兴华港口

XINGHUA PORT

(Incorporated in the Republic of Singapore with limited liability)

Stock Code: 01990

2020 INTERIM REPORT

XINGHUA PORT HOLDINGS LTD.
INTERIM REPORT 2020

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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**") 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 span 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 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; and containers to better leverage on the strategic location of the CXP Port and the CCIP Port for container transshipments 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 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, 22 warehouses and stack yards with a combined total area of approximately 1.0 square kilometres.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

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

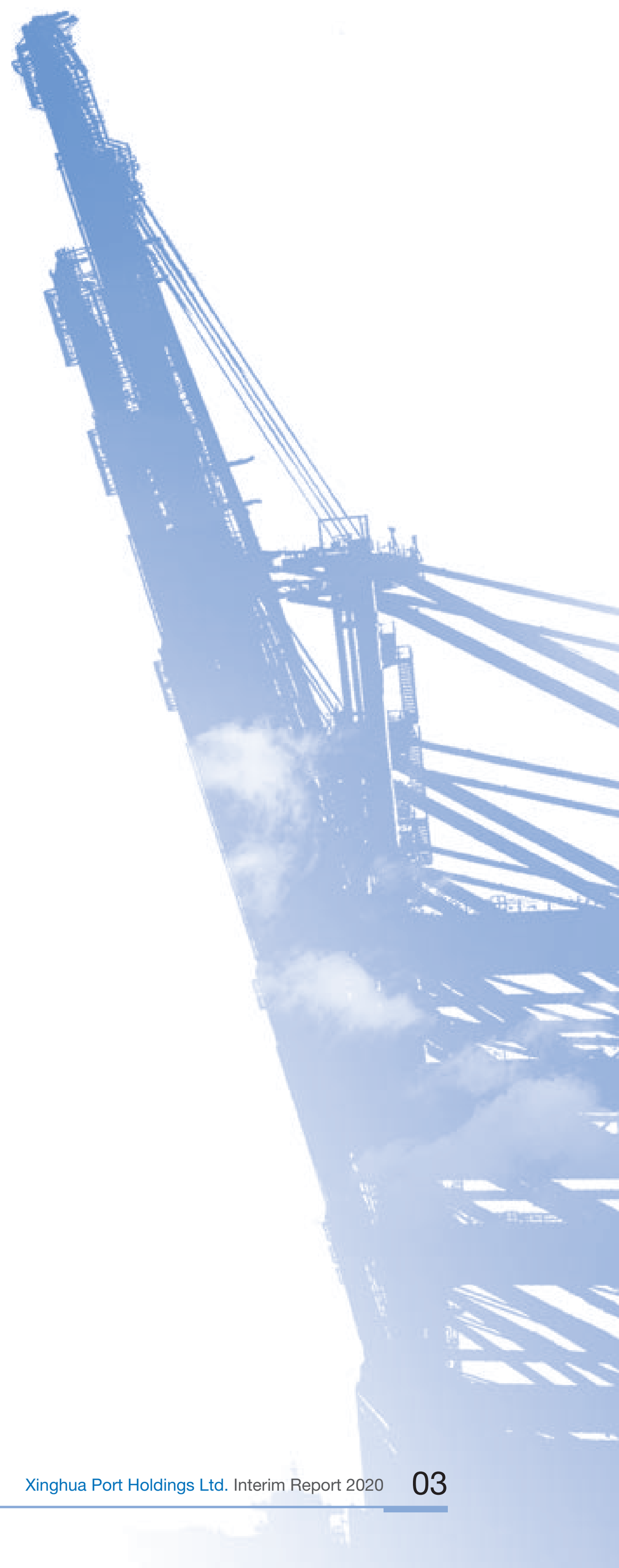
Sir KWOK Siu Man KR
Ms. Jane Kimberly NG Bee Kiok

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

AUDITOR

Ernst & Young LLP

PRINCIPAL BANKS

Bank of China Ltd.
CIMB Bank Berhad

COMPLIANCE ADVISER

China Galaxy International Securities (Hong Kong) Co., Limited *(appointment ceased on 14 April 2020)*

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		
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Variance
Revenue	229,212	194,403	17.9%
Profit before tax	82,938	51,183	62.0%
Profit for the period	55,610	36,499	52.4%
Profit attributable to:			
Equity holders of the Company	51,768	34,465	50.2%
Non-controlling interests	3,842	2,034	88.9%
Profit for the period	55,610	36,499	52.4%
Earnings per share (RMB cents per share)*	6.4	4.2	52.4%

* Earnings per share are computed based on the number of shares of the Company (the "Shares") in issue of 814,412,028.

STATEMENT OF FINANCIAL POSITION

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	Variance
Net current assets	77,887	53,070	46.8%
Total equity	954,448	939,076	1.6%
Total loans and borrowings	578,823	581,120	(0.4%)

KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Net profit ratio (%)	24.3%	18.8
Interest coverage ratio (times)*	6.5	4.4

* Profit before interest and tax divided by finance costs for the period.

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Net debt to total equity and net debt ratio (%)	30	32

OPERATION STATISTICS

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Total cargo throughput (million tonnes)	6.9	6.4
CXP berth utilisation rate (%)	71	53
CCIP berth utilisation rate (%)	40	33

BUSINESS OVERVIEW

In the first quarter of 2020, China's economic growth shrank by 6.8% compared to that of the same quarter of the previous year mainly due to the outbreak of the novel coronavirus disease (the "COVID-19**"**) where most businesses were closed. Mitigating by the reopening of businesses from mid-April 2020, the Chinese government reported a growth of 3.2% in the gross domestic product (the **"GDP"**) in the second quarter of 2020. Overall, China's GDP declined by 1.6% in the first-half of 2020 year on year. (source from: CGTN, 19 July 2020).

Notwithstanding this negative and challenging environment, the Group's financial performance for the six months ended 30 June 2020 (the "Period") has improved significantly with a 52.4% increase in profit after-tax.

The Group handled 5.4 million tonnes of total cargo for the Period, which was an increase of 16.3% from t the six months ended 30 June 2019 (the "Corresponding Period"). The increase in cargo tonnages came from all cargo types, except for a decrease in logs cargo mainly due to a change in cargo mix. Containers twenty-feet equivalent units ("TEUs") remained about the same level as that of the Corresponding Period.

The Group's revenue increased by 17.9% from RMB194.4 million for the Corresponding Period to RMB229.2 million for the Period in line with the higher cargo tonnages. The Group's profit before tax increased by 62.0% from RMB51.2 million for the Corresponding Period to RMB82.9 million for the Period, primarily due to higher revenues, increases in other income and gains, and lower depreciations and amortisation expenses.

As of 30 June 2020, the Group had cash and cash equivalents amounting to RMB161.7 million (31 December 2019: RMB141.7 million), representing an increase of RMB20.0 million, and the Group's bank borrowings decreased by 0.4% to RMB578.8 million (31 December 2019: RMB581.1 million).

Save as disclosed in this interim report, there was no other major event that affected the operations of the Group's business during the Period.

