabilities		**27,995**	25,469
Deferred income		**1,586**	2,489
Lease liability		**110**	–
Total non-current liabilities		**593,311**	510,333
Net assets		**939,076**	889,550
Equity attributable to equity holders of the Company			
Share capital	*20*	**597,659**	597,659
Reserves		**257,720**	211,381
		855,379	809,040
Non-controlling interests		**83,697**	80,510
Total equity		**939,076**	889,550

Consolidated Cash Flow Statement
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Profit before tax		**116,732**	79,413
Adjustments for:			
Finance costs	*10*	**30,636**	33,035
Interest expense on lease liability	*10*	**35**	–
Share of profits of associates	*11*	**(10,744)**	(8,156)
Investment income		**(125)**	–
Interest income		**(656)**	(973)
Depreciation of property, plant and equipment	*6*	**50,937**	52,474
Depreciation of right-of-use assets	*6*	**8,402**	–
Amortisation of prepaid land lease payments and other land related costs	*6*	**–**	7,983
Amortisation of intangible assets	*6*	**226**	184
Reversal of write-down of inventories, net		**(184)**	(200)
Write-off of long overdue creditors		**(232)**	(382)
(Gain)/loss on disposal of items of property, plant and equipment		**(784)**	82
Unrealised foreign exchange differences		**(507)**	(24)
		193,736	163,436
Increase in inventories		**(53)**	(30)
Decrease in trade and bills receivables		**6,518**	49,939
Decrease/(increase) in prepayments, deposits and other receivables		**17,713**	(23,505)
Decrease in trade payables		**(17,136)**	(30,107)
Increase/(decrease) in other payables and accruals		**36,401**	(16,665)
Decrease in deferred income		**(903)**	(903)
Cash generated from operations		**236,276**	142,165
Interest received		**656**	973
Interest paid on loans and borrowings		**(29,589)**	(33,035)
Interest paid on lease liability		**(35)**	–
Income tax paid		**(34,237)**	(28,164)
Net cash flows from operating activities		**173,071**	81,939

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	*Note A*	**(114,012)**	(41,436)
Proceeds from disposal of items of property, plant and equipment		**1,288**	854
Dividend income from an associate		**8,156**	11,877
Investment income		**125**	–
Capital reduction of an associate		**470**	–
Net cash flows used in investing activities		**(103,973)**	(28,705)
Cash flows from financing activities			
Proceeds from loans and borrowings		**586,495**	50,126
Repayment of loans and borrowings		**(584,750)**	(95,126)
Repayment of principal portion of lease liability		**(465)**	–
Issuance of new shares		**–**	42,104
Dividends paid to shareholders		**(32,246)**	(31,730)
Dividends paid to non-controlling shareholders of a subsidiary		**(2,000)**	(1,000)
Net cash flows used in financing activities		**(32,966)**	(35,626)
Net increase in cash and cash equivalents		**36,132**	17,608
Cash and cash equivalents at beginning of the year		**105,068**	87,403
Effect of foreign exchange rate changes, net		**507**	57
Cash and cash equivalents at end of the year		**141,707**	105,068

Note A: Reconciliation on purchase of property, plant and equipment and intangible assets

	2019	2018
Addition of property, plant and equipment	**115,194**	22,471
Addition of intangible assets	**29**	1,118
Amount paid for purchase of property, plant and equipment of prior years	**503**	18,247
Addition of property, plant and equipment which have not been paid during the year	**(1,714)**	(400)
	114,012	41,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

A. GENERAL INFORMATION

Xinghua Port Holdings Ltd. is a company incorporated in the Republic of Singapore ("**Singapore**"). The registered office of the Company is located 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 listed on the Main Board of the SEHK since 12 February 2018 (the "**Listing**").

The consolidated financial statements of the Group for the Year as at 31 December 2019 comprise the financial statements of the Company and its subsidiaries (the "**Consolidated Financial Statements**").

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 People's Republic of China (the "**PRC**" or "**China**").

B. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 of the laws of Singapore, Singapore Financial Reporting Standards (International) and 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 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 in the Year, the Group has adopted all the new and revised standards applicable to the Group and 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.

C. MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

China's year-on-year gross domestic product (the "**GDP**") growth reached 6.1% in 2019 (source from chinadaily.com.cn dated 27 January 2020), compared with 6.6% in 2018 according to the National Bureau of Statistics. The country achieved its economic growth target of 6.0 to 6.5% and registered an annual GDP of RMB99.1 trillion, amidst the prolonged trade war with the United States of America.

Pulp and paper imported into China increased by 9.7%, to 27.2 million tonnes in 2019 from 24.8 million tonnes in 2018 (source from www.99qh.com).

