兴华港口
XINGHUA PORT

(Incorporated in the Republic of Singapore with limited liability)

Stock Code: 01990

2019 INTERIM REPORT

XINGHUA PORT HOLDINGS LTD.
INTERIM REPORT 2019

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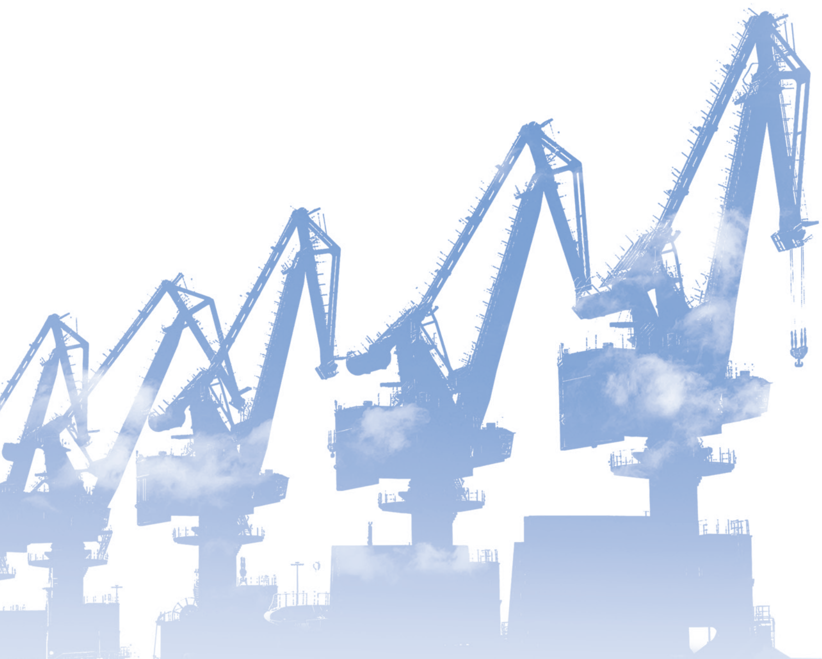


COMPANY PROFILE

Xinghua Port Holdings Ltd. (the "**Company**" or "**Xinghua**", together with its subsidiaries, the "**Group**") owns and operates in the People's Republic of China (the "**PRC**" or "**China**", respectively) two highly accessible multi-purpose ports in Changshu City, Jiangsu Province; namely the Changshu Xinghua Port (the "**CXP Port**") operated by Changshu Xinghua Port Co., Ltd ("**CXP**") and the adjacent Changshu Changjiang International Port (the "**CCIP Port**") operated by Changshu Changjiang International Port Co., Ltd. ("**CCIP**"), which was acquired in early 2014.

The ports are strategically located near the mouth of the Changjiang River and serve a vast economic zone that spans across east and central PRC. Xinghua's geographical edge has delivered a proven track record, both as an international port and a cargo transshipment gateway, for the robust domestic and export markets. The Group has grown rapidly into a key regional hub for handling high-value finished steel products and project equipment cargo, as well as import cargo, including pulp and paper and logs cargo for domestic consumption. The Group focuses on the handling of higher-value cargo, such as pulp and paper cargo which caters to the growing domestic consumption of lifestyle paper products; project equipment cargo to take advantage of increased opportunities afforded by the Belt and Road initiative ("**BRI**"); and containers to better leverage on the strategic location of CXP Port and CCIP Port for container transhipments upstream using river barges that cruise along the Changjiang River.

The Group can handle a wide range of vessels from river barges to 85,000 deadweight tonnage ("**DWT**") ocean-going vessels. The two ports occupy a total land area of 1,360,307 square metres, stretching across a total berth length of approximately 2.57 kilometres and boasting water depths of up to 13.3 metres. Together, CXP Port and CCIP Port have a total of 16 multi-purpose berths, 18 shore cranes, two quay cranes, a mobile harbour crane, 20 warehouses and stack yards with a combined total area of approximately 1.0 square kilometre.

The Group continues to manage its cargo mix to ensure sustainable cargo volume and revenue growth. It has been pursuing an integrated logistics hub-and-spoke strategy for its core cargo to attract new customers and retain existing customers.

BOARD OF DIRECTORS

Executive Directors

Mr. Patrick NG Bee Soon *(Chairman)*
Mr. KOR Tor Khoon *(Chief Executive Officer)*
Ms. Jane Kimberly NG Bee Kiok

Non-executive Directors

Mr. Alan CHAN Hong Joo *(retired on 28 May 2019)*
Mr. LEE Cheong Seng

Independent Non-executive Directors

Mr. TAN Chian Khong
Mr. SOH Ee Beng
Mr. TING Yian Ann

BOARD COMMITTEES

Audit Committee

Mr. TAN Chian Khong *(Chairman)*
Mr. LEE Cheong Seng
Mr. SOH Ee Beng
Mr. TING Yian Ann

Remuneration Committee

Mr. SOH Ee Beng *(Chairman)*
Mr. TING Yian Ann
Ms. Jane Kimberly NG Bee Kiok

Nomination Committee

Mr. Patrick NG Bee Soon *(Chairman)*
Mr. TAN Chian Khong
Mr. SOH Ee Beng

AUTHORISED REPRESENTATIVES

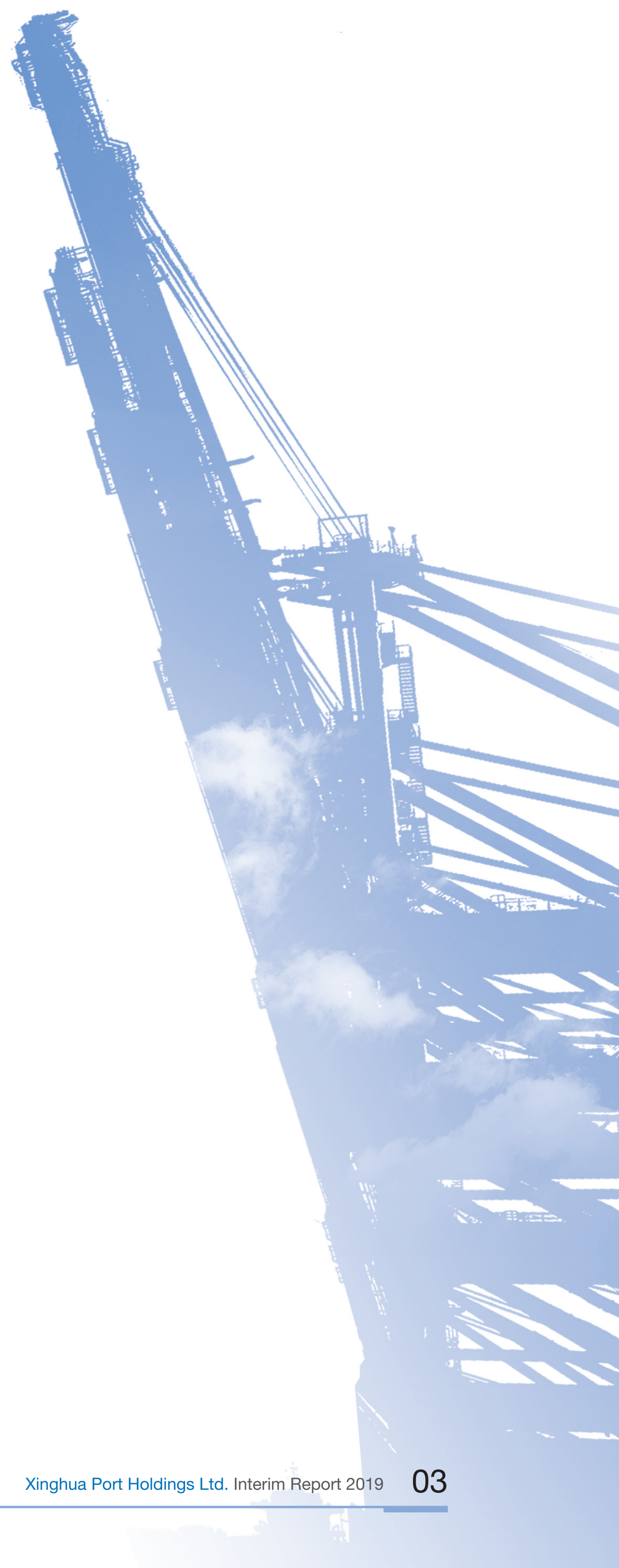
Sir KWOK Siu Man KR
Ms. Jane Kimberly NG Bee Kiok

JOINT COMPANY SECRETARIES

Sir KWOK Siu Man KR
Mr. CHO Form Po

REGISTERED OFFICE AND HEAD OFFICE IN SINGAPORE

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



CORPORATE INFORMATION

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

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F., 148 Electric Road
North Point
Hong Kong

INDEPENDENT AUDITOR

Ernst & Young LLP

PRINCIPAL BANKS

Bank of China Ltd.
Bank of Ningbo
CIMB Bank Berhad

COMPLIANCE ADVISER

CGS-CIMB Securities (Hong Kong) Limited *(resigned on 2 August 2019)*
China Galaxy International Securities (Hong Kong) Co., Limited *(appointed on 2 August 2019)*

INVESTOR RELATIONS CONSULTANT

Unicorn Financial Company Limited

COMPANY WEBSITE

www.xinghuaport.com

DATE OF LISTING

12 February 2018

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

English/Chinese Stock Short Names

Xinghua Port/興華港口

Stock Code

01990

RESULTS

	For the six months ended 30 June		
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Variance %
Revenue	194,403	212,320	(8.4)
Profit before tax	51,183	41,086	24.6
Profit for the period	36,499	25,117	45.3
Profit attributable to:			
Equity holders of the Company	34,465	24,708	39.5
Non-controlling interests	2,034	409	397.3
Profit for the period	36,499	25,117	45.3
Earnings per share (RMB cents per share)	4.2	3.0	40.0

STATEMENT OF FINANCIAL POSITION

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	Variance %
Net current assets/(liabilities)	36,664	(11,386)	nm
Total equity	924,049	889,550	3.9
Total loans and borrowings	547,375	579,375	(5.5)

Note: nm means not meaningful

KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Net profit ratio (%)	18.8	11.8
Interest coverage ratio (times)*	4.4	3.5

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Net debt to total equity and net debt ratio (%)	33.0	34.8

Note: * include share of profits of an associate

OPERATION STATISTICS

	For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Total cargo throughput (million tonnes)	6.4	7.0
CXP berth utilisation rate (%)	53	77
CCIP berth utilisation rate (%)	33	32

BUSINESS OVERVIEW

The Group's financial performance for the six months ended 30 June 2019 was stable after the CCIP Port resumed full operations from 12 September 2018, recovering from a lengthy stop work order from 1 April 2018 to 12 September 2018.

