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## Xinghua Port Holdings Ltd.

### 興華港口控股有限公司\*

(Singapore Company Registration Number: 200514209G)  
(Incorporated in the Republic of Singapore with limited liability)  
(Hong Kong Stock Code: 1990)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### FINANCIAL RESULTS

The Board (the “Board”) of Directors (the “Director(s)”) of Xinghua Port Holdings Ltd. (the “Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017, with the relevant comparative figures for the year ended 31 December 2016 as follows:

#### Xinghua Port Holdings Ltd.

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 December		Variance
		2017	2016	
		RMB'000	RMB'000	
<b>Revenue</b>	1	<b>481,242</b>	444,507	8.3%
Other income and gains	2	<b>1,514</b>	3,234	-53.2%
Subcontract costs	3	<b>(92,593)</b>	(82,697)	12.0%
Distribution costs, consumables and fuel used	4	<b>(50,681)</b>	(32,156)	57.6%
Employee benefits expenses	5	<b>(42,134)</b>	(45,618)	-7.6%
Depreciation and amortisation expenses	6	<b>(49,471)</b>	(48,896)	1.2%
Leasing costs	7	<b>(20,217)</b>	(20,686)	-2.3%
Other operating expenses	8	<b>(50,466)</b>	(41,283)	22.2%
Other expenses	9	<b>(31,674)</b>	(13,338)	137.5%
Finance costs	10	<b>(36,238)</b>	(42,265)	-14.3%
Share of profits of an associate	11	<b>11,884</b>	12,369	-3.9%
<b>Profit before tax</b>	12	<b>121,166</b>	133,171	-9.0%
Income tax expenses	13	<b>(34,214)</b>	(33,435)	2.3%
<b>Profit for the year</b>	14	<b>86,952</b>	99,736	-12.8%

\* For identification purpose only

	<b>Year ended 31 December</b>		
<i>Notes</i>	<b>2017</b>	2016	Variance
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations	(10,239)	(22,825)	-55.1%
Other comprehensive income for the year, net of tax	<u>(10,239)</u>	<u>(22,825)</u>	<u>-55.1%</u>
<b>Total comprehensive income for the year</b>	<b><u>76,713</u></b>	<b><u>76,911</u></b>	<b><u>-0.3%</u></b>
<b>Profit attributable to:</b>			
Owners of the Company	70,768	84,126	-15.9%
Non-controlling interests	<u>16,184</u>	<u>15,610</u>	<u>3.7%</u>
	<b><u>86,952</u></b>	<b><u>99,736</u></b>	<b><u>-12.8%</u></b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	60,599	61,343	-1.2%
Non-controlling interests	<u>16,114</u>	<u>15,568</u>	<u>3.5%</u>
	<b><u>76,713</u></b>	<b><u>76,911</u></b>	<b><u>-0.3%</u></b>

**Xinghua Port Holdings Ltd.**  
**Consolidated Statement of Financial Position**

		<b>As at 31 December</b>	
	<i>Notes</i>	<b>2017</b>	<b>2016</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,037,300</b>	1,058,452
Prepaid land lease payments and other land related costs		<b>269,540</b>	277,523
Intangible assets		–	11
Goodwill		<b>106,549</b>	106,549
Investments in associates		<b>26,489</b>	26,974
Deferred tax assets		<b>8,044</b>	8,662
Prepayment for property, plant and equipment		<b>824</b>	1,242
		<hr/>	<hr/>
Total non-current assets		<b>1,448,746</b>	1,479,413
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>1,014</b>	936
Trade and bills receivables	<i>15</i>	<b>118,448</b>	108,395
Prepaid land lease payments		<b>7,983</b>	7,983
Prepayments, deposits and other receivables		<b>4,999</b>	6,059
Cash and cash equivalents		<b>87,403</b>	64,477
		<hr/>	<hr/>
Total current assets		<b>219,847</b>	187,850
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	<i>16</i>	<b>85,238</b>	62,720
Other payables and accruals		<b>98,398</b>	94,135
Provisions		–	1,074
Deferred income		<b>858</b>	858
Interest-bearing loans and bank borrowings		<b>72,000</b>	68,500
Tax payable		<b>5,740</b>	5,487
Amount due to ultimate holding company		–	495,972
		<hr/>	<hr/>
Total current liabilities		<b>262,234</b>	728,746
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(42,387)</b>	(540,896)
		<hr/>	<hr/>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2017</b>	<b>2016</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and bank borrowings		<b>552,375</b>	660,875
Deferred tax liabilities		<b>22,191</b>	19,659
Deferred income		<b>3,392</b>	4,294
		<hr/>	<hr/>
Total non-current liabilities		<b>577,958</b>	684,828
		<hr/>	<hr/>
<b>Net assets</b>		<b>828,401</b>	253,689
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>17</i>	<b>555,556</b>	–
Reserves		<b>192,414</b>	111,207
		<hr/>	<hr/>
		<b>747,970</b>	111,207
		<hr/>	<hr/>
Non-controlling interests		<b>80,431</b>	142,482
		<hr/>	<hr/>
<b>Total equity</b>		<b>828,401</b>	253,689
		<hr/>	<hr/>

## Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Cash flows from operating activities		
Profit before tax	121,166	133,171
Adjustments for:		
Finance costs	36,238	42,265
Share of profits of an associate	(11,884)	(12,369)
Bank interest income	(838)	(550)
Depreciation	41,476	40,793
Amortisation of prepaid land lease payments	7,984	7,983
Amortisation of intangible assets	11	120
(Reversal)/accrual of provision of inventories	(36)	205
Loss on disposal of items of property, plant and equipment	218	467
Loss on disposal of intangible assets	–	98
Foreign exchange differences	(3,010)	(115)
	<u>191,325</u>	<u>212,068</u>
(Increase)/decrease in inventories	(42)	2
(Increase)/decrease in trade receivables	(10,053)	954
Decrease/(increase) in prepayments, deposits and other receivables	1,060	(2,243)
Increase in trades payables	22,518	6,666
Increase in other payables and accruals	1,490	111
Decrease in provisions	(1,074)	(1,672)
Decrease in deferred income	(902)	(903)
	<u>204,322</u>	<u>214,983</u>
Cash generated from operations	204,322	214,983
Interest received	838	550
Interest paid	(36,238)	(42,265)
Income tax paid	(30,810)	(24,540)
	<u>138,112</u>	<u>148,728</u>
<b>Net cash flows from operating activities</b>	<b>138,112</b>	<b>148,728</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of property, plant and equipment	(17,412)	(48,890)
Proceeds from disposal of items of property, plant and equipment	60	1,111
Dividend income from an associate	12,369	11,838
	<u>(4,983)</u>	<u>(35,941)</u>
<b>Net cash flows used in investing activities</b>	<b>(4,983)</b>	<b>(35,941)</b>

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	<b>99,375</b>	–
Repayment of loans and borrowings	<b>(204,375)</b>	(67,625)
Increase in amount due to ultimate holding company	–	10
Repayment of amount due to ultimate holding company	<b>(3,230)</b>	(964)
Dividends paid to non-controlling shareholders	<b>(2,000)</b>	–
	<hr/>	<hr/>
<b>Net cash flows used in financing activities</b>	<b>(110,230)</b>	(68,579)
Net increase in cash and cash equivalents	<b>22,899</b>	44,208
Cash and cash equivalents at beginning of year	<b>64,477</b>	20,184
Effects of foreign exchange rate changes, net	<b>27</b>	85
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>87,403</b>	64,477
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### A. GENERAL INFORMATION

Xinghua Port Holdings Ltd. is a company incorporated in the Republic of Singapore. Pursuant to the special resolution of the then sole corporate shareholder dated 10 April 2017, the Company changed its name from “Pan-United Infrastructure Ltd.” to “Xinghua Port Holdings Pte. Ltd.”. Pursuant to the special resolution of the then sole corporate shareholder dated 17 October 2017, the Company further changed its name to “Xinghua Port Holdings Ltd.”. The address of the Company’s registered office is 7 Temasek Boulevard, #16-01, Suntec Tower One, Singapore 038987. The Company completed its listing by way of introduction on 12 February 2018 and the Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) since 12 February 2018.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries.