The total crude steel production in China was 996.3 million tonnes in 2019, up 7.3% from 928.3 million tonnes in 2018. Even though the total crude steel production has increased, China continued to suffer from declining export steel by 7.3% to 64.3 million tonnes in 2019 (source from www.mysteel.com).

As there is no available official data on import of New Zealand logs, based on discussion with major logs traders, New Zealand logs imported into China in 2019 is estimated at 17.0 million cubic metres, an increase of 6.3% from that of 2018.

Given the relatively stable Chinese economy in 2019 and the trade flow of the cargo mix, the Group handled a cargo volume of 9.3 million tonnes, a drop of 3.7% from 2018 mainly due to lower logs cargo volume handled as a result of the change in cargo mix. As such, the Group's revenue also decreased by 1.7% to RMB397.1 million for the Year.

However, the net profit of the Group increased by 61.9% in FY2019 mainly due to an increase in other income and gain, an increase in the share of profits of associates and lower overall costs.

The Group continued to reap benefits on strong import pulp and paper cargo into China and handled 2.5% higher pulp and paper cargo tonnages in FY2019 to 4.8 million tonnes, which was about 17.5% of China's market share.

The number of containers handled increased by 16.3% to 116,237 twenty-feet equivalent units ("**TEUs**"). The lower containers handled in 2018 was due to two quay cranes which had undergone major maintenance in the second quarter of 2018.

Handling of export project equipment cargo decreased by 32.3% to 324,745 cubic metres as the ports were constrained by smaller open stacking yard for storage due to the construction of the two new warehouses completed only in December 2019 and the upgrade of the fire system of eight warehouses to meet new fire regulation for storage of pulp and paper cargo.

Handling of other general cargoes increased by 10.4% to 0.26 million tonnes mainly due to an increase in the handling of cargo in the bags like sodium sulfate and fertiliser.

The volume of steel cargo handled decreased by 1.6% to 1.6 million tonnes as overall China export steel cargo plunged by 7.3%. The Group maintained about 2.5% of China's market share for such cargo type.

The handling of logs cargo reduced to 0.6 million cubic metre, a drop of 48.1%, even though New Zealand logs imported into China is estimated to be higher at about 17.0 million cubic metres. This was largely due to a change in the focus of cargo mix since 2018.

As of 31 December 2019, the Group had cash and cash equivalents amounting to RMB141.7 million (31 December 2018: RMB105.1 million), representing an increase of RMB36.6 million, and the Group's bank borrowings, excluding lease liability, was increased to RMB581.1 million from RMB579.4 million a year ago. The increase in loans was due to the partial drawdown of the new loans for the construction of the two new warehouses.

Save as disclosed in this announcement, there was no major event that affected the operations of the Group's business during the Year.

1. REVENUE

Under the IFRSs (IFRS 15 – Revenue from contracts with customers), the Group's revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer. Revenue represents the net invoiced value of services transferred to customers after trade discounts.

An analysis of the Group's revenue is as follows:

	Year ended 31 December		
	2019	2018	Variance
	RMB'000	*RMB'000*	
Revenue			
Stevedoring income	**313,154**	332,796	-5.9%
Storage income	**79,800**	63,949	24.8%
Rental income	**1,775**	1,778	-0.2%
Others	**2,367**	5,579	-57.6%
Total revenue	**397,096**	404,102	-1.7%

Timing of transfer of goods or services (by revenue type)

– Stevedoring income: is over time.

– Storage and rental income: is over time.

– Others: at a point in time.

The following table sets out the cargo volume handled by cargo type in FY2019:

	Year ended 31 December		
	2019	2018	Variance
Volume handled			
Pulp and paper cargo (tonnes)	**4,767,254**	4,650,420	2.5%
Steel cargo (tonnes)	**1,637,822**	1,664,183	-1.6%
Logs (cubic metres) *(Note 1)*	**612,671**	1,180,281	-48.1%
Project equipment (cubic metres) *(Note 1)*	**324,745**	479,335	-32.3%
Other general cargo (tonnes)	**257,744**	233,434	10.4%
Containers (TEUs) *(Note 2)*	**116,237**	99,977	16.3%
Total volume handled (tonnes)	**9,343,791**	9,707,308	-3.7%

Notes:

(1) One cubic metre is equal to approximately one tonne.
(2) One TEU is equal to approximately 15 tonnes.

Total cargo volume handled decreased by 3.7%, from 9.7 million tonnes for FY2018 to 9.3 million tonnes for the Year mainly due to 48.1% lower logs cargo volume handled as a result of the change in cargo mix.

Furthermore, project equipment cargo volume also reduced by 32.3% from 479,335 cubic metres for FY2018 to 324,745 cubic metres for the Year as the ports were constrained by smaller open stacking yards for storage. During the construction of the two new warehouses and the upgrade of the fire system of eight warehouses, storage priority was given to the storage of pulp and paper cargo.

