



XIANGXING INTERNATIONAL HOLDING LIMITED

象興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8157



2018
FIRST QUARTERLY
REPORT



CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of XiangXing International Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

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Management Discussion and Analysis



Management Discussion and Analysis

Overview

Founded in 1999, the Group is a one-stop services provider of the intra-port services and the logistics services. The Group's intra-port services consist of (i) intra-port ancillary services and (ii) intra-port container transportation services. The Group carries out intra-port services through Yuanhai Port and Tongda Port in the Haicang port area, as well as Haitian Port in the Dongdu port area, all located in Xiamen. The logistics services of the Group consist of (i) import and export agency services, with a special focus on the import of reusable solid waste; and (ii) container road freight forwarding services in Xiamen and its economic hinterland.

Although the Group's intra-port services business continued to grow, the new national imported solid waste management measures implemented with effect from 31 December 2017 issued by the government had a very significant impact on the entire imported solid waste industry; the Group focuses on importing reusable solid waste and as a result, the decline in the related logistic service business has led to certain extent of decline in the results of the Group's import agency business for the three months ended 31 March 2018.

Future Plans

As disclosed in the prospectus of the Company dated 27 June 2017 (the "Prospectus"), the Group intends to acquire a suitable piece of land in Haicang port area in Xiamen for developing its proposed new empty container stacking yard and invest in container-related handling equipment to replace the relevant existing equipment which are operating beyond their estimated life span and to assist in the expansion of the Group's business.

In respect of the land acquisition, the Group has taken the following actions:

- 1) submitting a Land Purchase Application Report on 19 July 2017 to the Administrative Committee of Investment Zone for Taiwan Businessmen in Haicang, Xiamen, as well as the People's Government of Haicang, Xiamen, which has been approved to transfer the Land Purchase Application Report to the Bureau of Communications of Haicang, Xiamen for the coordination process;
- 2) submitting a feasibility study report of the land purchase project and a revised version of the same to the relevant authorities on 4 December 2017 and 20 December 2017 respectively; and
- 3) further submitting an explanatory report regarding the land purchase application to the relevant authorities on 24 February 2018.

Management Discussion and Analysis

The Group will continue to keep contact with the relevant authorities to strive as early as possible to acquire the land for the planned investment and development of the new empty container stacking yard.

In respect of the investment in container-related handling equipment, the Group has in the twelve months up to 31 March 2018 already invested in total approximately RMB14,216,000 to purchase container tractors and container semi-trailers, for the purpose of increasing productivity and strengthening the Group's service assurance capacity; of which, approximately RMB6,192,000 was invested for the intra-port services and approximately RMB8,024,000 was invested for the logistics services.

FINANCIAL OVERVIEW

Revenue

For the three months ended 31 March 2018, the Group's revenue amounted to approximately RMB40,878,000, representing an increase of approximately 32.4% from approximately RMB30,870,000 for the three months ended 31 March 2017.

In respect of the Group's operation volume for the three months ended 31 March 2018:

- (i) the Group handled approximately 724,546 TEUs (Note) and approximately 364,217 tonnes general cargo (for the three months ended 31 March 2017: approximately 479,667 TEUs and approximately 536,909 tonnes general cargo) for the intra-port ancillary services, representing an increase of approximately 51.1% and a decrease of approximately 32.2%, respectively;
- (ii) approximately 754,333 TEUs (for the three months ended 31 March 2017: approximately 518,004 TEUs) for the intra-port container transportation services, representing an increase of approximately 45.6%;
- (iii) approximately 2,035 containers (for the three months ended 31 March 2017: approximately 3,829 containers) for the import and export agency services, representing a decrease of approximately 46.9%; and
- (iv) approximately 29,158 containers for the container road freight forwarding services, of which 4,194 were loaded containers (for the three months ended 31 March 2017: approximately 5,991 loaded containers) representing a decrease of approximately 30.0% and 24,964 were empty containers, whereas the Group's empty container business had not yet been commenced in the corresponding period last year.

Note: twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet and six inches and width of eight feet ("TEU")



Revenue from the Group's intra-port ancillary services increased from approximately RMB6,476,000 for the three months ended 31 March 2017 to approximately RMB9,542,000 for the three months ended 31 March 2018, representing an increase of approximately 47.3%. Our revenue from intra-port container transportation services increased from approximately RMB8,883,000 for the three months ended 31 March 2017 to approximately RMB13,111,000 for the three months ended 31 March 2018, representing an increase of approximately 47.6%. The increase in the Group's revenue derived from intra-port related services was mainly due to the large increase in throughput in Yuanhai port where the Group provides services.

Revenue from the Group's import and export agency services increased from approximately RMB10,690,000 for the three months ended 31 March 2017 to approximately RMB13,675,000 for the three months ended 31 March 2018, representing an increase of approximately 27.9%. Our revenue from container road freight forwarding services decreased from approximately RMB4,821,000 for the three months ended 31 March 2017 to approximately RMB4,550,000 for the three months ended 31 March 2018, representing a decrease of approximately 5.6%. The overall increase in revenue from the Group's logistics related services was mainly due to:

- (i) the customers being unable to obtain in time the solid waste import permit by the government authority, leading to the delay in cargo clearance time and higher container demurrage charges of approximately RMB8,329,000 for the three months ended 31 March 2018: (for the three months ended 31 March 2017: approximately RMB734,000); and
- (ii) revenue from the empty container road freight forwarding services amounted to approximately RMB1,318,000 for the three months ended 31 March 2018, where the Group's empty container business had not yet been commenced in the corresponding period last year.

