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XINGHUA PORT HOLDINGS LTD.

興華港口控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Stock code: 1990)

CONTINUING CONNECTED TRANSACTIONS

PORT SERVICES AGREEMENTS

PORT SERVICES AGREEMENTS

The Board is pleased to announce that on 11 January 2019, CXP and CCIP, each a non-wholly owned subsidiary of the Company, entered into the Port Services Agreements with COSAC and/or CSLC. Pursuant to the Port Services Agreements, CXP and/or CCIP agreed to provide port-related services to COSAC and/or CSLC, and COSAC and/or CSLC agreed to pay CXP and/or CCIP for such services.

ANNUAL CAP

It is expected that the aggregate amount of the transactions under the Port Services Agreements for the year ending 31 December 2019 shall not exceed RMB15 million. Such proposed cap amount is mainly determined by the historical transaction amounts paid by COSAC and CSLC to the Group, the overall business environment and market conditions, and the potential orders to be extended by COSAC and CSLC, taking into account the estimated demand for port logistics services in Changshu, the PRC.

LISTING RULES IMPLICATIONS

Based on the expected annual cap set by the Company, the highest relevant Percentage Ratios in respect of the transaction amounts under the Port Services Agreements for the year ending 31 December 2019 will be less than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, the transactions shall be exempt from the circular (including independent financial advice) and shareholders' approval requirements but are subject to the announcement and annual reporting requirements.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular (including independent financial advice) and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

* for identification purpose only

INTRODUCTION

Reference is made to the announcement of the Company dated 28 March 2018 in relation to, amongst others, the continuing connected transaction under the Port Services Agreements.

PORT SERVICES AGREEMENT

The Board is pleased to announce that on 11 January 2019, CXP and CCIP, each a non-wholly owned subsidiary of the Company, entered into the Port Services Agreements with COSAC and/or CSLC. Pursuant to the Port Services Agreements, CXP and/or CCIP agreed to provide port-related services to COSAC and/or CSLC, and COSAC and/or CSLC agreed to pay CXP and/or CCIP for such services. The Port Services Agreements were entered into in the ordinary and usual course of business of the Group on normal commercial terms and contain final commercial terms covering transactions between the parties for the financial year ending 31 December 2019.

The principal terms of the Port Services Agreements are summarised as follows:

Agreement	Parties	Term	Services
(1) Port logistics services contract	(a) COSAC; and (b) CCIP	1 January 2019 to 31 December 2019	CCIP to provide COSAC with port logistics services, such as loading and unloading and storage services of pulp and paper cargo.
(2) Port logistics services contract	(a) COSAC; and (b) CCIP	1 January 2019 to 31 December 2019	CCIP to provide COSAC with port logistics services, such as loading and unloading and storage services of steel cargo, log cargo and cargo in bags.
(3) Port logistics services contract	(a) COSAC; and (b) CXP	1 January 2019 to 31 December 2019	CXP to provide COSAC with port logistics services, such as loading and unloading and storage services of steel cargo, log cargo and cargo in bags.
(4) Port logistics services contract	(a) COSAC; (b) CXP; and (c) CSLC	1 January 2019 to 31 December 2019	CXP to provide COSAC and CSLC with port logistics services, such as loading and unloading and storage services of containers.
(5) Port logistics services contract	(a) CSLC; and (b) CXP	1 January 2019 to 31 December 2019	CXP to provide CSLC with port-related services, such as loading and unloading and storage services of steel cargo.

Agreement	Parties	Term	Services
(6) Port logistics services contract	(a) CSLC; and (b) CXP	1 January 2019 to 31 December 2019	CXP to provide CSLC with port-related services, such as loading and unloading and storage services of steel cargo, log cargo and cargo in bags.
(7) Port logistics services contract	(a) CSLC; and (b) CCIP	1 January 2019 to 31 December 2019	CCIP to provide CSLC with port-related services, such as loading and unloading and storage services of steel cargo, logs cargo and cargo in bags.
(8) Port logistics services contract	(a) CSLC; and (b) CCIP	1 January 2019 to 31 December 2019	CCIP to provide CSLC with port-related services, such as loading and unloading and storage services of pulp and paper cargo.