As a result of lower cargo volume handled, stevedoring income has decreased by 5.9% from RMB332.8 million for FY2018 to RMB313.2 million for the Year.

On the other hand, storage income has increased by 24.8% from RMB63.9 million for FY2018 to RMB79.8 million for the Year mainly due to higher inventory of pulp and paper cargo as a result of the slower turnover of stock.

Rental income for the Year remained at almost the same level as FY2018.

Other revenue has decreased by 57.6% from RMB5.6 million for FY2018 to RMB2.4 million for the Year mainly due to a reduction in sales of diesel to subcontractors for their equipment handling of logs cargo, volume of which has reduced by 48.1%.

The following table sets out the average handling fee by cargo type for FY2019:

	Year ended 31 December		
Average handling fee (RMB)	**2019**	2018	Variance
Pulp and paper cargo (per tonne) *(Note 1)*	**53.1**	47.8	11.1%
Steel cargo (per tonne) *(Note 1)*	**28.1**	35.1	-19.9%
Logs (per cubic metre) *(Note 1)*	**35.2**	31.7	11.0%
Project equipment (per cubic metre) *(Note 1)*	**27.3**	25.2	8.3%
Other general cargo (per tonne) *(Note 1)*	**126.2**	171.4	-26.4%
Containers (per TEU) *(Note 1)*	**264.7**	266.1	-0.5%
Overall average handling fee (excluding container) (per tonne) *(Note 2)*	**48.2**	46.0	4.8%

Notes:

(1) The cargo average handling fee is calculated by dividing the stevedoring and storage revenue of relevant cargo type by the relevant cargo tonnages.

(2) The overall average handling fee (excluding container) is calculated using total revenue (excluding container) divided by the total volume handled (excluding container).

The following table shows that the average handling fee for pulp and paper cargo improved by 11.1% from RMB47.8 per tonne for FY2018 to RMB53.1 per tonne for the Year mainly due to higher storage income as the turnover of pulp and paper cargo was slower due to market conditions. The stevedoring fee increased marginally by 2.3%.

Pulp average handling fee (RMB per tonne)	Year ended 31 December **2019**	2018	Variance
Stevedoring fee	**40.4**	39.5	2.3%
Storage fee	**12.7**	8.3	53.0%
Total pulp and paper cargo handling fee	**53.1**	47.8	11.1%

The average handling fee for steel cargo was significantly lowered by 19.9% from RMB35.1 per tonne for FY2018 to RMB28.1 per tonne for the Year because of the one-off storage fee collected in February 2018 from the relevant courts for the final settlement and the removal of the court-sealed cargo from three of the warehouses of Changshu Changjiang International Port Co., Ltd.. If excluding this one-off storage fee, the average handling fee was lowered by 9.0%.

The average handling fee for logs cargo increased by 11.0% from RMB31.7 per cubic metre for FY2018 to RMB35.2 per cubic metre for the Year mainly due to higher storage income from slower rotation of logs cargo as market price for logs was volatile.

The average handling fee for project equipment cargo increased by 8.3% from RMB25.2 per cubic metre for FY2018 to RMB27.3 per cubic metre for the Year mainly due to higher stevedoring income arising from handling different types of higher value project cargo.

The average handling fee for other general cargo decreased by 26.4% from RMB171.4 per tonne for FY2018 to RMB126.2 per tonne for the Year mainly due to lower storage income as customers distributed their cargo within free storage period.

Containers fee for the Year remained stable as FY2018.

2. OTHER INCOME AND GAINS

Other income and gains increased significantly by RMB5.2 million, representing an increase of 205.4%, from RMB2.5 million for FY2018 to RMB7.7 million for the Year mainly due to (i) a RMB2.0 million grant from the Chinese government for the Company's Listing; (ii) additional 10% value added tax claims, amounting to RMB1.4 million, allowed under Notice 39 of 2019 issued by Ministry of Finance, China Taxation Administration and General Administration of Customs; and (iii) the gain from disposal of equipment and sales of scrap materials in the amount of RMB1.8 million.

3. SUBCONTRACT COSTS

The subcontract costs slightly decreased by 0.9% from RMB65.1 million for FY2018 to RMB64.5 million for the Year, corresponding to the lower cargo volume handled and change in cargo mix.

4. DISTRIBUTION COSTS, CONSUMABLES AND FUEL USED

The distribution costs, consumables and fuel used decreased by 27.6% from RMB39.2 million for FY2018 to RMB28.4 million for the Year. The decreased distribution costs were due to additional logistic costs incurred in FY2018 for moving logs cargo to external storage to create storage space for pulp and paper cargo. Also, the lower distribution costs were because management of the Company (the "**Management**") have negotiated a lower subcontracting forklift driver costs from 1 January 2019. The lower consumable costs were due to additional purchase of consumables such as tarpaulin and dunnage in FY2018 for the increased storage of pulp and paper cargo on stacking yard. The lower fuel costs were due to lower total cargo volume handled.