REVENUE

Under the International Financial Reporting Standards ("IFRSs") (IFRS 15 – Revenue from contracts with customers), the Group's revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer. Revenue represents the net invoiced value of services transferred to customers after trade discounts.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June		
Revenue	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Variance
Stevedoring income	182,264	155,300	17.4%
Storage income	45,343	36,904	22.9%
Rental income	913	940	(2.9%)
Other	692	1,259	(45.1%)
Total	229,212	194,403	17.9%

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

	Six months ended 30 June		
Volume handled	2020	2019	Variance
Pulp and paper cargo (tonnes)	2,747,820	2,268,456	21.1%
Steel cargo (tonnes)	1,213,672	872,878	39.0%
Logs (cubic metres) (Note 1)	146,997	498,697	(70.5%)
Project equipment (cubic metres) (Note 1)	318,195	92,443	244.2%
Other general cargo (tonnes)	182,092	106,587	70.8%
Containers (TEUs) (Note 2)	52,097	53,165	(2.0%)
Total volume handled (tonnes)	5,390,231	4,636,536	16.3%

Notes:

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

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

REVENUE (Continued)

Total cargo volume handled increased by 16.3% with all cargo types enjoying healthy growth except for further decrease in logs cargo volume by 70.5% due to change in cargo mix.

Steel cargo increased by 39.0% from 0.87 million tonnes for the Corresponding Period to 1.21 million tonnes for the Period mainly due to the new opportunity to handle import steel cargo. Import steel cargo grew to 0.6 million tonnes for Period. Export steel cargo reduced by 22.9% to 0.6 million tonnes for the Period as better domestic steel prices caused overall export steel cargo from China to drop continuously.

Project equipment cargo volume also increased by 244.2% from 92,443 cubic metres for the Corresponding Period to 318,195 cubic metres for the Period. With the completion of two new warehouses and the upgrade of eight warehouses in 2019 which allowed more pulp and paper cargo to be stored indoors, the increase in stacking yard capacity allowed the ports to capture more project equipment cargo volume.

Other general cargo volume increased by 70.8% from 106,587 tonnes for the Corresponding Period to 182,092 tonnes for the Period mainly due to increases in the handling of sodium sulphate and borax cargo tonnages.

Containers TEUs remained firm at about the same level as the Corresponding Period.

As a result of higher cargo volume handled, stevedoring income increased by 17.4% from RMB155.3 million for the Corresponding Period to RMB182.3 million for the Period.

Storage income also increased by 22.9% from RMB36.9 million for the Corresponding Period to RMB45.3 million for the Period mainly due to higher inventory of pulp and paper cargo as a result of the slower turnover of stock.

Rental income for the Period remained at almost the same level as the Corresponding Period.

Other revenue decreased by 45.1% from RMB1.3 million for the Corresponding Period to RMB0.7 million for the Period mainly due to a reduction in sales of diesel to subcontractors for their equipment handling in tandem with the lower logs cargo volume.

REVENUE (Continued)

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

	Six months ended 30 June		
Average handling fee (RMB)	2020	2019	Variance
Pulp and paper cargo (per tonne) (Note 1)	55.1	52.5	5.0%
Steel cargo (per tonne) (Note 1)	27.3	27.3	0.0%
Logs (per cubic metre) (Note 1)	38.4	33.7	13.9%
Project equipment (per cubic metre) (Note 1)	26.0	28.6	(9.1%)
Other general cargo (per tonne) (Note 1)	84.1	149.3	(43.7%)
Containers (per TEU) (Note 1)	268.1	262.2	2.3%
Overall average handling fee (excluding container) (per tonne) (Note 2)	46.7	47.0	(0.6%)

Notes:

(1) The cargo average handling fee is calculated by dividing the stevedoring and storage revenue from handling the relevant cargo type by the relevant cargo tonnages.

(2) The overall average handling fee (excluding container) is calculated using total revenue (excluding container) divided by the total volume handled (excluding container).

The following table shows that the average handling fee for pulp and paper cargo remained firm and the increase was mainly due to higher storage income as the turnover of pulp and paper cargo was slower due to market conditions. The storage fee for pulp had increased by 24.6%.

	Six months ended 30 June		
Pulp average handling fee (RMB per tonne)	2020	2019	Variance
Stevedoring fee	40.9	41.1	(0.5%)
Storage fee	14.2	11.4	24.6%
Total pulp and paper cargo handling fee	55.1	52.5	5.0%

The average handling fee for steel cargo was firm at RMB27.3 per tonne.

The average handling fee for logs cargo increased by 13.9% from RMB33.7 per cubic metre for the Corresponding Period to RMB38.4 per cubic metre for Period mainly due to higher storage income from slower rotation of logs cargo as market prices for logs were volatile.

The average handling fee for project equipment decreased by 9.1% from RMB28.6 per cubic metre for the Corresponding Period to RMB26.0 per cubic metre for the Period mainly due to the handling of different project equipment cargo type.

REVENUE (Continued)

The average handling fee for other general cargo decreased by 43.7% from RMB149.3 per tonne for the Corresponding Period to RMB84.1 per tonne for the Period mainly due to a 68.6% decrease in storage income as customers mostly distributed their cargo within the free storage periods and also reduced the storage income from a borax cargo's customer who returned about one third of its warehouse space. Stevedoring fee for other general cargo also decreased by 18.2%

Containers fee for the Period edged slightly higher to RMB268.1 per tonne from the Corresponding Period.

OTHER INCOME AND GAINS

Other income and gains increased by 514.1% from RMB1.6 million for the Corresponding Period to RMB9.9 million for the Period mainly attributable to (i) a receipt of RMB6.6 million compensation from one shipowner to CXP for the Group's assistance and efforts made to fight and extinguish a fire onboard their vessel berthed at the CXP Port, (ii) receipts of RMB1.8 million of Chinese government grants (應急穩崗返還) and RMB0.2 million of grants of the governance of the Republic of Singapore ("**Singapore**") to help the Group mitigate our employment costs during the COVID-19 outbreak, and (iii) interest and investment income of total RMB0.9 million.

SUBCONTRACT COSTS

Subcontract costs increased by 18.0% from RMB33.5 million for the Corresponding Period to RMB39.6 million for the Period mainly due to an increase in the total cargo volume handled.

DISTRIBUTION COSTS, CONSUMABLES AND FUEL USED

The distribution costs, consumables and fuel used increased by 26.6% from RMB12.9 million for the Corresponding Period to RMB16.3 million for the Period mainly due to an increase in the total cargo volume handled.

EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by 12.4% from RMB29.1 million for the Corresponding Period to RMB32.7 million for the Period mainly due to (i) higher bonus accrued in tandem with the better financial performance for the Period and (ii) higher pension and social security contributions in the Period.

DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and amortisation expenses decreased by 3.8% from RMB29.3 million for the Corresponding Period to RMB28.2 million for the Period mainly due to the full depreciation of some property, plant and equipment.

LEASING COSTS

Leasing costs decreased by 15.5% from RMB5.7 million for the Corresponding Period to RMB4.8 million for the Period mainly due to termination of certain rental equipment that are no longer required.

OTHER OPERATING EXPENSES

Other operating expenses increased slightly by 3.4% from RMB20.2 million for the Corresponding Period to RMB20.9 million for the Period mainly due to higher maintenance costs incurred for the jetty.

OTHER EXPENSES

Other expenses increased slightly by 2.0% from RMB4.6 million for the Corresponding Period to RMB4.7 million mainly due to higher marketing expenses incurred.

FINANCE COSTS

Bank borrowing interest expenses increased marginally by 0.6% from RMB15.0 million for the Corresponding Period to RMB15.1 million for the Period due to the higher loan balance as CXP took up the new loans for the construction of the two new warehouses in the second-half of 2019.

