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**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xinghua Port Holdings Ltd., you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

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**ZHUHAI PORT (HONG KONG) CO., LIMITED**

**XINGHUA PORT HOLDINGS LTD.**

**興華港口控股有限公司\***

*(Incorporated in Hong Kong with limited liability)*

*(Incorporated in the Republic of Singapore with limited liability)*

**(Stock Code: 01990)**

**COMPOSITE DOCUMENT RELATING TO**  
**(1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY**  
**ESSENCE INTERNATIONAL SECURITIES (HONG KONG) LIMITED**  
**FOR AND ON BEHALF OF**  
**ZHUHAI PORT (HONG KONG) CO., LIMITED**  
**TO ACQUIRE ALL THE ISSUED SHARES OF**  
**XINGHUA PORT HOLDINGS LTD.;**  
**AND**  
**(2) PROPOSED WITHDRAWAL OF LISTING OF**  
**XINGHUA PORT HOLDINGS LTD.**

**Financial adviser to the Company**



**Financial adviser to the Offeror**



**Independent Financial Adviser to the Independent Board Committee**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Essence Corporate Finance containing, among other things, principal terms of the Offer and the Condition is set out on pages 8 to 25 of this Composite Document. A letter from the Board is set out on pages 26 to 30 of this Composite Document. A letter from the Independent Board Committee to the Offer Shareholders containing its recommendation in respect of the Offer is set out on pages 31 to 32 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 33 to 57 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar at either of its address in Hong Kong or Singapore as soon as possible and in any event no later than 4:00 p.m. on Wednesday, 16 September 2020 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Important Notices", the paragraph headed "Overseas Shareholders" under the section headed "The Offer" in the "Letter from Essence Corporate Finance" contained in this Composite Document and the section headed "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.xinghuaport.com> as long as the Offer remains open.

\* For identification purposes only

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## EXPECTED TIMETABLE

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*The expected timetable sets out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.*

<b>Event</b>	<b>Time &amp; Date 2020</b>
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer ( <i>Note 1</i> ) . . . . .	Wednesday, 26 August
Opening date of the Offer . . . . .	Wednesday, 26 August
Latest time and date for acceptance of the Offer on the First Closing Date ( <i>Notes 2 and 4</i> ) . . . . .	4:00 p.m. on Wednesday, 16 September
First Closing Date ( <i>Notes 2 and 4</i> ) . . . . .	Wednesday, 16 September
Announcement of the results of the Offer as at the First Closing Date ( <i>Note 2</i> ) . . . . .	no later than 7:00 p.m. on Wednesday, 16 September
Latest date for posting of remittances in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the First Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) ( <i>Notes 3 and 4</i> ). . . . .	Friday, 25 September
Latest time and date for the Offer remaining open for acceptances on the final Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) ( <i>Notes 4 and 5</i> ) . . . . .	4:00 p.m. on Wednesday, 30 September
Final Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date)( <i>Note 5</i> ) . . . . .	Wednesday, 30 September
Announcement of the results of the Offer as at the final Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) ( <i>Note 5</i> ). . . . .	no later than 7:00 p.m. on Wednesday, 30 September

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## EXPECTED TIMETABLE

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Latest date for posting of remittances in respect of valid acceptances received after the First Closing Date but on or before 4:00 p.m. on Wednesday, 30 September 2020 (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) (*Notes 3 and 4*) . . . . . Tuesday, 13 October

Latest time and date by which the Offer can become or be declared unconditional as to acceptances (*Note 6*) . . . . . 7:00 p.m. on Tuesday, 27 October

*Notes:*

1. The Offer, which is conditional, is made on Wednesday, 26 August 2020 (being the date of this Composite Document) and is capable of acceptance on and from that date until the First Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least twenty one (21) days following the date on which this Composite Document is posted. The latest time for acceptance of the Offer is 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror on the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the First Closing Date stating whether the Offer has been revised or extended, or has become or been declared unconditional. If the Offer becomes unconditional on the First Closing Date, the Offer will remain open for acceptance for not less than fourteen (14) days thereafter in accordance with the Takeovers Code. The Offer will not be closed prior to the 60th day after the despatch of this Composite Document unless the Offer has become or has been declared unconditional in all respects. Accordingly, if the Offer does not become unconditional on or before the First Closing Date, the Offer will be extended in accordance with the Takeovers Code. If the Offer is extended, an announcement will be made specifying the next Closing Date or stating that the Offer will remain open until further notice, in which case at least fourteen (14) days’ notice in writing will be given to the Offer Shareholders who have not accepted the Offer before the Closing Date.

Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS. Further details in this regard have been set out in Appendix I to this Composite Document.

3. Subject to the Offer becoming unconditional, remittances in respect of the cash consideration (after deducting the seller’s *ad valorem* stamp duty) payable for the Offer Shares will be despatched to the Offer Shareholder(s) accepting the Offer by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following (i) the date of receipt of the duly completed and signed Form of Acceptance and all the relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code or (ii) the date on which the Offer becomes or is declared unconditional in all respects, whichever is the later. An acceptor shall be entitled to withdraw his/her/its acceptance of the Offer after twenty one (21) days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances. Please refer to the section headed “6. Right of Withdrawal” in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

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## EXPECTED TIMETABLE

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4. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will be varied if there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning in force or “extreme conditions” caused by super typhoon in Hong Kong:
- i. in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, in which cases the latest time for acceptance of the Offer and the posting of remittances, as the case may be, will remain at 4:00 p.m. on the same Business Day; or
  - ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances, in which cases the latest time for acceptance of the Offer and the posting of remittances, as the case may be, will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.
5. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offer, which will state the next Closing Date or, if the Offer has become or is unconditional at that time, that the Offer will remain open until further notice. In such case, at least fourteen (14) days’ notice in writing must be given before the Offer is closed.

The announcement of the results of the Offer will be issued by the Offeror and posted on the Stock Exchange’s website by 7:00 p.m. on the Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the Offer.

6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day of this Composite Document is posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, as the 60th day after the posting of this Composite Document falls on Sunday, 25 October 2020 which is not a Business Day and Monday, 26 October 2020, which is a public holiday, the Offer will lapse after 7:00 p.m. on Tuesday, 27 October 2020, unless extended with the consent of the Executive.

*Save as mentioned above, if the latest time for the acceptance of the Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Offer Shareholders by way of joint announcement(s) on any change(s) to the expected timetable as soon as practicable.*

***Unless otherwise expressly stated, all time and date references contained in this Composite Document and the Form of Acceptance refer to Hong Kong time and dates.***

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## **IMPORTANT NOTICES**

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### **NOTICE TO THE OVERSEAS SHAREHOLDERS**

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and regulatory or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, parties acting in concert with it, Essence Corporate Finance, Essence International Securities, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders” under the section headed “The Offer” in the “Letter from Essence Corporate Finance” and the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document for further information.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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*In this Composite Document, the following expressions shall, unless the context requires otherwise, have the following meanings:*

<b>“acting in concert”</b>	the meaning ascribed to it under the Takeovers Code
<b>“associate(s)”</b>	the meaning ascribed to it under the Takeovers Code
<b>“Board”</b>	the board of Directors
<b>“Business Day(s)”</b>	a day on which the Stock Exchange is open for the transaction of business
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by HKSCC
<b>“Closing Date”</b>	the closing date of the Offer, which falls on the 21st calendar day after the date of the posting of this Composite Document, or if the Offer is extended, any subsequent closing date(s) as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code. For avoidance of doubt, the Offer will not be closed prior to the 60th day after the despatch of this Composite Document unless the Offer has become or has been declared unconditional in all respects
<b>“Company”</b>	Xinghua Port Holdings Ltd., a company incorporated in the Republic of Singapore with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 01990)
<b>“Composite Document”</b>	this composite offer and response document combining the offer document issued by the Offeror and the offeree board circular issued by the Company (together with the Form of Acceptance) in respect of the Offer in accordance with the Takeovers Code
<b>“Compulsory Acquisition Entitlement Period”</b>	the period commencing on the date of this Composite Document and ending on the date falling four (4) months after the date of this Composite Document (or such later date as the Executive may permit for the requisite level of acceptances to be reached in order for the Offeror to proceed with compulsory acquisition)

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## DEFINITIONS

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<b>“Condition”</b>	condition to the Offer as set out under the section headed “Condition of the Offer” of this Composite Document
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Disinterested Shares”</b>	Shares other than those held by the Offeror, its related corporations or their respective nominees for the purpose of the Singapore Companies Act. As at the Latest Practicable Date, the Offeror, its related corporations or their respective nominees do not own any Shares and the Disinterested Shares comprise all the 814,412,028 Shares in issue. For avoidance of doubt, the Ng Family’s, BOS Trustee Limited’s, and Petroships’ shareholding interests are not held by the Offeror, its related corporations or their respective nominees for the purpose of the Singapore Companies Act. Accordingly, such shareholding interests are considered “Disinterested Shares” for the purpose of the Singapore Companies Act
<b>“Dividend Adjustment”</b>	if any dividend, distribution and/or return of capital (as the case may be) is made or paid in respect of the Shares after the date of the Joint Announcement and on or before the Closing Date, the Offeror will reduce the Offer Price by an amount equal to all or any part of the amount or value of such dividend, distribution and/or return of capital, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced
<b>“Essence Corporate Finance”</b>	Essence Corporate Finance (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer
<b>“Essence International Securities”</b>	Essence International Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of the Executive Director



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## DEFINITIONS

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<b>“First Closing Date”</b>	16 September 2020, being the first Closing Date of the Offer, which is the 21st calendar day after the date of the posting of this Composite Document
<b>“Form of Acceptance”</b>	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the People’s Republic of China
<b>“IFA Appointment Announcement”</b>	the announcement issued by the Company date 31 July 2020, in relation to the appointment of the Independent Financial Adviser and the clarification on certain Shares held by a Director
<b>“Independent Board Committee”</b>	an independent board committee comprising all the non-executive Directors, namely Mr. Tan Chian Khong, Mr. Soh Ee Beng, Mr. Ting Yian Ann, and Mr. Lee Cheong Seng
<b>“Independent Financial Adviser”</b>	Donvex Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and being appointed as the independent financial adviser by the Company to advise the Independent Board Committee in relation to the Offer
<b>“Irrevocable Undertakings”</b>	the irrevocable deed of undertaking dated 29 July 2020 and executed by the Relevant Shareholders and the Offeror, pursuant to which each of the Relevant Shareholders has irrevocably undertaken to the Offeror, among others, to accept the Offer and the Offeror has irrevocably undertaken to each of the Relevant Shareholders, among others, to make the Offer at a price not less than HK\$2.597

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## DEFINITIONS

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<b>“Joint Announcement”</b>	the joint announcement issued by the Offeror and the Company dated 29 July 2020 in relation to, among other things, the Offer and proposed withdrawal of listing of the Company
<b>“Last Full Trading Day”</b>	23 July 2020, being the last full trading day of the Shares on the Stock Exchange immediately prior to the halt of trading in the Shares pending the release of the Joint Announcement
<b>“Last Trading Day”</b>	24 July 2020, being the last trading day of the Shares on the Stock Exchange immediately prior to the halt of trading in the Shares pending the release of the Joint Announcement
<b>“Latest Practicable Date”</b>	24 August 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Mr. Ng HW”</b>	Mr. Ng Han Whatt, a brother of Mr. Patrick Ng, Ms. Jane Ng and Ms. Ng BB
<b>“Mr. Patrick Ng”</b>	Mr. Patrick Ng Bee Soon, the chairman of the Board and a brother of Mr. Ng HW, Ms. Jane Ng and Ms. Ng BB
<b>“Ms. Jane Ng”</b>	Ms. Jane Kimberly Ng Bee Kiok, an executive Director and a sister of Mr. Ng HW, Mr. Patrick Ng and Ms. Ng BB
<b>“Ms. Ng BB”</b>	Ms. Ng Bee Bee, a sister of Mr. Ng HW, Mr. Patrick Ng and Ms. Jane Ng
<b>“Ng Family”</b>	Mr. Ng HW, Mr. Patrick Ng, Ms. Jane Ng and Ms. Ng BB
<b>“Non-accepting Shareholder(s)”</b>	the Shareholder(s) who do not accept the Offer
<b>“Non-accepting Shares”</b>	the Offer Shares held by the Non-accepting Shareholders not acquired by the Offeror under the Offer

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## DEFINITIONS

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<b>“Notice of Compulsory Acquisition”</b>	a notice to be issued by the Offeror to the Non-accepting Shareholders for exercising the compulsory acquisition right
<b>“Offer”</b>	the voluntary conditional general cash offer made by Essence International Securities for and on behalf of the Offeror to acquire all the issued Shares
<b>“Offer Period”</b>	has the meaning ascribed to it under the Takeovers Code, being the period commencing from 29 July 2020 (the date of the Joint Announcement), and ending on the Closing Date, or such other time or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code or on the date when the Offer lapses
<b>“Offer Price”</b>	the price per Offer Share at which the Offer is being made in cash, being HK\$2.597 per Offer Share, less the Dividend Adjustment (if any)
<b>“Offer Share(s)”</b>	all the Share(s) in issue, other than those Shares owned by the Offeror or parties acting in concert with it and has the same meaning of “disinterested shares” as defined in Rule 2.11 of Takeovers Code. As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not own any Shares and the Offer Shares comprise all the 814,412,028 Shares in issue. For avoidance of doubt, the Ng Family’s, BOS Trustee Limited’s, and Petroships’ shareholding interests are not held by the Offeror and its concert parties for the purpose of the Takeovers Code. Accordingly, such shareholding interests are considered “disinterested shares” for the purpose of Rule 2.11 of Takeovers Code
<b>“Offer Shareholder(s)”</b>	Shareholder(s) other than the Offeror and parties acting in concert with it
<b>“Offeror”</b>	Zhuhai Port (Hong Kong) Co., Limited
<b>“Overseas Shareholders”</b>	Offer Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong

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## DEFINITIONS

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<b>“Petroships”</b>	Petroships Investment Pte. Ltd., which is owned as to 90% and 10% by Mr. Alan Chan Hong Joo and Madam Ng Thiam Eng respectively
<b>“Registrar”</b>	<p>Boardroom Share Registrars (HK) Limited, being the branch share registrar and transfer office of the Company in Hong Kong and the receiving agent for receiving and processing acceptances of the Offer in respect of the Offer Shares. For the purpose of acceptance of the Offer, the duly completed and signed Form of Acceptance together with all the relevant documents may be sent to the Registrar at either of the following addresses:</p> <ul style="list-style-type: none"><li>• Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong; or</li><li>• 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623</li></ul>
<b>“Relevant Authority(ies)”</b>	any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution
<b>“Relevant Period”</b>	the period commencing from 29 January 2020, six months preceding 29 July 2020, being the date of commencement of the Offer Period, up to and including the Latest Practicable Date
<b>“Relevant Shareholders”</b>	the Ng Family, Petroships and Mr. Alan Chan Hong Joo
<b>“RMB”</b>	Renminbi, the lawful currency of the People’s Republic of China
<b>“S\$”</b>	Singapore dollar, the lawful currency of the Republic of Singapore
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Singapore Companies Act”	the Companies Act (Chapter 50) of Singapore, as amended, modified, and supplemented from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Undertaken Shares”	an aggregate of 573,118,781 Shares, representing approximately 70.37% of the total issued share capital of the Company, directly and/or beneficially held by the Ng Family, BOS Trustee Limited and Petroships
“Zhuhai Port”	Zhuhai Port Co., Ltd.* (珠海港股份有限公司), the parent company of the Offeror, which is a joint stock limited liability company incorporated in the People’s Republic of China and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000507)
“Zhuhai Port Group”	Zhuhai Port and its subsidiaries (including the Offeror)
“Zhuhai Port Holdings”	Zhuhai Port Holdings Group Co., Ltd* (珠海港控股集團有限公司)
“Zhuhai SASAC”	State-owned Asset Supervision and Administration Commission of the Zhuhai Municipal People’s Government (珠海市人民政府國有資產監督管理委員會)
“%”	per cent.

