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XINGHUA PORT HOLDINGS LTD.

興華港口控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Stock Code: 01990)

CONTINUING CONNECTED TRANSACTIONS

PORT AND AGENT SERVICES AGREEMENTS

PORT AND AGENT SERVICES AGREEMENTS

The Board is pleased to announce that on 9 April 2020, CXP and CCIP, each a non-wholly owned subsidiary of the Company, entered into the following continuing connected transactions.

- (1) CXP and CCIP entered into the Agent Services Agreements with CSLC. Pursuant to the Agent Services Agreements, CSLC agreed to provide agent services to CXP and CCIP, and CXP and CCIP agreed to pay CSLC for such agent services.
- (2) CXP and CCIP entered into the New Port Services Agreements with CSLC and Wuxi Jinyang Group. Pursuant to the New Port Services Agreements, CXP and/or CCIP agreed to provide port-related services to CSLC together with Wuxi Jinyang Group and CSLC agreed to pay CXP and/or CCIP for such services.
- (3) CXP and CCIP entered into the New Port Services Agreements with COSAC and/or CSLC. Pursuant to the New Port Services Agreements, CXP and/or CCIP agreed to provide port-related services to COSAC and/or CSLC, and COSAC and/or CSLC agreed to pay CXP and/or CCIP for such services.

The above New Port Services Agreements and the Agent Services Agreements were entered into in the ordinary and usual course of business of the Group on normal commercial terms and contain final commercial terms covering transactions between the parties for the financial year ending 31 December 2020. Reference is also made to the announcement of the Company dated 17 January 2020 in relation to, amongst others, the continuing connected transactions under the Existing Port Services Agreements.

* for identification purpose only

ANNUAL CAP

It is expected that the aggregate amount of the transactions under the New Port Services Agreements and the Agent Services Agreements for the year ending 31 December 2020 shall not exceed RMB1 million, among which the respective aggregate amount of transactions under the New Port Services Agreements and the Agent Services Agreements shall not exceed RMB700,000 and RMB300,000.

Such proposed cap amount for the transactions under the New Port Services Agreements is mainly determined by historical transaction amounts paid by COSAC and CSLC to the Group, the overall business environment and market conditions, and the potential orders to be extended by COSAC and CSLC, taking into account the estimated demand for port logistics services in Changshu, the PRC. Such proposed cap amount for the transactions under the Agent Services Agreements is mainly determined by the estimated cargo tonnages handled by CSLC multiply by the unit price determined by overall business environment and prevailing market condition.

LISTING RULES IMPLICATIONS

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules based on the annual cap of RMB1 million in respect of the transactions contemplated under the New Port Services Agreements and the Agent Services Agreements are less than 1%. Therefore, and as these transactions only involve connected persons at the subsidiary level, these transactions constitute de minimis continuing connected transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, as the New Port Services Agreements, the Agent Services Agreements and the Existing Port Services Agreements are entered into by the Group with the same counterparties, being COSAC and/or CSLC, within the last 12 months and are of a similar nature or otherwise connected, the transactions contemplated under the New Port Services Agreements and the Agent Services Agreements shall be aggregated with those under the Existing Port Services Agreements (with an annual cap of RMB15 million) and treated as if they were one transaction.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Port Services Agreements and the Agent Services Agreements (as aggregated) exceed 1% but are below 5%, pursuant to Rule 14A.76(2) of the Listing Rules, these transactions are therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements but are subject to the announcement and annual reporting requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular (including independent financial advice) and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

INTRODUCTION

Reference is made to the announcement of the Company dated 17 January 2020 in relation to, amongst others, the continuing connected transactions under the Existing Port Services Agreements.

PORT AND AGENT SERVICES AGREEMENTS

The Board is pleased to announce that on 9 April 2020, CXP and CCIP, each a non-wholly owned subsidiary of the Company, entered into the New Port Services Agreements with COSAC and/or CSLC and the Agent Services Agreement with CSLC. Pursuant to the New Port Services Agreements, CXP and/or CCIP agreed to provide port-related services to COSAC and/or CSLC, and COSAC and/or CSLC agreed to pay CXP and/or CCIP for such services. Pursuant to the Agent Services Agreements, CSLC agreed to provide agent services to CXP and CCIP, and CXP and CCIP agreed to pay CSLC for such agent services.

The New Port Services Agreements and the Agent Services Agreements were entered into in the ordinary and usual course of business of the Group on normal commercial terms and contain final commercial terms covering transactions between the parties for the financial year ending 31 December 2020.