SHARE OF PROFITS OF AN ASSOCIATE

Share of the Group's after-tax profit of an associate increased by 11.4% from RMB5.5 million for the Corresponding Period to RMB6.1 million for the Period as the net profit of Changshu Westerlund Warehouse Co., Ltd. (**"CWW"**) due to higher pulp cargo tonnages achieved.

PROFIT BEFORE TAX

Profit before tax increased by 62.0% from RMB51.2 million for the Corresponding Period to RMB82.9 million for the Period mainly due to the higher revenue, increases in other income and gains, and lower depreciation and amortisation expenses.

INCOME TAX EXPENSE

The corporate tax rates in Singapore and 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 Period.

No Provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong for the Period.

INCOME TAX EXPENSE (Continued)

The breakdown of the total tax charge as follows:

	Six months ended 30 June		
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Variance
Current tax	25,325	18,740	35.1%
Deferred tax	2,003	(4,056)	(149.4%)
Total tax charge for the period	27,328	14,684	86.1%

The increase in income tax expense was partly due to the higher profit before tax and partly due to an increase in expenses not qualified for tax deductions.

PROFIT FOR THE PERIOD

Accordingly, the Group's after-tax profit increased by 52.4% from RMB36.5 million for the Corresponding Period to RMB55.6 million for the Period.

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 2020:

	Six months ended 30 June		
	2020 (Unaudited)	2019 (Unaudited)	Variance
Earnings per share (RMB cents per share)			
Attributable to equity holders of the Company	6.4	4.2	52.4%

PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2020, certain of the Group's property, plant and equipment with a carrying amount of RMB691.6 million (31 December 2019: RMB690.9 million) were pledged to secure the Group's loans and borrowings.

RIGHT-OF-USE ASSETS

The Group's land-use rights (classified under right-of-use assets) with a carrying amount of RMB257.4 million as at 30 June 2020 (31 December 2019: RMB261.4 million) are pledged to secure certain loans and borrowings of the Group.

GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2020 (31 December 2019: 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 of the Company (the "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 2020 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 Period was 64 days (the year ended 31 December 2019: 60 days).

The ageing analysis of the trade receivables based on the invoice dates and net of provision for doubtful debts are as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	Variance
Within 3 months	74,187	52,268	41.9%
More than 3 months to 1 year	6,905	5,509	25.3%
More than 1 year to 2 years	57	707	(91.9%)
More than 2 years to 3 years	650	–	n.m.
Trade receivables	81,799	58,484	39.9%
Less: Provision for doubtful debts	(707)	(707)	n.m.
Trade receivables, net	81,092	57,777	40.4%

Note: n.m. means not meaningful

TRADE AND BILLS RECEIVABLES (Continued)

The breakdown of the total trade and bill receivables is as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	Variance
Trade receivables	81,799	58,484	39.9%
Less: Allowance for expected credit losses	(707)	(707)	n.m.
Bills receivables	730	4,214	(82.7%)
Trade and bills receivables	81,822	61,991	32.0%

Note: n.m. means not meaningful

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 2020, the cash and cash equivalents of the Group were about RMB161.7 million (31 December 2019: RMB141.7 million), of which, 73% of the cash were denominated in Renminbi ("RMB"), 6% of the cash were in Singapore dollar ("S$"), 20% of the cash were in Hong Kong dollar ("HK$") and 1% of the cash were in United States dollar ("US$").

The Group's cash and short-term deposits denominated in foreign currencies are as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	Variance
Hong Kong Dollar	31,310	14,854	110.8%
Singapore Dollar	9,793	22,186	(55.9%)
United States Dollar	1,867	1,925	(3.0%)

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 Period was 67 days (31 December 2019: 76 days).

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	Variance
Within 1 year	34,650	31,991	8.3%
More than 1 year to 2 years	5,358	3,865	38.6%
Over 2 years	2,376	1,525	55.8%
Trade payables	42,384	37,381	13.4%

LOANS AND BORROWINGS

As at 30 June 2020, 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 RMG691.6 million and the Group's prepaid land lease payments with a carrying amount of RMB228.3 million.

The effective interest rate for the Period was 5.14% per annum. The interest rate is pegged against the loan prime rate in China with a certain spread.

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	Variance
Within one year	23,000	17,500	31.4%
In the second year	34,000	29,500	15.3%
In the third to fifth years, inclusive	106,000	105,000	1.0%
Beyond five years	415,823	429,120	(3.1%)
Loans and borrowings	578,823	581,120	(0.4%)

SHARE CAPITAL

The share capital of the Company remained at RMB597.7 million as at 30 June 2020 (31 December 2019: RMB597.7 million).

CAPITAL STRUCTURE, LIQUIDITY AND GEARING

As at 30 June 2020, the Group's loans and borrowings were denominated in RMB and amounted to RMB578.8 million (31 December 2019: RMB581.1 million).

The net debt to total equity and net debt ratio as at 30 June 2020 was 30% (31 December 2019: 32%)

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 2020, the Group has an uncommitted bank facility of S$10.0 million which can be drawdown to support its working capital requirements, and a committed undrawn bank facility of RMB4.5 million which is available after complete payments for the construction of the two new warehouses.

The Group did not breach any borrowing covenants during the Period. The loan agreements did not have any covenants relating to specific performance of the controlling Shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK" and the **"Listing Rules"**, respectively).

CASH FLOW STATEMENT

Net cash flows from operating activities after changes in working capital for the Period was RMB69.6 million while the profit before income tax was RMB82.9 million. The difference of RMB13.3 million primarily reflected the adjustments by certain income statement items with non-cash effect and non-operating cash items with an increase of RMB21.9 million, income taxes paid of RMB18.5 million, and a decrease in working capital of RMB16.7 million.

Net cash used in investing activities for the Period was RMB7.5 million, which was mainly attributable to purchases of property, plant and equipment of RMB13.9 million, offset by proceeds from the disposal of equipment of RMB0.08 million, dividend income from an associate of RMB6.2 million and investment income of RMB0.19 million.

Net cash used in financing activities for the Period was RMB42.1 million, which was mainly attributable to proceeds from loans and borrowings of RMB4.7 million, repayment of loans and borrowings and lease liability of RMB6.6 million and dividends paid to shareholders of the Company ("**Shareholders**") of RMB37.2 million and a non-controlling shareholder of a subsidiary of RMB3.0 million.

As at 30 June 2020, the Group's cash and cash equivalents was RMB161.7 million (31 December 2019: 141.7 million), of which, 73% was denominated in RMB.

FOREIGN CURRENCY RISK

The Group's operations and customers are primarily located in the PRC with the majority of the Group's assets, liabilities and transactions denominated and settled in RMB. The Group's foreign currency risk is mainly arising from its cash and cash equivalents held in foreign denominated currencies of Hong Kong dollar, Singapore dollar and United States dollar. 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 (including lease liability).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any contingent liabilities (31 December 2019: Nil).

FUTURE DEVELOPMENTS OF THE GROUP

The Group expects the trade war between China and the United States of America to persist and the Chinese economy to grow at a slower pace due to the COVID-19 outbreak in 2020. Challenges remain and there are headwinds ahead given the continual spread of the epidemic globally. The external environment in the second-half of 2020 is expected to be more uncertain and market sentiment could be more pessimistic resulting in further downward pressure on the Chinese economy. The Group achieved a strong first-half year performance in 2020 from a strategic focus to maintain an optimum cargo mix. The Group is of the view that our current marketing strategies and focus are still relevant despite the greater risks of a slowing down of domestic and global markets in the second-half of 2020.