The Company is an investment holding company and its subsidiaries (together, the “Group”) are principally engaged in the operations of two ports and the related services in the People’s Republic of China (the “PRC”).

In preparation of the listing, the Group underwent a reorganisation (the “Reorganisation”). Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the listing document of the Company dated 29 December 2017.

### B. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are carried at fair value. The financial statements are presented in Renminbi (RMB) and all values are rounded to the nearest thousand (RMB’000), except when otherwise indicated. The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

### C. MANAGEMENT DISCUSSION AND ANALYSIS

#### Business overview

Pulp and paper imported into China increased by 12.5%, from 21.1 million tonnes in 2016 to 23.7 million tonnes in 2017 (source from: 2017年中國紙漿進口數據分析 (1-12月) by 中商產業研究院). The growth came from increasing demand for tissues paper, packaging paper and adult diapers. The Group has outperformed the market growth rate for pulp and paper as it handled 14.9% increased in volume, from 4.1 million tonnes to 4.7 million tonnes. In addition, the average handling fee for pulp and paper has increased from RMB44.7 per tonne to RMB47.3 per tonne, an increase of 5.8%.

New Zealand logs (“NZ logs”) imported into China grew by 20.0% from 12.0 million cubic metre in 2016 to 14.4 million cubic metre in 2017 (source from: China Data Sources at www.wood.data.com). However, the Group’s NZ logs volume handled decreased by 6.4% from 2.6 million cubic metre to 2.4 million cubic metre due to competition. However, despite the competition, the Group managed to improve its NZ logs average handling fee by 8.4% from RMB32.2 per cubic metre to RMB34.9 per cubic metre through value-accredited measures for our customers.

China total export steel decreased by 30.6% from 108.4 million tonnes to 75.2 million tonnes in 2017 (source from: www.mysteel.com). As a result, the Group handled a 14.2% lower steel volume from 3.7 million tonnes to 3.2 million tonnes affected by mainly weaker export steel market.

The containers continued to improve by 5.0% from 119,346 TEUs to 125,362 TEUs due to increasing container businesses from the vehicle parts logistics centre set up to support the local car assembly plant.

The other general cargoes increased by 11.5% from 0.29 million tonnes to 0.33 million tonnes mainly due to increase volume in borax and Calcium Chloride cargo. In the year, we have added a new borax customer and now the Group is handling imported borax cargo from the world’s two largest producers of borax.

The project equipment cargo decreased by 9.9% from 0.59 million cubic metre to 0.53 million cubic metre due to delay in some projects on the Chinese One Belt, One Road initiative.

As at 31 December 2017, the Group had cash and cash equivalents amounting to RMB87.4 million (2016: RMB64.5 million) and the Group’s bank borrowings had decreased significantly by RMB105.0 million to RMB624.4 million. This reflects our strong and prudent financial management.

In the year, there was no major event that affected the operations of the ports.

## 1. Revenue

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

	Year ended 31 December		Variance
	2017 RMB’000	2016 RMB’000	
<b>Revenue</b>			
Stevedoring income	<b>426,648</b>	398,778	7.0%
Storage income	<b>47,785</b>	39,886	19.8%
Rental income	<b>2,611</b>	3,176	-17.8%
Others	<b>4,198</b>	2,667	57.4%
	<hr/>	<hr/>	<hr/>
Total	<b>481,242</b>	444,507	8.3%
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<b>Volume handled</b>	<b>Year ended 31 December</b>		<b>Variance</b>
	<b>2017</b>	<b>2016</b>	
Pulp and paper cargo (tonnes)	<b>4,726,314</b>	4,113,028	14.9%
Steel cargo (tonnes)	<b>3,157,680</b>	3,681,553	-14.2%
Logs (cubic metre)	<b>2,387,605</b>	2,550,615	-6.4%
Project equipment (cubic metre)	<b>528,581</b>	586,902	-9.9%
Other general cargo (tonnes)	<b>326,438</b>	292,784	11.5%
Containers (TEUs)	<b>125,362</b>	119,346	5.0%
<b>Total volume handled (tonnes)</b>	<b>13,007,048</b>	13,015,072	-0.1%

One cubic metre is approximately equal to one tonne.

