

[For Immediate Release]



XINGHUA PORT HOLDINGS LTD.

(Incorporated in the Republic of Singapore with limited liability)

(Stock code: 01990)

Xinghua Announces Results for the Year Ended 31 December 2018

Hong Kong, 20 March 2019 – Xinghua Port Holdings Ltd. (“Xinghua” or the “Company”, together with subsidiaries, the “Group”) (stock code: 01990), the operator of two multi-purpose ports in Changshu, Jiangsu Province, the People’s Republic of China (the “PRC”), announced today its consolidated annual results for the year ended 31 December 2018 (the “Year”), with the relevant comparative figures for the corresponding period in 2017 as follows:

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Variance %
	2018 RMB'000	2017 RMB'000	
Revenue	404,102	481,242	(16)
Profit before tax	79,413	121,166	(35)
Profit attributable to equity holders of the Company	50,663	70,768	(28)
Earnings per share (RMB cents per share) *	6.2	9.1	(32)

*Earnings per ordinary share on existing issued share capital are computed based on the number of shares in issue of 814,412,028 and 778,762,028 as at 31 December 2018 and 31 December 2017, respectively.

Xinghua’s financial performance was adversely affected from the second quarter of the Year onwards by the two stop work orders issued in April 2018 on the two ports as a result of an accident at the port of Changshu Changjiang International Port Co., Ltd., an indirect non-wholly owned subsidiary of the Company (the “CCIP” and the “CCIP Port”, respectively) on 31 March 2018. The port at Changshu Xinghua Port Co., Ltd. (the “CXP” and the “CXP Port”, respectively) was suspended for 20 days while the CCIP Port resumed its operations on 12 September 2018.

Fewer days operated and constrains from the smaller port capacities during the stop work periods, and the heightened focus on safety measures after the accident, saw a change in the cargo mix, and lower volume of cargo handled and productivity. As a result, the total cargo volume handled reduced significantly by 25.4% from 13.0 million tonnes in 2017 to 9.7 million tonnes during the Year.

After the resumption of operations respectively at the two ports, the Group focused on the handling of pulp and paper cargo, project equipment cargo and containers. These cargo are mainly higher-value cargo with lower operational handling risk. With the intensified focus on the pulp and paper cargo after resumption of operations at the CXP Port, the pulp and paper cargo volume handled decreased only marginally by 1.6% to 4.7 million tonnes in the Year despite fewer operating days and constrained by smaller port capacities.

Revenue for the Year decreased by 16.0% to RMB404.1 million, of which stevedoring income dropped by 22.0% from RMB426.6 million in 2017 to RMB332.8 million in the Year, due to the lower cargo volume handled.

Profit before tax decreased by 34.5% to RMB79.4 million mainly due to the lower revenue recorded in the Year. Profit attributable to equity holders of the Company was RMB50.7 million, down 28.4% year on year. Earnings per share were RMB6.2 cents, down from the RMB9.1 cents for the previous year. The Board of Directors has recommended payment of a final dividend of HK4.5 cents per share, which is the same dividend rate paid for 2017. The gross dividend of HK\$36.6 million represents a higher payout ratio of about 61.8% (2017: 41.5%).

Commenting on the Group's performance and future development, Mr Patrick Ng, Chairman of the Company said: "We had been able to react swiftly to market dynamics and risks associated with each cargo type, a move that brought about changes to our cargo mix in the second half of the Year. We focused on higher-value cargo including pulp and paper cargo, project equipment cargo and containers. We handled fewer logs cargo to minimise operational handling risks and to also safeguard our average receivables collection days and cash flow. We did not actively pursue to increase the handling of export steel cargo to manage the volatility of export steel demand resulting from the trade war between China and the USA, and the potentially less attractive international prices for export steel from China."

The demand for imported pulp is expected to continue to grow steadily in China as strong consumer spending power has led to higher consumption of lifestyle paper products. China will increasingly dependent on pulps from overseas sources and further drive the port logistics service industry in this sector. The Group is well-positioned to handle more pulp and paper cargo as it has more than 20 years' experience in handling this cargo type. The Group has committed RMB100.0 million to construct two new warehouses of about 40,000 square metres in aggregate at the CXP Port for storage of pulp and paper cargo. The open yard space currently occupied by the pulp and paper cargo will be redeployed for storage of project equipment cargo. These new warehouses are targeted to be commissioned and ready for use in the fourth quarter of 2019.

The Group is also working with various container shipping lines to establish regular liner services to the CXP Port to transship containers upstream using river barges that cruise along the Changjiang River in addition to those containers inbound to Changshu City, China.

The Group will continue to manage its cargo mix to ensure sustainable cargo and revenue growth and to tap into higher margin markets. The Group will also continue with its integrated logistics hub-and-spoke strategy for its core cargo to attract new customers and retain existing customers.

Recognising the need to further strength our core management team, Mr Ng added: "We initiated a talent scouting program in the Year and this had helped us expand our management team and increased the number of China-qualified safety personnel with the relevant skills and experience in port operations. We will continue to scout for management talent and enhance our internal trainings to better equip our employees with increased knowledge in port operations and safety awareness."

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ABOUT XINGHUA PORT HOLDINGS LTD.

Xinghua Port Holdings Ltd. has established a sound reputation in providing its customers with a range of port logistics services from its two multi-purpose ports in Changshu, the PRC. Strategically located on the southern bank of the Changjiang River, Xinghua serves as an international port and a cargo transshipment gateway for the eastern and central regions in the PRC. The ports handle a range of cargo types including pulp and paper cargo, steel cargo, logs, project equipment, containers and other general cargo. For further information of the Company, please refer to the official website www.xinghuaport.com.

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