\* For identification purposes only



**Essence Corporate Finance (Hong Kong) Limited**

39/F., One Exchange Square  
Central  
Hong Kong

26 August 2020

*To the Offer Shareholders*

Dear Sir or Madam,

**(1) VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY  
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) LIMITED  
FOR AND ON BEHALF OF  
ZHUHAI PORT (HONG KONG) CO., LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
XINGHUA PORT HOLDINGS LTD.;  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
XINGHUA PORT HOLDINGS LTD.**

**INTRODUCTION**

References are made to the Joint Announcement whereby the Offeror and the Company jointly announced that Essence International Securities, on behalf of the Offeror, would make a voluntary conditional general cash offer to acquire all the issued Shares, the IFA Appointment Announcement, and the joint announcement issued by the Offeror and the Company dated 19 August 2020 in relation to the delay in despatch of the Composite Document.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold, own, or have control or direction over any voting rights and rights over the Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, the Company has 814,412,028 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, together with the information of the Offeror and the Offeror's intention in relation to the Group. Further details of the terms of the Offer and procedures for acceptance are also set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

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## LETTER FROM ESSENCE CORPORATE FINANCE

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Your attention is also drawn to information contained in the letter from the Board, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

Terms used in this Composite Document have the same meaning when used in this letter.

### THE OFFER

#### Principal terms of the Offer

Essence International Securities, for and on behalf of the Offeror, is making the Offer in compliance with the Takeovers Code on the following terms:

**For each Offer Share . . . . . HK\$2.597, less the Dividend Adjustment (if any),  
in cash**

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights and interests of any nature and together with all rights becoming attached thereto after the Closing Date, including but not limited to all rights to any dividend, distribution and/or return of capital (as the case may be) declared, made or paid after the Closing Date.

If any dividend, distribution and/or return of capital (as the case may be) is made or paid in respect of the Shares after the date of the Joint Announcement and on or before the Closing Date, the Offeror will reduce the Offer Price by an amount equal to all or any part of the amount or value of such dividend, distribution and/or return of capital, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. The Offer Shareholders shall not be entitled to any dividend, distribution or return of capital declared, made or paid after the Closing Date.

It is stated in the section headed “3. The Offer” in the “Letter from the Board”, as set out on page 27 of this Composite Document, that as at the Latest Practicable Date (i) no dividend, distribution or return of capital has been announced, declared, or paid by the Company since the payment of the interim dividend for the year ended 31 December 2019 as disclosed in the Company’s 2019 annual report; and (ii) the Board has no intention to recommend the declaration or payment of any dividend, distribution, or return of capital on or before the Closing Date.

**The Offeror will not increase the Offer Price for the Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.**

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## LETTER FROM ESSENCE CORPORATE FINANCE

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### The Offer Price

The Offer Price of HK\$2.597 per Offer Share (without taking into account the effect of any Dividend Adjustment) represents:

- (i) a premium of approximately 3.47% over the closing price of HK\$2.510 per Share as quoted on the Stock Exchange on 24 August 2020, being the Latest Practicable Date;
- (ii) a premium of approximately 23.67% over the closing price of the Shares of HK\$2.100 per Share as quoted on the Stock Exchange on 24 July 2020, being the Last Trading Day;
- (iii) a premium of approximately 29.85% over the closing price of the Shares of HK\$2.000 per Share as quoted on the Stock Exchange on 23 July 2020, being the Last Full Trading Day;
- (iv) a premium of approximately 31.56% over the average closing price of the Shares of approximately HK\$1.974 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Full Trading Day;
- (v) a premium of approximately 27.93% over the average closing price of the Shares of approximately HK\$2.030 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Full Trading Day;
- (vi) a premium of approximately 58.35% over the average closing price of the Shares of approximately HK\$1.640 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Full Trading Day;
- (vii) a premium of approximately 1.28 times over the average closing price of the Shares of approximately HK\$1.141 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Full Trading Day;
- (viii) a premium of approximately 1.02 times over the audited consolidated net asset value per Share as at 31 December 2019 of approximately HK\$1.287 (based on a total of 814,412,028 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value of the Group of RMB939,076,000 as at 31 December 2019, as disclosed in the annual report of the Company dated 2 April 2020 and the exchange rate of RMB0.89578 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 31 December 2019); and
- (ix) a premium of approximately 1.02 times over the unaudited consolidated net asset value per Share as at 30 June 2020 of approximately HK\$1.283 (based on a total of 814,412,028 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value of the Group of RMB954,448,000 as at 30 June 2020, as disclosed in the interim results of the Company on 28 July 2020 and the exchange rate of RMB0.91344 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 30 June 2020).



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### Highest and lowest Share prices

During the Relevant Period:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.53 per Share on 20 August 2020; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.68 per Share on 30 March 2020.

### Condition of the Offer

The Offer is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

**As at the Latest Practicable Date, the Offer Shares and the Disinterested Shares comprise all the 814,412,028 Shares in issue. Shareholders and potential investors should note that the number of the Offer Shares and the Disinterested Shares will be subject to changes for any dealings in the Shares by (i) the Offeror and parties acting in concert with it; and (ii) the Offeror, its related corporations or their respective nominees, after the Latest Practicable Date.**

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse.

As at the Latest Practicable Date, the Condition has not been satisfied.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on Tuesday, 27 October 2020, being the next Business Day following the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

In accordance with Note to Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to the acceptances and when the Offer becomes unconditional in all respects. Further, pursuant to Rule 15.3 of the Takeovers Code, the Offer must remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects. The Offer Shareholders are reminded that the Offeror does not have any obligations to keep the Offer open for acceptance beyond this 14-day period.

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### **Total value of the Offer**

As at the Latest Practicable Date, the Company has 814,412,028 Shares in issue.

Assuming there is no change to the issued share capital of the Company as at the Latest Practicable Date and no Dividend Adjustment is made, on the basis of the Offer Price of HK\$2.597 per Offer Share, the total issued share capital of the Company is valued at HK\$2,115,028,036.716. Accordingly, on the basis that there are 814,412,028 Offer Shares subject to the Offer and assuming no Dividend Adjustment is made, the total consideration payable by the Offeror will be HK\$2,115,028,036.716.

### **Financial resources available to the Offeror**

The Offeror intends to finance and satisfy the consideration payable under the Offer by a loan facility granted by China Merchants Bank Co., Ltd., Hong Kong Branch which will be secured by, among other things, a charge over all the Offer Shares to be acquired by the Offeror pursuant to the Offer. The Offeror confirms that there is no arrangement in relation to the loan facility pursuant to which the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

Essence Corporate Finance, being the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable under the full acceptance of the Offer.

### **Settlement of consideration**

Once the Offer has become, or has been declared unconditional in all respects, settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date of which (i) the Offer has become or is declared unconditional in all respects; or (ii) the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror or its agent acting on behalf of it to render such acceptance complete and valid, whichever is later.

No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

### **Return of documents**

If the Offer does not become, or is not declared unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar at either of its address in Hong Kong or Singapore will be returned to the Offer Shareholders who have accepted the Offer by ordinary post at the Offer Shareholders' own risk as soon as possible but in any event within ten (10) days after the Offer has lapsed.

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### **Effect of accepting the Offer**

Subject to the satisfaction of the Condition, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar at either of its address in Hong Kong or Singapore, by accepting the Offer, the Offer Shareholders will sell their tendered Offer Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights and interests of any nature and together with all rights becoming attached thereto after the Closing Date, including but not limited to all rights to any dividend, distribution and/or return of capital (as the case may be), declared, made or paid after the Closing Date.

Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

### **Hong Kong stamp duty**

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptance of the Offer will be payable by the Offer Shareholders that accept the Offer at a rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer; or (ii) the market value of the Offer Shares, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Offer Shareholders on acceptance of the Offer.

The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the Offer Shareholders that accept the Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **Taxation advice**

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, Essence Corporate Finance, Essence International Securities, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Overseas Shareholders**

The Offeror intends to make the Offer available to all Offer Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdictions. Overseas Shareholders who

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are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and regulatory or legal requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholders in respect of such jurisdictions).

**Any acceptance by any Offer Shareholders and beneficial owners of the Offer Shares will be deemed to constitute a representation and warranty from such Offer Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.**

### IRREVOCABLE UNDERTAKINGS

#### Principal terms of the Irrevocable Undertakings

**Date:** 29 July 2020

**Parties:**

- (1) Offeror;
- (2) Mr. Ng HW;
- (3) Mr. Patrick Ng;
- (4) Ms. Jane Ng;
- (5) Ms. Ng BB;
- (6) Petroships; and
- (7) Mr. Alan Chan Hong Joo

As at the Latest Practicable Date, the Ng Family (including the Shares held by BOS Trustee Limited) and Petroships hold 495,242,578 Shares and 77,876,203 Shares respectively, representing approximately 60.81% and 9.56% of the total issued share capital of the Company.

#### Relevant Shareholders and Offeror Undertakings

Subject to the provisions relating to the obligations and liabilities set out below, each of the Relevant Shareholders has irrevocably undertaken to the Offeror as to the followings:

- (i) the Relevant Shareholders will, within three (3) business days from the despatch of this Composite Document, accept or procure the acceptance of the Offer in respect of the Undertaken Shares, so as to constitute a valid acceptance of the Offer in accordance with the terms of this Composite Document;
- (ii) notwithstanding that the Relevant Shareholders may become entitled to withdraw any such acceptance by virtue of laws or pursuant to the terms of the Offer themselves, the Relevant Shareholders shall not withdraw any such acceptance;

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- (iii) the Relevant Shareholders will not sell, transfer, dispose of, lend, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal with any of the Undertaken Shares or any interest in it (whether conditionally or unconditionally) before the Offer closes, lapses or is withdrawn other than pursuant to the acceptance of the Offer;
- (iv) before the Offer closes, lapses or is withdrawn, the Relevant Shareholders will exercise all voting rights attached to the Undertaken Shares in such manner as (a) to enable the Offer to be approved, and (b) to oppose the taking of any action by the Company which might result in any condition of the Offer not being satisfied and not take any action in any manner which may prejudice the successful outcome of the Offer in any material respect, subject, in the case of the Relevant Shareholders who are directors of the Company, to their fiduciary duties as directors of the Company;
- (v) before the Offer closes, lapses or is withdrawn, the Relevant Shareholders will not purchase, sell or otherwise deal with any Shares or any interest therein, (except accepting the Offer pursuant to the Irrevocable Undertakings);
- (vi) before the Offer closes, lapses or is withdrawn, the Relevant Shareholders will not solicit, encourage, accept, agree to accept or give any indication of an intention to accept any offer from a third party (other than the Offeror) in respect of any or all of the Undertaken Shares whether conditional or unconditional (by whatever means the same is to be implemented);
- (vii) before the Offer closes, lapses or is withdrawn, the Relevant Shareholders will procure that the Company shall not declare, authorise, make or pay any dividend or other distribution to the Shareholders (whether in cash, stock or in kind) without the prior written consent of the Offeror;
- (viii) before the Offer closes, lapses or is withdrawn, the Relevant Shareholders will not enter into any agreement or arrangement with any person, whether conditionally or unconditionally, to undertake any of the acts prohibited by the above terms (iii) to (vi); and
- (ix) upon the Offer becoming unconditional, the members of the Relevant Shareholders (other than Petroships) will:
  - (a) to the extent that the Relevant Shareholder is a director of the Company or its subsidiaries, subject to his/her fiduciary duties as director of the Company or its subsidiaries (as the case may be), vote for any board resolution approving the appointment of such person(s) as the Offeror may nominate as directors of the Company and its subsidiaries;

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- (b) resign as a director of the Company and its subsidiaries (to the extent he or she is a director of such subsidiaries) at the earliest time permitted under the Takeovers Code and applicable laws; and
- (c) take such action as may be necessary or reasonably requested by the Offeror to effect changes to the bank and other accounts of the Company and its subsidiaries as the Offeror may require as soon as practicable.

The Offeror has irrevocably undertaken to the Relevant Shareholders as to the followings:

- (i) at its own cost and in accordance with the Takeovers Code, publish the Joint Announcement as soon as reasonably practicable following the signing of the Irrevocable Undertakings and clearance have been obtained from the Executive and the Stock Exchange to publish the Joint Announcement;
- (ii) at its own costs and in accordance with the Takeovers Code, despatch this Composite Document in respect of the Offer to the Shareholders no later than the date of despatch of this Composite Document in compliance with Rule 8.2 of the Takeovers Code (or such later date as consented by the Executive for waiving from strict compliance with Rule 8.2 of the Takeovers Code);
- (iii) make the Offer at a price not less than HK\$2.597;
- (iv) not close the Offer prior to the 60th day after the date of which this Composite Document is despatched unless the Offer has become or has been declared unconditional in all respects;
- (v) make and conduct the Offer in accordance with the Takeovers Code, including compliance with general principle 1 of the Takeovers Code that all Shareholders are to be treated even-handedly and all Shareholders of the same class of the Shares within the Company are to be treated similarly; and
- (vi) obtain all clearances, approvals, licences, consents, authorisations, waivers (including deemed clearance through expiry of any applicable statutory time periods or waiting periods) and permits from any Relevant Authorities, any shareholders or any third party required by the Offeror from its shareholders, directors, creditors and any Relevant Authority (which, to the best knowledge to the directors of the Offeror, are (i) the approval from each of the board of directors of Zhuhai Port, the board of directors of the Offeror and the sole shareholder of the Offeror in respect of the Offer, the publication of the Joint Announcement and the despatch of this Composite Document; (ii) the clearance from the Executive in respect of the publication of the Joint Announcement and the despatch of this Composite Document; and (iii) the clearance from the Stock Exchange in respect of the despatch of this Composite Document.