One TEU is approximately equal to 15 tonnes.

<b>Average handling fee</b>	<b>Year ended 31 December</b>		<b>Variance</b>
	<b>2017</b>	<b>2016</b>	
Steel cargo (RMB per tonne)	<b>25.6</b>	24.3	5.3%
Logs (RMB per cubic metre)	<b>34.9</b>	32.2	8.4%
Project equipment (RMB per cubic metre)	<b>27.4</b>	31.7	-13.6%
Other general cargo (RMB per tonne)	<b>117.7</b>	109.3	7.7%
Containers (RMB per TEU)	<b>269.7</b>	270.3	-0.2%
Pulp and paper cargo (RMB per tonne)	<b>47.3</b>	44.7	5.8%
Average handling fee (exclude container) RMB per tonne	<b>50.6</b>	48.4	4.5%

Despite a stable total cargo volume handled, the revenue improved by 8.3% to RMB481.2 million due to better average handling fee achieved.

## **2. Other income and gains**

Other income and gains decreased by 53.2% mainly due to a non-recurring reversal of long overdue creditors of RMB1.3 million in FY2016.

## **3. Subcontract costs**

The subcontract costs increased by 12.0% mainly due to higher minimum wages. The minimum wage of Changshu city increased from RMB1,820 per month to RMB1,940 per month with effect from 1 July 2017.

**4. *Distribution costs, consumables and fuel used***

The distribution costs, consumables and fuel used increased by 57.6%. Of which, the distribution costs and consumables increased 71.1% and was attributable to i) the increase in pulp and paper cargo distribution expenses as a result of higher pulp and paper cargo volume handled at CCIP; ii) higher containers trucking costs at CXP on the back of increased container throughput; and iii) the increase in consumables used by customers for their cargo.

Fuel cost increased by 30.7% in FY2017 when comparing to FY2016 mainly due to the increase in oil price.

**5. *Employees benefits expenses***

The employee benefit expenses decreased by 7.6% mainly due to i) lower bonus paid; and ii) lower overtime incurred.

**6. *Depreciation and amortisation expenses***

Depreciation and amortisation expenses increased by 1.2% mainly due to the addition of fixed assets such as a new warehouse and port equipment.

**7. *Leasing costs***

The leasing costs decreased by 2.3% due mainly to the reduction in leasing of external storage space.

**8. *Other operating expenses***

Other operating expenses increased by 22.2% due to higher maintenance costs incurred in accordance with the timing for the maintenance schedule of jetty, stack yard, equipment and port facilities.

**9. *Other expenses***

Other expenses increased by 137.5% due mainly to expenses of RMB20.0 million incurred in FY2017 for the listing by way of introduction in the SEHK. The listing expenses are mostly non-recurring in nature.

**10. *Finance costs***

Bank loan interest expense decreased by 14.3% due to the decrease in loan balances by the early payment of a bank borrowing amounted to RMB100.0 million in the financial year. Bank borrowing balance was RMB624.4 million as at 31 December 2017 (FY2016: RMB729.4 million).

**11. *Share of profit of an associate***

Share of profits from an associate decreased by 3.9% due to higher operating costs at our associate, Changshu Westerlund Warehousing Co., Ltd. (“CWW”).

## 12. Profit before tax

Profit before tax decreased by 9% mainly due to the listing expenses of RMB20.0 million incurred.

## 13. Income tax expenses

The corporate tax rate in Singapore is 17% and in the PRC is 25%. Due to the tax treaty between Singapore and the PRC, the Company currently enjoys a concession withholding tax rate of 5%, instead of a normal rate of 10%.

The Company applied a 5% withholding tax rate to the 95% of net profit of Changshu Xinghua Port Co., Ltd., an indirect non-wholly owned subsidiary of the Company, in computing the Group's income tax. At the subsidiary level, we applied a 25% corporate tax rate.