5. EMPLOYEE BENEFIT EXPENSES

The employee benefit expenses increased by 4.5% from RMB54.8 million for FY2018 to RMB57.3 million for the Year mainly due to (i) the expansion of the management team since the second half of 2018 and (ii) higher pension and social security contributions from 1 July 2018.

6. DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and amortisation expenses dropped marginally by 1.8% from RMB60.6 million for FY2018 to RMB59.6 million for the Year mainly due to the full depreciation of certain property, plant and equipment in FY2018.

7. LEASING COSTS

The leasing costs decreased by 42.8% from RMB15.8 million for FY2018 to RMB9.0 million for the Year mainly due to the reduction in the leasing of equipment and external storage space.

8. OTHER OPERATING EXPENSES

Other operating expenses decreased by 15.4% from RMB47.7 million for FY2018 to RMB40.4 million for the Year due to lower maintenance costs, insurance premiums, legal fee, safety-related expenses and travelling costs.

9. OTHER EXPENSES

Other expenses decreased by 52.5% from RMB19.0 million for FY2018 to RMB9.0 million for the Year mainly due to lower security costs, administration fees paid to authorities, marketing expenses, settlement of residual value of property, plant and equipment and contribution to the employment security for the disabled. Also, the Group has provided bad debts of RMB707,232 in FY2018.

10. FINANCE COSTS

Bank borrowing interest expenses decreased by 10.4% from RMB33.0 million for FY2018 to RMB29.6 million for the Year due to an average lower interest rate of 5.14% in FY2019 (FY2018: 5.33%) even though the loan balance as at 31 December 2019 was higher at RMB581.1 million (31 December 2018: RMB579.4 million). The higher loan balance was due to the partial draw-down of the new loans for the construction of the two new warehouses.

Also, the Group received RMB50.0 million in the Year as advanced storage fees from Changshu Westerlund Warehousing Co., Ltd. ("**CWW**"), an associate of the Company, for the usage of the two new warehouses. Under IFRS 15 – Revenue from Contracts with Customers, this amount is considered as a significant financing component because it was received for a storage period of more than one year. Hence, this amount was adjusted to reflect the financing component which amounted to RMB1.0 million.

Under IFRS 16 – Lease, the Group recognised the interest expense on the lease liability on the right-of-use of certain rental equipment over 12 months amounting to RMB35,000.

11. SHARE OF PROFITS OF ASSOCIATES

Share of profits from associates increased by 31.7% from RMB8.2 million for FY2018 to RMB10.7 million for the Year mainly due to the increase of net profit of CWW, which was in turn attributable to higher average handling fees. The details are as follows:

	Year ended 31 December		
	2019	2018	Variance
	RMB'000	*RMB'000*	
Share of profits of CWW	**10,274**	8,156	26.0%
Capital reduction of Changshu Xinghua Transportation Co., Ltd. ("**CXT**")	**470**	–	n.m.
	10,744	8,156	31.7%

Note: n.m. means not meaningful

12. PROFIT BEFORE TAX

Profit before tax increased by 47.0% from RMB79.4 million for FY2018 to RMB116.7 million for the Year despite a lower revenue mainly due to (i) a significant increase in other income and gains; (ii) lower overall costs; and (iii) higher share of profits of associates as discussed above.

13. INCOME TAX EXPENSES

The corporate tax rates in Singapore and the PRC are 17% and 25%, respectively. Due to the tax treaty between Singapore and the PRC, the Group currently enjoys a concessionary withholding tax rate of 5%, instead of the normal rate of 10%, for dividends paid from Changshu Xinghua Port Co., Ltd. ("**CXP**") to its immediate holding company, Singapore Changshu Development Company Pte. Ltd..

The Group applied a 5% withholding tax rate to 95% of the net profit of CXP, in computing the Group's income tax.

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

The major components of income tax expenses are as follows:

	Year ended 31 December		
	2019	2018	Variance
	RMB'000	*RMB'000*	
Current tax	**31,177**	28,834	8.1%
Deferred tax	**1,783**	(1,163)	n.m.
Total tax charge for the year	**32,960**	27,671	19.1%

Note: n.m. means not meaningful

The increase in income tax charge for the Year was mainly due to the recognised deferred tax liability for the Year as a result of a significant decrease in deferred tax assets for loss available for offsetting against future taxable profit.