China's economic growth in the first half of 2019 has slumped to 6.3%, its lowest growth rate in nearly three decades (source: CNN Business) as the world's second largest economy by nominal gross domestic product ("**GDP**") feels the heat of the prolonged trade war with the United States of America (the "**USA**").

The Group handled 4.6 million tonnes of total cargo for the six months ended 30 June 2019 which was evenly contributed, at 2.3 million tonnes in the first quarter of 2019 and 2.3 million tonnes in the second quarter of 2019.

The total volume of cargo handled by the Group decreased by 10.6% from 5,186,915 tonnes for the six months ended 30 June 2018 to 4,636,536 tonnes for the six months ended 30 June 2019. The decrease was due to the exceptional high total cargo volume registered in first quarter of 2018, prior to the stop work orders imposed on the CXP Port and the CCIP Port in April 2018. Furthermore, China's GDP increased by 6.8% in the first half of 2018 (source: China Daily), reflecting a better market sentiment than compared to the weaker first half of 2019 caused by the uncertainties of the China-USA trade war.

The Group's revenue decreased by 8.4% from Renminbi ("**RMB**") 212.3 million for the six months ended 30 June 2018 to RMB194.4 million for the six months ended 30 June 2019. The Group's profit before tax during the six months ended 30 June 2019, however increased by 24.6% from RMB41.1 million for the six months ended 30 June 2018 to RMB51.2 million for the six months ended 30 June 2019, primarily due to the decrease in distribution costs, consumables and fuel used and other expenses. The distribution costs had decreased in the six months ended 30 June 2019 mainly due to the additional logistic costs incurred for moving logs cargo to outside the port storage in the six months ended 30 June 2018 to create storage space for pulp and paper cargo. Also, the distribution costs had decreased because the management of the Group (the "**Management**") had negotiated a lowered subcontract forklift driver costs from 1 January 2019. The lower consumables costs for the six months ended 30 June 2019 were due to the higher purchase of tarpaulin and dunnage for the increased storage of pulp and paper on stacking yard for the six months ended 30 June 2018. The lower fuel costs were due to lower total cargo volume handled for the six months ended 30 June 2019.

Save as disclosed in this interim report, there was no other major event that affected the operations of the Group's business during the six months ended 30 June 2019.

REVENUE

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

	Six months ended 30 June		
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Variance %
Stevedoring income	155,300	175,757	(11.6)
Storage income	36,904	32,961	12.0
Rental income	940	979	(4.0)
Other	1,259	2,623	(52.0)
Total	194,403	212,320	(8.4)

Stevedoring income decreased by 11.6% from RMB175.8 million for the six months ended 30 June 2018 to RMB155.3 million for the six months ended 30 June 2019. The total cargo volume handled decreased by 10.6%, primarily resulting from the decrease in volume of project equipment cargo and logs cargo, each down by 209,669 cubic metres and 218,748 cubic metres, respectively.

The storage income derived from Changshu Westerlund Warehousing Co., Ltd. ("**CWW**") had increased due to the higher inventory of pulps and paper cargo held at the CXP Port, offset by the decrease in storage income at the CCIP Port mainly because there was a one-off fee received from the relevant courts for the final settlement and removal of the court sealed steel cargo from three of the CCIP's warehouses during the six months ended 30 June 2018. If excluding this one-off fee, the storage income at the CCIP Port would be higher for the six months ended 30 June 2019.

Rental income has decreased marginally by 4.0% mainly due to the reduction in rental of office space to customers and agents.

Other income decreased by 52.0% from RMB2.6 million for the six months ended 30 June 2018 to RMB1.3 million for the six months ended 30 June 2019 resulting from lower sales of fuel and consumables to customers and subcontractors.

REVENUE (Continued)

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

	Six months ended 30 June		
	2019	2018	Variance %
Pulp and paper cargo (tonnes)	2,268,456	2,417,665	(6.2)
Steel cargo (tonnes)	872,878	893,039	(2.3)
Logs (cubic metre)[(1)]	498,697	717,445	(30.5)
Project equipment (cubic metre)[(1)]	92,443	302,112	(69.4)
Other general cargo (tonnes)	106,587	127,954	(16.7)
Containers (TEUs)[(2)]	53,165	48,580	9.4
Total volume handled (tonnes)	4,636,536	5,186,915	(10.6)

Notes:

(1) One cubic metre is approximately equal to one tonne.

(2) One TEU is approximately equal to 15 tonnes.

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

	Six months ended 30 June		
	2019	2018	Variance %
Pulp and paper cargo (RMB per tonne)	52.5	47.3	11.0
Steel cargo (RMB per tonne)	27.3	37.2	(26.6)
Logs (RMB per cubic metre)	33.7	32.1	5.0
Project equipment (RMB per cubic metre)	28.6	22.1	29.4
Other general cargo (RMB per tonne)	149.3	143.8	3.8
Containers (RMB per TEU)	262.2	265.9	(1.4)
Average handling fee (exclude containers) (RMB per tonne)	47.0	44.7	5.1

Note: The cargo average handling fee is calculated by dividing the revenue of relevant cargo type by the relevant cargo tonnages.

The average handling fee for pulp and paper cargo has improved by 11.0% from RMB47.3 per tonne for the six months ended 30 June 2018 to RMB52.5 per tonne for the six months ended 30 June 2019 due to higher storage income from slower moving pulp and paper cargo inventory.

The decrease of the average handling fee for steel cargo of 26.6% from RMB37.2 per tonne for the six months ended 30 June 2018 to RMB27.3 per tonne for the six months ended 30 June 2019 was mainly due to a one-off fee collected in February 2018 from the relevant courts for the final settlement and removal of the court sealed cargo from three of the CCIP's warehouses. If excluding this one-off fee collected in February 2018, the average handling fee for steel cargo would decrease by 6.8% for the six months ended 30 June 2019 in tandem with the lower average international steel price.

The average handling fee for project equipment cargo increased by 29.4% from RMB22.1 per cubic metre for the six months ended 30 June 2018 to RMB28.6 per cubic metre mainly due to longer storage period outside free storage period.

OTHER INCOME AND GAINS

Other income and gains increased by 114.8% from RMB751,000 for the six months ended 30 June 2018 to RMB1.6 million for the six months ended 30 June 2019 mainly attributable to (i) the gain on disposal from sales of assets, (ii) increase in penalty income collected from subcontractors due to the violation of the Company's safety procedures by subcontracted workers, and (iii) additional value added tax deductible allowed by the Chinese government during the six months ended 30 June 2019.

SUBCONTRACT COSTS

Subcontract costs decreased by 8.3% from RMB36.6 million for the six months ended 30 June 2018 to RMB33.5 million for the six months ended 30 June 2019 mainly due to the decrease in the total cargo volume handled.

DISTRIBUTION COSTS, CONSUMABLES AND FUEL USED

Distribution costs, consumables and fuel used decreased by 49.7% from RMB25.6 million for the six months ended 30 June 2018 to RMB12.9 million for the six months ended 30 June 2019. The distribution costs had decreased in the six months ended 30 June 2019 mainly due to the additional logistic costs incurred for moving logs cargo to outside the port storage in the six months ended 30 June 2018 to create storage space for pulp and paper cargo. Also, the distribution costs had decreased because Management had negotiated a lowered subcontract forklift driver costs from 1 January 2019. The lower consumables costs for the six months ended 30 June 2019 were due to the higher purchase of tarpaulin and dunnage for the increased storage of pulp and paper cargo on stacking yard for the six months ended 30 June 2018. The lower fuel costs were due to the lower total cargo volume handled for the six months ended 30 June 2019.

EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by 30.5% from RMB22.3 million for the six months ended 30 June 2018 to RMB29.1 million for the six months ended 30 June 2019 mainly due to (i) expansion of Management team since the second half of 2018; (ii) higher bonus accrued for the six months ended 30 June 2019; and (iii) higher pension and social security contribution in the six months ended 30 June 2019.

As the Group's port operations and financial performance for the year ended 31 December 2018 ("**FY2018**") were adversely affected by the stop work orders, a lower bonus was paid out correspondingly. As the Group works towards normalising the port operations and improving the financial performance in this current year, it is expected to incur a higher bonus payment.

DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and amortisation expenses increased by 19.8% from RMB24.5 million for the six months ended 30 June 2018 to RMB29.3 million for the six months ended 30 June 2019 due to the adjustments made in the second half year of 2018 to lower the residual values across all categories of properties, plant and equipment based on prevailing market conditions.

LEASING COSTS

Leasing costs decreased by 45.3% from RMB10.4 million for the six months ended 30 June 2018 to RMB5.7 million for the six months ended 30 June 2019 mainly due to termination of certain rental equipment that are no longer required and external storage space.

OTHER OPERATING EXPENSES

Other operating expenses decreased by 26.1% from RMB27.4 million for the six months ended 30 June 2018 to RMB20.2 million for the six months ended 30 June 2019 mainly due to lower costs incurred for safety related expenses and legal fees.