For the first five months of 2020, total pulp and paper imported into China was 12.1 million tonnes (source from:東方財富快訊). It is estimated that the total pulp and paper imported into China for the Period would be about 14.0 million. Hence, Management expects the total pulp and paper imports into China for 2020 to be about the same level as that of 2019 at about 27.0 to 28.0 million tonnes.

China's export steel suffered a decline of 7.3% in 2019. Despite the continued rise in steel production, export steel cargo is expected to further reduce in 2020. However, Chinese domestic demand is expected to remain firm in 2020 due to the Chinese government's efforts to stabilise property development and support infrastructure and manufacturing activities. As a result, the domestic market is likely to remain more attractive than overseas markets for steel cargo. In fact, the Group has experienced an increase in the handling of import steel cargo since April 2020. The Group expects to handle the same level of steel cargo volume for 2020 as the expected stronger import steel cargo in the second-half of 2020 should mitigate the lower export steel cargo.

Our focus on New Zealand logs would stay at the same level as that of the first-half of 2020 because stack yard space is expected to be occupied by project equipment cargo and steel cargo.

With a strong performance in project equipment cargo in the first-half of 2020, the Group expects more project equipment cargo to be shipped through our ports via the Belt and Road Initiative in the second-half of 2020.

We expect containers TEUs in the second-half of 2020 to be at the same level as that of the Period.

FUTURE DEVELOPMENTS OF THE GROUP (Continued)

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 71% for the Period (Corresponding Period: 53%) and for CCIP was 40% for the Period (Corresponding Period: 33%). Management would focus to further improve the berth utilisation rate for the rest of 2020 in order to optimise the return on its assets.

As the Chinese economy as well as the global economy is already slowing down due mainly to the COVID-19 outbreak, Management is mindful of the increased challenges ahead, particularly those relating to international trade flows. Management will endeavour to step up its efforts to secure a good level of cargo throughput and to closely monitor the trade receivables collection.

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 trainings to better prepare the team to embrace its growth strategy

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 467 full time employees (31 December 2019: 460). The Group remunerates its employees based on their performance, working experience and the prevailing market condition and the Group's financial results.

The group provides competitive remuneration packages to retain its employees, which include salaries, discretionary bonuses, medical insurance, different allowances and benefits-in-kind as well as mandatory central provident fund schemes for employees in Singapore and pension schemes 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 2020, the Group has already contributed RMB150,000 to this Charity.

On 13 February 2020, the Group donated RMB51,739 (S$10,000) to the Singapore Red Cross in support of their donation drive, the COVID-19 Response 2020.

On 20 February 2020, an associate of the Company, CWW, donated RMB150,000 to the Charity for the support of the Changshu medical aid team for the COVID-19 outbreak.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Unaudited 2020 RMB'000	Unaudited 2019 RMB'000
Revenue	5	229,212	194,403
Other income and gains	5	9,905	1,613
Subcontract costs		(39,582)	(33,535)
Distribution costs, consumables and fuel used		(16,305)	(12,876)
Employee benefit expenses		(32,660)	(29,054)
Depreciation and amortisation expenses		(28,208)	(29,306)
Leasing costs		(4,796)	(5,675)
Other operating expenses		(20,912)	(20,228)
Other expenses		(4,744)	(4,653)
Finance costs	6	(15,093)	(15,001)
Share of profits of an associate		6,121	5,495
Profit before tax	7	82,938	51,183
Income tax expense	10	(27,328)	(14,684)
Profit for the period		55,610	36,499
Other comprehensive income representing item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		–	–
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period		55,610	36,499
Profit attributable to:			
Equity holders of the Company		51,768	34,465
Non-controlling interests		3,842	2,034
Profit for the period		55,610	36,499
Total comprehensive income attributable to:			
Equity holders of the Company		51,678	34,465
Non-controlling interests		3,842	2,034
Total comprehensive income for the period		55,610	36,499
Earnings per share attributable to equity holders of the Company (RMB cents per share)	12	6.4	4.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		Group		Company	
	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Non-current assets					
Property, plant and equipment	13	1,061,290	1,070,116	–	–
Intangible assets	15	629	737	–	–
Goodwill	16	106,549	106,549	–	–
Investments in subsidiaries	29	–	–	685,197	685,197
Investments in associates	17	24,841	24,885	–	–
Deferred tax assets	18	11,044	13,228	–	–
Prepayment for property, land and equipment		–	1,860	–	–
Right-of-use assets	31	257,408	261,942	–	–
Total non-current assets		1,461,761	1,479,317	685,197	685,197
Current assets					
Inventories	19	1,571	1,480	–	–
Trade and bills receivables	20	81,822	61,991	–	–
Prepayments, deposits and other receivables	21	3,150	10,791	246	353
Cash and cash equivalents	22	161,746	141,707	33,831	20,117
Total current assets		248,289	215,969	34,077	20,470
Current liabilities					
Trade payables	23	42,384	37,381	–	156
Other payables and accruals	24	94,400	103,405	1,031	1,129
Deferred income	25	429	858	–	–
Loans and borrowings	26	23,000	17,500	–	–
Tax payable		10,189	3,351	–	–
Lease liability		–	404	–	–
Total current liabilities		170,402	162,899	1,031	1,285
Net current assets		77,887	53,070	33,046	19,186
Non-current liabilities					
Loans and borrowings	26	555,823	563,620	–	–
Deferred tax liabilities	18	27,813	27,995	–	–
Deferred income	25	1,564	1,586	–	–
Lease liability		–	110	–	–
Amount due to a subsidiary		–	–	53,361	–
Total non-current liabilities		585,200	593,311	53,361	–
Net assets		954,448	939,076	664,882	704,382
Equity attributable to equity holders of the Company					
Share capital	27	597,659	597,659	597,659	597,659
Reserves	28	272,250	257,720	67,223	106,723
		869,909	855,379	664,882	704,382
Non-controlling interests		84,539	83,697	–	–
Total equity		954,448	939,076	664,882	704,382

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Group	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
	Attributable to equity holders of the Company							
As at 1 January 2020 (audited)	597,659	22,164	6,059	(376,960)	606,457	257,720	83,697	939,076
Profit for the period	–	–	–	–	51,768	51,768	3,842	55,610
Total comprehensive income for the period	–	–	–	–	51,768	51,768	3,842	55,610
Dividends paid to Shareholders	–	–	–	–	(37,238)	(37,238)	–	(37,238)
Dividends paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	(3,000)	(3,000)
As at 30 June 2020 (unaudited)	597,659	22,164	6,059	(376,960)	620,987	272,250	84,539	954,448
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
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

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 2020 (audited)	597,659	6,059	100,664	106,723	704,382
Loss for the period	–	–	(2,262)	(2,262)	(2,262)
Total comprehensive loss for the period	–	–	(2,262)	(2,262)	(2,262)
Dividends paid to Shareholders	–	–	(37,238)	(37,238)	(37,238)
As at 30 June 2020 (unaudited)	597,659	6,059	61,164	67,223	664,882
As at 1 January 2019 (audited)	597,659	6,059	108,817	114,876	712,535
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	106,798	112,857	710,516