A reconciliation of the tax expense and the product of accounting profit multiplied by the corporate tax rate for the Year and FY2018 is as follows:

	Year ended 31 December	
	Group	
	2019	2018
	RMB'000	RMB'000
Profit before tax	**116,732**	79,413
Tax at the statutory tax rates of 17% (FY2018: 17%)	**19,844**	13,500
Tax rates for specific provinces or enacted by local authority	**9,983**	7,169
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**4,425**	4,229
Profits attributable to an associate*	**(2,717)**	(2,039)
Tax losses not recognised	**–**	1,638
Expenses not deductible for tax	**1,425**	3,174
Total tax charge at the Group's effective rate	**32,960**	27,671

* The share of tax attributable to an associate amounting to RMB2.0 million and RMB2.7 million for FY2018 and the Year, respectively, is included in "Share of profits of associates" in the consolidated statement of profit or loss and other comprehensive income.

14. PROFIT FOR THE YEAR

The Group's net profit increased by 61.9% from RMB51.7 million in FY2018 to RMB83.8 million for the Year.

15. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2019, certain of the Group's property, plant and equipment with a carrying amount of RMB690.9 million (31 December 2018: RMB704.9 million) were pledged to secure the Group's loans and borrowings.

16. TRADE AND BILLS RECEIVABLES

Trade receivables of the Group are non-interest-bearing and are normally settled on a term 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 considers 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 such cargo like pulp and paper, project equipment, containers, steel and logs cargo. Up to date, there is no other expected credit loss saved as disclosed. 89.4%, 9.4%, 1.2% of the trade receivables were collected within 3 months, more than 3 months to a year and more than a year to 2 years, respectively. Our average trade receivables turnover day for the Year has improved to 60 days (31 December 2018: 84 days).

An ageing analysis of the trade receivables based on the invoice dates and net of provision for doubtful debts are as follows:

Trade receivables **Ageing analysis**	As at 31 December **2019** ***RMB'000***	 2018 *RMB'000*	 Variance
Within 3 months	**52,268**	57,087	-8.4%
More than 3 months to 1 year	**5,509**	6,454	-14.6%
More than 1 year to 2 years	**707**	–	n.m.
Trade receivables	**58,484**	63,541	-8.0%
Less: Provision for doubtful debts	**(707)**	(707)	–
Bills receivables	**4,214**	5,675	-25.7%
Total trade and bills receivables	**61,991**	68,509	-9.5%

Note: n.m. means not meaningful

Expected credit losses

The movement in allowance for expected credit losses ("**ECL**") of trade receivables computed based on lifetime ECL is as follows:

	Group **2019** ***RMB'000***	 2018 *RMB'000*
Movement in allowance account:		
As at 1 January	**707**	–
Charge for the year	**–**	707
As at 31 December	**707**	707

17. CASH AND CASH EQUIVALENTS

	Year ended 31 December Group **2019** ***RMB'000***	 2018 *RMB'000*	 Company **2019** ***RMB'000***	 2018 *RMB'000*
Cash and cash equivalents	**141,707**	105,068	**20,117**	6,753

As at 31 December 2019, the cash and cash equivalents of the Group were RMB141.7 million (31 December 2018: RMB105.1 million). The cash held under the subsidiaries in China was not freely convertible into other currencies. However, under the China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi ("**RMB**") for other currencies through banks authorised to conduct foreign exchange business.

No interest was earned for cash and bank balances in Singapore for FY2018 and for the Year.

18. TRADE PAYABLES

Trade payables of the Group primarily comprise outstanding amounts payable by the Group to its third-party suppliers such as subcontractors and suppliers for mainly fuel and consumables. These include but are not limited to payments for the purchase of services, consumables and fuel and spare parts for equipment maintenance. The trade payables are non-interest-bearing and are normally settled on a term of 30 to 90 days. The average trade payables turnover day in the Year was 76 days (31 December 2018: 108 days).

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

Trade payables Ageing Analysis	**As at 31 December**		
	2019	2018	Variance
	RMB'000	*RMB'000*	
Within 1 year	**31,991**	48,246	-33.7%
More than 1 year to 2 years	**3,865**	2,694	43.5%
Over 2 years	**1,525**	3,809	-60.0%
Total trade payables	**37,381**	54,749	-31.7%

19. LOANS AND BORROWINGS

As at 31 December 2019, the loans and borrowings were secured with certain of the Group's property, plant and equipment with a carrying amount of RMB690.9 million and the Group's land-use rights (classified under right-of-use assets in FY2019 and under prepaid land lease payments in FY2018) with a carrying amount of RMB261.4 million in FY2019 (FY2018: RMB238.9 million).

The effective interest rate for FY2019 ranged from 5.14% to 5.15%. The interest rate is pegged against the rate of the People's Bank of China with a certain spread.