The principal terms of the New Port Services Agreements and the Agent Services Agreements are summarised as follows:

Agreement	Parties	Term	Services
The New Port Services Agreements			
(1) Port logistics services contract	(a) Wuxi Jinyang Group (b) CXP, and (c) CSLC	2 March 2020 to 31 December 2020	CXP to provide CSLC and Wuxi Jinyang Group with port logistics services, such as loading and unloading and storage services of steel cargo.
(2) Port logistics services contract	(a) Wuxi Jinyang Group (b) CCIP, and (c) CSLC	2 March 2020 to 31 December 2020	CCIP to provide CSLC and Wuxi Jinyang Group with port logistics services, such as loading and unloading and storage services of steel cargo.

	Agreement	Parties	Term	Services
(3)	Port logistics services contract	(a) COSAC; and (b) CXP	1 March 2020 to 31 December 2020	CXP to provide COSAC with port logistics services, such as loading and unloading and storage services of containers.
(4)	Port logistics services contract	(a) CSLC; and (b) CCIP	1 January 2020 to 31 December 2020	CCIP to provide CSLC with port-related services, such as loading and unloading and storage services of logs cargo and cargo in bags.
(5)	Port logistics services contract	(a) CSLC; and (b) CXP	1 January 2020 to 31 December 2020	CXP to provide CSLC with port-related services, such as loading and unloading and storage services of marble, logs cargo and cargo in bags.
(6)	Port logistics services contract	(a) COSAC; and (b) CCIP	1 January 2020 to 31 December 2020	CCIP to provide COSAC with port-related services, such as loading and unloading and storage services of cargo in bags.
(7)	Port logistics services contract	(a) COSAC; and (b) CXP	1 January 2020 to 31 December 2020	CXP to provide COSAC with port-related services, such as loading and unloading and storage services of marble and cargo in bags.

The Agent Services Agreements

(8)	Agent services contract	(a) CSLC; and (b) CXP	1 January 2020 to 31 December 2020	CSLC to provide CXP with agent services, such as custom declaration and custom clearance.
(9)	Agent services contract	(a) CSLC; and (b) CCIP	1 January 2020 to 31 December 2020	CSLC to provide CCIP with agent services, such as custom declaration and custom clearance.

Consideration and payment

The fees charged under the New Port Services Agreements include stevedoring fees (which include berth fees and unloading fees) and storage fees. The stevedoring fees and storage fees are calculated by multiplying the cargo weight and the unit prices, which are based on the prevailing market rates by reference to the factors set out in the table below. These service fees are payable by COSAC and/or CSLC on a monthly basis by way of cash.

Cargo type	Berth fees	Pricing	
		Loading and unloading fees	Storage fees
Steel (tonnes), logs cargo (cubic metres), marbles (tonnes), and cargo in bags (tonnes)	(i) by vessel type; (ii) by vessel size (DWT); and (iii) by number of days	by cargo type	by number of days
Containers (TEUs)	(i) by vessel type; (ii) by vessel size (TEUs); and (iii) by number of days	by container size and type	(i) by container size; (ii) by type; and (iii) by number of days

The agent fees paid under the Agent Services Agreements are calculated based on the weight of cargo handled with unit price, which are based on the prevailing market rates by reference to the table below. These agent fees are payable by CXP and CCIP on a monthly basis by way of cash to CSLC.

Cargo type	Agent fees
Steel cargo (tonnes)	by weight

Historical figures

The transactions under the New Port Services Agreements and the Agent Services Agreements are aggregated with the transactions under the Existing Port Services Agreements for the purposes of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The following table sets out the historical amounts paid by COSAC and CSLC to the Group pursuant to the Port Services Agreements for the years ended 31 December 2017, 2018 and 2019, respectively. CXP and CCIP did not enter into any historical agent services agreement with CSLC and no historical amount was incurred prior to the Agent Services Agreements.

	For the year ended 31 December		
	2017	2018	2019
Transaction amounts in respect of the port logistic services provided to COSAC and CSLC (RMB)	16,108,710	10,462,794	9,108,993

ANNUAL CAP

It is expected that the aggregate amount of the transactions under the New Port Services Agreements and the Agent Services Agreements for the year ending 31 December 2020 shall not exceed RMB1 million, among which the respective aggregate amount of transactions under the New Port Services Agreements and the Agent Services Agreements shall not exceed RMB700,000 and RMB300,000, respectively.

Such proposed cap amount for the transactions under the New Port Services Agreements is mainly determined by historical transaction amounts paid by COSAC and CSLC to the Group, and the overall business environment and market conditions, and the potential orders to be extended by COSAC and CSLC, taking into account the estimated demand for port logistics services in Changshu, the PRC. Such proposed cap amount for the transactions under the Agent Services Agreements is mainly determined by the estimated cargo tonnages handled by CSLC multiply by the unit price determined by overall business environment and prevailing market condition.

Upon aggregation with the annual cap of RMB15 million pursuant to the Existing Port Services Agreements, it is expected that the aggregate amount of the transactions under the Port Services Agreements and the Agent Services Agreements for the year ending 31 December 2020 shall not exceed RMB16 million.