Consideration and payment

The fees charged under the Port Services Agreement include stevedoring fees (which include berth fees and unloading fees) and storage fees. The stevedoring fees and storage fees are calculated by multiplying the cargo weight and the unit prices, which are based on the prevailing market rates by reference to the factors set out in the table below. These service fees are payable by COSAC and/or CSLC on a monthly basis by way of cash.

Cargo type	Berth fees	Pricing	
		Loading and unloading fees	Storage fees
Steel (tonnes), logs cargo (cubic metre) and cargo in bags (tonnes)	(i) by vessel type; (ii) by vessel size (DWT); and (iii) by number of days	by cargo type	by number of days
Containers (TEUs)	(i) by vessel type; (ii) by vessel size (TEUs); and (iii) by number of days	by container size and type	(i) by container size; (ii) by type; and (iii) by number of days
Pulp and paper cargo (tonnes)	Not applicable	by loading port	by number of days

Historical figures

The transactions under the Port Services Agreements are aggregated for the purposes of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The following table sets out the historical amounts paid by COSAC and CSLC to the Group pursuant to the Port Services Agreements for the years ended 31 December 2016, 2017 and 2018, respectively.

<i>RMB</i>	For the year ended 31 December		
	2016	2017	2018
Transaction amounts in respect of the port logistic services provided to COSAC and CSLC	18,077,964	16,108,710	10,462,794

ANNUAL CAP

It is expected that the aggregate amount of the transactions under the Port Services Agreements for the year ending 31 December 2019 shall not exceed RMB15 million. Such proposed cap is mainly determined by reference to factors such as the historical transaction amounts paid by COSAC and CSLC to the Group, and the overall business environment and market conditions and the potential orders to be extended by COSAC and CSLC, taking into account the estimated demand for port logistics services in Changshu, the PRC.

The Directors, including the INEDs, take the view that the annual cap is fair and reasonable and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PORT SERVICES AGREEMENTS

The Group entered into the Port Services Agreements to bring more revenue and profit to the Group. The Directors consider that the Port Services Agreements are in the Group's interests, and in line with the Group's business strategy, to build relationships with COSAC and CSLC to expand the Group's customer coverage and increase the Group's market share.

The Directors (including the INEDs) believe that the transactions contemplated under the Port Services Agreements are in the ordinary and usual course of business of the Group and the terms of the Port Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

All Directors confirmed that they have no material interest in the transactions contemplated under the Port Services Agreements.

LISTING RULES IMPLICATIONS

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Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular (including independent financial advice) and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company

The Company is incorporated in Singapore with limited liability and its issued Shares were initially listed on the Main Board of the Stock Exchange on 12 February 2018. The Company is an investment holding company and its subsidiaries operate and manage two adjacent river ports, which are located in Changshu City in Jiangsu Province along the southern bank of the Changjiang River in the PRC. Both of the Group's ports are multi-purpose ports, and the Group handles a range of cargo types including pulp and paper cargo, steel cargo (such as cold and hot rolled coils), steel plates and galvanised coils, logs, project equipment (such as train carriages), long steel pipes and windmill blades, containers, and other general cargo (such as borax cargo, marble and sodium sulphur).

Information on CXP

CXP is an indirect non-wholly owned subsidiary of the Company and is owned as to 95% by SCDC and 5% by JCED.

Information on CCIP

CCIP is an indirect non-wholly owned subsidiary of the Company and is owned as to 90% by CXP and 10% by CBUC.

Information on COSAC

COSAC is held as to 35% by CEDG, 45% by COSAS and 20% by the labour union of COSAC (each of COSAS and the labour union of COSAC is an Independent Third Party); CEDG is held as to 90.9% by JCED and 9.1% by an Independent Third Party. As JCED holds a 68.8% equity interest in CBUC, which in turn holds a 10% equity interest in CCIP, a subsidiary of the Company, COSAC is CBUC's associate and is, therefore, a connected person of the Company under the Listing Rules.