The maturity profile of the loans and borrowings (excluding lease liability) is as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
On demand or within one year	**17,500**	97,000
In the second year	**29,500**	113,000
In the third to fifth years, inclusive	**105,000**	334,000
Beyond five years	**429,120**	35,375
Loans and bank borrowings	**581,120**	579,375

20. SHARE CAPITAL

	Company			
	2019		2018	
	No. of Shares	***RMB'000***	No. of Shares	*RMB'000*
Share Capital				
Issued and fully paid				
As at 1 January	**814,412,028**	**597,659**	778,762,028	555,556
Shares issued pursuant to Share Incentive Scheme	**–**	**–**	35,650,000	42,103
As at 31 December	**814,412,028**	**597,659**	814,412,028	597,659

The issued share capital of the Company was RMB597.7 million as at 31 December 2019 (31 December 2018: RMB597.7 million).

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.

21. FINAL DIVIDEND

The The Board has resolved not to recommend a final dividend for the Year (FY2018: HK4.5 cents).

Prior to the release of this consolidated annual results announcement for the Year, the Board has made an announcement that it had resolved to declare an interim dividend for the Year of HK5.0 cents per share (the "**Interim Dividend**") payable to the shareholders of the Company (the "**Shareholders**") whose names will appear on the register of members of the Company on Friday, 17 April 2020.

Having considered the current Coronavirus disease 2019 (the "**COVID-19**") outbreak and the fact that many countries are imposing lock-downs and precautionary measures, such as safe distancing and limiting number of people at any gathering, the Board had decided to declare the Interim Dividend in place of a proposed final dividend which requires Shareholders' approval at the forthcoming annual general meeting of the Company (the "**AGM**"). The Board was of the view that it is in the interests of the Shareholders as a whole to have the certainty of receiving the annual dividend.

	Year ended 31 December	
	Group and Company	
	2019	2018
	RMB'000	*RMB'000*
Declared and paid during the year		
Dividends on ordinary shares		
Final dividend for FY2018: HK4.5 cents per share	**32,246**	–
Final dividend for FY2017: HK4.5 cents per share	**–**	31,730
	32,246	31,730

	Year ended 31 December	
	Group and Company	
	2019	2018
	RMB'000	*RMB'000*
Declared after the year		
Interim Dividend on ordinary shares		
Interim Dividend for the Year: HK5.0 cents per share (FY2018: Nil)	**37,124**	–
	37,124	–
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to Shareholders' approval at the AGM		
Final dividend for the Year: Nil (FY2018: HK4.5 cents per share)	**–**	31,730
Dividend per share (in RMB cents)	**4.6**	3.9

22. EARNINGS PER SHARE

	Year ended 31 December	
Earnings per share (RMB cents per share)	**2019**	2018
Attributable to equity holders of the Company	**9.7**	6.2

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 31 December 2019 and 31 December 2018.

23. CAPITAL STRUCTURE, LIQUIDITY AND GEARING

As at 31 December 2019, the Group's loans and borrowings were denominated in RMB and amounted to RMB581.1 million (excluding lease liability) (31 December 2018: RMB579.4 million).

The Group aims to maintain the net debt to total equity and the net debt ratio at a healthy capital level to support the 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.

The net debt to total equity and the net debt ratios as of 31 December 2019 and 31 December 2018 were 32% and 35%, respectively.

The Group has an uncommitted bank facility of S$10.0 million which can be drawdown to support its working capital requirements, and a committed undrawn bank facility of RMB11.9 million, which is available after complete payments for the construction of the two new warehouses.

The Group did not breach any borrowing covenants during the Year.

24. CASH FLOW STATEMENT

Net cash flows from operating activities after changes in working capital for the Year was RMB173.1 million while the profit before income tax was RMB116.7 million. The difference of RMB56.4 million primarily reflects the adjustments by certain income statement items with non-cash effect and non-operating cash items with an increase of RMB48.1 million, income taxes paid of RMB34.2 million, and an increase in working capital of RMB42.5 million.

Net cash used in investing activities for the Year was RMB104.0 million, which was mainly attributable to purchases of property, plant and equipment and intangible assets of RMB114.0 million, offset by proceeds from disposal of equipment of RMB1.3 million, dividend income from an associate of RMB8.2 million, a receipt of RMB0.5 million after striking off of CXT, a dormant associate of the Group, and investment income of RMB0.1 million.

Net cash used in financing activities for the Year was RMB33.0 million, which was mainly attributable to proceeds from loans and borrowings of RMB586.5 million, repayment of loans and borrowings of RMB584.8 million, repayment of principal portion of lease liability of RMB0.5 million, dividends paid to the Shareholders of RMB32.2 million and dividends paid to the non-controlling shareholders of a subsidiary of RMB2.0 million.

Accordingly, the Group's cash and cash equivalents have increased by RMB36.6 million to RMB141.7 million.