The Directors, including the INEDs, take the view that the annual cap is fair and reasonable and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PORT AND AGENT SERVICES AGREEMENTS

The Group considered that entered into the New Port Services Agreements and the Agent Services Agreements is in line with the Group's long-term strategic interest to build relationships with COSAC and CSLC to expand the Group's customer coverage and increase the Group's market share. CSLC acting as an agent for services, such as custom declaration and custom clearance, was preferred by the cargo owners and at the same time the Group has good experience working with CSLC given its long-term relationship with CSLC. The Group expects that the cargo volume and revenue will increase as the Group and CSLC would be able to give the cargo owners a peace of mind in handling their cargo.

The Directors (including the INEDs) believe that the transactions contemplated under the New Port Services Agreements and the Agent Services Agreements are in the ordinary and usual course of business of the Group and the terms of the New Port Services Agreements and the Agent Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

All Directors confirmed that they have no material interest in the transactions contemplated under the New Port Services Agreements and the Agent Services Agreements.

LISTING RULES IMPLICATIONS

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules based on the annual cap of RMB1 million in respect of the transactions contemplated under the New Port Services Agreements and the Agent Services Agreements are less than 1%. Therefore, as these transactions only involve connected persons at the subsidiary level, these transactions constitute de minimis continuing connected transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, as the New Port Services Agreements, the Agent Services Agreements and the Existing Port Services Agreements are entered into by the Group with the same counterparties, being COSAC and/or CSLC, within the last 12 months and are of a similar nature or otherwise connected, the transactions contemplated under the New Port Services Agreements and the Agent Services Agreements shall be aggregated with those under the Existing Port Services Agreements (with an annual cap of RMB15 million) and treated as if they were one transaction.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Port Services Agreements and the Agent Services Agreements (as aggregated) exceed 1% but are below 5%, pursuant to Rule 14A.76(2) of the Listing Rules, these transactions are therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements but are subject to the announcement and annual reporting requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular (including independent financial advice) and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company

The Company is incorporated in Singapore with limited liability and its issued Shares were initially listed on the Main Board of the Stock Exchange on 12 February 2018. The Company is an investment holding company and its subsidiaries operate and manage two adjacent river ports, which are located in Changshu City in Jiangsu Province along the southern bank of the Changjiang River in the PRC. Both of the Group's ports are multi-purpose ports, and the Group handles a range of cargo types including pulp and paper cargo, steel cargo (such as cold and hot rolled coils), steel plates and galvanised coils, logs, project equipment (such as train carriages), long steel pipes and windmill blades, containers, and other general cargo (such as cargo in bags, borax cargo, marble and sodium sulphur).

Information on CXP

CXP is an indirect non-wholly owned subsidiary of the Company and is owned as to 95% by SCDC and 5% by JCED.

Information on CCIP

CCIP is an indirect non-wholly owned subsidiary of the Company and is owned as to 90% by CXP and 10% by CBUC.

Information on COSAC

COSAC is held as to 35% by CEDG, 45% by COSAS and 20% by the labour union of COSAC (each of COSAS and the labour union of COSAC is an Independent Third Party). COSAS is ultimately wholly owned by China COSCO Shipping Corporation Limited, a stated-owned enterprise which is principally engaged in international shipping, terminal and port investment, freight forwarding, international maritime auxiliary services and import of goods and technologies. CEDG is ultimately held as to 90.9% by JCED, which is principally engaged in carrying out economics research and development, promoting foreign economic and technological cooperation, project development and infrastructure construction, and 9.1% by CBEDC, which is a local public institution in the PRC and principally engaged in provision of services to enterprises and foreign owned enterprises in the economic development zone, foreign economic and technical cooperation and services, regional planning services, regional public services, and human resources development and services. As JCED holds a 68.8% equity interest in CBUC, which in turn holds a 10% equity interest in CCIP, a subsidiary of the Company, COSAC is CBUC's associate and is, therefore, a connected person of the Company under the Listing Rules.

COSAC is a domestic and international shipping agency, principally engaged in general cargo and containers custom declaration and signing of bill of lading.

Information on CSLC

CSLC is directly held as to 50% by COSAC and 50% by COSAS. Accordingly, CSLC is an associate of a connected person of the Company and is, therefore, a connected person of the Company under the Listing Rules.

CSLC is principally engaged in freight forwarding and third parties logistic.

Information on Wuxi Jinyang Group

Wuxi Jinyang New Materials Co., Ltd. is a limited liability company established in the PRC and is held by three individuals and two local limited partnerships, all of which are Independent Third Parties. It is principally engaged in research and development of new materials, mold development, nickel plating, production of steel and aluminum battery shells, cap and cover, lithium battery structure, hardware and stamping.