OTHER EXPENSES

Other expenses decreased by 65.1% from RMB13.4 million for the six months ended 30 June 2018 to RMB4.7 million for the six months ended 30 June 2019 mainly due to the remaining balance of professional service fees incurred in respect of the listing of the shares of the Company (the "**Shares**") in issue on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**" and "**SEHK**", respectively) in the first half year of 2018.

FINANCE COSTS

Bank loan interest expenses decreased by 8.7% from RMB16.4 million for the six months ended 30 June 2018 to RMB15.0 million for the six months ended 30 June 2019 which was in tandem with the lower bank loans balance. As at 30 June 2019, the bank loans balance was RMB547.4 million (as at 31 December 2018: RMB579.4 million), a decrease of RMB32.0 million.

SHARE OF PROFITS OF AN ASSOCIATE

Share of profits of an associate increased by 23.0% from RMB4.5 million for the six months ended 30 June 2018 to RMB5.5 million for the six months ended 30 June 2019 as the net profit of CWW, an associate of the Group, increased from higher average pulp cargo handling fee achieved.

PROFIT BEFORE TAX

Profit before tax increased by 24.6% from RMB41.1 million for the six months ended 30 June 2018 to RMB51.2 million for the six months ended 30 June 2019 mainly due to lower costs and overheads, and higher share of profits of an associate. The lower costs were mainly due to lower distribution costs, consumables and fuel used and other expenses.

INCOME TAX EXPENSE

The corporate tax rates in the Republic of Singapore ("**Singapore**") and in the PRC are 17% and 25%, respectively. Due to the existing tax treaty between Singapore and the PRC, the Group currently enjoys a concession withholding tax rate of 5%, instead of the normal tax rate of 10%, for any dividend flow from the Group's PRC subsidiary to the Group's Singapore subsidiary.

The Company applied a 5% withholding tax rate to 95% of CXP's net profit to the Group's income tax expense for the six months ended 30 June 2019.

INCOME TAX EXPENSE (Continued)

The breakdown of the total tax charge as follows:

	Six months ended 30 June		
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Variance %
Current tax	18,740	12,921	45.0
Deferred tax	(4,056)	3,048	(233.1)
Total tax charge for the period	14,684	15,969	(8.0)

The decrease in income tax expense was mainly due to a deferred tax assets recognised. The Group charged deferred tax liabilities of RMB0.2 million for the withholding tax applicable to 95% of CXP's net profit and deferred tax assets of RMB4.2 million for losses incurred at CCIP available for offsetting against future taxable profits.

PROFIT FOR THE PERIOD

Profit increased by 45.3% from RMB25.1 million for the six months ended 30 June 2018 to RMB36.5 million for the six months ended 30 June 2019 mainly due to the reductions in distribution costs, consumables and fuel costs and other expenses and higher share of profit from an associate, offset by the decrease in revenue as mentioned above.

EARNINGS PER SHARE

Earnings per ordinary share on the existing issued share capital are computed based on the number of Shares in issue of 814,412,028 as at 30 June 2019:

	Six months ended 30 June		
	2019 (Unaudited)	2018 (Unaudited)	Variance %
Earnings per share (RMB cents per share)			
Attributable to equity holders of the Company	4.2	3.0	40.0

PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2019, certain of the Group's property, plant and equipment with a carrying amount of RMB703.0 million (as at 31 December 2018: RMB704.9 million) were pledged to secure the Group's loans and borrowings.

PREPAID LAND LEASE PAYMENT AND OTHER LAND RELATED COSTS

As at 30 June 2019, the Group's prepaid land lease payments with a carrying amount of RMB235.4 million (as at 31 December 2018: RMB238.9 million) were pledged to secure certain loans and borrowings of the Group.

GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2019 (as at 31 December 2018: RMB106.5 million) arose from the acquisition of a 90% equity interest in CCIP in 2014.

International Accounting Standard 36 requires an entity to perform impairment tests on goodwill on an annual basis. Management did not identify any significant adverse changes in the future operating results of the ports and has concluded that the carrying value of the goodwill as at 30 June 2019 remained appropriate.

TRADE AND BILLS RECEIVABLES

Trade receivables of the Group are non-interest-bearing and are normally settled on credit terms of 30 to 45 days. The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset should be impaired. The Group considered factors such as the probability of insolvency or significant financial difficulties of the debtors and their default or significant delay in payment, historical bad debts and outlook of each industry that used cargo like pulps, steel, project equipment, logs and containers. The average trade receivables turnover day for the six months ended 30 June 2019 was 69 days (31 December 2018: 84 days).

The ageing analysis of the trade and bills receivables based on the invoice date is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	Variance %
Within 3 months	64,674	57,087	13.3
More than 3 months to 1 year	11,676	6,454	80.9
Trade receivables	76,350	63,541	20.2
Less: Provision for doubtful debts	(707)	(707)	–
Bills receivables	3,572	5,675	(37.1)
Trade and bills receivables	79,215	68,509	15.6

TRADE AND BILLS RECEIVABLES (Continued)

The ageing analysis of the trade receivables that are not considered to be individually nor collectively impaired is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	Variance %
Neither past due nor impaired	64,674	57,087	13.3
Past due but not impaired:			
Within 3 months	10,969	5,154	112.8
More than 3 months	–	593	(100.0)
	75,643	62,834	20.4
Past due and impaired	707	707	–
Trade receivables	76,350	63,541	20.2

As at 30 June 2019, the Group had trade receivables amounting to approximately RMB11.0 million (31 December 2018: RMB5.7 million) that were past due but not impaired.

As part of the Group's internal policies, customers are required to settle all outstanding payments in full prior to the last batch of cargo being released to the customers from the warehouses or stack yards. The Group made a provision for bad debts of RMB386,362 for CXP and RMB320,870 for CCIP in relation to a customer for the export of project equipment cargo as at 31 December 2018. Accordingly, there was an impairment loss of RMB0.7 million as at 30 June 2019.

CASH AND CASH EQUIVALENTS

The Group monitors its risk to a shortage of funds through close monitoring of trade receivables collection, managing payments to vendors and having sufficient banking facilities in place. The objective is to maintain a balance between continuity of cash generated from operations and flexibility through the use of loans and borrowings.

As at 30 June 2019, the cash and cash equivalents of the Group were about RMB91.7 million (31 December 2018: RMB105.1 million), of which, 35% of the cash were denominated in RMB, 55% of the cash were in Singapore dollar ("**S$**"), 8% of the cash were in Hong Kong dollar and 2% of the cash were in United States dollar ("**US$**").

TRADE PAYABLES

Trade payables primarily comprise the outstanding amounts payable by the Group to third-party suppliers, such as subcontractors and suppliers. These include payments for purchase of services, consumables and fuel and spare parts for equipment maintenance. The Group's trade payables are non-interest-bearing and are normally settled on a 30 to 90 days' term. The average trade payables turnover day for the six months ended 30 June 2019 was 84 days (31 December 2018: 108 days).

TRADE PAYABLES (Continued)

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	Variance %
Within 1 year	43,416	48,246	(10.0)
More than 1 year to 2 years	1,330	2,694	(50.6)
Over 2 years	4,595	3,809	20.6
Trade payables	49,341	54,749	(9.9)

LOANS AND BORROWINGS

As at 30 June 2019, the loans and borrowings were denominated in RMB and secured with certain of the Group's property, plant and equipment with a carrying amount of RMB703.0 million and the Group's prepaid land lease payments with a carrying amount of RMB235.4 million.

The effective interest rate for the six months ended 30 June 2019 ranged from 5.15% to 5.82% per annum. The interest rate is pegged against the People's Bank of China's published rate with a certain spread.

The maturity profile of the loans and borrowings is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	Variance %
Within one year	36,375	97,000	(62.5)
In the second year	21,000	113,000	(81.4)
In the third to fifth years, inclusive	90,000	334,000	(73.1)
Beyond five years	400,000	35,375	nm
Loans and borrowings	547,375	579,375	(5.5)

Note: nm means not meaningful.

SHARE CAPITAL

The share capital of the Company remained at RMB597.7 million as at 30 June 2019.

CASH FLOW STATEMENT

Net cash inflow from operating activities after changes in working capital for the six months ended 30 June 2019 was RMB54.7 million while the profit before income tax for the same period was RMB51.2 million. The difference of RMB3.5 million primarily reflected adjustments to the income statement items for non-cash items such as depreciation and amortization of assets of RMB29.3 million, deduction of share of profit of an associate of RMB5.5 million, income taxes paid of RMB19.5 million, loss on disposal of property, plant and equipment of RMB0.7 million and a decrease in working capital of RMB0.1 million.

CASH FLOW STATEMENT (Continued)

Net cash used in investing activities for the six months ended 30 June 2019 was RMB34.1 million, which was mainly attributable to the purchase of property, plant and equipment of RMB43.9 million, offset by proceeds from the disposal of property, plant and equipment of RMB1.2 million, dividend income from an associate of RMB8.2 million and investment capital reduction in an associate of RMB0.5 million.

Net cash used in financing activities for the six months ended 30 June 2019 was RMB34.0 million, which was mainly attributable to the proceeds from loans and bank borrowings of RMB523.4 million, repayment of loans and bank borrowings of RMB555.4 million and dividends paid to non-controlling shareholder of a subsidiary of RMB2.0 million.

As at 30 June 2019, the Group's cash and cash equivalents was RMB91.7 million (31 December 2018: RMB105.1 million), of which, 35% was denominated in RMB.

CAPITAL STRUCTURE, LIQUIDITY AND GEARING

As at 30 June 2019, the Group's loans and borrowings were denominated in RMB and amounted to RMB547.4 million (31 December 2018: RMB579.4 million).

The net debt to total equity and net debt ratio as at 30 June 2019 was 33.0% (31 December 2018: 34.8%).