Information on CSLC

CSLC is directly held as to 50% by COSAC and 50% by COSAS. Accordingly, CSLC is an associate of a connected person of the Company and is, therefore, a connected person of the Company under the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBUC”	Changshu Binjiang Urban Construction Investment & Management Co., Ltd. (常熟市濱江城市建設經營投資有限責任公司), a local state-owned company established in the PRC on 15 June 2004 and a minority shareholder holding 10% equity interest in CCIP, a subsidiary of the Company. JCED has a 68.8% interest in CBUC
“CCIP”	Changshu Changjiang International Port Co., Ltd. (常熟長江港務有限公司), a limited liability company established in the PRC on 10 May 2010 and an indirect non-wholly owned subsidiary of the Company, owned as to 90% by CXP and 10% by CBUC
“CEDG”	Changshu Economic Development Group Co., Ltd. (常熟市經濟開發集團有限公司), a state-owned company held as to 90.9% by JCED. JCED is the holding company of CBUC, a substantial shareholder of CCIP, and accordingly, CEDG is a connected person of the Company
“Company”	Xinghua Port Holdings Ltd., the holding company of the Group, which is a public company limited by shares incorporated in Singapore with limited liability on 11 October 2005 and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“COSAC”	China Ocean Shipping Agency Changshu (常熟外輪代理有限公司), a limited liability company established in the PRC on 8 November 1996, which is owned as to 35% by CEDG, 20% by the labour union of COSAC and 45% by China Ocean Shipping Agency Shanghai (中國上海外輪代理有限公司). COSAC is a 30%-controlled entity of JCED which in turn is the holding company of CBUC, a substantial shareholder of CCIP. Accordingly, COSAC is a connected person of the Company
“COSAS”	China Ocean Shipping Agency Shanghai (中國上海外輪代理有限公司), an Independent Third Party
“CSLC”	COSCO Shipping Logistics (Changshu) (常熟中遠海運物流有限公司), a limited liability company established in the PRC on 22 October 2000 (an associate of a connected person of the Company), which is owned as to 50% by COSAC and 50% by COSAS

“CXP”	Changshu Xinghua Port Co., Ltd. (常熟興華港口有限公司), a limited liability company established in the PRC on 12 July 1994 and an indirect non-wholly owned subsidiary of the Company owned as to 95% by SCDC and 5% by JCED
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected with the Company or its connected person
“INEDs”	the independent non-executive Directors
“JCED”	Jiangsu Changshu Economic Development Group (江蘇省常熟經濟開發集團), a PRC entity owned by the people (全民所有制) and a minority shareholder holding 5% equity interest in CXP, a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratio(s)”	the percentage ratio(s) set out in Rule 17.04 of the Listing Rules to be applied for determining the classification of transactions under the Listing Rules
“Port Services Agreements”	collectively, the port-related services agreements entered into by CXP and CCIP with COSAC and/or CSLC
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
“RMB”	Renminbi, the lawful currency of the PRC
“SCDC”	Singapore Changshu Development Company Pte Ltd.
“Share(s)”	ordinary share(s) of the Company
“Singapore”	the Republic of Singapore

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
Xinghua Port Holdings Ltd.
Cho Form Po
Joint Company Secretary

Singapore, 11 January 2019

As at the date of this announcement, the executive Directors are Mr. Patrick Ng Bee Soon (Chairman), Mr. Kor Tor Khoon (Chief Executive Officer) and Ms. Jane Kimberly Ng Bee Kiok; the non-executive Directors are Mr. Alan Chan Hong Joo and Mr. Lee Cheong Seng; and the independent non-executive Directors are Mr. Tan Chian Khong, Mr. Soh Ee Beng and Mr. Ting Yian Ann.