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Current tax	31,063	26,146
Deferred tax	3,151	7,289
	<hr/>	<hr/>
Total tax charge for the year	<b>34,214</b>	<b>33,435</b>
	<hr/> <hr/>	<hr/> <hr/>

## 14. Profit for the year

The net profit decreased by 12.8% from RMB99.7 million in FY2016 to RMB87.0 million in FY2017 mainly because the Group incurred RMB20.0 million of listing expenses in FY2017 in relation to the listing by way of introduction on 12 February 2018 on the SEHK.

If excluding these mostly non-recurring expenses, the net profit for FY2017 would be RMB106.8 million, representing a growth rate of 7.1% and the net profit margin would be 22.2%.

## 15. Trade and bills receivables

Trade receivables of the Group are non-interest-bearing and are normally settled on 30 to 45 days. The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. The Group considered factors such as the probability of insolvency or significant financial difficulties of the debtor, and default or significant delay in payment. Our average trade receivables turnover day was 86 days (FY2016: 89 days).

<b>Trade receivables Ageing analysis</b>	<b>As at 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 3 months	<b>79,031</b>	72,677
More than 3 months to 1 year	<b>28,452</b>	23,356
More than 1 to 2 years	–	2,192
More than 2 to 3 years	<b>2,192</b>	5,153
Over 3 years	<b>8,599</b>	3,465
	<hr/>	<hr/>
<b>Trade receivables</b>	<b>118,274</b>	106,843
	<hr/>	<hr/>
<b>Bills receivables</b>	<b>174</b>	1,552
	<hr/>	<hr/>
<b>Trade and bills receivables</b>	<b>118,448</b>	108,395
	<hr/>	<hr/>
<b>Trade receivables not individually nor collectively impaired</b>	<b>As at 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Neither past due nor impaired	<b>79,031</b>	72,677
Past due but not impaired		
Within 3 months	<b>24,857</b>	22,873
More than 3 months	<b>14,386</b>	11,293
	<hr/>	<hr/>
	<b>118,274</b>	106,843
	<hr/>	<hr/>

As at 31 December 2017, the Group had trade receivables amounting to RMB39.2 million (2016: RMB34.2 million) that were past due but not impaired. Included in these trade receivables is an amounts of RMB10.8 million (2016: RMB10.8 million) attributed primarily to the rental income of Changshu Changjiang International Port Co., Ltd., an indirect non-wholly owned subsidiary of the Company, that were more than one year overdue. This amount was subsequently collected in January 2018.

As part of our internal policy, we require settlement of all outstanding payments in full prior to the last batch of cargo being released by us from the warehouses or stack yards. Based on our past experience, our Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

There is no impairment loss in the year ended 31 December 2017 (FY2016: Nil) in respect of trade receivables.

## 16. Trade payables

Trade payables primarily comprise outstanding amounts payable by us to our third-party suppliers, such as subcontractors and suppliers. These include payment for purchase of services, consumables and fuel and spare parts for equipment maintenance. Our trade payables are non-interest-bearing and are normally settled on a 30 to 90 days' term. Our average trade payable turnover day was 98 days (FY2016: 90 days)

Trade payables	As at 31 December	
	2017 RMB'000	2016 RMB'000
Within 1 year	72,318	47,545
More than 1 to 2 years	2,696	4,103
Over 2 years	10,224	11,072
	<u>85,238</u>	<u>62,720</u>

## 17. Share capital

In the year, the share capital of the Company had increased from RMB10 to RMB555.6 million due to i) capitalisation of shareholders loan of RMB500.0 million and ii) the share swap arrangement with Petroships of RMB55.6 million.

## 18. Final Dividend

The Board has recommended the payment of a final dividend of HK4.5 cents (2016: Nil) per ordinary share for the year ended 31 December 2017 to shareholders, representing a dividend payout ratio of 41.5%.

The dividend payment is subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held in due course.

## 19. Earnings per share

Earnings per share (RMB per share)	Year ended 31 December	
	2017	2016
Attributable to ordinary equity holders of the Company	<u>0.09</u>	<u>n.m.</u>

Note:

n.m.: Not meaningful

Earnings per ordinary share on existing issued share capital are computed based on the number of shares in issue of 778,762,028 shares as at 31 December 2017.