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	Unaudited 2020 RMB'000	Unaudited 2019 RMB'000
Cash flows from operating activities			
Profit before tax	7	82,938	51,183
Adjustments for:			
Finance costs	6	15,128	15,001
Interest expense on lease liability		(35)	–
Share of profits of an associate		(6,121)	(5,495)
Investment income		(190)	–
Interest income	5	(743)	(297)
Depreciation of property, plant and equipment	13	24,538	25,204
Depreciation of right-of-use assets (Equipment lease)	31	(435)	–
Depreciation of right-of-use assets		3,990	–
Amortisation of prepaid land lease payments and other land related costs	14	–	3,992
Amortisation of intangible assets	15	115	112
Gain on disposal of property, plant and equipment		(23)	(727)
Cash flow from operating activities before changes in working capital		119,162	88,973
Increase in inventories		(91)	(185)
Increase in trade and bills receivables		(19,831)	(10,707)
Decrease in prepayments, deposits and other receivables		7,641	9,690
Increase/(decrease) in trade payables		5,003	(5,408)
(Decrease)/increase in other payables and accruals		(9,005)	6,954
Decrease in deferred income		(451)	(452)
Cash generated from operations		102,428	88,865
Interest received		743	297
Interest paid on loans and borrowings		(15,128)	(15,001)
Interest paid on lease liability		35	–
Income tax paid		(18,486)	(19,480)
Net cash flows from operating activities		69,592	54,681
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	Note A	(13,923)	(43,901)
Proceeds from disposal of property, plant and equipment		86	1,193
Dividend income from an associate		6,164	8,156
Investment income		190	–
Capital reduction in an associate		–	470
Net cash flows used in investing activities		(7,483)	(34,082)
Cash flows from financing activities			
Proceeds from loans and borrowings		4,703	523,375
Repayment of loans and borrowings		(7,000)	(555,375)
Proceeds of principal portion of lease liability		465	–
Dividends paid to Shareholders		(37,238)	–
Dividends paid to non-controlling shareholder of a subsidiary		(3,000)	(2,000)
Net cash flows used in financing activities		(42,070)	(34,000)
Net increase/(decrease) in cash and cash equivalents		20,039	(13,401)
Cash and cash equivalents at beginning of the year	22	141,707	105,068
Cash and cash equivalents at end of the period	22	161,746	91,667
Note A: Reconciliation on purchase of property, plant and equipment and intangible assets			
Addition of property, plant and equipment		15,776	42,801
Addition of intangible assets		7	–
Amount paid for the purchase of property, plant and equipment of prior period		–	1,100
Addition of property, plant and equipment which have not been paid during the period		(1,860)	–
		13,923	43,901

1. GENERAL INFORMATION

Xinghua is a company incorporated in Singapore. The registered office of the Company is located 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 have been listed on the SEHK.

The Company is an investment holding company and its subsidiaries are principally engaged in the operations of two ports and the related services in the PRC.

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.

The unaudited consolidated financial statements of the Group as at 30 June 2020 and for the six months ended 30 June 2020 (the "**Consolidated Financial Statements**") comprise the financial statements of the Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 of the laws of Singapore, 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 during the six months ended 30 June 2020, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. 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
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020

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

IAS 1 and IAS 8 – Definition of material – amendment

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors align the definition of "material" across the standards and to clarify certain aspects of the definition. These amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, is material in the context of the financial statements.

IFRS 3: Definition of a business – amendment

Amendments to the definition of a business in IFRS 3 Business Combinations help entities determine whether an acquired set of activities and assets is a business or not. The minimum requirements for a business are clarified, which remove the assessment of whether market participants are capable of replacing any missing elements, incorporate additional guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

IFRS 9, IFRS 7 and IAS 39 Interest rate benchmark reform – amendment

IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instrument: Disclosures, to respond to the effects of Interbank Offered Rates ("IBOR") reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an "RFR").

3. IFRS STANDARDS ISSUED (Continued)

The conceptual framework for financial reporting

The revised conceptual framework for financial reporting is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the conceptual framework is to assist the board of directors of the Company (the "Directors" and the "Board", respectively) in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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.

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 2020 and 2019 is set out below:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Customer A	132,130	99,782

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of services transferred to customers after trade discounts.

An analysis of the Group's revenue and other income and gains for the six months ended 30 June 2020 and 2019 is as follows:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue		
Stevedoring income	182,264	155,300
Storage income	45,343	36,904
Rental income	913	940
Others	692	1,259
Total revenue	229,212	194,403

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other income and gains		
Interest income from cash in bank	743	297
Scrap income	96	64
Penalty income	113	125
Gain on disposal of property, plant and equipment	23	726
Government grants	2,024	22
Compensation income	6,615	–
Investment income	190	–
Others	101	379
Total other income and gains	9,905	1,613

6. FINANCE COSTS

An analysis of the Group's finance costs for the six months ended 30 June 2020 and 2019 is as follows:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest on loans and borrowings	15,128	15,001
Interest on lease liability	(35)	–
	15,093	15,001

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax for the six months ended 30 June 2020 and 2019:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Employee benefit expenses (including Directors' and chief executive's remuneration as set out in Note 8):		
Wages and salaries	30,289	23,784
Pension and social security	207	3,390
Audit fee paid to the auditor of the Company	86	462
Audit fee paid to the member firm of the auditor of the Company	328	286
Non-audit fee paid to the member firm of the auditor of the Company	196	27
Gain on disposal of items of property, plant and equipment	(27)	(727)
Depreciation of property, plant and equipment (Note 13)	24,539	25,204
Amortisation of prepaid land lease payments and other land related costs (Note 14)	–	3,992
Amortisation of intangible assets (Note 15)*	115	112
Depreciation of right-of-use assets	3,555	–
Leasing costs	4,796	5,675
Reversal of allowance of inventory obsolescence	(81)	–
Foreign exchange (gain)/loss	(34)	15

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 and chief executive of the Company for the six months ended 30 June 2020 and 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 2020 (Unaudited)				
Salaries, allowances and bonuses	1,054	825	581	2,460
Discretionary bonuses	–	–	–	–
Pension scheme contributions	24	17	24	65
Total	1,078	842	605	2,525

	Group			
	Patrick Ng RMB'000	Kor Tor Khoon RMB'000	Jane Ng RMB'000	Total RMB'000
For the six months ended 30 June 2019 (Unaudited)				
Salaries, allowances and bonuses	827	1,177	217	2,221
Pension scheme contributions	59	64	11	134
Total	886	1,241	228	2,355

The above remuneration of Mr. Patrick Ng and Ms. Jane Ng comprised only the remuneration which they received for the period from 1 April 2019 to 30 June 2019 as they had voluntarily waived their remuneration for the period from 1 January 2019 to 31 March 2019.

NEDs' and INEDs' fees paid for the six months ended 30 June 2020 and 2019 are as follows:

	Company	
	2020 RMB'000	2019 RMB'000
NEDs		
Mr. Alan Chan Hong Joo (retired on 28 May 2019)	–	55
Mr. Lee Cheong Seng	213	86
INEDs		
Mr Tan Chian Khong	299	121
Mr. Soh Ee Beng	273	111
Mr. Ting Yian Ann	231	93
Total fees paid to NEDs and INEDs	1,016	466

During the six months ended 30 June 2020, no Director 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.

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 2020 and 2019 of the remaining highest paid employees of the Group are as follows:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Salaries, allowances and bonuses	639	609
Pension scheme contributions	46	44
Total	685	653

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 2020 is as follows:

	2020 (Unaudited)	2019 (Unaudited)
Nil to RMB1,000,000	2	2

Save as disclosed above, in the six months ended 30 June 2020, 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 2020.