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As at the Latest Practicable Date, the Offeror has obtained (i) the relevant approvals from each of the board of directors of Zhuhai Port, the board of directors of the Offeror, and the sole shareholder of the Offeror in respect of the Offer and the publication of the Joint Announcement and despatch of this Composite Document; (ii) the clearance from the Executive in respect of the publication of the Joint Announcement and the despatch of this Composite Document; and (iii) the clearance from the Stock Exchange in respect of the despatch of this Composite Document.

All obligations and liabilities of the Relevant Shareholders and the Offeror under the Irrevocable Undertakings will lapse and terminate:

- (i) if the Joint Announcement is not released by 4 August 2020;
- (ii) this Composite Document is not despatched by the date of despatch of this Composite Document in compliance with Rule 8.2 of the Takeovers Code (or such later date as consented by the Executive for waiving from strict compliance with Rule 8.2 of the Takeovers Code);
- (iii) the Offer is otherwise not made in accordance with the undertaking by the Offeror stated above; or
- (iv) on the withdrawal or lapsing of the Offer.

### **POSSIBLE COMPULSORY ACQUISITION RIGHTS AND WITHDRAWAL OF LISTING**

Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire the Non-accepting Shares on the same terms as those offered under the Offer. As at the Latest Practicable Date, the Offeror, its related corporations and their respective nominees do not own any Shares and the Disinterested Shares comprise all the 814,412,028 Shares in issue.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the disinterested shares) made by the Offeror and persons acting in concert with it during the Compulsory Acquisition Entitlement Period total 90% of the Offer Shares. As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not own any Shares and the Offer Shares comprise all the 814,412,028 Shares in issue.



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Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of any powers of compulsory acquisition, the Offer may not remain open for acceptance for more than four (4) months from the despatch date of this Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

Subject to the satisfaction of the requirements under the Singapore Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its rights under the Singapore Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire the Non-accepting Shares. If the Offeror decides to exercise such rights and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made by the Company for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

**If the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.**

While it is the intention of the Offeror to privatise the Company, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Singapore Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied. If the Offer Shares validly tendered for acceptance under the Offer are less than 90% of the Offer Shares (in respect of the requirement under Rule 2.11 of the Takeovers Code) and less than 90% of the Disinterested Shares (in respect of the requirement under the Singapore Companies Act) on the Closing Date, the Offer will not become unconditional and will lapse, and the Shares will remain listed on the Stock Exchange.

### **PROCEDURES FOR EXERCISING THE COMPULSORY ACQUISITION RIGHT UNDER THE SINGAPORE COMPANIES ACT**

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act, the Offeror shall, in the prescribed manner under the Singapore Companies Act, deliver the Notice of Compulsory Acquisition to the Non-accepting Shareholders informing them of the Offeror's intention to acquire the Offer Shares under its right of compulsory acquisition at any time within two (2) months from the date the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition. Pursuant to the exercise of the right of compulsory acquisition by the Offeror under the Singapore Companies Act, the Non-accepting Shares will



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be compulsorily acquired by the Offeror at the same consideration of HK\$2.597 per Share (subject to the decision made by the Singapore court in the event a Non-accepting Shareholder makes an application to object the compulsory acquisition as described below), on the later of:

- after the expiry of one (1) month commencing from the date the Offeror gives the Notice of Compulsory Acquisition;
- in the event a Non-accepting Shareholder requests for a list of Non-accepting Shareholders as described below, then fourteen (14) days from the date the list of Non-accepting Shareholders is provided; or
- in the event a Non-accepting Shareholder makes an application to the Singapore court as described below to object to such compulsory acquisition, then until after that application has been disposed of by the Singapore court as heard by registrars or judges in chambers or in open court.

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act by serving the Notice of Compulsory Acquisition, a Non-accepting Shareholder is entitled to:

- *request for a list of Non-accepting Shareholders:*

A Non-accepting Shareholder is entitled to require the Company by a demand in writing served on the Company, within one (1) month from the date on which the Notice of Compulsory Acquisition is given, to supply the Non-accepting Shareholder with a statement in writing of the names and addresses of all other Non-accepting Shareholders as shown in the register of members of the Company, and the Offeror shall not be entitled or bound to acquire the Non-accepting Shares of the Non-accepting Shareholders until fourteen (14) days after the list of Non-accepting Shareholders is provided or until after the court application (if any) as described below has been disposed of by the Singapore court (whichever is later); and/or

- *make an application to the Singapore court:*

A Non-accepting Shareholder is entitled to make an application to the Singapore court by way of originating summons supported by affidavits filed in accordance with the rules of court objecting to such compulsory acquisition and such application shall be made by such Non-accepting Shareholder within one (1) month from the date on which the Notice of Compulsory Acquisition is given or fourteen (14) days from the date on which the list of Non-accepting Shareholders is provided as aforesaid (whichever is later), and in such a case, the Offeror shall not acquire the Non-accepting Shares held by any of the Non-accepting Shareholders (whether or not such Non-accepting Shareholder makes an application to the Singapore court to object such compulsory acquisition) until after that application has been disposed of by the Singapore court, as heard by registrars or judges

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in chambers or in open court. In making any such application to the Singapore court, the Non-accepting Shareholder is required to set out his/her/its substantive grounds for seeking relief and has the burden of proof to satisfy the court of the merits of its objection.

The Singapore court has full discretion under the Singapore Companies Act in determining whether to grant relief in any such application as well as the type of relief to be granted. In assessing any such application as well as relief to be granted (if any), the Singapore court would take into account, amongst others, the compulsory acquisition being made pursuant to the Offer which is subject to the Takeovers Code, the opinions of the Independent Financial Adviser, and potential prejudice and legal implications to the Offeror arising from any relief granted (including restrictions pertaining to any acquisition at above the Offer Price subsequent to the close of the Offer under the Takeovers Code). Given (i) the Offer Price represents certain premium over the audited consolidated net asset value per Share and the average closing price of the Shares, (ii) the Independent Financial Adviser and the Independent Board Committee are of the view that the Offer is fair and reasonable for the Shareholders to accept the Offer, and (iii) the Offeror has stated that it will not increase the Offer Price, the risk that the Singapore court granting a relief for requesting to conduct the acquisition at above the Offer Price is low. In case if acquisition at above the Offer Price is required to be made, such higher price will apply to all accepting Offer Shareholders and Non-accepting Shareholders.

### **Warning**

**In view of the foregoing, in the case of the exercise by the Offeror of its right of compulsory acquisition under the Singapore Companies Act, whether or not any Non-accepting Shareholders requests for a list of Non-accepting Shareholders or makes an application to the Singapore court to object such compulsory acquisition, it will take a longer time for the Non-accepting Shareholders to receive the consideration as compared to the time required for the Shareholders to receive the consideration after their acceptance of the Offer and the Offer having become unconditional.**

**Shareholders who are in doubt of their position under the Singapore Companies Act are advised to seek their own independent legal advice.**

Non-accepting Shareholders should note that they would not receive their consideration for the Non-accepting Shares until the completion of the compulsory acquisition.

The Offeror shall pay the consideration for acquiring the Non-accepting Shares to the Company, and the Company shall set-up a separate bank account and hold on trust any such consideration so received for the Non-accepting Shareholders who are entitled to the Non-accepting Shares in respect of which they were respectively received. The Offeror will need to pay to the Company the consideration at HK\$2.597 per Non-accepting Share (i.e. on the same terms as the Offer) for the Non-accepting Shares that it is acquiring. The Company will then settle the consideration for the Non-accepting Shares with the Non-accepting Shareholders via such bank account.

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If no Non-accepting Shareholder makes an application to the Singapore court or if all such applications by Non-accepting Shareholders have been dismissed, the Offeror may, within one (1) month from the date on which the Notice of Compulsory Acquisition is given or fourteen (14) days from the date on which the list of Non-accepting Shareholders is provided (whichever is the later), upon the transmission of the relevant documents and the payment of the relevant consideration to the Company by the Offeror, require the Company to register the Offeror as the holder of the Non-accepting Shares. If there is a pending application before the Singapore court by a Non-accepting Shareholder, such application shall first be disposed of before the Offeror may be registered as the holder of the Non-accepting Shares. After completion of the registration of the Offeror as the holder of all Non-accepting Shares, the Offeror shall as soon as practicable procure the Company to despatch cheques (less seller's ad valorem stamp duty) from such bank account to the Non-accepting Shareholders by ordinary post at their own risk in accordance with the mailing addresses retrieved from the records held by the Registrar.

### **PUBLIC FLOAT**

Pursuant to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

If the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Subject to the satisfaction of the requirements under the Singapore Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its rights under the Singapore Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire the Non-accepting Shares.

The directors of the Offeror have jointly and severally undertaken, and any new directors to be appointed to the board of directors of the Company (if applicable) will jointly and severally undertake, to the Stock Exchange to take appropriate steps to ensure sufficient public float exists in the Shares, if the Offeror is not entitled to exercise, or decides not to exercise, the compulsory acquisition rights as referred to in this Composite Document.

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## LETTER FROM ESSENCE CORPORATE FINANCE

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### DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

The Offeror and parties acting in concert with it had not dealt in any Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares during the Relevant Period.

The Offeror confirms that, as at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold, own or have control or direction over any voting rights and rights over the Shares, convertible securities, warrants, options or derivatives of the Company.

### INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability in 2013. The Offeror is principally engaged in general trading, information consulting, logistics services and equity investment.

The Offeror is a wholly-owned subsidiary of Zhuhai Port which is a joint stock limited company incorporated in the People's Republic of China, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000507). Zhuhai Port and its subsidiaries are principally engaged in (i) port and shipping management; (ii) logistics and supply chain management; (iii) energy and environmental protection; and (iv) the development of ancillary facilities of the port.

As at the Latest Practicable Date, Zhuhai Port is held as to approximately 29.64% by Zhuhai Port Holdings and the voting rights of the shares of Zhuhai Port held by Zhuhai Port Holdings have significant influence on the resolution of Zhuhai Port's shareholders' meeting. Zhuhai Port Holdings is a state-owned enterprise established in the People's Republic of China and is wholly owned by the Zhuhai SASAC.

### INFORMATION OF THE GROUP

Details of the information of the Group are set out in the section headed "9. Information on the Group" in the "Letter from the Board" in this Composite Document.

### REASONS FOR AND BENEFITS OF THE OFFER

#### Views of the board of the Offeror

The Zhuhai Port Group has over 10 years of experience in port and shipping management in People's Republic China, and directly or indirectly managed and operated six (6) ports as of 31 December 2019 with total cargo throughput over 30 million tonnes in 2019. The Zhuhai Port Group and its debt were rated AA+ grade by China Chengxin Securities Rating Co., Ltd. on 26 June 2019.

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## LETTER FROM ESSENCE CORPORATE FINANCE

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In the event that the Offeror successfully acquires the Company, the Zhuhai Port Group can, (i) consolidate the advantages of the existing international, inland and coastal areas of the Pearl River Delta, Hong Kong and Macao Special Administrative Region of the People's Republic of China shipping networks; (ii) strengthen the cooperation with the ports, shipping and logistics enterprises located in the Yangtze River Delta area; (iii) promote the expansion and development on ports, shipping and logistics businesses, realising the synergy effects of Zhuhai Port Group's business in the Yangtze River Delta and Pearl River Delta; and (iv) accelerate the fulfilment of the Zhuhai Port Group's corporate vision of building an international hub in the southern part of China.

The Offeror is of the view that the benefits of the Offer to the Zhuhai Port Group are (a) conforming with policy direction and the Zhuhai Port Group's development strategies; (b) expanding the development capacity and developing new sources of growth for existing businesses; (c) providing synergy effects and improving the comprehensive business capabilities; and (d) providing positive impact on the financial indicators of the Zhuhai Port Group.

The Offer Price is determined with reference to the (a) prevailing share price of the Shares; (b) the average enterprise value to earnings before interest, taxes, depreciation and amortisation ratio of 19 companies listed in Shenzhen Stock Exchange or Shanghai Stock Exchange, which are principally engaged in port business; (c) operation performance, geographical advantages and comprehensive competitiveness of the Group; and (d) the control premium of the Group.

### **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

It is the intention of the Offeror to continue with the Group's existing principal business following the close of the Offer. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore business opportunities to develop the existing business of the Group.

As at the Latest Practicable Date, the Board is made up of three executive Directors, namely Mr. Patrick Ng, Mr. Kor Tor Khoon and Ms. Jane Ng, one non-executive Director, namely Mr. Lee Cheong Seng, and three independent non-executive Directors, namely Mr. Tan Chian Khong, Mr. Soh Ee Beng and Mr. Ting Yian Ann.

It is the Offeror's and all the Directors' intentions that, upon the Offer becoming or being declared unconditional, all the existing Directors, namely Mr. Patrick Ng, Mr. Kor Tor Khoon, Ms. Jane Ng, Mr. Lee Cheong Seng, Mr. Tan Chian Khong, Mr. Soh Ee Beng and Mr. Ting Yian Ann, shall resign from the Board with effect from the earliest date permitted under the Takeovers Code or other applicable laws whichever is later.

Save as in connection with the Offeror's intention regarding the Group as set out above and the abovementioned potential resignations, as at the Latest Practicable Date, the Offeror has no intention to (i) introduce any major changes to the existing business and operations of the Group following the close of the Offer; (ii) discontinue the employment of any employees of the Group; or (iii) dispose of or re-deploy the fixed assets of the Company other than those

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## LETTER FROM ESSENCE CORPORATE FINANCE

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in its ordinary and usual course of business. The Offeror will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

### ACCEPTANCE AND SETTLEMENT

Your attention is drawn down to the further terms of the Offer, including the procedures for acceptance and settlement and acceptance period of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### GENERAL INFORMATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold any Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in the names of nominees to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to the section headed "Important Notices" contained in this Composite Document and the section headed "7. Overseas Shareholders" in Appendix I to this Composite Document.

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders at their respective addresses as they appear in the register of members of Company or in the case of joint Offer Shareholders, to such Offer Shareholders whose name appears first in the register of members of the Company. None of the Offeror and parties acting in concert with it, Essence Corporate Finance, Essence International Securities, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associate or any other person involved in the Offer accepts any responsibility for any loss or delay in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

### WARNING

**Shareholders and potential investors should note that the Offer is subject to the satisfaction of the Condition. Accordingly, the Offer may or may not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors of the Company are in any doubt about their position, they should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which forms part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board" on pages 26 to 30 of this Composite Document, "Letter from the Independent Board Committee" on pages 31 to 32 of this Composite Document and "Letter from the Independent

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**LETTER FROM ESSENCE CORPORATE FINANCE**

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Financial Adviser” on pages 33 to 57 of this Composite Document in relation to their respective recommendations and advices with respect to the Offer before reaching a decision as to whether or not to accept the Offer.