The Group aims to maintain the net debt to total equity and net debt ratio at a healthy level in order to support its operations. The principal strategies adopted by the Group include, but not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment and financing plans.

As at 30 June 2019, the Group had three banking facilities of S$10.0 million, RMB100.0 million and RMB80.0 million, respectively, which can be draw down to support its working capital requirements.

The Group did not breach any borrowing covenants during the six months ended 30 June 2019. The loan agreements did not have any covenants relating to specific performance of the controlling shareholders of the Company.

FOREIGN CURRENCY RISK

The Group's operations and customers are primarily located in the PRC with a majority of the Group's assets, liabilities and transactions denominated and settled in RMB. Accordingly, the Group's foreign currency risk is not material.

The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures, if necessary.

INTEREST RATE RISK

The Group's interest rate risk arising from the changes in interest rates related primarily to its loans and borrowings.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any contingent liabilities (31 December 2018: Nil).

FUTURE DEVELOPMENTS OF THE GROUP

The Group expects the trade war between China and USA to persist and the Chinese economy to grow at a slower pace of about 6.2% according to the estimation from World Bank. As such, the external environment in the second half of the year is expected to be more uncertain and market sentiment could be more pessimistic resulting in further downward pressure on the Chinese economy. However, the fundamentals for the long-term stable development of the overall Chinese economic are unlikely to change. The domestic market continues to be conducive for achieving economic and social development throughout the year.

As at 30 June 2019, total pulp and paper imported into China was 12.6 million tonnes. It is expected that the full year pulps tonnages imported into China to be similar to FY2018 at about 25.0 million tonnes (source: 中國紙網)

As at 30 June 2019, total export steel from China was 34.4 million tonnes. China is expected to export steel of about 65.0 to 70.0 million tonnes in the full year of 2019, similar to the FY2018 level (source: 中國鋼材價格網).

For the first five months of 2019, New Zealand logs imported into China increased by 23.7% to 7.4 million cubic metres despite that average price had dropped (source: Daily Timber News). With the current price level, buyers are unwilling to commit to pricing, hence, the outlook for the second half of 2019 is uncertain due to the continuous falling price, Management views that the total New Zealand logs imported into China for the full year of 2019 should be of similar level in FY2018 due to the high import level in the first five months of 2019.

The Group wants to align its growth in cargo volume with the PRC's BRI. Even though, the BRI projects did not take off as planned, the Group is of the view that in the longer term, the BRI should benefit the Chinese economy and our ports as more project equipment cargo should be shipped along the Changjiang river of China.

The Group will also continue to focus on a higher value cargo mix to ensure healthy sustainable growth in cargo volume.

The berth utilisation rate for CXP was 53% for the six months ended 30 June 2019 (30 June 2018: 77%) and for CCIP was 33% for the six months ended 30 June 2019 (30 June 2018: 32%). Management would focus to improve the berth utilisation rate for the rest of the year in order to optimise the return on its assets.

As safety is the key to the success of the ports operations, Management will continue to educate, document, control and manage every safety process of port operations.

The Group will explore strategic opportunities and seek to strengthen its business relationships with key customers and business partners (both existing and new), most of whom are global and expanding companies.

The Group will also continue to scout for talent and enhance its internal training to better prepare the team to embrace its growth strategy.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 473 full time employees (31 December 2018: 491). The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

The Group provides competitive remuneration packages to retain employees, including salaries, discretionary bonus, medical insurance, various allowances and benefits in kind as well as mandatory Central Provident Fund scheme for employees in Singapore and pension scheme for employees in the PRC.

DONATIONS

The Group has committed to a five years donation plan from 2017 to 2021 to make a total contribution of RMB250,000 to the Changshu General Charity (the "**Charity**"). As at 30 June 2019, the Group has already contributed RMB100,000 to the Charity.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Unaudited 2019 RMB'000	Unaudited 2018 RMB'000
Revenue	5	194,403	212,320
Other income and gains	5	1,613	751
Subcontract costs		(33,535)	(36,564)
Distribution costs, consumables and fuel used		(12,876)	(25,617)
Employee benefit expenses		(29,054)	(22,258)
Depreciation and amortisation expenses		(29,306)	(24,468)
Leasing costs		(5,675)	(10,383)
Other operating expenses		(20,228)	(27,386)
Other expenses		(4,653)	(13,351)
Finance costs	6	(15,001)	(16,427)
Share of profits of an associate		5,495	4,469
Profit before tax	7	51,183	41,086
Income tax expense	10	(14,684)	(15,969)
Profit for the period		36,499	25,117
Other comprehensive income representing item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		–	34
Other comprehensive income for the period, net of tax		–	34
Total comprehensive income for the period		36,499	25,151
Profit attributable to:			
Equity holders of the Company		34,465	24,708
Non-controlling interests		2,034	409
Profit for the period		36,499	25,117
Total comprehensive income attributable to:			
Equity holders of the Company		34,465	24,742
Non-controlling interests		2,034	409
Total comprehensive income for the period		36,499	25,151
Earnings per share attributable to equity holders of the Company (RMB cents per share)	12	4.2	3.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	Group		Company	
		30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Non-current assets					
Property, plant and equipment	13	1,023,492	1,006,361	–	–
Prepaid land lease payments and other land related costs	14	257,565	261,557	–	–
Intangible assets	15	822	934	–	–
Goodwill	16	106,549	106,549	–	–
Investments in subsidiaries	28	–	–	685,197	685,197
Investments in associates	17	19,636	22,768	–	–
Deferred tax assets	18	16,730	12,485	–	–
Prepayment for property, land and equipment		1,715	615	–	–
Total non-current assets		1,426,509	1,411,269	685,197	685,197
Current assets					
Inventories	19	1,429	1,244	–	–
Trade and bills receivables	20	79,215	68,509	–	–
Prepaid land lease payments		7,983	7,983	–	–
Prepayments, deposits and other receivables	21	18,814	28,504	15,285	21,753
Cash and cash equivalents	22	91,667	105,068	11,367	6,753
Total current assets		199,108	211,308	26,652	28,506
Current liabilities					
Trade payables	23	49,341	54,749	224	168
Other payables and accruals	24	70,630	63,676	1,109	1,000
Deferred income	25	429	858	–	–
Loans and borrowings	26	36,375	97,000	–	–
Tax payable		5,669	6,411	–	–
Total current liabilities		162,444	222,694	1,333	1,168
Net current assets/(liabilities)		36,664	(11,386)	25,319	27,338
Non-current liabilities					
Loans and borrowings	26	511,000	482,375	–	–
Deferred tax liabilities	18	25,658	25,469	–	–
Deferred income	25	2,466	2,489	–	–
Total non-current liabilities		539,124	510,333	–	–
Net assets		924,049	889,550	710,516	712,535
Equity attributable to equity holders of the Company					
Share capital	27	597,659	597,659	597,659	597,659
Reserves		245,846	211,381	112,857	114,876
		843,505	809,040	710,516	712,535
Non-controlling interests		80,544	80,510	–	–
Total equity		924,049	889,550	710,516	712,535

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Group	Attributable to equity holders of the Company							
	Share capital RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2019 (audited)	597,659	22,164	16,838	(376,960)	549,339	211,381	80,510	889,550
Profit for the period	–	–	–	–	34,465	34,465	2,034	36,499
Total comprehensive income for the period	–	–	–	–	34,465	34,465	2,034	36,499
Contributions by and distributions by equity holders								
Dividends paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	(2,000)	(2,000)
As at 30 June 2019 (unaudited)	597,659	22,164	16,838	(376,960)	583,804	245,846	80,544	924,049
As at 1 January 2018 (audited)	555,556	22,164	16,804	(376,960)	530,406	192,414	80,431	828,401
Profit for the period	–	–	–	–	24,708	24,708	409	25,117
Exchange differences on translation of foreign operations	–	–	34	–	–	34	–	34
Total comprehensive income for the period	–	–	34	–	24,708	24,742	409	25,151
Contributions by and distributions by equity holders								
Issuance of new shares	42,103	–	–	–	–	–	–	42,103
As at 30 June 2018 (unaudited)	597,659	22,164	16,838	(376,960)	555,114	217,156	80,840	895,655

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Company	Attributable to equity holders of the Company				
	Share capital RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Total equity RMB'000
As at 1 January 2019 (audited)	597,659	6,059	106,609	112,668	710,327
Loss for the period	–	–	(2,019)	(2,019)	(2,019)
Total comprehensive loss for the period	–	–	(2,019)	(2,019)	(2,019)
As at 30 June 2019 (unaudited)	597,659	6,059	104,590	110,649	708,308
As at 1 January 2018 (audited)	555,556	5,428	110,543	115,971	671,527
Loss for the period	–	–	(3,934)	(3,934)	(3,934)
Exchange differences on translation of foreign operations	–	631	–	631	631
Total comprehensive income/(loss) for the period	–	631	(3,934)	(3,303)	(3,303)
Issuance of new shares	42,103	–	–	–	42,103
As at 30 June 2018 (unaudited)	597,659	6,059	106,609	112,668	710,327