10. INCOME TAX EXPENSE (Continued)

The major components of income tax expense for the six months ended 30 June 2020 and 2019 are as follows:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current tax	25,325	18,740
Deferred tax (Note 18)	2,003	(4,056)
Total tax charge for the period	27,328	14,684

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 2020 and 2019 is as follows:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Profit before tax	82,938	51,183
Tax at the statutory tax rates of 17% (2019: 17%)	14,099	8,701
Tax rates for specific provinces or enacted by local authority	7,028	4,427
Effect of withholding tax at 5% on the distributable profits of the Company's PRC subsidiaries	2,669	2,088
Share of tax attributable to an associate*	(1,530)	(1,373)
Tax losses utilised for previous years	–	550
Expenses not deductible for tax	5,062	291
Total tax charge for the period	27,328	14,684

Note: * The share of tax attributable to an associate amounting to RMB1,530,000 and RMB1,373,000 for the six months ended 30 June 2020 and the six months ended 30 June 2019 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 2020 (for the six months ended 30 June 2019: 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 2020 and 2019:

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Earnings per share (RMB cents per share) attributable to equity holders of the Company	6.4	4.2

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
2020					
As at 1 January 2020, net of accumulated depreciation	946,008	103,746	11,295	9,067	1,070,116
Additions	8,119	5,764	444	1,449	15,776
Disposals	–	(63)	–	–	(63)
Depreciation charge for the period	(15,659)	(7,494)	(1,386)	–	(24,539)
Transfers	10,280	–	–	(10,280)	–
As at 30 June 2020 (Unaudited) net of accumulated depreciation	948,748	101,953	10,353	236	1,061,290
As at 30 June 2020 (Unaudited):					
Cost	1,240,054	320,105	25,861	236	1,586,256
Accumulated depreciation	(291,306)	(218,152)	(15,508)	–	(524,966)
Net carrying amount	948,748	101,953	10,353	236	1,061,290
2019					
As at 1 January 2019, net of accumulated depreciation	871,229	115,763	9,166	10,203	1,006,361
Additions	6,038	7,796	4,887	96,473	115,194
Disposals	–	(470)	(32)	–	(502)
Depreciation charge for the year	(28,868)	(19,343)	(2,726)	–	(50,937)
Transfers	97,609	–	–	(97,609)	–
As at 31 December 2019 (Audited) net of accumulated depreciation	946,008	103,746	11,295	9,067	1,070,116
As at 31 December 2019 (Audited):					
Cost	1,221,655	315,602	25,782	9,067	1,572,106
Accumulated depreciation	(275,647)	(211,856)	(14,487)	–	(501,990)
Net carrying amount	946,008	103,746	11,295	9,067	1,070,116

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

As at 30 June 2020, certain of the Group's property, plant and equipment with a carrying amount of RMB691.6 million (31 December 2019: RMB690.9 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 2020 RMB'000	As at 31 December 2019 RMB'000
Carrying amount as at 1 January	–	269,540
Reclassification upon adoption of IFRS 16 on 1 January 2019	–	(269,540)
Adjustment to land use rights – CCIP	–	–
Amortisation expense for the year	–	–
Carrying amount as at 31 December 2019 (Audited)	–	–

On 1 January 2019, the Group's prepaid land lease with a carrying amount of RMB269.5 million was reclassified to right-of-use assets upon adoption of IFRS 16.

15. INTANGIBLE ASSETS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Carrying amount as at 1 January, net of amortisation	737	934
Additions	7	29
Amortisation	(115)	(226)
Carrying amount as at 30 June 2020 (Unaudited) and as at 31 December 2019 (Audited)	629	737

16. GOODWILL

Goodwill amounting to RMB106.5 million as at 30 June 2020 (as at 31 December 2019: 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 2020 remained appropriate.

17. INVESTMENT IN AN ASSOCIATE

The Group's material investment in an associate is summarised below:

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Share of net assets:		
CWW	24,841	24,885
Carrying amount of the investment in an associate	24,841	24,885

Particulars of the associate are as follows:

Name of company	Principal activities	Principal place of business	Percentage of equity interest	
			2020 (%)	2019 (%)
CWW	Provision of services, warehouse, and distribution of forestry products and related products	The PRC	25	25

The Group's shareholding in the associate comprises equity shares held by a subsidiary of the Company.

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. INVESTMENT IN AN ASSOCIATE (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 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Current assets	124,665	103,336
Non-current assets, excluding goodwill	50,353	50,428
Current liabilities	92,050	54,183
Net assets	82,968	99,581
Proportion of the Group's ownership	25%	25%
Share of net assets	20,742	24,895
Other adjustments	(10)	(10)
Dividend declared	4,109	–
Carrying amount of the investment	24,841	24,885

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	246,265	191,897
Profit after tax for the period	24,482	20,100
Total comprehensive income for the period	24,482	20,100

18. DEFERRED TAX

Deferred tax assets

	Group				
	Accruals RMB'000	Tax difference from fixed assets residual value adjustments RMB'000	Impairment of assets RMB'000	Losses available for offsetting against future taxable profit RMB'000	Total RMB'000
Deferred tax assets as at 1 January 2019	3,495	969	2,515	5,506	12,485
Deferred tax charged to the profit or loss for the year	1,019	514	(46)	(744)	743
Deferred tax assets as at 31 December 2019 and 1 January 2020	4,514	1,483	2,469	4,762	13,228
Deferred tax charged to the profit or loss for the period (Note 10)	206	–	(20)	(2,370)	(2,184)
Deferred tax assets as at 30 June 2020 (Unaudited)	4,720	1,483	2,449	2,392	11,044

Deferred tax liabilities

	Group	
	Withholding tax RMB'000	Total RMB'000
Deferred tax liabilities as at 1 January 2019	25,469	25,469
Deferred tax charged to the profit or loss for the year	2,526	2,526
Deferred tax liabilities as at 31 December 2019 (Audited) and 1 January 2020	27,995	27,995
Deferred tax charged to the profit or loss for the period (Note 10)	(182)	(182)
Deferred tax liabilities as at 30 June 2020 (Unaudited)	27,813	27,813

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 2020 (31 December 2019: RMB23.3 million).

19. INVENTORIES

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Consumables and fuel	3,258	3,248
Allowance for impairment	(1,687)	(1,768)
	1,571	1,480

Movements in the allowance for impairment losses are as follows:

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Impairment:		
As at beginning of the year	1,768	1,952
Reversal	(81)	(184)
As at 30 June 2020 (Unaudited) and as at 31 December 2019 (Audited)	1,687	1,768

There are no pledged inventories as at 30 June 2020 (31 December 2019: Nil).

	Group For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Income statement		
Inventories recognised as an expense:		
In distribution costs, consumables and fuel used	5,541	4,792
In other operating expenses	1,998	–
	7,539	4,792

20. TRADE AND BILLS RECEIVABLES

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables*	81,799	58,484
Less: Provision for doubtful debts	(707)	(707)
Bills receivable	730	4,214
Total trade and bill receivables	81,822	61,991

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.