Yours faithfully,

For and on behalf of

**Essence Corporate Finance (Hong Kong) Limited**

**Griffin Tse**

*Managing Director*

**Mazy Chan**

*Director*

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## LETTER FROM THE BOARD

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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)*

**(Hong Kong Stock Code: 01990)**

***Executive Directors:***

Patrick Ng Bee Soon  
Kor Tor Khoo  
Jane Kimberly Ng Bee Kiok

***Non-Executive Director:***

Lee Cheong Seng

***Independent Non-Executive Directors:***

Tan Chian Khong  
Soh Ee Beng  
Ting Yian Ann

***Registered Office and Head Office  
in Singapore:***

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

***Principal Place of Business  
in Hong Kong:***

31/F., 148 Electric Road  
North Point  
Hong Kong

***Principal Place of Business  
in the PRC:***

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

26 August 2020

*To All Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL GENERAL CASH OFFER  
FOR AND ON BEHALF OF  
ZHUHAI PORT (HONG KONG) CO., LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
XINGHUA PORT HOLDINGS LTD. AND  
PROPOSED WITHDRAWAL OF LISTING OF  
XINGHUA PORT HOLDINGS LTD.**

### **1. INTRODUCTION**

Reference is made to the Joint Announcement dated 29 July 2020 issued by the Offeror and the Company announcing that Essence International Securities, on behalf of the Offeror, intended to make a voluntary conditional general cash offer to acquire all of the issued Shares.

\* *For identification purpose only*



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## **LETTER FROM THE BOARD**

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The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the Group, the Offeror, and the Offer; (ii) a letter from Essence Corporate Finance containing, among other things, details of the Offer; (iii) a letter from the Independent Board Committee containing its recommendations to the Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Board Committee in relation to the Offer.

### **2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The board of directors of the Company has established the Independent Board Committee, comprising Mr. Tan Chian Khong, Mr. Soh Ee Beng, and Mr. Ting Yian Ann, being all the independent non-executive Directors, and Mr. Lee Cheong Seng, being the non-executive Director, to make a recommendation to the Shareholders as to whether the Offer is fair and reasonable and as to its acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee are all non-executive Directors who have no direct or indirect interest in the Offer other than their interest in the Shares (if any).

Donvex Capital Limited, with the approval of the Independent Board Committee, has been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and as to whether the terms of the Offer are fair and reasonable and as to its acceptance.

### **3. THE OFFER**

As disclosed in the “Letter from Essence Corporate Finance” in this Composite Document, Essence International Securities is making the Offer on behalf of the Offeror. Shareholders accepting the Offer will receive the Offer Price of HK\$2.597 per Share in cash. The Offer is being extended to all Shareholders.

It is stated in the “Letter from Essence Corporate Finance” in this Composite Document that if any dividend, distribution, or return of capital is made or paid in respect of the Shares after the date of the Joint Announcement and on or before the Closing Date, the Offeror will reduce the Offer Price by an amount equal to all or any part of the amount or value of such dividend, distribution, or return of capital. As at the Latest Practicable Date, (i) no dividend, distribution, or return of capital has been announced, declared, or paid by the Company since the payment of the interim dividend for the year ended 31 December 2019 as disclosed in the Company’s 2019 annual report; and (ii) the Board has no intention to recommend the declaration or payment of any dividend, distribution, or return of capital on or before the Closing Date.

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## LETTER FROM THE BOARD

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Further details of the Offer can be found in the “Letter from Essence Corporate Finance” and “Appendix I – Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance, which together set out the terms and conditions of the Offer and certain related information.

#### 4. CONDITION OF THE OFFER

Your attention is drawn to the section headed “Condition of the Offer” in the “Letter from Essence Corporate Finance” in this Composite Document which sets out the Condition of the Offer.

#### 5. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

##### **Conditions for Compulsory Acquisition**

Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the shares other than those which are owned by the offeror or persons acting in concert with it) made by the offeror and persons acting in concert with it during the period of four months after the posting of the initial offer document total 90% of the shares other than those which are owned by the offeror or persons acting in concert with it.

##### **Intention of the Offeror to Privatise the Company**

Subject to the satisfaction of the above requirements under the Singapore Companies Act and the Hong Kong Takeovers Code, the Company understands that it is the intention of the Offeror to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

**If the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended on the Stock Exchange from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.**

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## **LETTER FROM THE BOARD**

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The Offeror's ability to exercise the right of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Singapore Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

### **6. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Your attention is drawn to the section headed "Intention of the Offeror in relation to the Group" in the "Letter from Essence Corporate Finance" in this Composite Document which sets out the intentions of the Offeror regarding the Group. The board of directors of the Company has noted such intentions. The board of directors of the Company is of the view that the Offeror's intentions in relation to the Group and its employees would not have a material impact on the existing businesses of the Group.

### **7. REASONS FOR AND BENEFITS OF THE OFFER**

Your attention is drawn to the section headed "Reasons for and Benefits of the Offer" in the "Letter from Essence Corporate Finance" in this Composite Document which sets out the reasons for and benefits of the Offer to the Shareholders, the Company, the Offeror, and the shareholders of the Offeror.

### **8. INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed "Information of the Offeror" in the "Letter from Essence Corporate Finance" and the general information of the Offeror set out in "Appendix III – General Information of the Offeror" in this Composite Document for information on the Offeror.

### **9. INFORMATION ON THE GROUP**

The Company is an investment holding company which, through its subsidiaries, owns and operates in the People's Republic of China two highly accessible multi-purpose ports in Changshu City, Jiangsu province, namely the Changshu Xinghua Port, operated by Changshu Xinghua Port Co., Ltd, and the adjacent Changshu Changjiang International Port, operated by Changshu Changjiang International Port Co., Ltd.

Your attention is also drawn to further information of the Group set out in "Appendix II – Financial Information of the Group" and "Appendix IV – General Information of the Company" to this Composite Document.

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## LETTER FROM THE BOARD

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### 10. ADDITIONAL INFORMATION

You are advised to read the “Letter from Essence Corporate Finance” and “Appendix I – Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance for information relating to the Offer and the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

### 11. RECOMMENDATIONS

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned, and accordingly it recommends the Independent Board Committee to recommend the Shareholders to accept the Offer. The Independent Board Committee, having been so advised, considers the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned, and accordingly, recommends the Shareholders to accept the Offer.

Notwithstanding their recommendations, the Independent Financial Adviser and the Independent Board Committee have reminded Shareholders, in particular those who intend to accept the Offer, to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Condition being satisfied, including the Offeror having received valid acceptances of the Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares. Accordingly, the Offer may or may not become unconditional.

The full text of the letter from the Independent Board Committee addressed to the Shareholders is set out on pages 31 to 32 of this Composite Document. The full text of the letter from the Independent Financial Adviser addressed to the Shareholders is set out on pages 33 to 57 of this Composite Document. You are advised to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offer.

Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer.

Yours faithfully,  
For and on behalf of  
the board of directors of  
**XINGHUA PORT HOLDINGS LTD.**  
**Patrick Ng Bee Soon**  
*Chairman and Executive Director*



**XINGHUA PORT HOLDINGS LTD.**

**興華港口控股有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*

**(Hong Kong Stock Code: 01990)**

26 August 2020

*To All Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL GENERAL CASH OFFER  
FOR AND ON BEHALF OF  
ZHUHAI PORT (HONG KONG) CO., LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
XINGHUA PORT HOLDINGS LTD. AND  
PROPOSED WITHDRAWAL OF LISTING OF  
XINGHUA PORT HOLDINGS LTD.**

**1. INTRODUCTION**

Reference is made to the Joint Announcement dated 29 July 2020 issued by the Offeror and the Company announcing that Essence International Securities, on behalf of the Offeror, intended to make a voluntary conditional general cash offer to acquire all of the issued Shares.

We have been appointed by the board of directors of the Company to form the Independent Board Committee to make recommendations to you as to whether, in our opinion, the terms and conditions of the Offer are fair and reasonable so far as the Shareholders are concerned and as to acceptance of the Offer.

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Shareholders.

Donvex Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise and make recommendations to us as to the terms and conditions of the Offer and as to acceptance of the Offer. The details of its advice and recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent Financial Adviser” set out in the Composite Document.

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We also wish to draw your attention to the “Letter from Essence Corporate Finance”, the “Letter from the Board”, and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance.

### 2. RECOMMENDATIONS

Having taken into account the advice and recommendations of the Independent Financial Adviser, in particular the factors, reasons, and recommendations as set out in the “Letter from the Independent Financial Adviser”, we concur with its view and consider that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned, and recommend the Shareholders to accept the Offer.

Shareholders, in particular those who intend to accept the Offer, are reminded to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Condition being satisfied, including the Offeror having received valid acceptances of the Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares. Accordingly, the Offer may or may not become unconditional.

Notwithstanding our recommendations, Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,

**The Independent Board Committee of  
Xinghua Port Holdings Ltd.**

**Lee Cheong Seng**

**Tan Chian Khong**

**Soh Ee Beng**

**Ting Yian Ann**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Donvex Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.*



Unit 2502, 25/F  
Carpo Commercial Building  
18-20 Lyndhurst Terrace  
Central  
Hong Kong

26 August 2020

*To the Independent Board Committee of Xinghua Port Holdings Ltd.*

Dear Sirs,

**VOLUNTARY CONDITIONAL GENERAL CASH OFFER BY  
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) LIMITED  
FOR AND ON BEHALF OF  
ZHUHAI PORT (HONG KONG) CO., LIMITED  
TO ACQUIRE ALL THE SHARES OF  
XINGHUA PORT HOLDINGS LTD.  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY ZHUHAI PORT (HONG KONG) CO., LIMITED AND PARTIES  
ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document dated 26 August 2020 jointly issued by the Company and the Offeror to the Offer Shareholders (the “**Composite Document**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Composite Document unless otherwise stated.

As stated in the Letter from the Board, on 29 July 2020, the Offeror and the Company jointly announced that Essence International Securities will, for and on behalf of the Offeror, make a voluntary conditional general cash offer to acquire all of the Offer Shares.

The Independent Board Committee, comprising Mr. Tan Chian Khong, Mr. Soh Ee Beng, Mr. Ting Yian Ann, being all the independent non-executive Directors, and Mr. Lee Cheong Seng, being the non-executive Director, who have no direct or indirect interest in the Offer other than their interest in the Shares (if any), has been established by the Company to advise the Offer Shareholders on whether the Offer is, or is not, fair and reasonable and as to the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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acceptance of the Offer. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Offer Shareholders are concerned, and whether the Offer Shareholders should accept the Offer.

### INDEPENDENCE

We are not associated or connected with the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them.

In the last two years prior to the commencement of the Offer Period, there was no engagement or connection between the Group or the Offeror on one hand and us on the other hand. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them.

Accordingly, pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, we are considered eligible to give independent advice to the Independent Board Committee.

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided by the Directors and the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group.

The directors of the Offeror and Zhuhai Port have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group) and confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those opinions expressed by Directors) have been arrived at after due and careful



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. The board of directors of the Company has jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document relating to the Group and confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Offer Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Offer Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries and associates.

We have not considered the taxation implications on the Offer Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Offer Shareholders as a result of the Offer. In particular, the Offer Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advice on tax matters.

### PRINCIPAL TERMS OF THE OFFER

Pursuant to the Composite Document, the Offer is being made by Essence International Securities, for and on behalf of the Offeror, on the following basis:

For each Offer Share . . . . . HK\$2.597, less the Dividend Adjustment  
(if any), in cash

The Offer Price will not be increased, and the Offeror does not reserve the right to do so.

As at the Latest Practicable Date, the Company has 814,412,028 Shares in issue. Assuming there is no change to the issued share capital of the Company as at the Latest Practicable Date and no Dividend Adjustment is made, on the basis of the Offer Price of HK\$2.597 per Offer Share, the total issued share capital of the Company is valued at HK\$2,115,028,036.716.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## PRINCIPAL FACTORS AND REASONS CONSIDERED

### 1. Financial information of the Group

The Group is principally engaged in the operations of two ports and the related services in the PRC.

The table below sets forth a summary of the consolidated financial information of the Group for the six months ended 30 June 2020 as extracted from the interim results for the six months ended 30 June 2020 (“**2020 Interim Results**”), and three years ended 31 December 2019 as extracted from the annual report for the year ended 31 December 2019 (“**2019 Annual Report**”) and the annual report for the year ended 31 December 2018 (“**2018 Annual Report**”) of the Company:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
	<i>RMB'000</i> (Audited)	<i>RMB'000</i> (Audited)	<i>RMB'000</i> (Audited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Revenue	481,242	404,102	397,096	194,403	229,212
Including: Stevedoring income	426,648	332,796	313,154	155,300	182,264
Storage income	47,785	63,949	79,800	36,904	45,343
Rental income	2,611	1,778	1,775	940	913
Other income	4,198	5,579	2,367	1,259	692
Profit after taxation	86,952	51,742	83,772	36,499	55,610
				<b>As at</b>	<b>30 June</b>
	<b>As at 31 December</b>				
	2017	2018	2019	2019	2020
	<i>RMB'000</i> (Audited)	<i>RMB'000</i> (Audited)	<i>RMB'000</i> (Audited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Property, plant and equipment	1,037,300	1,006,361	1,070,116	1,061,290	1,061,290
Total assets	1,668,593	1,622,577	1,695,286	1,710,050	1,710,050
Total liabilities	840,192	733,027	756,210	755,602	755,602
Net assets	828,401	889,550	939,076	954,448	954,448

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Revenue*

The revenue of the Group decreased from approximately RMB481.2 million for the year ended 31 December 2017 (“FY2017”) to approximately RMB404.1 million for the year ended 31 December 2018 (“FY2018”), and further decreased to approximately RMB397.1 million for the year ended 31 December 2019 (“FY2019”), which was mainly attributable to (a) the temporary cessation of operation of the two ports operated by the Group as a result of an accident in FY2018; and (b) the decrease of volume of project equipment cargoes handled by the Group in FY2019 as the ports of the Group were constrained by smaller open stacking yard for storage due to the construction of the new warehouses and upgrade of fire system of eight warehouses.

The revenue of the Group increased from approximately RMB194.4 million for the six months ended 30 June 2019 (“1H2019”) to approximately RMB229.2 million for the six months ended 30 June 2020 (“1H2020”), which was mainly due to the increase of higher cargo volume handled in 1H2020 than in 1H2019 as a result of the increase in stacking yard capacity with the completion of new warehouses and upgrade of the eight warehouses as discussed above.

### *Profit after taxation*

The profit after taxation of the Group decreased from approximately RMB87.0 million in FY2017 to RMB51.7 million in FY2018, which was mainly attributable to the temporary cessation of operation of the two ports operated by the Group as a result of an accident in FY2018 as discussed above.

The profit after taxation of the Group increased from approximately RMB51.7 million for FY2018 to approximately RMB83.8 million in FY2019, which was mainly attributable to (a) the lower subcontracting forklift driver costs in FY2019; (b) the reduction in the leasing of equipment and external storage space; and (c) the decrease of maintenance costs, insurance premiums, legal fee, safety-related expenses and travelling costs.

The profit after taxation of the Group increased from approximately RMB36.5 million for 1H2019 to approximately RMB55.6 million in 1H2020, which was mainly attributable to the increase of cargo volume handled by the Group in 1H2020 than in 1H2019 as discussed above.