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Unaudited 2019 RMB'000	Unaudited 2018 RMB'000
Cash flows from operating activities			
Profit before tax	7	51,183	41,086
Adjustments for:			
Finance costs	6	15,001	16,427
Share of profits of an associate		(5,495)	(4,469)
Interest income	5	(297)	(333)
Depreciation of property, plant and equipment	13	25,204	20,403
Amortisation of prepaid land lease payments and other land related costs	14	3,992	3,992
Amortisation of intangible assets	15	112	73
Reversal of write down of inventories	19	–	(24)
(Gain)/loss on disposal of property, plant and equipment		(727)	205
Foreign exchange differences		–	18
Cash flow from operating activities before changes in working capital		88,973	77,378
Increase in inventories		(185)	(282)
(Increase)/decrease in trade and bills receivables		(10,707)	31,860
Decrease/(increase) in prepayments, deposits and other receivables		9,690	(21,291)
Decrease in trade payables		(5,408)	(13,647)
Increase/(decrease) in other payables and accruals		6,954	(24,745)
Decrease in deferred income		(452)	(452)
Cash generated from operations		88,865	48,821
Interest received		297	333
Interest paid		(15,001)	(16,427)
Income tax paid		(19,480)	(12,894)
Net cash flows from operating activities		54,681	19,833
Cash flows from investing activities			
Purchase of property, plant and equipment	Note A	(43,901)	(24,592)
Proceeds from disposal of property, plant and equipment		1,193	328
Dividend income from an associate		8,156	–
Investment capital reduction in an associate		470	–
Net cash flows used in investing activities		(34,082)	(24,264)
Cash flows from financing activities			
Proceeds from loans and borrowings		523,375	30,000
Repayment of loans and borrowings		(555,375)	(25,000)
Issuance of new shares		–	42,103
Dividends paid to non-controlling shareholder of a subsidiary		(2,000)	–
Net cash flows (used in)/from financing activities		(34,000)	47,103
Net (decrease)/increase in cash and cash equivalents		(13,401)	42,672
Cash and cash equivalents at beginning of the year	22	105,068	87,403
Effect of foreign exchange rate changes, net		–	17
Cash and cash equivalents at end of the period	22	91,667	130,092
Note A: Reconciliation on purchase of property, plant and equipment			
Addition of property, plant and equipment		42,801	7,128
Addition of intangible assets		–	1,108
Amount paid for the purchase of property, plant and equipment of prior period		1,100	16,356
		43,901	24,592

1. CORPORATE INFORMATION

The Company was incorporated in Singapore. The registered office of the Company is at 7 Temasek Boulevard, #16-01, Suntec Tower One, Singapore 038987. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 18 July 2017 and its principal place of business in Hong Kong is at 31/F., 148 Electric Road, North Point, Hong Kong. The Company completed its listing by way of introduction on 12 February 2018 and the Shares in issue have been listed on the Main Board of SEHK since 12 February 2018.

The unaudited consolidated financial statements of the Group as at 30 June 2019 and for the six months ended 30 June 2019 (the "**Consolidated Financial Statements**") comprise the financial statements of the Group.

The Group owns and operates in the PRC two highly accessible multi-purpose ports in Changshu City, Jiangsu province, PRC, namely CXP Port, operated by CXP and the adjacent CCIP Port, operated by CCIP.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and International Financial Reporting Standards ("**IFRSs**"). The Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are carried at fair value. The Consolidated Financial Statements are presented in RMB and all values are rounded to the nearest thousand ("**RMB'000**"), except when otherwise indicated. The Group adopted RMB as its functional currency following the Listing. The accounting policies adopted are consistent with those of the previous financial year except for the six months ended 30 June 2019, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

3. IFRS STANDARDS ISSUED

The Group has adopted the following standards applicable to the Group as per the effective dates shown below:

Description	Effective for annual periods beginning on or after
International Financial Reporting Interpretations Committee ("**IFRIC**") 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 16 Leases	1 January 2019

Further information about these IFRSs that were adopted by the Group is as follows:

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 was issued in June 2017. International Accounting Standards ("**IAS**") 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

3. IFRS STANDARDS ISSUED (Continued)

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, IFRIC 15 Operating Leases – Incentives and IFRIC 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 account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transaction provisions permit certain reliefs. The Group has adopted IFRS 16 on 1 January 2019. As lessee for commitment of more than 1 year to 5 years, based on the Group's undiscounted operating lease commitments of RMB720,000 as at 30 June 2019 (as at 31 December 2018: RMB1.4 million) as set out in Note 29(b) to the Consolidated Financial Statements.

The Group has adopted IFRS 16 and IFRIC 23 from 1 January 2019.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one reportable operating segment which is the provision of port operating services. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since the Group solely operates in the PRC and all of the non-current assets of the Group are located in the PRC, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from an individual customer which amounted to more than 10% of the Group's revenue for the six months ended 30 June 2019 is set out below:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Customer A	99,782	100,192

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of services provided after trade discounts.

An analysis of the Group's revenue and other income and gains for the six months ended 30 June 2019 is as follows:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue		
Stevedoring income	155,300	175,757
Storage income	36,904	32,961
Rental income	940	979
Others	1,259	2,623
Total revenue	194,403	212,320

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other income and gains		
Interest income from cash in bank	297	333
Scrap income	64	165
Penalty income	125	65
Gain on disposal of property, plant and equipment	726	68
Government grants	22	–
Others	379	120
Total other income and gains	1,613	751

6. FINANCE COSTS

An analysis of the Group's finance costs for the six months ended 30 June 2019 is as follows:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on loans and borrowings	15,001	16,427

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax for the six months ended 30 June 2019:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Employee benefit expenses (including directors' and chief executive's remuneration as set out in Note 8):		
Wages and salaries	23,784	16,793
Pension and social security	3,390	5,465
Audit fee paid to:		
auditor of the Company	462	351
member firm of the auditor of the Company	286	132
Non-audit fee paid to member firm of the auditor of the Company	27	26
Non-audit fee paid to other auditors of the Company	–	153
(Gain)/loss on disposal of items of property, plant and equipment	(727)	309
Depreciation of property, plant and equipment (Note 13)	25,204	20,403
Amortisation of prepaid land lease payments and other land related costs (Note 14)	3,992	3,992
Amortisation of intangible assets (Note 15)*	112	73
Leasing costs	5,675	10,383
Foreign exchange loss	15	32

Note: * The amortisation of intangible assets is included in "Depreciation and amortisation expenses" in the Consolidated Statement of Profit or Loss and Comprehensive Income.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the directors (the "**Directors**") and chief executive of the Company for the six months ended 30 June 2019 are as follows:

	Group			
	Patrick Ng Bee Soon ("**Patrick Ng**") RMB'000	Kor Tor Khoon RMB'000	Jane Kimberly Ng Bee Kiok ("**Jane Ng**") RMB'000	Total RMB'000
For the six months ended 30 June 2019 (Unaudited)				
Salaries, allowances and bonuses	1,003	1,338	314	2,655
Pension scheme contributions	78	84	24	186
Total	1,081	1,422	338	2,841

Mr. Patrick Ng and Ms. Jane Ng had decided to voluntarily waive a substantial portion of their remuneration for a full 12-month period from 1 April 2018 to 31 March 2019 after they took into consideration the adverse impact which the accident at the CCIP Port had on the Group's financial performance for the financial year ended 31 December 2018. Mr. Kor Tor Khoon had also similarly waived a substantial portion of his remuneration for the period of 1 June 2018 to 31 December 2018.

The above remuneration of Mr. Patrick Ng and Ms. Jane Ng comprised only the remuneration which they received for the period of 1 April 2019 to 30 June 2019.

	Group			
	Patrick Ng RMB'000	Kor Tor Khoon RMB'000	Jane Ng RMB'000	Total RMB'000
For the six months ended 30 June 2018 (Unaudited)				
Salaries, allowances and bonuses	358	1,350	278	1,986
Pension scheme contributions	15	71	11	97
Total	373	1,421	289	2,083

The above remuneration of Mr. Patrick Ng and Ms. Jane Ng comprised only the remuneration which they received for the period of 1 January 2018 to 31 March 2018.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included the individuals, whose remuneration are set out in Note 8 above. Details of the remuneration for the six months ended 30 June 2019 of the remaining highest paid employees of the Group are as follows:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Salaries, allowances and bonuses	712	686
Pension scheme contributions	85	79
Total	797	765

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands for the six months ended 30 June 2019 is as follows:

	2019 (Unaudited)	2018 (Unaudited)
Nil to RMB1,000,000	2	2

Save as disclosed above, in the six months ended 30 June 2019, no highest paid employees waived or agreed to waive any emoluments and no emoluments were paid by the Group to them as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for Singapore current income tax is based on the statutory rate of 17% of the assessable profits of the Company and its Singapore subsidiaries.

The provision for the PRC current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Company.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong in the six months ended 30 June 2019.

10. INCOME TAX EXPENSE (Continued)

The major components of income tax expense for the six months ended 30 June 2019 are as follows:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax	18,740	12,921
Deferred tax (Note 18)	(4,056)	3,048
Total tax charge for the period	14,684	15,969

A reconciliation of the tax expense and the product of accounting profit multiplied by the corporate tax rate for the six months ended 30 June 2019 is as follows:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Profit before tax	51,183	41,086
Tax at the statutory tax rates of 17% (2018: 17%)	8,701	6,985
Tax rates for specific provinces or enacted by local authority	4,427	3,588
Effect of withholding tax at 5% on the distributable profits of the Company's PRC subsidiaries	2,088	2,039
Share of tax attributable to an associate*	(1,373)	(1,117)
Tax losses utilised for previous years	550	3,677
Expenses not deductible for tax	291	797
Total tax charge for the period	14,684	15,969

Note: * The share of tax attributable to an associate amounting to RMB1,373,000 and RMB1,117,000 for the six months ended 30 June 2019 and the six months ended 30 June 2018 respectively, is included in "Share of profits of an associate" in the Consolidated Statement of Profit or Loss and Comprehensive Income.

11. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

12. EARNINGS PER SHARE

Earnings per share are computed based on the number of Shares in issue of 814,412,028 as at 30 June 2019:

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Earnings per share (RMB cents per share) attributable to equity holders of the Company	4.2	3.0

13. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Machinery and port facilities RMB'000	Other assets* RMB'000	Construction in progress RMB'000	Total RMB'000
2019					
As at 1 January 2019, net of accumulated depreciation	871,229	115,763	9,166	10,203	1,006,361
Additions	6,017	7,658	584	28,542	42,801
Disposals	–	(466)	–	–	(466)
Depreciation charge for the period	(14,270)	(9,644)	(1,290)	–	(25,204)
Transfers	11,417	–	–	(11,417)	–
As at 30 June 2019 (Unaudited) net of accumulated depreciation	874,393	113,311	8,460	27,328	1,023,492
As at 30 June 2019 (Unaudited):					
Cost	1,135,442	315,469	22,221	27,328	1,500,460
Accumulated depreciation	(261,049)	(202,158)	(13,761)	–	(476,968)
Net carrying amount	874,393	113,311	8,460	27,328	1,023,492
2018					
As at 1 January 2018, net of accumulated depreciation	889,789	130,767	9,779	6,965	1,037,300
Additions	2,824	2,658	3,009	13,980	22,471
Disposals	(1)	(493)	(442)	–	(936)
Depreciation charge for the year	(27,919)	(21,375)	(3,180)	–	(52,474)
Transfers	6,536	4,206	–	(10,742)	–
As at 31 December 2018 (Audited) net of accumulated depreciation	871,229	115,763	9,166	10,203	1,006,361
As at 31 December 2018 (Audited):					
Cost	1,118,007	317,162	21,662	10,203	1,467,034
Accumulated depreciation	(246,778)	(201,399)	(12,496)	–	(460,673)
Net carrying amount	871,229	115,763	9,166	10,203	1,006,361

Note: * Other assets comprise motor vehicles, office furniture and equipment.

As at 30 June 2019, certain of the Group's property, plant and equipment with a carrying amount of RMB703.0 million (31 December 2018: RMB704.9 million) are pledged to secure the Group's loans and bank borrowings (Note 26 to the Consolidated Financial Statements).

14. PREPAID LAND LEASE PAYMENTS AND OTHER LAND RELATED COSTS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Carrying amount as at 1 January	269,540	277,523
Amortisation	(3,992)	(7,983)
Carrying amount as at 30 June 2019 (Unaudited) and as at 31 December 2018 (Audited)	265,548	269,540
Less: Current portion	7,983	7,983
Non-current portion	257,565	261,557

The Group's prepaid land lease payments with a carrying amount of RMB235.4 million (31 December 2018: RMB238.9 million) are pledged to secure certain loans and bank borrowings of the Group (Note 26 to the Consolidated Financial Statements).

The Group has not yet obtained the land use right certificate for a parcel of land with a carrying amount of RMB13.4 million as at 30 June 2019 (31 December 2018: RMB13.6 million).

15. INTANGIBLE ASSETS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Carrying amount as at 1 January, net of amortisation	934	–
Additions	–	1,118
Amortisation	(112)	(184)
Carrying amount as at 30 June 2019 (Unaudited) and as at 31 December 2018 (Audited)	822	934

16. GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2019 (as at 31 December 2018: RMB106.5 million) arose from the acquisition of a 90% equity interest in CCIP in 2014.

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. Management did not identify any significant adverse changes in the future operating results of the ports and has concluded that the carrying value of the goodwill as at 30 June 2019 remained appropriate.

17. INVESTMENTS IN ASSOCIATES

The Group's material investments in associates are summarised below:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Share of net assets:		
CWW	19,636	22,768
Changshu Xinghua Transportation Co., Ltd. ("**CXT**")	–	1,225
	19,636	23,993
Allowance for impairment:		
CXT	–	(1,225)
Carrying amount of investments in associates	19,636	22,768

Particulars of the associates are as follows:

Name of company	Principal activities	Principal place of business	Percentage of equity interest 2019 (%)	Percentage of equity interest 2018 (%)
CWW	Provision of services, warehouse, and distribution of forestry products and related products	The PRC	25	25
CXT	Provision of logistic services	The PRC	–	49

The Group's shareholdings in the associates comprise equity shares held by a subsidiary of the Company.

On 11 March 2019, the Changshu State Administration for Market Regulation has approved the disposal of CXT and on 4 April 2019, all its bank accounts were closed. CXT was successfully disposed as at 30 June 2019.

CWW, which is considered a material associate of the Company, is a strategic partner of the Group that engages in the provision of services for forestry products and is accounted for using the equity method.

17. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the summarised financial information in respect of CWW, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the Consolidated Financial Statements:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Current assets	110,928	123,225
Non-current assets, excluding goodwill	21,505	26,258
Current liabilities	53,848	58,372
Net assets	78,585	91,111
Proportion of the Group's ownership	25%	25%
Share of net assets	19,646	22,778
Other adjustments	(10)	(10)
Carrying amount of the investment	19,636	22,768

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	191,897	204,588
Profit after tax for the period	20,100	17,876
Total comprehensive income for the period	20,100	17,876

18. DEFERRED TAX

Deferred tax assets

	Group		
	Accruals RMB'000	Losses available for offsetting against future taxable profit RMB'000	Total RMB'000
Deferred tax assets as at 1 January 2018	6,207	1,837	8,044
Deferred tax charged to the profit or loss for the year	742	3,699	4,441
Deferred tax assets as at 31 December 2018 (Audited) and 1 January 2019	6,949	5,536	12,485
Deferred tax charged to the profit or loss for the period (Note 10)	382	3,863	4,245
Deferred tax assets as at 30 June 2019 (Unaudited)	**7,331**	**9,399**	**16,730**

18. DEFERRED TAX (Continued)

Deferred tax liabilities

	Group	
	Withholding tax RMB'000	Total RMB'000
Deferred tax liabilities as at 1 January 2018	22,191	22,191
Deferred tax charged to the profit or loss for the year	3,278	3,278
Deferred tax liabilities as at 31 December 2018 (Audited) and 1 January 2019	25,469	25,469
Deferred tax charged to the profit or loss for the period (Note 10)	189	189
Deferred tax liabilities as at 30 June 2019 (Unaudited)	**25,658**	**25,658**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. Accordingly, the Group is liable for withholding taxes of 5% on dividends distributable by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at the end of each reporting period, no deferred tax liabilities has been recognised for withholding tax of certain profits of subsidiaries which has been appropriated as statutory reserves, as the Group has no intention to dispose the subsidiaries in the foreseeable future. The aggregate amount of such temporary differences associated with the investment in subsidiary in the PRC for which deferred tax liabilities has not been recognised totalled approximately RMB23.3 million as at 30 June 2019 (31 December 2018: RMB23.3 million).

19. INVENTORIES

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Consumables and fuel	3,381	3,196
Allowance for impairment	(1,952)	(1,952)
	1,429	1,244

19. INVENTORIES (Continued)

Movements in the allowance for impairment losses are as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Impairment:		
As at beginning of the year	1,952	2,152
Reversal	–	(200)
As at end of the period/year	1,952	1,952

There are no pledged inventories as at 30 June 2019 (31 December 2018: Nil).

	Group For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Income statement		
Inventories recognised as an expense:		
In distribution costs, consumables and fuel used	4,792	6,256
	4,792	6,256

20. TRADE AND BILLS RECEIVABLES

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade receivables*	76,350	63,541
Less: Provision for doubtful debts	(707)	(707)
Bills receivable	3,572	5,675
Total trade and bill receivables	79,215	68,509

Note: * Trade receivables include trade receivables from an associate and other related parties (Note 31 to the Consolidated Financial Statements).

The Group's trade terms with certain major customers with good repayment history and high reputations are on credit. The credit terms are 30 to 45 days. The Group seeks to maintain control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by Management to minimise credit risk.

Trade receivables are unsecured and non-interest-bearing.

20. TRADE AND BILLS RECEIVABLES (Continued)

Ageing analysis by invoice date

An ageing analysis of the trade receivables based on invoice dates and net of provision is as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within three months	64,674	57,087
More than three months to one year	11,676	6,454
Trade receivables	76,350	63,541
Less: Provision for doubtful debts	(707)	(707)
Bill receivables	3,572	5,675
Total trade and bill receivables	79,215	68,509

Trade receivables not individually nor collectively impaired

An ageing analysis of the trade receivables that are not considered to be individually nor collectively impaired is as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Neither past due nor impaired	64,674	57,087
Past due but not impaired		
Less than three months	10,969	5,154
More than three months	–	593
Past due and impaired	707	707
Total trade receivables	76,350	63,541

As at 30 June 2019, the Group had trade receivables amounting to RMB11.0 million (31 December 2018: RMB5.7 million) that were past due but not impaired.

As part of the Group's internal policies, customers are required to settle all outstanding payments in full prior to the last batch of cargo being released to the customers from the warehouses or stack yards. The Group made a provision for bad debts of RMB386,362 for CXP and RMB320,870 for CCIP in relation to a customer for the export of project equipment cargo as at 31 December 2018. Accordingly, there was an impairment loss of RMB0.7 million as at 30 June 2019.

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Prepayment	2,080	3,778	–	–
Value-added tax recoverable	1,202	1,435	–	–
Deposits and other receivables	15,532	23,291	15,285	21,753
Total prepayment, deposits and other receivables	18,814	28,504	15,285	21,753

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Cash and bank balances	91,667	105,068	11,367	6,753
Total cash and cash equivalents	91,667	105,068	11,367	6,753

As at 30 June 2019, the cash and cash equivalents of the Group were RMB91.7 million (31 December 2018: RMB105.1 million). The cash held under the subsidiaries in the PRC were not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

No interest was earned for cash and bank balances in Singapore for the six months ended 30 June 2019 (31 December 2018: Nil).

23. TRADE PAYABLES

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

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	43,416	48,246
More than one year to two years	1,330	2,694
Over two years	4,595	3,809
Total trade payables	49,341	54,749

Trade payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 90 days.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Other payables	40,416	32,685	–	–
Advance from customers	12,560	988	–	–
Employee benefits	9,239	17,561	–	–
Accruals	8,415	12,442	1,109	1,000
Total other payables and accruals	70,630	63,676	1,109	1,000

Other payables are unsecured, non-interest-bearing and repayable on demand. Other payables have an average term of 90 to 120 days.