## **20. Cash flows statement**

Our cash flow from operating activities primarily comprise our profit before tax adjusted for non-cash items, such as depreciation and provision for obsolete inventories and changes in working capital.

Net cash inflow from operating activities for the year ended 31 December 2017 was RMB138.1 million while our profit before tax for the same period was RMB121.2 million. The difference of RMB16.9 million primarily reflected the adjustments by income statement items with non-cash effect and non-operating cash items of increase by RMB33.9 million, income taxes paid of RMB30.8 million, a cash outflow of adjustment for working capital of RMB13.0 million and interest received of RMB0.8 million.

Our cash flow used in investing activities mainly consists of payment of acquisition of property, plant and equipment. Our cash flow generated from investing activities mainly consists of dividend income from an associate.

Net cash used in investing activities for the year ended 31 December 2017 was RMB5.0 million, which is mainly attributable to purchase of property, plant and equipment of RMB17.4 million, offset by dividend income from an associate of RMB12.4 million.

Our cash flow used in financing activities mainly consists of repayment of loans and borrowing and dividends paid to shareholders. Our cash flow generated from financing activities mainly consists of proceeds from loans and borrowing.

Net cash used in financing activities for the year ended 31 December 2017 was RMB110.2 million, which is mainly attributable to proceeds from loans and borrowings of RMB99.4 million, repayment of loans and borrowings of RMB104.4 million according to loan contracts, early payment of a bank borrowing amounted to RMB100.0 million to reduce excess cash holding, repayment to ultimate holding company of RMB3.2 million, dividends paid to non-controlling shareholders of RMB2.0 million.

Our cash and cash equivalents at end of the year increased by RMB22.9 million to RMB87.4 million.

## **D. FUTURE DEVELOPMENTS OF THE GROUP**

According to the report by Frost & Sullivan (“F&S”), the market size by revenue of port logistics service industry in the Changjiang River Delta is projected to grow at a commendable compounded annual growth rate of 10.4% from 2017 to 2021. F&S projected the revenue of port logistic service industry in the Changjiang River Delta to be RMB83.8 billion in 2018.

Domestic consumption is gradually picking up, thanks to greater local purchasing power and improved consumer confidence. Hence the Group expects demand for pulp and paper and NZ logs to increase and we want to maintain our market leading position in these cargo segment. As the PRC is a country with lower forest coverage than the global average, the PRC government has strengthened its efforts on forest protection through various approaches such as the release of The Notice of State Forestry Bureau about Strict Protection of Natural Forest, which would intensify the country's dependence on pulp from overseas sources and further drive the port logistics service industry in this sector. According to F&S, the market size by revenue of the port logistic service industry in the pulp segment in the Changjiang River Delta is expected to reach RMB485.9 million by 2021, at a compounded annual growth rate of 11.9% from 2017.

As logging is strictly controlled and regulated in the PRC, about 60% of the logs consumption volume in the PRC is imported from overseas. Revenue of the port logistic service industry in the logs segment in the PRC is expected to grow at a compounded annual growth rate of 15.1% from 2017 to 2021 to reach RMB1.5 billion in 2021.

The Group will continue to diversify its cargo mix to ensure sustainable cargo and revenue growth and to tap into higher margin market. We also want to align our growth in handling export equipment cargo with the Chinese One Belt, One Road initiative.

We will continue to look to improve berth utilisation and operational efficiency in order to optimise the return on our assets. The synergies derived from the two ports have helped to better serve our stakeholders and increased efficiency as we continue with our integrated logistics hub-and-spoke strategy for our core cargo.

We will explore strategic opportunities and seek to strengthen our business relationships with key customers and business partners. Our customers are global and expanding. We want to grow together with existing and new customers.

We will continue to scout for management talent and enhance our internal training to prepare our people for our growth strategy.

#### **E. MAJOR EVENT AFTER THE YEAR ENDED 31 DECEMBER 2017**

After the year ended 31 December 2017, the Company completed its listing by way of introduction on 12 February 2018 and the Company's shares have been listed on the Main Board of SEHK since 12 February 2018.

Following the listing, the Company will change its functional currency from Singapore dollar to RMB.

#### **F. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There was no purchase, redemption or sale of listed securities of the Company for the year ended 31 December 2017 as the listing of the Company took place only on 12 February 2018.