Wuxi Jinyang Marusan Seimitsu Co., Ltd. is a limited liability company established in the PRC and is wholly owned by Wuxi Jinyang New Materials Co., Ltd.. It is principally engaged in the production of steel shells for battery, mold and hardware development and production and import for product and technology.

CSLC is the freight forwarding and third parties logistic provider to Wuxi Jinyang Group.

Save as disclosed in this announcement and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Wuxi Jinyang Group and the ultimate beneficial owners of COSAC, CSLC and Wuxi Jinyang Group are otherwise a third party independent of the Company and its connected persons.

DEFINITIONS

“Agent Services Agreements”	collectively, the agent services agreements entered into by CXP and CCIP with CSLC on 9 April 2020
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBEDC”	Changshu Binjiang Economic Development Centre (常熟市濱江經濟發展中心), a local public institution established in the PRC and an Independent Third Party
“CBUC”	Changshu Binjiang Urban Construction Investment & Management Co., Ltd. (常熟市濱江城市建設經營投資有限責任公司), a local state-owned company established in the PRC on 15 June 2004 and a minority shareholder holding 10% equity interest in CCIP, a subsidiary of the Company. JCED has a 68.8% interest in CBUC
“CCIP”	Changshu Changjiang International Port Co., Ltd. (常熟長江港務有限公司), a limited liability company established in the PRC on 10 May 2010 and an indirect non-wholly owned subsidiary of the Company, owned as to 90% by CXP and 10% by CBUC
“CEDG”	Changshu Economic Development Group Co., Ltd. (常熟市經濟開發集團有限公司), a state-owned company held as to 90.9% by JCED and 9.1% by CBEDC. JCED is the holding company of CBUC, a substantial shareholder of CCIP, and accordingly, CEDG is a connected person of the Company
“Company”	Xinghua Port Holdings Ltd., the holding company of the Group, which is a public company limited by shares incorporated in Singapore with limited liability on 11 October 2005 and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“COSAC”	China Ocean Shipping Agency Changshu (常熟外輪代理有限公司), a limited liability company established in the PRC on 8 November 1996, which is owned as to 35% by CEDG, 20% by the labour union of COSAC and 45% by COSAS. COSAC is a 30%-controlled entity of JCED which in turn is the holding company of CBUC, a substantial shareholder of CCIP. Accordingly, COSAC is a connected person of the Company
“COSAS”	China Ocean Shipping Agency Shanghai (中國上海外輪代理有限公司), an Independent Third Party

“CSLC”	COSCO Shipping Logistics (Changshu) (常熟中遠海運物流有限公司), a limited liability company established in the PRC on 22 October 2000 (an associate of a connected person of the Company), which is owned as to 50% by COSAC and 50% by COSAS
“CXP”	Changshu Xinghua Port Co., Ltd. (常熟興華港口有限公司), a limited liability company established in the PRC on 12 July 1994 and an indirect non-wholly owned subsidiary of the Company owned as to 95% by SCDC and 5% by JCED
“Directors”	the directors of the Company
“Existing Port Services Agreements”	collectively, the port-related services agreements entered into by CXP and CCIP with COSAC and/or CSLS on 17 January 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected with the Company or its connected person
“INEDs”	the independent non-executive Directors
“JCED”	Jiangsu Changshu Economic Development Group (江蘇省常熟經濟開發集團), a PRC entity owned by the people (全民所有制) and a minority shareholder holding 5% equity interest in CXP, a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Port Services Agreements”	collectively, the port-related services agreements entered into by CXP and CCIP with COSAC and/or CSLS on 9 April 2020
“Percentage Ratio(s)”	the percentage ratio(s) set out in Rule 17.04 of the Listing Rules to be applied for determining the classification of transactions under the Listing Rules
“Port Services Agreements”	collectively, the New Port Services Agreements and the Existing Port Services Agreements
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
“RMB”	Renminbi, the lawful currency of the PRC

“SCDC”	Singapore Changshu Development Company Pte Ltd.
“Share(s)”	ordinary share(s) of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Wuxi Jinyang Group”	collectively, Wuxi Jinyang New Materials Co., Ltd (無錫市金楊新材料股份有限公司) and Wuxi Jinyang Marusan Seimitsu Co., Ltd. (無錫金楊丸三精密有限公司), both of which are Independent Third Parties
“%”	per cent

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

Singapore, 9 April 2020

As at the date of this announcement, the executive Directors are Mr. Patrick Ng Bee Soon, Mr. Kor Tor Khoon and Ms. Jane Kimberly Ng Bee Kiok; the non-executive Director is Mr. Lee Cheong Seng; and the independent non-executive Directors are Mr. Tan Chian Khong, Mr. Soh Ee Beng and Mr. Ting Yian Ann.