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 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Neither past due nor impaired	74,187	52,268
Past due but not impaired		
More than three months to one year	6,905	5,509
Past due and impaired		
More than one year to 2 years	57	707
More than 2 years to 3 years	650	–
Trade receivables	81,799	58,484
Less: Provision for doubtful debts	(707)	(707)
Bills receivable	730	4,214
Total trade and bill receivables	81,822	61,991

20. TRADE AND BILLS RECEIVABLES (Continued)

Expected credit losses ("ECL")

The movement in allowance for ECLs of trade receivables computed based on lifetime ECL is as follows:

	Group	
	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Movement in allowance account:		
As at 1 January	707	707
Charge for the period/year	–	–
As at 30 June 2020 (Unaudited) and as at 31 December 2019 (Audited)	707	707

As at 30 June 2020, the Group had trade receivables amounting to RMB6.9 million (31 December 2019: RMB5.5 million) that were past due but not impaired.

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Prepayment	1,929	3,147	236	343
Value-added tax recoverable	1,087	7,485	–	–
Deposits and other receivables	134	159	10	10
Total prepayment, deposits and other receivables	3,150	10,791	246	353

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Cash and bank balances	161,746	141,707	33,831	20,117
Total cash and cash equivalents	161,746	141,707	33,831	20,117

As at 30 June 2020, the cash and cash equivalents of the Group were about RMB161.7 million (31 December 2019: RMB141.7 million), of which, 73% of the cash were denominated in RMB, 6% of the cash were in Singapore dollar ("S$"), 20% of the cash were in Hong Kong dollar (**"HK$"**) and 1% of the cash were in United States dollar (**"US$"**).

Cash and short-term deposits denominated in foreign currencies are as follows:

	Group and Company	
	As at 30 June 2020	As at 31 December 2019
Hong Kong Dollar	31,310	14,854
Singapore Dollar	9,793	22,186
United States Dollar	1,867	1,925

23. TRADE PAYABLES

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

	Group		Company	
	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Within 1 year	34,650	31,991	–	156
More than 1 year to 2 years	5,358	3,865	–	–
Over 2 years	2,376	1,525	–	–
	42,384	37,381	–	156

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 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Other payables	25,276	26,688	–	–
Advance from customers	42,262	50,371	–	–
Employee benefits	6,332	19,475	–	–
Accruals	20,530	6,871	1,031	1,129
Total other payables and accruals	94,400	103,405	1,031	1,129

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 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Carrying amount at 1 January	2,444	3,347
Amortisation	(451)	(903)
Deferred income	1,993	2,444
Less: Current portion	429	858
Non-current portion	1,564	1,586

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 2020			
Current:			
Current portion of bank loans – secured	5.14	2021	23,000
Non-current:			
Bank loans – secured	5.14	2021–2034	555,823
As at 30 June 2020 (Unaudited)			578,823
As at 31 December 2019			
Current:			
Current portion of long-term bank loans – secured	5.15	2020	17,500
Non-current:			
Bank loans – secured	5.14	2021–2034	563,620
As at 31 December 2019 (Audited)			581,120

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

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within one year	23,000	17,500
In the second year	34,000	29,500
In the third to fifth years, inclusive	106,000	105,000
Beyond five years	415,823	429,120
Total loans and borrowings	578,823	581,120

No equity interest was pledged as at 30 June 2020 (31 December 2019: Nil).

27. SHARE CAPITAL

	Group and Company	
	No. of Shares	RMB'000
Issued and fully paid:		
As at 31 December 2019 (Audited)	814,412,028	597,659
As at 30 June 2020 (Unaudited)	814,412,028	597,659

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. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated financial statements of changes in equity.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in China, the Group's PRC subsidiaries are required to make appropriation of the profit to a Statutory Reserve Fund ("**SRF**"). The SRF of the Group comprises the reserve fund and enterprise expansion fund. The reserve fund is not free for distribution as dividends but it can be used to offset losses or be capitalised as capital. The enterprise expansion fund can be used to expand an enterprise's production and operations.

Other reserves

The other reserves of approximately RMB377.0 million as of 1 January 2020 (as of 1 January 2019: RMB377.0 million) result mainly from the excess of consideration approximately RMB492.6 million paid for the acquisition of an additional 36% equity interest amounting to approximately RMB146.8 million in Singapore Changshu Development Company Pte Ltd, a subsidiary of the Company, in 2013.

(b) Company

	Company		
	Exchange translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 31 December 2019 (Audited) and 1 January 2020	6,059	100,664	106,723
Profit for the period	–	(2,262)	(2,262)
Total comprehensive income for the period	–	(2,262)	(2,262)
Dividends paid to the Shareholders	–	(37,238)	(37,238)
As at 30 June 2020 (Unaudited)	6,059	61,164	67,223

29. INVESTMENTS IN SUBSIDIARIES

	Company	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Unlisted investments, at cost	685,197	685,197

30. COMMITMENTS

(a) Capital commitments

Capital commitments contracted for as at the end of the six months ended 30 June 2020 but not recognised in the financial statements are as follows:

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Capital commitments in respect of plant and machinery	18	2,528

(b) Operating lease commitments – As lessor

As at 30 June 2020, future minimum lease payments to be received under non-cancellable leases are as follows:

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within one year	59,561	40,290
After one year and within five years	48,224	58,786
Total	107,785	99,076

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 2019: one to three years).

31. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has rights-of-use assets for a crane and a prepaid land lease. Lease of equipment and the land lease have lease term of 2 years and 30 to 70 years respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. The Group's prepaid land lease with a carrying amount of RMB228.3 million as at 30 June 2020 are pledged to secure certain loans and borrowings.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the six months ended 30 June 2020:

	Crane RMB'000	Land Lease RMB'000	Total RMB'000
As at 1 January 2019	979	–	979
Adjustment to land use rights – CCIP	–	(175)	(175)
Depreciation charge and amortisation for the year	(435)	(7,967)	(8,402)
Reclassification from prepaid land lease payments	–	269,540	269,540
As at 31 December 2019 (Audited)	544	261,398	261,942
Adjustment to land use rights – CCIP	(979)	–	(979)
Depreciation charge and amortisation for the period	435	(3,990)	(3,555)
As at 30 June 2020 (Unaudited)	–	257,408	257,408

Set out below are the carrying amounts of lease liabilities and the movements during the six months ended 30 June 2020:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
As at 1 January	514	979
Interest expense on lease liabilities	(35)	35
Reductions	(479)	–
Payments	–	(500)
As at 30 June 2020 (Unaudited) and as at 31 December 2019 (Audited)	–	514
Current	–	404
Non-current	–	110

32. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by certain assets of the Group are disclosed in Notes 13 and 31 to the Consolidated Financial Statements.

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related parties	Relationship with the Group
Pan-United Investments Pte. Ltd.	Connected Person
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 interim report, the Group had the following transactions with related parties:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Service income from CWW (Note i)	132,130	99,782
Rental income from CWW (Note i)	451	451

Note:

(i) The sales to the related party and rental income from the related party were made according to prices mutually agreed after taking into account the prevailing market prices.

(c) Commitments with a related party

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.

33. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances with a related party:

The Group's trade and non-trade balances with a related party as at 30 June 2020 are as follows:

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Amount due from an associate		
CWW		
Trade and bills receivables	23,495	13,717
Amount due to an associate		
CWW		
Advanced storage fee	41,180	49,289
Other payables and accruals	5,727	5,724
	46,907	55,013

The amounts due from an associate above are receivable with a credit term of 30 days. Advanced storage fee from an associate will be deducted every month for storage of pulp and paper cargo until April 2022. Other payables are security deposits collected from an associate and on final maturity of warehouses agreement on April 2022, will be refunded if the warehouses agreement is not renewed.

