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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)

**ANNUAL GENERAL MEETING HELD ON 24 JUNE 2020
RESPONSES TO PRE-SUBMITTED QUESTIONS FROM
SHAREHOLDERS OF THE COMPANY**

The Board of Directors of Xinghua Port Holdings Ltd. (the “**Board**” and the “**Company**”, respectively) would like to thank all shareholders of the Company (the “**Shareholders**”) who had pre-submitted their questions for our Annual General Meeting (“**2020 AGM**”) held by electronic means on 24 June 2020 at 2.00 pm.

As there are areas of overlap in the scope of the questions raised, the Board is not providing a response to every question received. Instead, such questions are consolidated for our corresponding responses to them.

- 1. As detailed in the cash flow statement, the Group’s CAPEX for the ports rose from RMB41.4 million in 2018 to RMB114.0 million in 2019. What was the amount spent on and how does this help in future revenue growth?**

The increase in CAPEX for 2019 was mainly due to the construction of two new warehouses for storage of pulp and paper cargo and the upgrade of the fire protection systems for some of the existing warehouses.

The two new warehouses were operationally ready from 16 December 2019 and the Group is earning monthly storage income as they are being leased till April 2021. The upgrades to the existing warehouses are necessary for the storage of pulp and paper cargo.

With more pulp and paper cargo being stored in covered warehouses, there is freed up storage capacity in the open stack yard for other cargo types.

- 2. The Group has built up niche cargo types, such as pulp and paper and logs, with project equipment cargo gaining in prominence in recent years as well. Are these cargo types less susceptible to a slowdown in China’s economy or will they be similarly affected by slower demand?**

All cargo types are susceptible to slowdown in China’s economy because they are dependent on the uptake of domestic demand as well as global demand. In considering the optimum cargo mix, Management looks at the sustainability of the demand for each cargo type and their value.

3. Please highlight what are the Group's growth plans for the current year and the medium term.

The Group's current growth plans are:

- (a) to improve or to maintain the current market shares in pulp and paper cargo, steel cargo, project equipment cargo and containers;
- (b) to enhance internal trainings to better equip employees with better knowledge in port operations and safety awareness;
- (c) to review and manage cargo mix to ensure sustainable growth in cargo volume and revenue;
- (d) to continue our focus on the integrated logistic hub-and-spoke strategy; and
- (e) to focus on cash flow management with closer monitoring of receivables collection.

The Group's medium term growth plans would include:

- (a) reviewing and adjusting the current growth plans whenever necessary to best fit the prevailing market conditions; and
- (b) investing for long-term growth through value-creating opportunities.

4. Why did the Board decided to pay an interim dividend instead of a final dividend?

At the time of the Company's annual results announcement on 26 March 2020, the Board expected the Singapore Government to impose tighter safe distancing measures and also that the Company's 2020 AGM may be possibly delayed. Thus, the Board decided to pay an interim dividend which does not require shareholders' approval. In this manner, there is certainty that Shareholders will receive their dividend. Shareholders may wish to note that the interim dividend has been paid on 24 June 2020.

5. The Group has paid out 5 HK cents in 2019 in dividends, compared to EPS of RMB9.7 cents. Is the Group open to raising the dividend payout ratio or prefer to use available cash to pare down borrowings?

Our dividend policy remains to have a target distribution of no less than 40% of our annual distributable profit as dividends, to the extent permissible after considering our financial performance and business needs.

The Board is open to raising the dividend payment as demonstrated by the 11% increase in the dividend rate of HK 5.0 cents per share paid for the financial year ended 31 December 2019.

Being mindful of the Group's borrowings and business needs, the Board would prefer to act prudently to strike a good balance between meeting the business needs and shareholders' expectation.

As the China's economy, as well as the global economy, is already under pressure with confirmed GDP contraction due to the COVID-19 pandemic, having a higher level of cash on hand to cushion any uncertainties would be best for the Group and our shareholders' interest as a whole.

6. Please comment on the recent media reports in relation to the possible sale of the shares of the Company by its controlling shareholders.

The Board would like the Shareholders to refer to the Company's announcement dated 23 June 2020.

In the announcement, the Board advised that having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board also advised that it is in discussions with potential investors in respect of possible transaction(s) involving the shares of the Company. As at the date of the announcement, no legally binding agreement has been entered into between the Company and any of the potential investors and hence, any such transaction may or may not proceed.

Shareholders may want to read the announcement for the complete announcement contents. This announcement is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinghuaport.com).

For and on behalf of
Xinghua Port Holdings Ltd.
Patrick Ng Bee Soon
Chairman and Executive Director

Singapore, 24 June 2020

As at the date of this announcement, the executive Directors are Mr. Patrick Ng Bee Soon (Chairman), Mr. Kor Tor Khoon (Chief Commercial Officer) 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.