25. FOREIGN CURRENCY RISK

The Group's operations and customers are primarily located in the PRC with the majority of the Group's assets, liabilities and transactions denominated and settled in RMB. The Group's foreign currency risk is mainly arising from its cash and cash equivalents held in foreign denominated currencies of Hong Kong dollar, Singapore dollar and United States dollar. 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.

26. INTEREST RATE RISK

The Group's interest rate risk arises from the changes in interest rates related primarily to its loans and borrowings (including lease liability).

27. CONTINGENT LIABILITIES

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

D. FUTURE DEVELOPMENTS OF THE GROUP

The outbreak of the COVID-19 in China in December 2019 and its spread have cast uncertainties to the already slower Chinese economy due to the on-going phase two China-US trade negotiations after the conclusion of phase one trade agreement in December 2019.

The Management expects the sentiment of the domestic economy to be difficult due to the on-going lock-down of many Chinese cities. However, the Chinese government has announced its plans to pump in more liquidity into the banking system to help businesses' cash flows and the Changshu local government is also expected to launch initiatives to help businesses. The Group will work closely with our bankers and local government to explore the initiatives and assistance. One of the immediate initiatives is to waive three of the five pension funds contributions from February to June 2020 to help the Group's cash flow. The Management will focus on the Group's cash flow management as accounts receivable collection is expected to slow down due to the outbreak of the COVID-19.

The Group expects to continue the current strategy of focusing on pulp and paper cargo, project equipment cargo, steel cargo and containers. The Group would endeavour to improve our current market shares or at least to maintain current market shares.

The demand for imported pulp is expected to continue to grow steadily in China, in particular, the lifestyle papers. The Group is well-positioned to handle more pulp and paper cargo as the Group has more than 20 years' experience in handling this type of cargo. The Group has 16 approved fire-rated warehouses of a total area of 160,000 square metres for the storage of pulp and paper cargo. If necessary, the Group has a huge stacking yard area for storage of pulp and paper cargo if cargo turnover slows down or volume surges.

The Group has been aligning its strategy in handling the export of project equipment cargo with China's Belt and Road Initiative (the "**BRI**"), which is currently on its sixth anniversary. The Group believes that the project equipment cargo from BRI is a sustainable cargo.

The Group expects the import of containers to dip as auto industry production is expected to slow down. Containers carrying auto parts importing into China is also expected to reduce.

The Group expects the export steel cargo volume to be lower because the steel mills in Hubei province, the PRC, are operating at a lower capacity at least for the first half of the Year. Global demand for steel is expected to weaken due to the impact of the COVID-19 on the global economy.

The Group also expects the import of logs cargo to be flat as the Group only handles a small quantity due to change in cargo mix.

Volume of other general cargo, which the Group handles on a regular basis, is expected to remain steady, thus providing a healthy base load to the ports to enjoy a healthy berth utilisation.

The Group will continue to review and manage its cargo mix to ensure sustainable growth in cargo volume and revenue and to tap into higher-margin markets. The Group will also continue with its integrated logistics hub-and-spoke strategy for its core cargo to attract new customers and retain existing customers.

The Group will continue to review its management team and enhance its internal training to better equip its employees with knowledge in port operations and safety awareness.

E. MAJOR EVENTS AFTER THE END OF THE YEAR

The outbreak of the COVID-19 in China and the on-going China-US phase 2 negotiations will continue to affect the Chinese economy. The Group expects the accounts receivable collection to slow down and productivity to reduce due to a smaller labour force in the first quarter of 2020. The Group expects costs to increase mainly because of additional safety costs, such as the purchase of personal protection equipment and the increase in cleaning and disinfection of the ports, to protect the workforce from the COVID-19.

In December 2019, CXP received a court judgement dated 15 November 2019, from the Wuhan Maritime Court in the PRC, in its favour to receive a sum of about RMB6.59 million from a ship owner. The judgement was in relation to a legal claim made by CXP to the ship owner for its assistance and rescue efforts made, together with the local fire bureau, to successfully contain a fire on board of one of their vessels which was berth at the CXP Port under emergency. The Group did not recognise the claim amount in the Consolidated Financial Statements as the ship owner has a legal right to appeal against the court judgement. It has been established in early March 2020 that the ship owner did not succeed in its appeal against the court judgement within the allowable time. CXP plans to recognise the claim amount upon receipt from the ship owner.

F. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPTIAL ASSETS

There were no significant investments held or future plans for material investments or capital assets as at 31 December 2019.

G. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 11 March 2019, the Changshu State Administration for Market Regulation has approved the disposal of CXT, a dormant associate of the Group.

Save as disclosed above, there were no material acquisitions and disposal of the Company's subsidiaries, associates and joint ventures for the Year.

H. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year and thereafter up to the date of this announcement, the Company did not redeem its listed securities, nor did the Company or any of it subsidiaries purchase or sell such securities.

I. REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors (the "**INEDs**") and one non-executive Director (the "**NED**"), namely:

Mr. Tan Chian Khong (Chairman of the Audit Committee and an INED),
Mr. Lee Cheong Seng (a NED),
Mr. Soh Ee Beng (an INED), and
Mr. Ting Yian Ann (an INED).

The Audit Committee has reviewed the Group's consolidated annual results for the Year.

J. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") as its own code of corporate governance to provide the structure through which the objectives of protection of the Shareholders' interest and enhancement of long term Shareholders' value are met. During the Year and up to the date of this announcement, the Company has complied with all applicable code provisions as set out in the CG Code, except for code provision A.2.1.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 13 November 2019, the Company announced that the Company's chief executive officer, Mr. Kor Tor Khoon, was re-designated as the Group's chief commercial officer (the "**CCO**"). Since then, there has been no chief executive in the Company but Mr. Patrick Ng Bee Soon, being the chairman of the Board (the "**Chairman**"), has assumed the operational role of the chief executive. The Board believes that vesting the roles of both Chairman and chief executive in the same person is beneficial to the business prospects and management, allowing effective and efficient planning and implementation of business decision and strategies.

The Board does not have the intention to fill the position of chief executive at present and considers that the current structure of vesting the roles of both Chairman and chief executive in the same person will not impair the balance of power and authority between the Board and the Management. The Board considers that the balance mechanism could be ensured through the operation of the Board, which includes INEDs and other experienced individuals from our community. The Board will, nevertheless, continue to review this structure from time to time and will consider the need of appointment of a suitable candidate to perform the role of chief executive at the appropriate time, taking into account the circumstance of the Group as a whole.

K. EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2019, the Group had a total of 460 full-time employees (31 December 2018: 491). The Group remunerates its employees based on their performance and working experience, the prevailing market condition and the Group's financial results.

The Group provides competitive remuneration packages to retain its employees, which include salaries, discretionary bonuses, medical insurance, different 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.

L. DONATIONS

The Group has committed to a five-year donation plan from 2017 to 2021 to make a total contribution of RMB250,000 to the Changshu General Charity. Up to FY2019, the Group has already contributed RMB150,000 to this charity.

Also, on 13 February 2020, the Group has donated RMB51,739 (SGD10,000) to the Singapore Red Cross in support of their donation drive, COVID-19 Response 2020.

On 20 February 2020, an associate of the Company, CWW, has donated RMB150,000 to the Changshu General Charity for the support of Changshu medical aid team for the COVID-19.

M. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code of Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in the securities of the Company (the "**Securities**") by the Directors. To ensure that Directors' dealings in the Securities are conducted in accordance with the Model Code, a Director is required to notify a committee comprising three members who are the Chairman, the chairman of the Audit Committee and the chairman of the remuneration committee of the Board in writing and obtain a written acknowledgement from the committee prior to any dealings in the securities.

The Company has also established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Securities. The relevant employees include any employees of the Company or directors or employees of the subsidiaries of the Company who, because of their office or employment, are likely to possess inside information in relation to the Company or the Securities. Such employees and directors are required to notify the committee comprising three members who are the Chairman, the CCO and an executive Director and obtain a written acknowledgement from the committee prior to any dealings in the Securities.

The Directors, the Management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in the Securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company.

In response to a specific inquiry made by the Company to each of the Directors, all Directors have confirmed that they had complied with the Model Code during FY2019 and up to the date of this announcement.

N. REVIEW OF THE CONSOLIDATED ANNUAL RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The consolidated annual results of the Group for the Year have been agreed by the Company's independent auditors, Ernst & Young LLP, Public Accountants and Chartered Accountants, to the amounts set out in the Group's Consolidated Financial Statements and the amounts were found to be in agreement. The work performed by Ernst & Young LLP in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently, no assurance has been expressed by the independent auditors on this announcement.

O. AGM

The forthcoming AGM will be held on a date to be fixed by the Board. A circular containing the details of the AGM and the notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

P. PUBLICATION OF INFORMATION ON THE WEBSITES OF THE SEHK AND THE COMPANY

The consolidated annual results announcement is published on the website of the SEHK at www.hkexnews.hk and the website of the Company at www.xinghuaport.com. The annual report of the Company for the Year will be dispatched to the Shareholders and published on the respective websites of the SEHK and the Company in due course in the manner as required by the Listing Rules.

For and on Behalf of the Board

Patrick Ng Bee Soon
Chairman and Executive Director

Jane Kimberly Ng Bee Kiok
Executive Director

Singapore, 26 March 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Patrick Ng Bee Soon (Chairman), Mr. Kor Tor Khoon (CCO) 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.