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

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,460	2,221
Discretionary bonuses	–	–
Pension scheme contributions	65	134
	2,525	2,355

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

34. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Financial assets				
Trade and bills receivables	81,822	61,991	–	–
Deposits and other receivables	134	159	10	10
Cash and cash equivalents	161,746	141,707	33,831	20,117
Total financial assets	243,702	203,857	33,841	20,127
Financial liabilities				
Trade payables	42,384	37,381	–	156
Financial liabilities including other payables and accruals	52,138	53,034	1,031	1,129
Loans and borrowings	578,823	581,120	–	–
Total financial liabilities at amortised cost	673,345	671,535	1,031	1,285

35. 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 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 2020 and the six months ended 30 June 2019 as follows:

	Group	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Increase by 5 basis points (2019: 5 basis points)	(1,101)	(1,065)
Decrease by 5 basis points (2019: 5 basis points)	1,101	1,065

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales, purchases 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 2020 and the six months ended 30 June 2019 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
RMB/US$		
– strengthen by 5% (2019: 5%)	+1	+1
– weaken by 5% (2019: 5%)	-1	-1
RMB/S$		
– strengthen by 5% (2019: 5%)	+21	+21
– weaken by 5% (2019: 5%)	-21	-21

(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 2020, 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.

35. 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 2020 (Unaudited)				
Financial liabilities				
Trade payables	42,384	–	–	42,384
Financial liabilities including other payables and accruals	52,138	–	–	52,138
Loans and borrowings	24,183	166,832	437,205	628,220
Lease liability	–	–	–	–
	118,705	166,832	437,205	722,742
As at 31 December 2019 (Audited)				
Financial liabilities				
Trade payables	37,381	–	–	37,381
Financial liabilities including other payables and accruals	53,034	–	–	53,034
Loans and borrowings	18,400	141,416	451,185	611,001
Lease liability	414	116	–	530
	109,229	141,532	451,185	701,946

35. 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 2020 (Unaudited)				
Financial liabilities				
Financial liabilities including other payables and accruals	1,031	–	–	1,031
	1,031	–	–	1,031
As at 31 December 2019 (Audited)				
Financial liabilities				
Trade payables	156	–	–	156
Financial liabilities including other payables and accruals	1,129	–	–	1,129
	1,285	–	–	1,285

35. 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.

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 2020.

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 2020 and 31 December 2019 are as follows:

	Group	
	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Loans and borrowings	578,823	581,634
Less: Cash and cash equivalents	(161,746)	(141,707)
Net debt	417,077	439,927
Total equity	954,448	939,076
Total equity and net debt	1,371,525	1,379,003
Net debt to total equity and net debt ratio	30%	32%

The Group did not breach any borrowing covenants during the six months ended 30 June 2020.

36. 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 2019.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved and authorised for issue by the Board on 28 July 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 13 November 2019, the Company announced that the Company's chief executive officer, Mr. Kor Tor Khoon, was re-designated as the Group's chief commercial officer. Since then, there has been no chief executive in the Company but Mr. Patrick Ng, being the Chairman, has assumed the operational role of the chief executive. The Board believes that vesting the roles of both Chairman and chief executive in the same person is beneficial to the business prospects and management, allowing effective and efficient planning and implementation of business decision and strategies.

The Board does not have the intention to fill the position of chief executive at present and considers that the current structure of vesting the roles of both Chairman and chief executive in the same person will not impair the balance of power and authority between the Board and the Management. The Board considers that the balance mechanism could be ensured through the operation of the Board, which includes INEDs and other experienced individuals from our community. The Board will, nevertheless, continue to review this structure from time to time and will consider the need of appointment of a suitable candidate to perform the role of chief executive at the appropriate time, taking into account the circumstance of the Group as a whole.

Save as disclosed, the Company has complied with all code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code") during the six months ended 30 June 2020.

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 2020.

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

During the six months ended 30 June 2020 and thereafter up to the date of this interim report, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

4. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

There were no significant investments held or future plans for material investments or capital assets as at 30 June 2020 (31 December 2019: Nil).

5. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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 2020.

6. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

7. 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 2020, 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:

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

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	47,108,037	47,108,037	5.78%
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%
Mr. Ting Yian Ann	Beneficial owner	100,000	100,000	0.01%

Notes:

1. The percentage represents the total number of the Shares and the number of underlying Shares interested divided by the number of issued Shares of 814,412,028 as at 30 June 2020.

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 2020, 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.

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

As at 30 June 2020, 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**")	Beneficial owner	77,876,203	77,876,203	9.56%
Mr. Alan Chan Hong Joo	Interest in a controlled corporation[4]	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 2020.

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. 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 2020, 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.

9. 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.

Save as disclosed, 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.

10. COMPLIANCE WITH LAWS AND REGULATIONS

During the six months ended 30 June 2020 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.

11. 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.

12. MAJOR CUSTOMERS AND SUPPLIERS

For the six months ended 30 June 2020, the percentage of revenue attributable to the Group's five largest customers combined was 67.3% (30 June 2019: 65.8%). Among it, the Group's associate company accounted for 54.4%, which was also the Group's largest customer (30 June 2019: 51.3%).

Purchases from the Group's five largest suppliers combined accounted for 40.5% of the total purchases for the six months ended 30 June 2020 (30 June 2019: 52.8%) and purchases from the Group's largest supplier included therein amounted to 13.5% (30 June 2019: 13.0%).

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 2020, 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.

13. 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 2020, 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 2020.

14. 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 2020.

15. MAJOR EVENTS AFTER THE SIX MONTHS ENDED 30 JUNE 2020

On 29 July 2020, the Company made a joint announcement in the Exchange about the voluntary conditional general cash offer by Essence International Securities (Hong Kong) Limited for and on behalf of Zhuhai Port (Hong Kong) Co., Limited to acquire all the issued shares of the Company and proposed withdrawal of listing of the Company and the establishment of the Independent Board Committee. The Offer consists of each Offer Share of HK$2.597 (the "Offer"), less the Dividend Adjustment (if any), in cash to all Offer Shareholders in accordance with the Takeover Code.

On 31 July 2020, the Company announced the appointment of Donvex Capital Limited as Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer.

On 26 August 2020, the Company made a joint announcement for the despatch of Composite document relating to voluntary conditional general cash offer by Essence International Securities (Hong Kong) Limited for and on behalf of Zhuhai Port (Hong Kong) Co., Limited to acquire all the issued shares of the Company and proposed withdrawal of Listing.

On 16 September 2020, the Company and the Offeror made a joint announcement that (1) acceptances of the Offer and the Offer has become unconditional in all respects; (2) the Offer remain open for acceptance for 14 days: and (3) compulsory acquisition and withdrawal of listing in SEHK.

As at 4:00 p.m. on 16 September 2020, the Offeror has received valid acceptances in respect of 781,096,152 Offer Shares under the Offer, representing approximately 95.91% of the total issued share capital of the Company as at the date of this joint announcement.

As the Offeror has received valid acceptances in respect of approximately 95.91% of the Offer Shares and 95.91% of the Disinterested Shares, the Condition has been satisfied, the board of directors of the Offeror has announced that the Offer has become unconditional in all respects on 16 September 2020.

Save as disclosed in this Interim Report, there is no major event that took place after the Period.

16. 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 2020.

17. SHARE OPTION SCHEME

The Company did not have a share option scheme in place as at 30 June 2020.

18. EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement during the six months ended 30 June 2020.

19. 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 2020 and as at the date of this interim report.

20. 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.

21. 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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