### *Net assets*

The net assets of the Group amounted to approximately RMB828.4 million, RMB889.6 million, RMB939.1 million and RMB954.4 million as at 31 December 2017, 2018 and 2019, and 30 June 2020, respectively. Such increase was mainly due to the profit after taxation generated during the period from FY2017 to 1H2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Outlook of the Group

The Group is engaged in the operation of two ports in Changshu City, Jiangsu Province, the PRC. The following table sets forth the total cargo throughput of port of Changshu, which consists of 26 ports in Changshu City, including but not limited to the two ports operated by the Group, for five years ended 31 December 2019 and 1H2020:

Year/Period	Total cargo throughput <i>Thousand tons</i>
2015	85,071
2016	86,647
2017	88,280
2018	69,697
2019	70,755
1H2020	38,304

*Source: the website of the government of Changshu City*

As shown in the table above, the total cargo throughput of port of Changshu remained stable at approximately 85.0 million tons during the period from the year 2015 to 2017, and decreased significantly to approximately 69.7 and 70.8 million tons in the year 2018 and 2019, respectively, which was mainly attributable to the slowing economy of the PRC in 2018 and 2019 as a result of weak domestic demand and the trade conflict between China and the United States.

The following table sets forth the top 20 ports in the PRC in terms of the total cargo throughput in FY2019:

Ranking	Name of the port	Total cargo throughput <i>Thousand tons</i>
1	Port of Ningbo-Zhoushan	1,120,090
2	Port of Shanghai	718,770
3	Port of Tangshan	656,740
4	Port of Guangzhou	606,160
5	Port of Qingdao	577,360
6	Port of Suzhou <i>(Note)</i>	522,750
7	Port of Tianjin	492,200
8	Port of Rizhao	463,770
9	Port of Yantai	386,320
10	Port of Dalian	366,410
11	Port of Nantong	336,200
12	Port of Zhenjiang	329,160
13	Port of Huanghua	287,610
14	Port of Taizhou	282,430

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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<b>Ranking</b>	<b>Name of the port</b>	<b>Total cargo throughput Thousand tons</b>
15	Port of Shenzhen	257,850
16	Port of Nanjing	256,890
17	Port of Beibuwan	255,680
18	Port of Yingkou	238,180
19	Port of Lianyungang	234,560
20	Port of Jiangyin	223,930
N/A	Port of Changshu	70,755

*Source:* the website of Chinese Shipping ([www1.chineseshipping.com.cn](http://www1.chineseshipping.com.cn)), a professional shipping website approved by the Ministry of Communications of the People's Republic of China and sponsored by the Shanghai Shipping Exchange

*Note:* Port of Suzhou consists of port of Taicang, port of Zhangjiagang and port of Changshu.

As illustrated in the table above, the port of Changshu only accounts for approximately 13.5% of the total cargo throughput in port of Suzhou. In addition, the total cargo throughput of the port of Changshu is far below that of port of Jiangyin, which ranks at number 20 in the table above, and is much lower than other major ports in Jiangsu Province, such as port of Nantong (rank 11), port of Zhenjiang (rank 12), port of Taizhou (rank 14), port of Nanjing (rank 16), and port of Lianyungang (rank 19). As such, we consider that the port of Changshu may face keen competition with other major ports in the Jiangsu Province in the long run.

In light of the above, given that

- (i) the port of Changshu may face keen competition with other major ports in the Jiangsu Province in the long run;
- (ii) the prolonged trade war between China and the United States has caused and will continue to cause disruptions to the global supply chain which will have adverse impact on the logistic industry;
- (iii) despite the recent completion of the construction of new warehouses increased the handling capacity for pulp and paper cargo of the Group which contributed to the increase in revenue for the six months ended 30 June 2020, such growth in revenue may be difficult to sustain as the long term growth of the ports operated by the Group may be limited given the construction of additional berth for increasing docking capacity of the ports would be constrained by geographical and environmental factors, including but not limited to (1) length of the port adjacent to the river; (2) the total land size of the port for yard operations, warehouses and other ancillary facilities; (3) the corresponding water depth of the river at the port; and (4) access to navigable waterways.

we are of the view that the growth and the scale of the business of the Group may be restricted in the long run.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Background information of the Offeror

The Offeror is a company incorporated in Hong Kong with limited liability in 2013. The Offeror is principally engaged in general trading, information consulting, logistics services and equity investment.

The Offeror is a wholly-owned subsidiary of Zhuhai Port which is a joint stock limited company incorporated in the People's Republic of China, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000507). Zhuhai Port and its subsidiaries are principally engaged in (i) port and shipping management; (ii) logistics and supply chain management; (iii) energy and environmental protection; and (iv) the development of ancillary facilities of the port.

As at the Latest Practicable Date, Zhuhai Port is held as to approximately 29.64% by Zhuhai Port Holdings which is the largest shareholder of Zhuhai Port, and the voting rights of the shares of Zhuhai Port held by Zhuhai Port Holdings have significant influence on the resolution of Zhuhai Port's shareholders' meeting. Zhuhai Port Holdings is a state-owned enterprise established in the People's Republic of China and is wholly owned by Zhuhai SASAC.

### 4. Intention of the Offeror

As disclosed in the letter from Essence Corporate Finance contained in the Composite Document (the "**Letter from Essence Corporate Finance**"), it is the intention of the Offeror to continue with the Group's existing principal business following the close of the Offer. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore business opportunities to develop the existing business of the Group.

Save as the Offeror's intention regarding the Group and the Directors' intention to resign as detailed in the Letter from Essence Corporate Finance, as at the Latest Practicable Date, the Offeror has no intention to (i) introduce any major changes to the existing business and operations of the Group following the close of the Offer; (ii) discontinue the employment of any employees of the Group; or (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business. The Offeror will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

As the Offeror is engaged in the operation of ports in the PRC, depending on any plans that may be implemented by the Offeror on the Group, the ports operated by the Offeror may create synergy with the ports operated by the Group.

If the Offer Shares validly tendered for acceptance under the Offer are less than 90% of the Offer Shares (in respect of the requirement under Rule 2.11 of the Takeovers Code) and less than 90% of the Disinterested Shares (in respect of the requirement under the Singapore Companies Act) on the Closing Date, the Offer will not become unconditional and will lapse, and the Shares will remain listed on the Stock Exchange. The Offeror will not become a shareholder of the Company and therefore no synergy effect will be created.

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If the Condition is satisfied and the Offer becomes unconditional, as disclosed in the Letter from Essence Corporate Finance, the Offeror intends to privatise the Company by exercising its right under the Singapore Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and no Offer Shareholders could enjoy any synergy effect that may be created.

### 5. Analysis on the Offer Price

#### (a) Comparison on the Offer Price

The Offer Price of HK\$2.597 per Offer Share (without taking into account the effect of any Dividend Adjustment) represents:

- (i) a premium of approximately 3.47% over the closing price of the Shares of approximately HK\$2.51 per Share as quoted on the Stock Exchange on 24 August 2020, being the Latest Practicable Date;
- (ii) a premium of approximately 23.67% over the closing price of the Shares of HK\$2.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 29.85% over the closing price of the Shares of HK\$2.000 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iv) a premium of approximately 31.56% over the average of the closing price of the Shares of approximately HK\$1.974 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Full Trading Day;
- (v) a premium of approximately 27.93% over the average of the closing price of the Shares of approximately HK\$2.030 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Full Trading Day;
- (vi) a premium of approximately 58.35% over the average of the closing price of the Shares of approximately HK\$1.640 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Full Trading Day;
- (vii) a premium of approximately 127.61% over the average of the closing price of the Shares of approximately HK\$1.141 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Full Trading Day;

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- (viii) a premium of approximately 101.79% over the audited consolidated net asset value per Share as at 31 December 2019 of approximately HK\$1.287 (based on a total of 814,412,028 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value of the Group of RMB939,076,000 as at 31 December 2019 as disclosed in the 2019 Annual Report of the Company and the exchange rate of RMB0.89578 to HK\$1, being the exchange rate as quoted by the People’s Bank of China on 31 December 2019); and
- (ix) a premium of approximately 102.42% over the unaudited consolidated net asset value per Share as at 30 June 2020 of approximately HK\$1.283 (based on a total of 814,412,028 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value of the Group of RMB954,448,000 as at 30 June 2020 as disclosed in the 2020 Interim Results of the Company and the exchange rate of RMB0.91344 to HK\$1, being the exchange rate as quoted by the People’s Bank of China on 30 June 2020).

### (b) Performance of historical Share price

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 24 July 2019, the date which is one year prior to the Last Trading Day, up to and including the Last Trading Day (the “**Review Period**”), which we consider to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares.



Source: the website of the Stock Exchange

As shown in the chart above, during the period from 24 July 2019 to 19 June 2020, the closing price of the Shares fluctuated in a range of between HK\$0.680 and HK\$1.240, with an average daily closing price of the Shares of approximately HK\$0.976.



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On 22 June 2020, the closing price of the Shares spiked up to HK\$1.40. The upward trend continued since the aforementioned date and the closing price of the Shares reached HK\$2.10 on the Last Trading Day. Based on the publicly available information, such significant increase of the closing price of the Shares on 22 June 2020 may be due to the reports from certain media in relation to a possible transaction involving the Shares. Save for the announcement made by the Company on 23 June 2020 in relation to the unusual price fluctuation and trading volume, no other announcement was published by the Company during the Review Period which may have correlation to the movement of the Share price since 22 June 2020.

The Offer Price represents:

- (i) a premium of approximately 23.08% over the highest closing price of the Shares of HK\$2.100 per Share during the Review Period; and
- (ii) a premium of approximately 281.91% over the lowest closing price of the Shares of HK\$0.680 per Share during the Review Period.

### (c) *Trading volume of Shares*

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to (i) the total number of issued Shares; and (ii) total number of issued Shares held by public Shareholders:

Period	Number of trading days	Total trading volume of the Shares <i>Number of Shares</i>	Average daily trading volume of the Shares <i>Number of Shares</i>	Percentage of average daily trading volume to total number of issued Shares	Percentage of average daily trading volume to total number of issued Shares held by public Shareholders
				as at the end of the month/period %	as at the end of the month/period <i>(Note)</i> %
Jul 2019 (since 24 Jul 2019)	6	624,800	104,133	0.0128	0.0359
Aug 2019	22	1,849,550	84,070	0.0103	0.0290
Sept 2019	21	4,559,775	217,132	0.0267	0.0751
Oct 2019	21	3,266,720	155,558	0.0191	0.0544
Nov 2019	21	2,540,400	120,971	0.0149	0.0426

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Period	Number of trading days	Total trading volume of the Shares <i>Number of Shares</i>	Average daily trading volume of the Shares <i>Number of Shares</i>	Percentage of average daily trading volume to total number of issued Shares	Percentage of average daily trading volume to total number of issued Shares
				as at the end of the month/period %	as at the end of the month/period <i>(Note)</i> %
Dec 2019	20	1,508,610	75,431	0.0093	0.0267
Jan 2020	20	2,857,850	142,893	0.0175	0.0506
Feb 2020	20	1,810,700	90,535	0.0111	0.0320
Mar 2020	22	1,474,250	67,011	0.0082	0.0237
Apr 2020	19	1,871,100	98,479	0.0121	0.0349
May 2020	20	8,893,300	444,665	0.0546	0.1574
Jun 2020	21	30,631,605	1,458,648	0.1791	0.5164
Jul 2020 (Up to the Last Trading Day)	17	35,374,000	2,080,824	0.2555	0.7366
The Review Period	250	97,262,660	389,051	0.0478	0.1377

*Source:* the website of the Stock Exchange

*Note:* The number of shares held by the public Shareholders was based on the Shares held by Petroships and other public Shareholders as at the end of the respective month/period.

As illustrated in the above table, the trading volume of the Shares increased significantly from May 2020 to July 2020 (up to the Last Trading Day), which may be due to the reports from certain media in relation to a possible transaction involving the Shares. Save for the announcement made by the Company on 23 June 2020 in relation to the unusual price fluctuation and trading volume, no other announcement was published by the Company during the Review Period which may have correlation to the fluctuation of the trading volume of the Shares since May 2020.

During the Review Period, the liquidity of Shares was generally low with the percentage of the average daily trading volume to the total number of issued Shares held by public Shareholders ranging from approximately 0.0237% to 0.7366%. The average daily trading volume of the Shares during the Review Period was approximately 389,051 Shares, representing approximately 0.1377% of the total number of issued Shares held by the public Shareholders as at the Lastest Practicable Date.

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In light of the above, we are of the view that the trading volume of the Shares was thin during the Review Period.

*(d) Analysis on comparable companies and comparable offer*

*(i) Selection of valuation methodologies*

Price-to-earnings multiples (“**P/E multiple(s)**”), price-to-book multiples (“**P/B multiple(s)**”) and price-to-sale multiples (“**P/S multiple(s)**”) are the three most commonly used benchmarks in valuing a company.

P/E multiple is usually the benchmark for companies with profit making.

P/B multiple is typically applied for valuing companies holding sufficient tangible assets on their balance sheets.

P/S multiple is appropriate for valuing companies which have volatile earnings or loss but relatively stable revenue.

Considering that (a) the Group has been generating net profit during FY2017, FY2018, FY2019 and 1H2020; and (b) the Group held sufficient tangible assets as it maintained significant value of property, plant and machinery of over RMB1,000 million (representing over 60% of the Group’s total assets) as at 31 December 2017, 2018 and 2019, and 30 June 2020, we consider that the P/E multiple and P/B multiple (collectively, the “**Multiples**”) are more appropriate in assessing the valuation of the Shares.

The following table sets forth the calculation of the Multiples for the Offer:

P/E multiple (times)

Basis: The P/E multiple is calculated based on (a) the implied market capitalization of the Company pursuant to the Offer Price per Share of approximately HK\$2,115.0 million; and (b) the audited profit after taxation of the Group of approximately RMB83.8 million (equivalent to approximately HK\$94.6 million) for FY2019.

Calculation: 
$$\frac{\text{Implied market capitalization}}{\text{Audited profit after taxation for FY2019}}$$

Ratio: 22.37

P/B multiple (times)

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Basis: The P/B multiple is calculated based on (a) the implied market capitalization of the Company pursuant to the Offer Price per Share of approximately HK\$2,115.0 million; and (b) the audited net assets as at 31 December 2019 of the Group of approximately RMB939.1 million (equivalent to approximately HK\$1,048.3 million).

Calculation: 
$$\frac{\text{Implied market capitalization}}{\text{Audited net assets as at 31 December 2019}}$$

Ratio: 2.02

For the purpose of assessing the fairness and reasonableness of the Offer Price, we have derived the Multiples of the Offer and compared with the Multiples of companies which are listed in Hong Kong with similar market capitalisation and have operations similar to the Group (the “**Comparable Companies**”).