25. DEFERRED INCOME

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Carrying amount at 1 January	3,347	4,250
Amortisation	(452)	(903)
Deferred income	2,895	3,347
Less: Current portion	429	858
Non-current portion	2,466	2,489

In 1997 and 2000, CXP separately entered into two contracts with CWW for the lease of a parcel of land in the PRC, the land-use-right of which is owned by CXP. Under the contracts, CWW is required to pay the lease price of US$2,726,000 for the contract period.

Both the land-use right lease contracts have a lease term of 25 years and will expire on 21 April 2022. Upon receipt of a written request from CWW and subject to satisfactory fulfilment of certain conditions as stipulated in the lease contracts, CWW has the right to extend the lease for terms to be agreed by the subsidiary and the associate.

The Group recognises the fully paid lease income over the lease term of 25 years from the contract commencement date.

26. LOANS AND BORROWINGS

	Group		
	Effective interest rate p.a. (%)	Maturity	RMB'000
As at 30 June 2019			
Current:			
Current portion of bank loans – secured	5.82	2020	36,375
			36,375
Non-current:			
Bank loans – secured	5.15	2034	511,000
As at 30 June 2019 (Unaudited)			547,375
As at 31 December 2018			
Current:			
Current portion of long-term bank loans – secured	5.28	2019	97,000
			97,000
Non-current:			
Bank loans – secured	5.33	2024	482,375
As at 31 December 2018 (Audited)			579,375

26. LOANS AND BORROWINGS (Continued)

The maturity profile of the loans and borrowings is as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	36,375	97,000
In the second year	21,000	113,000
In the third to fifth years, inclusive	90,000	334,000
Beyond five years	400,000	35,375
Total loans and borrowings	547,375	579,375

No equity interest was pledged as at 30 June 2019 (31 December 2018: Nil).

27. SHARE CAPITAL

	Group and Company	
	No. of Shares	RMB'000
Issued and fully paid:		
As at 31 December 2018 (Audited)	814,412,028	597,659
As at 30 June 2019 (Unaudited)	814,412,028	597,659

On 1 December 2017, the Company adopted a share incentive scheme (the "**Share Incentive Scheme**") to recognise contributions by certain eligible participants and to align their interests with that of our Group and to provide them with incentives for the continuing growth of our Group. Pursuant to the terms of the Share Incentive Scheme, the Company issued a total of 35,650,000 new Shares at a price of HK$1.45 each on 9 February 2018 to the participants. The Directors who participated in the Share Incentive Scheme included Mr. Kor Tor Khoon, Mr. Lee Cheong Seng and Mr. Tan Chian Khong, who were issued 2,800,000 Shares, 600,000 Shares and 100,000 Shares, respectively.

The holders of ordinary Shares are entitled to receive dividends as and when declared by the Company. Each ordinary Share carries one vote per share without restriction. The ordinary Shares have no par value.

28. INVESTMENTS IN SUBSIDIARIES

	Company	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Unlisted investments, at cost	685,197	685,197

29. COMMITMENTS

(a) Capital commitments

Capital commitments contracted for as at the end of the six months ended 30 June 2019 but not recognised in the financial statements are as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Capital commitments in respect of plant and machinery	74,988	13,221

(b) Operating lease commitments – As lessee

As at 30 June 2019, the future minimum lease payables under non-cancellable leases are as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	4,212	3,612
After one year and within five years	720	1,442
Total	4,932	5,054

The Group's operating lease commitments are mainly for machineries and equipment. The annual rent payables on these leases are subject to the market rates prevailing at time of revision.

(c) Operating lease commitments – As lessor

As at 30 June 2019, future minimum lease payments to be received under non-cancellable leases are as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	40,290	46,337
After one year and within five years	58,786	103,997
Total	99,076	150,334

The above balances are amounts in relation to leases on the Group's properties. These non-cancellable leases have remaining lease terms of one to three years (31 December 2018: one to four years).

30. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by certain assets of the Group are disclosed in Note 13 and Note 14 to the Consolidated Financial Statements.

31. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related parties	Relationship with the Group
CWW	Associate
Changshu Binjiang Urban Construction Investment & Management Co., Ltd ("**CBUCIM**")	Non-controlling investor of a subsidiary

(b) In addition to the transactions detailed elsewhere in this report, the Group had the following transactions with related parties:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Service income from CWW*	99,747	100,131
Rental income from CWW*	451	451
Rental expense paid to CBUCIM (c)	–	325

Note: * The service and rental income from related parties were made and rental expenses were paid to related parties according to prices mutually agreed after taking into account the prevailing market prices.

(c) Commitments with a related party

A subsidiary of the Group entered into an agreement in 2014 with CBUCIM to rent buildings for a period of 4 years. The amount of rental expense per year was RMB650,000. The agreement was not renewed upon its expiry on 30 June 2018.

In 1997 and 2000, a subsidiary of the Group entered into two contracts with CWW to rent land for a period of 25 years. The total amount of rental income is US$2,726,000.

31. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances with related parties:

The Group's trade and non-trade balances with its related parties as at 30 June 2019 are as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Amount due from an associate		
CWW		
Trade and bills receivables	17,665	12,775
Amount due to an associate		
CWW		
Other payables and accruals	5,726	5,694
	5,726	5,694

The balances of related parties above are receivable or payable with a credit term of 30 days.

(e) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Short-term employee benefits	4,784	1,986
Pension scheme contributions	186	97
	4,970	2,083

Further details of the Directors' and the chief executive's remuneration are included in Note 8 to the Consolidated Financial Statements.

32. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Financial assets				
Trade and bills receivables	79,215	68,509	–	–
Other receivables	15,532	23,291	15,285	21,753
Cash and cash equivalents	91,667	105,068	11,367	6,753
Total financial assets	186,414	196,868	26,652	28,506
Financial liabilities				
Trade payables	71,591	54,749	224	168
Financial liabilities including other payables and accruals	57,013	62,688	1,109	1,000
Loans and borrowings	629,375	579,375	–	–
Total financial liabilities at amortised cost	757,979	696,812	1,333	1,168

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise loans and borrowings and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

It is, and has been the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of Directors (the "**Board**") reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its loans and borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk. With all other variables being held constantly, through the impact on the floating rate borrowings, the Group's profit after tax is affected as at six months ended 30 June 2019 and the six months ended 30 June 2018 as follows:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Increase by 5 basis points (2018: 5 basis points)	(1,065)	(1,159)
Decrease by 5 basis points (2018: 5 basis points)	1,065	1,159

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales, purchases by or borrowings by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity as at the six months ended 30 June 2019 and the six months ended 30 June 2018 to a reasonably possible change in the foreign exchange rate due to changes in fair value of monetary assets and liabilities, with all other variables being held constantly, of the Group's profit before tax:

	Group	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
RMB/US$		
– strengthen by 5% (2018: 5%)	+1	+1
– weaken by 5% (2018: 5%)	-1	-1
RMB/S$		
– strengthen by 5% (2018: 5%)	+21	+36
– weaken by 5% (2018: 5%)	-21	-36

(c) Credit risk

The Group trades only with related parties and recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, deposits and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer. As at 30 June 2019, the Group had certain concentrations of credit risk as 69% of the Group's trade receivables were due from the Group's ten largest customers and the largest one among them is the Group's material associate. Details are provided in Note 4 to the Consolidated Financial Statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group monitors its risk to a shortage of funds through close monitoring of trade receivables collection, managing payments to vendors and having sufficient banking facilities in place. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and bank borrowings.

The maturity profile of the Group's and the Company's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted obligations, is as follows:

	Group			
	Within 1 year RMB'000	More than 1 year to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 30 June 2019 (Unaudited)				
Financial liabilities				
Trade payables	49,341	–	–	49,341
Financial liabilities including other payables and accruals	70,630	–	–	70,630
Loans and borrowings	38,494	116,711	420,580	575,785
	158,465	116,711	420,580	695,756
As at 31 December 2018 (Audited)				
Financial liabilities				
Trade payables	54,749	–	–	54,749
Financial liabilities including other payables and accruals	62,688	–	–	62,688
Loans and borrowings	102,120	470,837	37,261	610,218
	219,557	470,837	37,261	727,655

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

	Company			
	Within 1 year RMB'000	More than 1 year to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 30 June 2019 (Unaudited)				
Financial liabilities				
Trade payables	224	–	–	224
Financial liabilities including other payables and accruals	1,109	–	–	1,109
	1,333	–	–	1,333
As at 31 December 2018 (Audited)				
Financial liabilities				
Trade payables	168	–	–	168
Financial liabilities including other payables and accruals	1,000	–	–	1,000
	1,168	–	–	1,168

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratios in order to support its business and maximise the value of the shareholders of the Company (the "**Shareholders**").

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may vary the dividend payment to the Shareholders, return capital to the Shareholders or issue new Shares. No changes were made in the objectives, policies and processes in the six months ended 30 June 2019.

The Group's strategy was to maintain the net debt to total equity and net debt ratio at a healthy level in order to support its business. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The net debt to total equity and net debt ratios as at 30 June 2019 and 31 December 2018 are as follows:

	Group	
	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Loans and borrowings	547,375	579,375
Less: Cash and cash equivalents	(91,667)	(105,068)
Net debt	455,708	474,307
Total equity	924,049	889,550
Total equity and net debt	1,379,757	1,363,857
Net debt to total equity and net debt ratio	33.0%	34.8%

The Group did not breach any borrowing covenants during the six months ended 30 June 2019.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2018.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved and authorised for issue by the Board on 23 August 2019.

1. CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing the Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Company and the Group so as to achieve effective accountability.

The Company has complied with all code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**" and the "**CG Code**", respectively) during the six months ended 30 June 2019.

2. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the securities transactions of the Directors (the "**Xinghua Code of Conduct**"). To ensure Directors' dealings in the securities are conducted in accordance with the Xinghua Code of Conduct, a Director is required to notify a committee comprising three members who are the chairmen of the Board, the Board's audit committee (the "**Audit Committee**") and the remuneration committee respectively in writing and obtain a written acknowledgement from the committee prior to any dealings in the securities of the Company. In response to a specific enquiry made by the Company, all Directors have confirmed that they had complied with the required standard of dealings as set out in the Model Code and the Xinghua Code of Conduct throughout the six months ended 30 June 2019.

3. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its listed securities; nor did the Company or any of its subsidiaries purchase or sell such securities during the six months ended 30 June 2019.

4. SIGNIFICANT INVESTMENT

The Group did not have any significant investments during the six months ended 30 June 2019 (for the year ended 31 December 2018: Nil).

5. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company did not have any future plans for significant investments or capital assets as at 30 June 2019.

6. MATERIAL ACQUISITIONS AND DISPOSALS

Saved as disclosed, there were no material acquisitions and disposals of the Company's subsidiaries, associates and joint ventures during the six months ended 30 June 2019.

7. CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to the information of the Directors, subsequent to the date of the Company's annual report for the year ended 31 December 2018 (the "**2018 Annual Report**"), required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules are as follows:

Name of Directors	Details of Change
Mr. Alan Chan Hong Joo	Retired as a non-executive Director in May 2019
Mr. Tan Chian Khong	Appointed as a non-executive director of SMRT Corporation Ltd in August 2019

Save as disclosed herein and in the Company's 2018 Annual Report, there had been no changes to the Directors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the six months ended 30 June 2019 and up to the date of this interim report.

8. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the SEHK pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the SEHK were set out below:

Long Position in the Shares

Name of Directors/ Chief executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested	Total number of Shares interested	Approximate percentage of the Company's issued Shares[1]
Mr. Patrick Ng Bee Soon	Beneficial owner	39,901,037	39,901,037	4.90%
Mr. Kor Tor Khoon	Beneficial owner	5,133,800	5,158,800	0.63%
	Interest of spouse	25,000		
Ms. Jane Kimberly Ng Bee Kiok	Beneficial owner	10,559,502	408,809,502	50.20%
	Interests held jointly with other persons[2]	191,250,000		
	Beneficiary of a trust (other than a discretionary interest)[3]	207,000,000		
Mr. Lee Cheong Seng	Beneficial owner	3,100,000	3,100,000	0.38%
Mr. Tan Chian Khong	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 30 June 2019.

2. 191,250,000 Shares are held by Ms. Jane Kimberly Ng Bee Kiok as beneficial owner jointly with Mr. Ng Han Whatt and Ms. Ng Bee Bee (the "**Joint Names Shares**").

3. 207,000,000 Shares are held by BOS Trustee on trust for Mr. Ng Han Whatt, Ms. Jane Kimberly Ng Bee Kiok and Ms. Ng Bee Bee ("**BOS Trustee**" and the "**BOS Trustee Shares**", respectively).

Save as disclosed above, as at 30 June 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or (c) pursuant to the Model Code, to be notified to the Company and the SEHK.

10. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, so far as is known by the Directors, the following persons or entities, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Position in the Shares

Name of Shareholders	Capacity/ Nature of interest	Number of Shares/ interested	Total number of Shares interested	Approximate percentage of the Company's issued Shares[1]
Mr. Ng Han Whatt	Beneficial owner	29,200,037	427,450,037	52.49%
	Interests held jointly with other persons[2]	191,250,000		
	Beneficiary of a trust (other than a discretionary interest)[3]	207,000,000		
Ms. Ng Bee Bee	Beneficial owner	10,125,002	408,375,002	50.14%
	Interests held jointly with other persons[2]	191,250,000		
	Beneficiary of a trust (other than a discretionary interest)[3]	207,000,000		
Petroships Investment Pte. Ltd. ("**Petroships**")[5]	Beneficial owner	77,876,203	77,876,203	9.56%
Mr. Alan Chan Hong Joo[4]	Interest in a controlled corporation[5]	77,876,203	77,876,203	9.56%

Notes:

1. The percentage represents the number of Shares interested divided by the number of the issued Shares of 814,412,028 as at 30 June 2019.

2. The 191,250,000 Shares refer to the same block of Shares as the Joint Names Shares and are held by Mr. Ng Han Whatt as beneficial owner jointly with Ms. Jane Kimberly Ng Bee Kiok and Ms. Ng Bee Bee.

3. The 207,000,000 Shares refer to the same block of Shares as the BOS Trustee Shares and are held by BOS Trustee on trust for Mr. Ng Han Whatt, Ms. Jane Kimberly Ng Bee Kiok and Ms. Ng Bee Bee.

4. Mr. Alan Chan Hong Joo retired as an non-executive Director on 28 May 2019.

5. These Shares are held by Petroships, which is owned as to 90% by Mr. Alan Chan Hong Joo. Under the SFO, Mr. Alan Chan Hong Joo is deemed to be interested in the Shares held by Petroships.

Save as disclosed above, as at 30 June 2019, so far as is known by the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and the underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

11. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Consolidated Financial Statements. The Audit Committee has reviewed these Consolidated Financial Statements and is of the view that (i) the same have been prepared in accordance with the IFRSs, the SFRS(I)s, the Listing Rules and other applicable legal requirements with adequate disclosures, (ii) prudent and reasonable adjustments and estimates have been made and (iii) the Consolidated Financial Statements have been prepared on a going concern basis.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

12. COMPLIANCE WITH LAWS AND REGULATIONS

During the six months ended 30 June 2019 and up to the date of this interim report, the Group has complied with all the relevant laws and regulations that have significant impact on the operations of the Group.

13. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Constitution and the laws of Singapore, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

14. MAJOR CUSTOMERS AND SUPPLIERS

For the six months ended 30 June 2019, the percentage of revenue attributable to the Group's five largest customers combined was 65.8% (30 June 2018: 64.7%). Among it, the Group's associate company accounted for 51.3%, which was also the Group's largest customer (30 June 2018: 47.2%).

Purchases from the Group's five largest suppliers combined accounted for 52.8% of the total purchases for the six months ended 30 June 2019 (30 June 2018: 37.6%) and purchases from the Group's largest supplier included therein amounted to 13.0% (30 June 2018: 11.4%).

As far as the Directors are aware, neither the Directors, their respective close associates nor any substantial Shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued Shares) had any beneficial interest in the Group's five largest customers and suppliers.

The Group understands that it is important to maintain good relationship with its customers and suppliers. During the six months ended 30 June 2019, there was no material and significant dispute between the Group and its customers and suppliers. No major supplier cannot be replaced by other appropriate suppliers.

15. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of the Company's subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted as at the end of the reporting period or at any time during the six months ended 30 June 2019, and no contracts of significance (whether for the provisions of services to the Group or not) to which the Company or any of the Company's subsidiaries was a party and in which a controlling Shareholder had a material interest, either directly or indirectly, subsisted during the six months ended 30 June 2019.

16. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling Shareholders or their respective close associates had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had or might have any other conflicts of interest with the Group during the six months ended 30 June 2019.

17. MAJOR EVENTS AFTER THE SIX MONTHS ENDED 30 JUNE 2019

CGS-CIMB Securities (Hong Kong) Limited resigned as the compliance adviser of the Company (the "**Compliance Adviser**") with effect from 2 August 2019 as they had decided to cease their investment banking business in Hong Kong. China Galaxy International Securities (Hong Kong) Co., Limited has been appointed as the new Compliance Adviser pursuant to Rule 3A.27 of the Listing Rules with effect from 2 August 2019. For further details, please refer to the announcements of the Company dated 22 and 30 July 2019.

18. MANAGEMENT CONTRACTS

No contracts, except for the service contracts of the executive Directors, concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the six months ended 30 June 2019.

19. SHARE OPTION SCHEME

The Company did not have a share option scheme in place as at 30 June 2019.

20. THE SHARE INCENTIVE SCHEME

On 1 December 2017, the Company adopted the Share Incentive Scheme to recognise contributions by certain eligible participants and to align their interests with that of the Group and to provide them with incentives for the continuing growth of the Group. Pursuant to the terms of the Share Incentive Scheme, the Company issued a total of 35,650,000 new Shares at a price of HK$1.45 each on 9 February 2018 to the participants. The Directors who participated in the Share Incentive Scheme included Mr. Kor Tor Khoon, Mr. Lee Cheong Seng and Mr. Tan Chian Khong, who were issued 2,800,000 Shares, 600,000 Shares and 100,000 Shares, respectively.

21. EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement during the six months ended 30 June 2019.

22. SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient public float of more than 25% of the issued Shares held by the public, as required under the Listing Rules throughout the six months ended 30 June 2019 and as at the date of this interim report.

23. TAX RELIEF

The Company is a Singapore tax resident company and accordingly, under the current Singapore's one-tier corporate tax system, the dividends distributed by the Company will be exempt from Singapore income tax in the hands of the Shareholders, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

Save as disclosed, the Company is not aware of any other relief on taxation available to the Shareholders by reason of their holding of the Shares.

24. REVIEW BY AUDIT COMMITTEE

The Audit Committee was established on 1 December 2017 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.3 of the CG Code. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors (the "**INEDs**"), namely Mr. Tan Chian Khong, Mr, Soh Ee Beng and Mr. Ting Yian Ann and one non-executive Director (the "**NED**"), namely Mr. Lee Cheong Seng. Mr. Tan Chian Khong is the chairman of the Audit Committee.

The Audit Committee, together with the external auditor of the Company, has reviewed the Consolidated Financial Statements and this interim report. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters with Management. The Audit Committee is of the view that the Consolidated Financial Statements and this interim report have been prepared in compliance with the IFRSs, the SFRS(I)s, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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