## **G. REVIEW BY AUDIT COMMITTEE**

The Audit Committee of the Company comprises three independent non-executive directors and one non-executive director as at the date of this statement and they are:

Mr. Tan Chian Khong (AC Chairman and Independent non-executive director)  
Mr. Lee Cheong Seng (Non-executive director)  
Mr. Soh Ee Beng Ann (Independent non-executive director)  
Mr. Ting Yian Ann (Independent non-executive director)

The Audit Committee has reviewed the Group's annual results for year ended 31 December 2017.

## **H. COMPLIANCE WITH CORPORATE GOVERNANCE CODES**

The Group has applied the principles and the extent of compliance with all applicable code provisions as set out in the Corporate Governance Code (the "HK CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

## **I. COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules on the Stock Exchange as the code of conduct for dealing in securities of the Company by the Directors. To ensure Directors' dealings in the securities of the Company (the "Securities") are conducted in accordance with the Model Code, a Director is required to notify the Chairman of the Board in writing and obtain a written acknowledgement from him prior to any dealings in the Securities.

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

The listing of the Company took place on 12 February 2018. All Directors have confirmed that upon specific enquiries made by the Company, they had complied with the Model Code during the period from 12 February 2018 and up to the date of this announcement. The Directors had not dealt in the securities of the Company for the year ended 31 December 2017 and also for the period thereafter to the date of this statement except as follows:

- i. Pursuant to the De-merger exercise of the ultimate holding company, Pan-United Corporation Ltd ("PanU"), which involves a distribution in specie of the entire issued share capital of our Company ("Xinghua Share") held by PanU to all PanU Entitled Shareholders on the basis of one Xinghua Shares for every PanU Share held, the following Directors received Xinghua Shares on 9 February 2018 in proportion to their interests in the PanU Shares:
  - a. Mr. Patrick Ng Bee Soon – 34,962,037 Xinghua Shares
  - b. Mr. Kor Tor Khoon – 2,333,800 Xinghua Shares
  - c. Ms. Jane Kimberly Ng Bee Kiok – 408,809,502 Xinghua Shares
  - d. Mr. Lee Cheong Seng – 2,500,000 Xinghua Shares



- ii. Pursuant to the share swap arrangement with Petroships, the Company allotted and issued 77,876,203 Xinghua Shares to Petroships, which is majority owned by our non-executive Director Mr. Alan Chan Hong Joo.
- iii. Pursuant to the Share Incentive Scheme, a one-time share incentive scheme established by the Company for the benefit of selected and key employees and directors of PanU Group and the Group and certain business partners of the Group, the following Directors participated in the Share Incentive Scheme and received their Xinghua Shares on 9 February 2018:
  - a. Mr. Kor Tor Khoon – 2,800,000 Xinghua Shares
  - b. Mr. Lee Cheong Seng – 600,000 Xinghua Shares
  - c. Mr. Tan Chian Khong – 100,000 Xinghua Shares

#### **J. AUDIT OF REVIEW OF THE FINANCIAL RESULTS**

The consolidated annual results of the Group for the year ended 31 December 2017 have been agreed by the Company's auditors, Ernst & Young LLP, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young LLP in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

#### **K. ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of annual general meeting will be published and dispatched to the shareholders of the Company in due course.

#### **L. PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEX") at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.xinghuaport.com](http://www.xinghuaport.com). The annual report of the Company for the year ended 31 December 2017 will be dispatched to the Shareholders and published on the respective websites of the HKEX and the Company in due course.

On Behalf of the Board of Directors

**Patrick Ng**  
*Executive Chairman*

**Edward Kor**  
*Chief Executive Officer*

Hong Kong, 23 February 2018

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Patrick Ng Bee Soon, Mr. Kor Tor Khoon and Ms. Jane Kimberly Ng Bee Kiok; two non-executive Directors, namely Mr. Alan Chan Hong Joo and Mr. Lee Cheong Seng; and three independent non-executive Directors, namely Mr. Tan Chian Khong, Mr. Soh Ee Beng and Mr. Ting Yian Ann.*