*(ii) Selection of Comparable Companies*

We have formulated the following criteria in selecting the Comparable Companies: (a) they are mainly engaged in the operations of the ports in the PRC; (b) they are listed on the Stock Exchange; and (c) they had a market capitalisation between HK\$1 billion and HK\$5 billion that is similar to that of the Group with reference to the Group’s theoretical market capitalization of approximately HK\$2.1 billion, which is calculated based on the Offer Price with reference to the total number of issued Shares of the Company as at the Latest Practicable Date. Based on the above selection criteria, we have identified an exhaustive list of 3 Comparable Companies.

Given the number of Comparable Companies is limited, notwithstanding the range of the market capitalisation of other companies which fulfill the criteria (a) and (b) above is wide, we have decided to extend our selection criteria to include all companies with different market capitalisation that satisfy the selection criteria (a) and (b) above for comparison purpose. Based on such selection criteria, we have identified an exhaustive list of 11 companies (the “**Extended Comparable Companies**”).

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The following table set out a summary of the Multiples of the Extended Comparable Companies:

Companies	Stock code	Market capitalisation on the Last Trading Day (Note 1) HK\$ million	P/E multiple (Note 2) times	P/B multiple (Note 3) times	
<i>Comparable Companies</i>					
1	China Infrastructure & Logistics Group Ltd	1719.HK	1,587	48.52	1.89
2	Xiamen International Port Co., Ltd	3378.HK	1,936	2.56	0.20
3	Rizhao Port Jurong Co., Ltd.	6117.HK	1,112	6.98	0.47
<i>Extended Comparable Companies</i>					
4	China Merchants Port Holdings Company Limited	0144.HK	30,558	3.31	0.32
5	Cosco Shipping Ports Limited	1199.HK	12,964	4.74	0.29
6	Cosco Shipping Holdings Co., Ltd.	1919.HK	33,101	2.88	0.74
7	Dalian Port (PDA) Company Limited	2880.HK	8,897	8.81	0.37
8	Qinhuangdao Port Co., Ltd.	3369.HK	6,705	7.17	0.41
9	Tian Yuan Group Holdings Limited	6119.HK	225	9.27	1.65
10	Qingdao Port International Co., Ltd.	6198.HK	29,794	6.39	0.66
11	Ocean Line Port Development Limited	8502.HK	187	2.76	0.27
<i>Comparable Companies</i>					
	Maximum			48.52	1.89
	Minimum			2.56	0.20
	Average			19.35	0.85
	Median			6.98	0.47
<i>Extended Comparable Companies</i>					
	Maximum			48.52	1.89
	Minimum			2.56	0.20
	Average			9.40	0.66
	Median			6.39	0.41
	<b>The Company</b>		2,115 (Note 4)	22.37	2.02

*Source:* the website of the Stock Exchange and the latest annual results of each Extended Comparable Company

*Note 1:* The market capitalization of the respective Extended Comparable Companies is calculated based on the closing price of the respective shares as at the Last Trading Day with reference to the total number of issued shares of the respective Extended Comparable Companies as at the Last Trading Day.

*Note 2:* The P/E multiple of the respective Extended Comparable Companies is calculated based on the closing price of the respective shares as at the Last Trading Day divided by the basic earnings per share for the respective latest financial year as disclosed in the respective latest annual results.

*Note 3:* The P/B multiple of the respective Extended Comparable Companies is calculated based on the closing price of the respective shares as at the Last Trading Day divided by the latest audited net asset value per share, which is calculated based on the latest

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audited net asset value divided by the number of shares issued as disclosed in the respective latest annual results and the respective latest monthly return of equity issuer on movement in securities of the respective Extended Comparable Companies.

*Note 4:* The theoretical market capitalisation of the Company is calculated based on the Offer Price with reference to the total number of issued Shares of the Company as at the Latest Practicable Date.

As shown in the table above, the P/E multiples of both of (i) the Comparable Companies; and (ii) the Extended Comparable Companies ranged from approximately 2.56 to 48.52. As such, the P/E multiple of the Offer falls within the range of the P/E multiples of both (i) the Comparable Companies; and (ii) the Extended Comparable Companies.

In respect of the P/B multiples of the Comparable Companies, both (i) the Comparable Companies; and (ii) the Extended Comparable Companies ranged from approximately 0.20 to 1.89. As such, the P/B multiple of the Offer is higher than all of the P/B multiples of the Extended Comparable Companies.

*(iii) Selection of privatisation precedents*

We have compared the Offer with the privatisation proposals announced by 18 companies listed on the Stock Exchange announced since 1 January 2019 and up to the Latest Practicable Date, excluding privatisation proposals which were not or yet to be approved (or, where applicable, required acceptance level were not or yet to be achieved) or without a cash cancellation consideration (the “**Privatisation Precedents**”), which represent an exhaustive list of privatisation proposals we were able to identify from the Stock Exchange’s website satisfying the above selection criteria.

We are of the opinion that comparing each of their offer/cancellation prices with their then closing days can provide a reference for the Offer Shareholders in considering whether the Offer Price is fair and reasonable so far as the Company and the Offer Shareholders are concerned in the market context, although none of the Privatisation Precedents were engaging in business comparable with the Group.

The table below illustrates the premiums or discounts represented by the offer/cancellation price over or to (a) the then latest net asset value per share; (b) the closing price on the last trading day; (c) average closing price for the last 5 trading days up to and including the last trading day; (d) average closing price for the last 10 trading days up to and including the last trading day; (e) average closing price for the last 30 trading days up to and including the last trading day; and (f) average closing price for the last 90 trading days up to and including the last trading day in relation of such respective privatisation proposals. The Privatisation Precedents set out below provide, in our view, a comparison between the offer/cancellation price and the then prevailing market prices and the then net asset value per share of successful privatisation proposals, although the business nature and scale of each company vary and some aspects of pricing may be industry-specific.

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	Date of initial announcement	Company	Stock code	Principal business	Net asset value per share %	Premium/(Discount) of offer/cancellation price over/(to)				
						Closing price for the last trading day %	Average closing price for the last 5 trading days up to and including the last trading day %	Average closing price for the last 10 trading days up to and including the last trading day %	Average closing price for the last 30 trading days up to and including the last trading day %	
1	21 June 2020	China Baofeng (International) Limited	3966.HK	Photovoltaic power generation and design and supply chain of lightings and home furnishing products	(5.5)	27.5	N/A <i>(Note 1)</i>	N/A	52.0	39.0
2	20 April 2020	Allied Properties (H.K.) Limited	0056.HK	Property holding, investment holding, real estate agency, provision of management and consultancy services, provision of corporate services, money lending, financial services and securities trading, hotel operations, secretarial services	(66.3)	34.3	36.2	N/A <i>(Note 1)</i>	39.1	N/A <i>(Note 1)</i>
3	4 March 2020	Li & Fung Limited	0494.HK	Consumer goods design, development, sourcing and logistics	8.20	150.00	157.70	N/A <i>(Note 1)</i>	95.20	62.10

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Date of initial announcement	Company	Stock code	Principal business	Net asset value per share %	Premium/(Discount) of offer/cancellation price over/(to)				
					Closing price for the last trading day %	Average closing price for the last 5 trading days up to and including the last trading day %	Average closing price for the last 10 trading days up to and including the last trading day %	Average closing price for the last 30 trading days up to and including the last trading day %	
4 27 February 2020	Wheelock and Company Limited	0020.HK	Property investment	44.30	52.20	49.10	N/A <i>(Note 1)</i>	45.20	43.90
5 29 January 2020	Kingsley Edugroup Limited	8105.HK	Provision of private education service	198.34	12.50	8.43	7.57	4.25	N/A <i>(Note 1)</i>
6 20 January 2020	BBI Life Sciences Corporation	1035.HK	Provision of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services.	111.58	16.28	N/A <i>(Note 1)</i>	31.43	42.45	47.92
7 12 December 2019	Joyce Boutique Group Limited	0647.HK	Sales of designer fashion garments, cosmetics, and accessories	19.91	91.78	91.26	N/A <i>(Note 1)</i>	82.17	N/A <i>(Note 1)</i>
8 27 November 2019	China Argi- industries Holdings Limited	0606.HK	Oilseeds processing, rice processing and trading, wheat processing and brewing materials.	N/A <i>(Note 1)</i>	34.07	N/A <i>(Note 1)</i>	40.92	53.17	72.49



**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Date of initial announcement	Company	Stock code	Principal business	Net asset value per share %	Premium/(Discount) of offer/cancellation price over/(to)			
					Closing price for the last trading day %	Average closing price for the last 5 trading days up to and including the last trading day %	Average closing price for the last 10 trading days up to and including the last trading day %	Average closing price for the last 30 trading days up to and including the last trading day %
9 1 November 2019	Springland International Holdings Limited	1700.HK	Operation of department stores and supermarkets	(18.10)	N/A (Note 1)	64.40	56.80	53.20
10 20 October 2019	Dah Chong Hong Holdings Limited	1828.HK	Motor and consumer products distribution with an extensive logistics network in Asia	(28.16)	37.55	N/A (Note 1)	54.81	54.17
11 3 October 2019	Huaneng Renewables Corporation Limited	0958.HK	Power generation	4.62	18.73	N/A (Note 1)	55.72	51.28
12 2 October 2019	AVIC International Holdings Limited	0161.HK	Manufacturing and sales of flat panel displays, printed circuit boards and watches, international engineering and trading and logistic business, shopping business and engineering, procurement and construction projects	18.35	29.12	43.82	58.09	81.31 N/A (Note 1)

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

	Date of initial announcement	Company	Stock code	Principal business	Net asset value per share %	Premium/(Discount) of offer/cancellation price over/(to)				
						Average closing price for the last 5 trading days up to and including the last trading day %	Average closing price for the last 10 trading days up to and including the last trading day %	Average closing price for the last 30 trading days up to and including the last trading day %	Average closing price for the last 90 trading days up to and including the last trading day %	
13	12 August 2019	TPV Technology Limited	0903.HK	Development, manufacture, sale and research of monitors, LCD TV, mobiles phones, tables, audio and video products and original design manufacturing services business	(23.94)	41.39	46.77	N/A <i>(Note 1)</i>	54.50	N/A <i>(Note 1)</i>
14	27 June 2019	Asia Satellite Telecommunications Holdings Ltd.	1135.HK	Provision of the satellite transponder capacity	10.01	23.43	31.46	33.42	44.44	56.52
15	18 June 2019	C.P. Lotus Corporation	0121.HK	Operation of retail stores	52.80	10.00	N/A <i>(Note 1)</i>	12.00	29.40	26.50

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

	Date of initial announcement	Company	Stock code	Principal business	Net asset value per share %	Premium/(Discount) of offer/cancellation price over/(to)				
						Closing price for the last trading day %	Average closing price for the last 5 trading days up to and including the last trading day %	Average closing price for the last 10 trading days up to and including the last trading day %	Average closing price for the last 30 trading days up to and including the last trading day %	
16	14 June 2019	China Automation Group Limited	0569.HK	Provision of safety and critical control system and control valves specialized for petrochemical industries, along with related maintenance and engineering services, and hospital business	16.01	23.97	N/A (Note 1)	36.86	47.78	46.63
17	4 April 2019	China Hengshi Foundation Company Ltd.	1197.HK	Design, manufacture and sales of fiberglass fabrics	42.05	10.62	N/A (Note 1)	N/A (Note 1)	17.37	24.38
18	28 March 2019	China Power Clean Energy Foundation Company	0735.HK	Development, construction, ownership, operation and management of clean energy power plants in the PRC	(35.10)	41.90	54.83	60.80	78.10	101.90

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Date of initial announcement	Company	Stock code	Principal business	Net asset value per share %	Premium/(Discount) of offer/cancellation price over/(to)				
					Closing price for the last trading day %	Average price for the last 5 trading days up to and including the last trading day %	Average price for the last 10 trading days up to and including the last trading day %	Average price for the last 30 trading days up to and including the last trading day %	
			Maximum	198.34	150.00	157.70	64.40	95.20	101.90
			Minimum	(66.30)	10.00	8.43	7.57	4.25	24.38
			Average	20.53	39.91	55.28	38.39	51.88	52.31
			Median	10.01	31.60	46.77	36.86	52.59	51.28
			<b>The Company</b>	102.42	29.85	31.56	27.93	58.35	127.61
						(Note 2)	(Note 2)	(Note 2)	(Note 2)

*Source:* Announcements of respective companies

*Note 1:* The information was not disclosed in the announcements of the respective companies.

*Note 2:* The figures represent the premium over the average of the closing price of the Shares of the Company for the last 5, 10, 30, and 90 consecutive trading days up to and including the Last Full Trading Day, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the table above, the premium of the Offer Price over (i) the net asset value per Share; (ii) the closing price for the Last Trading Day; and (iii) the average closing price of the Shares for the last 5, 10 and 30 days up to and including the Last Full Trading Day fall within the ranges of the Privatisation Precedents, respectively. In addition, the premium of the Offer Price over the average closing price of the Shares for the last 90 days up to and including the Last Full Trading Day is higher than all of the Privatisation Precedents.

**(e) Conclusion**

Based on the above, considering that:

- (i) the Offer Price represents a premium over the unaudited consolidated net asset value per Share as at 30 June 2020 and the highest closing price per Share during the Review Period;
- (ii) the P/E multiple of the Offer falls within the ranges of (a) the Comparable Companies; and (b) the Extended Comparable Companies;
- (iii) the P/B multiple of the Offer is higher than that of both of (a) the Comparable Companies; and (b) the Extended Comparable Companies;
- (iv) the premium of the Offer Price over the net asset value per Share, the closing price for the Last Trading Day, the average closing price of the Shares for the last 5, 10 and 30 days up to and including the Last Full Trading Day of the Company fall within the ranges of the Privatisation Precedents, respectively. In addition, the premium of the Offer price over the average closing price of the Shares for the last 90 days up to and including the Last Full Trading Day is higher than all of the Privatisation Precedents; and
- (v) the trading volume of the Shares was thin during the Review Period,

we are of the view that the Offer Price is fair and reasonable for the Offer Shareholders who would like to exit by realising their investments in the Shares.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above and, in particular:

- (i) the growth and the scale of the business of the Group may be restricted in the long run as discussed under the section headed “Principal factors and reasons considered – 2. Outlook of the Group” above; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the Offer Price is fair and reasonable for the Offer Shareholders who would like to exit by realising their investment in the Shares as discussed under the section headed “Principal factors and reasons considered – 5. Analysis on the Offer Price – (e) Conclusion” above,

we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders to accept the Offer.

Offer Shareholders, in particular those who intend to accept the Offer, are reminded to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Offer Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Condition being satisfied, where the Offeror having received valid acceptances of the Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares. Accordingly, the Offer may or may not become unconditional.

**However, as set out in the Letter from Essence Corporate Finance, if the Offeror acquires not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares on the Closing Date, it intends to privatise the Company by exercising its right under the Singapore Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.**

As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Offer Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the form of acceptance, if they wish to accept the Offer.

Yours faithfully,  
For and on behalf of  
**Donvex Capital Limited**  
**Doris Sy**  
*Director*

*Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 18 years of experience in corporate finance advisory.*

**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand, to the Registrar, Boardroom Share Registrars (HK) Limited, at either of its address in Hong Kong or Singapore, marked “**Xinghua Port Holdings Ltd. – Offer**” on the envelope, in any event not later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code. You are encouraged to send the required documents to the Registrar’s address in Hong Kong, unless you are located in Singapore.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at either of its address in Hong Kong or Singapore in an envelope marked “**Xinghua Port Holdings Ltd. – Offer**”; or



- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar at either of its address in Hong Kong or Singapore, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at either of its address in Hong Kong or Singapore in an envelope marked “**Xinghua Port Holdings Ltd. – Offer**”; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant’s stock account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar at either of its address in Hong Kong or Singapore in an envelope marked “**Xinghua Port Holdings Ltd. – Offer**” together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to the Offeror and/or Essence International Securities and/or their respective agent(s) to collect from the Registrar at its address in Hong Kong on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar at its Hong Kong address and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar at its Hong Kong address with the Form of Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar at either of its address in Hong Kong or Singapore in an envelope marked “**Xinghua Port**

**Holdings Ltd. – Offer**” together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar at either of its address in Hong Kong or Singapore as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should also write to the Registrar at either of its address in Hong Kong or Singapore for a form of letter of indemnity which, when completed and signed in accordance with the instructions given therein, should be returned to the Registrar at either of its address in Hong Kong or Singapore. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificates(s) and/or transfer receipt(s) and/or any other documents(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) Unless otherwise decided by the Offeror, acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar at either of its address in Hong Kong or Singapore no later than 4:00 p.m. on the Closing Date, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under the Takeovers Code have been so received, and is:
  - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant shares, executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph under this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

- (f) If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## **2. SETTLEMENT**

- (a) Subject to the Offer becoming or being declared unconditional and provided that the Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order in all respects and have been received by the Registrar at either of its address in Hong Kong or Singapore no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, settlement of the consideration, less seller's *ad valorem* stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following (i) the date of receipt of the duly completed and signed Form of Acceptance and all the relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code; or (ii) the date on which the Offer becomes or is declared unconditional in all respects, whichever is the later. Each cheque will be despatched by ordinary post to the address specified on the relevant Offer Shareholder's Form of Acceptance at his/her/its own risk.
- (b) Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's *ad valorem* stamp duty) set out in this Composite Document (including this Appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

## **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offer is made on Wednesday, 26 August 2020, being the date of despatch of this Composite Document and is capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.

- (b) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar at either of its address in Hong Kong or Singapore no later than 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date. The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares. Pursuant to the Takeovers Code, where the Offer becomes or is declared unconditional, the Offer will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the Offer becomes unconditional in all respects.
- (c) The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been revised or extended, or has expired or has become or been declared unconditional.
- (d) If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted and shall not close earlier than the Closing Date.
- (e) If the Offeror extends the Offer, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Offer Shareholders who have not accepted the Offer.
- (f) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so as extended.

#### **4. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the

Stock Exchange's website by 7:00 p.m. on the First Closing Date stating, among other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or has expired or has become or been declared unconditional.

The announcement must state the following:

- (i) the total number of Offer Shares for which acceptances of the Offer have been received;
  - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;
  - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it has borrowed or lent (save for any borrowed Shares which have been on-lent or sold); and
  - (v) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights, represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar at either of its address in Hong Kong or Singapore no later than 4:00 p.m. on the Closing Date (being the latest time and date for acceptance of the Offer) shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **5. NOMINEES REGISTRATION**

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold any Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

**6. RIGHT OF WITHDRAWAL**

The Offer is conditional upon fulfilment of the Condition. Acceptances of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below:

- (a) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw the acceptance after twenty one (21) days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar at either of its address in Hong Kong or Singapore (in respect of the Offer).
- (b) If the Offeror is unable to comply with the requirements set out in the section headed “4. Announcements” in this Appendix, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19.2 of the Takeovers Code can be met.

In such case, when the Offer Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Offer Shareholder(s) at their own risks.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

**7. OVERSEAS SHAREHOLDERS**

The Offer is available to all the Shareholders including the Overseas Shareholders. The making of the Offer to persons not resident in Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdictions. The availability of the Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any

governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and regulatory or legal requirement and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholders in respect of such jurisdictions).

**Acceptance of the Offer by the Overseas Shareholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.**

#### **8. STAMP DUTY**

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptance of the Offer will be payable by the Offer Shareholders that accept the Offer at a rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer; or (ii) the market value of the Offer Shares, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Offer Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the Offer Shareholders that accept the Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

#### **9. TAX ADVICE**

None of the Offeror, parties acting in concert with it, Essence Corporate Finance, Essence International Securities, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications. The Offer Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Offeror, parties acting in concert with it, Essence Corporate Finance, Essence International Securities, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptances or rejections of the Offer.



**10. GENERAL**

- (a) All communications, notices, the Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to the Offer Shareholders at their addresses specified on the relevant Form of Acceptance. None of the Offeror, parties acting in concert with it, Essence Corporate Finance, Essence International Securities, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) If no number of Shares is specified in the Form of Acceptance or the number of Shares specified by the acceptor in the Form of Acceptance is greater than the number of Shares registered in the name of the acceptor as holder or the number of Shares represented by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) that are forwarded by the acceptor to the Registrar at either of its address in Hong Kong or Singapore, the Form of Acceptance will be returned to the acceptor for correction and resubmission. Any corrected Form of Acceptance must be re-submitted and received by the Registrar at either of its address in Hong Kong or Singapore on or before the latest time for acceptance of the Offer in order for it to be counted towards fulfilling the acceptance Condition.
- (c) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (d) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (e) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (f) The Offer is made in accordance with the Takeovers Code.
- (g) Due execution of the Form of Acceptance in compliance with Note 1 to Rule 30.2 of the Takeovers Code, will constitute an authority to the Offeror, Essence International Securities or its agents or such person or persons as the Offeror and/or Essence International Securities may direct to complete, amend and execute on behalf of the person or persons accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.



- (h) Acceptance of the Offer by the Offer Shareholders will be deemed to constitute a warranty by such person(s) to the Offeror and Essence International Securities that the Offer Shares acquired under the Offer are sold or tendered by such Offer Shareholder(s) free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights and interests of any nature and together with all rights becoming attached thereto after the Closing Date, including but not limited to all rights to any dividend, distribution and/or return of capital (as the case may be), declared, made or paid after the Closing Date. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (i) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (j) References to the Offer in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (k) Any Offer Shareholder accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable by them in any relevant jurisdiction.
- (l) Save for the payment of stamp duty, settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.
- (m) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text for the purpose of interpretation.
- (n) In making their decision, Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained therein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, Essence Corporate Finance, Essence International Securities, the Registrar or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.
- (o) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2017, 2018, and 2019 as extracted from the respective audited consolidated financial statements of the Group as set forth in the Company's 2018 and 2019 annual reports, as well as the unaudited financial results of the Group for the six months ended 30 June 2020 as extracted from the consolidated financial statements as set forth in the Company's interim results announcement dated 28 July 2020:

	Year ended 31 December			Six months ended
	2017	2018	2019	30 June
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
				(unaudited)
Revenue	481,242	404,102	397,096	229,212
Other income and gains	1,514	2,534	7,740	9,905
Subcontract costs	(92,593)	(65,100)	(64,488)	(39,582)
Distribution costs, consumables and fuel used	(50,681)	(39,233)	(28,392)	(16,305)
Employee benefit expenses	(42,134)	(54,794)	(57,255)	(32,660)
Depreciation and amortisation expenses	(49,471)	(60,641)	(59,565)	(28,208)
Leasing costs	(20,217)	(15,822)	(9,046)	(4,796)
Other operating expenses	(50,466)	(47,718)	(40,385)	(20,912)
Other expenses	(31,674)	(19,036)	(9,046)	(4,744)
Finance costs	(36,238)	(33,035)	(30,671)	(15,093)
Share of profits of an associate	11,884	8,156	10,744	6,121
Profit before tax	121,166	79,413	116,732	82,938
Income tax expense	(34,214)	(27,671)	(32,960)	(27,328)
Profit for the year/period	<u>86,952</u>	<u>51,742</u>	<u>83,772</u>	<u>55,610</u>
Profit attributable to:				
Equity holders of the Company	70,768	50,663	78,585	51,768
Non-controlling interests	<u>16,184</u>	<u>1,079</u>	<u>5,187</u>	<u>3,842</u>
	<u>86,952</u>	<u>51,742</u>	<u>83,772</u>	<u>55,610</u>

	Year ended 31 December			Six months ended
	2017	2018	2019	30 June
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
				(unaudited)
Total comprehensive income attributable to:				
Equity holders of the Company	60,599	50,697	78,585	51,768
Non-controlling interests	16,113	1,079	5,187	3,842
	<u>76,712</u>	<u>51,776</u>	<u>83,772</u>	<u>55,610</u>
Dividends paid to Shareholders	–	31,730	32,246	37,238
Earnings per Share attributable to equity holders of the Company (RMB cents)	9.1	6.2	9.7	6.4
Dividend per Share for the year/period (HK cents)	4.5	4.5	5.0	–

Except as disclosed in the above summary of the audited consolidated financial results, there were no items of income or expenses which are material in the consolidated financial statements of the Group in any of the years ended 31 December 2017, 2018, and 2019 and in the six months ended 30 June 2020.

There was no modified opinion, emphasis of matter, or material uncertainty related to going concern contained in the auditors' report of the Group for any of the years ended 31 December 2017, 2018, and 2019.

## 2. INFORMATION INCORPORATED BY REFERENCE

Additional financial information of the Group as at and for the year ended 31 December 2019 has been published in the reports as follows:

- (a) The consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2019 is shown in the annual report of the Company for the year ended 31 December 2019 published on the website of the Company ([https://files.services/files/401/2020/0414/20200414181501\\_87574262\\_en.pdf](https://files.services/files/401/2020/0414/20200414181501_87574262_en.pdf)), on page 63.

- (b) The consolidated statement of financial position of the Group and the Company as at 31 December 2019 is shown in the annual report of the Company for the year ended 31 December 2019 published on the website of the Company ([https://files.services/files/401/2020/0414/20200414181501\\_87574262\\_en.pdf](https://files.services/files/401/2020/0414/20200414181501_87574262_en.pdf)), on page 64.
- (c) The consolidated statements of changes in equity for the Group and the Company for the year ended 31 December 2019 is shown in the annual report of the Company for the year ended 31 December 2019 published on the website of the Company ([https://files.services/files/401/2020/0414/20200414181501\\_87574262\\_en.pdf](https://files.services/files/401/2020/0414/20200414181501_87574262_en.pdf)), from pages 65 to 66.
- (d) The consolidated cash flow statement of the Group for the year ended 31 December 2019 is shown in the annual report of the Company for the year ended 31 December 2019 published on the website of the Company ([https://files.services/files/401/2020/0414/20200414181501\\_87574262\\_en.pdf](https://files.services/files/401/2020/0414/20200414181501_87574262_en.pdf)), from pages 67 to 68.

### 3. INDEBTEDNESS, CONTINGENCIES, AND COMMITMENTS

As at 30 June 2020:

- (a) the Group had outstanding loans and borrowings of approximately RMB578,823,000, which are secured with certain of the Group's property, plant and equipment with a carrying amount of RMB691.6 million and the Group's prepaid land lease payments with a carrying amount of RMB228.3 million; and
- (b) the Group had a capital commitment of RMB18,000 and an operating lease commitment of RMB131,000 of less than a year.

Save as disclosed above, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at 30 June 2020 (being the latest practicable date for the purpose of this indebtedness statement), the Group had no bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

### 4. MATERIAL CHANGES

The directors of the Company confirm that, as at the Latest Practicable Date, there were no material changes in the financial or trading position or outlook of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies (and accompanying notes) which are of major relevance for the interpretation of the financial statements of the Group are set out in the following documents issued by the Company:

- (a) the interim results announcement of the Company for the six months ended 30 June 2020 published on the website of the Company ([https://files.services/files/401/2020/0728/20200728193002\\_27019465\\_en.pdf](https://files.services/files/401/2020/0728/20200728193002_27019465_en.pdf)) on page 9;
- (b) the annual report of the Company for the year ended 31 December 2019 published on the website of the Company ([https://files.services/files/401/2020/0414/20200414181501\\_87574262\\_en.pdf](https://files.services/files/401/2020/0414/20200414181501_87574262_en.pdf)) from page 73 onwards;
- (c) the annual report of the Company for the year ended 31 December 2018 published on the website of the Company ([https://files.services/files/401/2019/0424/20190424180401\\_55645818\\_en.pdf](https://files.services/files/401/2019/0424/20190424180401_55645818_en.pdf)) from page 71 onwards; and
- (d) the annual report of the Company for the year ended 31 December 2017 published on the website of the Company ([https://files.services/files/401/2018/0427/20180427170100\\_69828973\\_en.pdf](https://files.services/files/401/2018/0427/20180427170100_69828973_en.pdf)) from page 73 onwards.

## 6. CHANGES IN ACCOUNTING POLICY

Save as disclosed below, there was no change in the Group's accounting policy during the years ended 31 December 2017, 2018, and 2019 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

### 6.1 New standard effective on 1 January 2019 (IFRS 16 – Leases)

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 evaluating the substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 on the Group's consolidated statement of financial position as at 1 January 2019 is as follows:

	<b>RMB'000</b>
	<b>Increase/ (Decrease)</b>
<b>Assets</b>	
Right-of-use assets	270,519
Prepaid land lease payments (current)	(7,983)
Prepaid land lease payments and other land related costs (non-current)	<u>(261,557)</u>
<b>Total Assets</b>	<b><u>979</u></b>
<b>Liabilities</b>	
Lease liability (current)	465
Lease liability (non-current)	<u>514</u>
<b>Total Liabilities</b>	<b><u>979</u></b>

The Group has lease contract for a crane and a prepaid land lease. Before the adoption of IFRS 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. Refer to note 5 (Leases) on pages 78 to 79 of the Company's annual report for the year ended 31 December 2019 for the accounting policy beginning 1 January 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases. Refer to note 5 (Leases) on pages 78 to 79 of the Company's annual report for the year ended 31 December 2019 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

*(a) Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities,

adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of RMB270,519,000 were recognised and presented separately in the Group's consolidated statement of financial position. This includes the land-use-right lease of RMB269,540,000 reclassified from prepaid land lease payments and other land related costs (non-current) and prepaid land lease payments (current).
- Lease liability of RMB979,000 was separately recognised on the Group's consolidated statement of financial position.

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	<i>RMB'000</i>
Operating lease commitments as at 31 December 2018	5,054
Less:	
Commitments relating to short-term leases	3,614
Commitments relating to leases of low-value assets	413
Add:	
New leases of the year commencing on 1 January 2019	<u>1,092</u>
Incremental borrowing rate as at 1 January 2019	<u>5.15%</u>
Lease liability recognised at 1 January 2019	<u><u>979</u></u>

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information to the Offer Shareholders with regard to the Offer and the Offeror.

The directors of the Offeror and Zhuhai Port jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; (iii) the Last Full Trading Day; and (iv) the Latest Practicable Date.

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
<b>2020</b>	
31 January	0.97
28 February	0.88
31 March	0.70
29 April	0.92
29 May	1.07
30 June	1.60
23 July ( <i>being the Last Full Trading Day</i> )	2.00
24 July ( <i>being the Last Trading Day</i> )	2.10
31 July	2.47
24 August ( <i>being the Latest Practicable Date</i> )	2.51

*Note:* Trading in the Shares on the Stock Exchange was halted at 1:00 p.m. on 24 July 2020 pending the release of the Joint Announcement.



**Highest and lowest Share prices**

During the Relevant Period,

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.53 per Share on 20 August 2020; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.68 per Share on 30 March 2020.

**3. DISCLOSURE OF INTERESTS OF THE OFFEROR**

The Offeror confirms that, as at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold, own or have control or direction over any voting rights and rights over the Shares, convertible securities, warrants, options or derivatives of the Company.

**4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

The Offeror confirms that, the Offeror and parties acting in concert with it, had not dealt in any Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into the Shares during the Relevant Period.

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the Irrevocable Undertakings as disclosed under the section headed “Irrevocable Undertakings” in the “Letter from Essence Corporate Finance” in this Composite Document, none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (b) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and parties acting in concert with it;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which may be material to the Offer;
- (d) there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer;
- (e) none of the Offeror or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (f) there is no arrangement in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (g) no benefit (other than statutory compensation) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (h) save for the Irrevocable Undertakings as disclosed under the section headed “Irrevocable Undertakings” in the “Letter from Essence Corporate Finance” in this Composite Document, there is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror and parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (i) save as disclosed in the paragraph headed “Financial resources available to the Offeror” under the section headed “The Offer” in the “Letter from Essence Corporate Finance” in this Composite Document on the charge over the Offer Shares, there is no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Offer being transferred, charged or pledged to any other persons;
- (j) there is no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between the Offeror and parties acting in concert with it and any other person;
- (k) other than the Offer Price under the Offer, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it in connection with the Offer;
- (l) save for the Irrevocable Undertakings as disclosed under the section headed “Irrevocable Undertakings” in the “Letter from Essence Corporate Finance” in this Composite Document, there is no understanding, arrangement, agreement or special deal (under Rule 25 of the Takeovers Code) between the Offeror or parties acting in concert with it on the one hand, and the Relevant Shareholders or parties acting in concert with them on the other hand; and
- (m) save for the Irrevocable Undertakings as disclosed under the section headed “Irrevocable Undertakings” in the “Letter from Essence Corporate Finance” in this Composite Document, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror or parties acting in concert with it or (b) the Company, its subsidiaries or associated companies.

As at the Latest Practicable Date, China Merchants Bank Co., Ltd., Hong Kong Branch does not hold any securities of the Company.

The 573,118,781 Undertaken Shares held by the Relevant Shareholders are set out as follow:

Name of the Shareholders	No. of Shares	Approximate % of the total issued Shares
Mr. Patrick Ng	47,108,037	5.78
Mr. Ng HW	29,200,037	3.59
Ms. Ng BB	10,125,002	1.24
Ms. Jane Ng	10,559,502	1.30
Shares jointly held by Mr. Ng HW, Ms. Ng BB and Ms. Jane Ng	191,250,000	23.48
BOS Trustee Limited ( <i>Note 1</i> )	207,000,000	25.42
<b>Total of the Ng Family</b>	<b>495,242,578</b>	<b>60.81</b>
Petroships ( <i>Note 2</i> )	77,876,203	9.56

*Notes:*

- 207,000,000 Shares were held by BOS Trustee Limited on trust for Mr. Ng HW, Ms. Jane Ng and Ms. Ng BB.
- Petroships is owned as to 90% by Mr. Alan Chan Hong Joo, who had retired as a non-executive Director on 28 May 2019 and 10% by Madam Ng Thiam Eng, respectively.

As confirmed by the Ng Family and Petroships, save for entering into the Irrevocable Undertakings, none of the Relevant Shareholders had dealt in any Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares during the Relevant Period.

## 5. EXPERTS AND CONSENTS

The following are the names and the qualifications of the professional advisers to the Offeror whose letter, opinion or advice are contained or referred to in this Composite Document:

Name	Qualification
Essence Corporate Finance	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Name	Qualification
Essence International Securities	a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO

Each of Essence Corporate Finance and Essence International Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter/report, and/or references to its name and logo in the form and context in which it appears.

## 6. MISCELLANEOUS

- (a) The Offeror is Zhuhai Port (Hong Kong) Co., Limited and is a company incorporated in Hong Kong and a directly wholly-owned subsidiary of Zhuhai Port which is held as to approximately 29.64% by Zhuhai Port Holdings. Zhuhai Port Holdings is wholly owned by the Zhuhai SASAC.

The principal members of the Offeror's concert group are the Offeror, Zhuhai Port, Zhuhai Port Holdings and the Zhuhai SASAC.

- (b) The registered office of the Offeror is 12/F., San Toi Building, 137-139 Connaught Road Central, Hong Kong.
- (c) The correspondence address of the Offeror is Room 202, No. 278 Lover's South Road, Xiangzhou District, Zhuhai City, Guangdong Province, the People's Republic of China.
- (d) The directors of the Offeror are Madam Chen Hong, Mr. He Yanchen and Mr. Luo Dun.
- (e) The registered address of Zhuhai Port is Unit 2001-2, No. 16 Rongwan Road, Nanshui Town, Zhuhai City, Guangdong Province, the People's Republic of China.
- (f) The correspondence address of Zhuhai Port is No. 278 Lover's South Road, Xiangzhou District, Zhuhai City, Guangdong Province, the People's Republic of China.
- (g) The directors of Zhuhai Port are Mr. Ou Huisheng, Mr. Huang Zhihua, Mr. Li Shaoshan, Madam Zhou Juan, Mr. Zou Junshan, Mr. Tian Qiusheng, Mr. Zhang Wenjing and Madam Lu Xiaoyan.

- (h) The registered office of Zhuhai Port Holdings is Unit 2401, 24/F., Gaolan Port Building, No. 16 Rongwan Road, Nanshui Town, Zhuhai City, Guangdong Province, the People's Republic of China.
- (i) The correspondence address of Zhuhai Port Holdings is No. 278 Lover's South Road, Xiangzhou District, Zhuhai City, Guangdong Province, the People's Republic of China.
- (j) The directors of Zhuhai Port Holdings are Mr. Ou Huisheng, Mr. Zhen Honglun, Mr. Li Ming, Madam Zhou Juan and Mr. Wu Shengbao.
- (k) The registered address of the Zhuhai SASAC is No. 362 Meihua East Road, Xiangzhou District, Zhuhai City, Guangdong Province, the People's Republic of China.
- (l) Essence International Securities is making the Offer for and on behalf of the Offeror and Essence Corporate Finance is the financial adviser to the Offeror relating to the Offer.
- (m) The registered office and correspondence address of each of Essence International Securities and Essence Corporate Finance is 39/F., One Exchange Square, Central, Hong Kong.
- (n) In the event of inconsistency, the English text of this Composite Document and the accompanying the Form of Acceptance shall prevail over the Chinese text.

**1. RESPONSIBILITY STATEMENT**

This Composite Document includes particulars disclosed in compliance with the Takeovers Code for the purpose of giving information with regard to the Group.

The board of directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document relating to the Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

In respect of the “Letter from the Independent Financial Adviser”, the sole responsibility of the board of directors of the Company has been to ensure that the facts stated therein relating to the Group are fair and accurate in all material respects.

**2. SHARE CAPITAL**

The Company is a company incorporated in the Republic of Singapore pursuant to the Singapore Companies Act, and there is no concept of authorised share capital under the Singapore Companies Act. As at the Latest Practicable Date:

- (a) the issued and paid-up share capital of the Company was S\$122,253,371 comprising 814,412,028 Shares in issue;
- (b) all of the Shares ranked pari passu in all respects as regards rights to capital, dividends, and voting;
- (c) there were no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Shares or securities which carry voting rights affecting the Shares; and
- (d) the Company had not issued any Shares since 31 December 2019 (being the date on which the latest published audited financial statements of the Group were made up).

**3. DISCLOSURE OF INTERESTS**

For the purpose of this section, “interested” has the same meaning as ascribed to that term in Part XV of the SFO.

### 3.1 Long Position in the Shares

As at the Latest Practicable Date, each of the following directors held a long position in respect of the Shares, the particulars of which are as follows:

Name of Director	Capacity/Nature of interest	Number of Shares interested or held	Total number of Shares interested or held	Approximate percentage of interest in the issued Shares (note 1)
Patrick Ng Bee Soon	Beneficial owner	47,108,039	47,108,037	5.78%
Kor Tor Khoon	Beneficial owner	5,133,800	5,158,800	0.63%
	Interest of spouse	25,000		
Jane Kimberly Ng Bee Kiok	Beneficial owner	10,559,502	408,809,502	50.20%
	Interests held jointly with other persons (note 2)	191,250,000		
	Beneficiary of a trust (other than a discretionary interest) (note 3)	207,000,000		
Lee Cheong Seng	Beneficial owner	3,100,000	3,100,000	0.38%
Tan Chian Khong	Beneficial owner	100,000	100,000	0.01%
Ting Yian Ann	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 the Latest Practicable Date.
2. 191,250,000 Shares were held by Ms. Jane Ng as beneficial owner jointly with Mr. Ng Han Whatt and Ms. Ng Bee Bee.
3. 207,000,000 Shares were held by BOS Trustee Limited on trust for Mr. Ng Han Whatt, Ms. Jane Ng, and Ms. Ng Bee Bee.

### 3.2 Confirmations

Except as disclosed in the section headed “Disclosure of Interests-Long Position in the Shares” above in this Appendix IV, as at the Latest Practicable Date:

- (a) the Company did not own any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror;
- (b) none of the directors of the Company was interested in any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror;

- (c) none of the directors of the Company was interested in any Shares, securities which carry voting rights in the Company, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company;
- (d) no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code, or person who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (e) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of “acting in concert” under the Takeovers Code, or who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of “associate” under the Takeovers Code, owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (f) none of the non-exempt discretionary fund managers connected with the Company owned, controlled, or managed any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (g) neither the Company nor any of the directors of the Company had borrowed or lent any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares; and
- (h) each director of the Company (to the extent that he/she is a Shareholder) had indicated his/her intention to accept the Offer.

#### **4. DEALINGS IN THE SHARES**

- (a) Save for entering into the Irrevocable Undertakings entered into by Mr. Patrick Ng and Ms. Jane Ng (among others), during the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, none of the directors of the Company dealt for value in any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company.



- (b) During the Offer Period and up to the Latest Practicable Date, no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or person who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.
- (c) During the Offer Period and up to the Latest Practicable Date, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of “acting in concert” under the Takeovers Code, or person who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of “associate” under the Takeovers Code, dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.
- (d) During the Offer Period and up to the Latest Practicable Date, none of the non-exempt discretionary fund managers connected with the Company dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

## **5. DEALINGS IN THE OFFEROR’S SHARES**

During the period beginning six months prior to the Offer Period and ending with the Latest Practicable Date, neither the Company nor any of the directors of the Company had dealt for value in any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror.

## **6. DIRECTORS’ SERVICE CONTRACTS**

Save for Mr. Kor Tor Khoon’s service contract commencing on 1 October 2019 and expiring on 30 September 2021 under which he is entitled to a fixed remuneration of S\$22,000 per month and variable remuneration in the form of a discretionary year-end bonus to be decided by the board of directors of the Company, as at the Latest Practicable Date, none of the directors or proposed directors of the Company had entered into any service contracts with the Company or any of its subsidiaries or associated companies (i) which are fixed term contracts with more than 12 months to run irrespective of notice period; (ii) which (including both continuous and fixed term contracts) have been entered into or amended during the Relevant Period; or (iii) which are continuous contracts with a notice period of 12 months or more.

## 7. MATERIAL LITIGATION

As at the Latest Practicable Date, (i) none of the members of the Group was engaged in any litigation, arbitration, or claim of material importance; and (ii) no litigation, arbitration, or claim of material importance was known to the board of directors of the Company to be pending or threatened by or against any member of the Group.

## 8. MATERIAL CONTRACTS

The Group did not enter into any material contract (not being contracts entered into in the ordinary course of business) during the period beginning on 29 July 2018 (i.e. two years before the commencement of the Offer Period) up to and including the Latest Practicable Date.

## 9. MISCELLANEOUS CONFIRMATIONS

- (a) As at the Latest Practicable Date, none of the directors of the Company had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offer.
- (b) Save for the Irrevocable Undertakings entered into by Mr. Patrick Ng and Ms. Jane Ng (among others), as at the Latest Practicable Date, there was no agreement or arrangement between any director of the Company and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) Save for the Irrevocable Undertakings entered into by Mr. Patrick Ng and Ms. Jane Ng (among others), as at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any of the directors of the Company had a material personal interest.

## 10. QUALIFICATIONS AND CONSENTS OF PROFESSIONAL ADVISERS

The following are the qualifications of each of the professional advisers to the Company who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document (in alphabetical order):

<b>Name</b>	<b>Qualification</b>
CMB International Capital Limited	a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Donvex Capital Limited	a corporation licensed by the SFC to carry out and type 6 (advising on corporate finance) regulated activity under the SFO

Each of the professional advisers named in above has given and has not withdrawn its written consents to the issue of this Composite Document with the inclusion therein of its recommendations, opinions, reports, and/or letters and/or the references to its name and/or recommendations, opinions, reports, and/or letters in the form and context in which they respectively appear.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on (i) the website of the Company at <http://www.xinghuaport.com>; and (ii) the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document until the end of the Offer Period:

- (a) the constitution of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the years ended 31 December 2018 and 2019;
- (d) the interim results announcement of the Company for the six months ended 30 June 2020;
- (e) the “Letter from Essence Corporate Finance”, the text of which is set out on pages 8 to 25 of this Composite Document;
- (f) the “Letter from the Board”, the text of which is set out on pages 26 to 30 of this Composite Document;
- (g) the “Letter from the Independent Board Committee”, the text of which is set out on pages 31 to 32 of this Composite Document;
- (h) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 33 to 57 of this Composite Document;
- (i) the Irrevocable Undertakings;
- (j) Mr. Kor Tor Khoon’s service contract as referred to in the section headed “6. Directors’ Service Contracts” in Appendix IV to this Composite Document;
- (k) the written consents referred to in the sections headed “5. Experts and Consents” in Appendix III and “10. Qualifications and Consents of Professional Advisers” in Appendix IV to this Composite Document; and
- (l) a copy of this Composite Document.