Staff Costs

Staff costs mainly include salaries, wages and other staff benefits. For the three months ended 31 March 2018, the Group's staff cost was approximately RMB14,937,000 (for the three months ended 31 March 2017: approximately RMB9,555,000). As at 31 March 2018, the Group had 791 employees (31 March 2017: 640 employees).

Administrative Expenses

Administrative expenses mainly include consumables costs, depreciation and auditors' remuneration. For the three months ended 31 March 2018, the Group's administrative expenses amounted to approximately RMB4,579,000 (for the three months ended 31 March 2017: approximately RMB3,391,000), representing an increase of approximately 35.0%.

Taxation

Under the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Management Discussion and Analysis

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit arising in Hong Kong for the three months ended 31 March 2018.

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25%.

For the three months ended 31 March 2018, the Group's income tax expense was approximately RMB1,427,000 (for the three months ended 31 March 2017: approximately RMB1,390,000).

Profit for the Period

For the three months ended 31 March 2018, the Group's profit for the Period was approximately RMB1,804,000 (for the three months ended 31 March 2017: approximately RMB1,613,000), which was mainly attributable to the large decrease in the import solid waste agency business as a result of the adjustment in the government policy, the effect of which was mostly netted off during the period as there was no listing expense incurred (for the three months ended 31 March 2017: approximately RMB2,406,000).

Material Acquisitions and Disposals

During the three months ended 31 March 2018, the Group did not have any material acquisitions or disposals of subsidiaries.

Use of Proceeds

The net proceeds from the placing of shares of the Company ("placing") were approximately HK\$40,200,000, which was based on the final placing price of HK\$0.22 per ordinary share of the Company ("Ordinary Share") net of the actual expenses on the Listing.



The actual use of net proceeds since the Listing are as follows:

	Planned use of proceeds as stated in the Prospectus since the Listing up to 31 March 2018	Actual use of proceeds since the Listing
	HK\$'million	HK\$'million
Development of empty container stacking yard	33.5	—
Investing in container-related handling equipment to replace the relevant existing equipment which are operating beyond their estimated life span and to assist in the expansion of business	6.7	6.7
	40.2	6.7

The Group's business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of net proceeds was applied in accordance with the actual development of the market.

As at 31 March 2018, approximately HK\$6,700,000 out of the net proceeds from the Listing had been used.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify its plans in face of the changing market condition to attain sustainable business growth of the Group.

Management Discussion and Analysis

Charges on the Group's Assets and Contingent Liabilities

As at 31 March 2018, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

PROSPECTS

To minimize the effect of the decrease in agency business of import solid waste to the Group, the following measures have been taken by the Group:

- (i) Expanding the business scope of import agency business: the adjustment in government policy has led to large decrease in the import of solid wastes, and the Group to encounter the situation strived as quickly as possible to expand in business scope of import agency business not merely on solid wastes (paper wastes, plastic wastes and metal wastes), but also the agency of imported commercial goods, such as finished paper and plastics. The Group commenced the agency of imported finished paper starting from April 2018.
- (ii) Expanding the business scope of intra-port service business: in order to give full play to the Group's advantages in intra-port services, the Group strives to expand its intra-port service business as soon as possible in ports other than those in Xiamen. The Group commenced to carry out intra-port service business in Shihu port area, Quanzhou, starting from April 2018.
- (iii) Commencement of automobile integrated services: the Group has a large quantity of vehicles which provided a strong foundation to commence automobile integrated services. The Group has established Xiamen XiangXing Automobile Services Co., Limited in February 2018, which is currently mainly focusing on spare parts and tires for heavy duty vehicles, and will be expanded to automobile integrated services such as agency for vehicle insurance claims and repair services in the longer run.
- (iv) Purchase land for the development of new business: the Group will put in more effort to strive to purchase a piece of land as soon as practicable to develop new business, including the empty container stacking business.

With the above-mentioned measures, the Directors believe that the Group's business will continue on the healthy growth going forward.

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the three months ended 31 March 2018)

	Note	Three months ended 31 March	
		2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	4	40,878	30,870
Cost of services		(32,191)	(21,294)
Gross profit		8,687	9,576
Other income	5	223	75
Other operating expenses		(1,100)	(851)
Administrative expenses		(4,579)	(3,391)
Listing expenses		—	(2,406)
Profit before taxation		3,231	3,003
Income tax	6	(1,427)	(1,390)
Profit for the period		1,804	1,613
Other comprehensive income and loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of operations outside the People's Republic of China ("PRC")		(145)	58
Total comprehensive income for the period		1,659	1,671
Profit for the period attributable to:			
Owners of the Company		1,804	1,613
Total comprehensive income for the period attributable to:			
Owners of the Company		1,659	1,671
Earnings per share:			
Basic and diluted (RMB cents)	8	0.18	0.22

Unaudited Condensed Consolidated Statements of Changes in Equity

(For the three months ended 31 March 2018)

	Reserves							Total RMB'000
	Capital RMB'000	Statutory	Share	Other	Retained	Translation	Total	
		reserve RMB'000	premium RMB'000	reserve RMB'000	profits RMB'000	reserve RMB'000	reserves RMB'000	
At 1 January 2017 (audited)	85	5,095	25,473	(3,492)	7,481	(827)	33,730	33,815
Profit and total comprehensive income for the period	—	—	—	—	1,613	—	1,613	1,613
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	58	58	58
Total comprehensive loss for the period	—	—	—	—	1,613	58	1,671	1,671
Appropriation to statutory surplus reserve	—	417	—	—	(417)	—	—	—
At 31 March 2017 (unaudited)	85	5,512	25,473	(3,492)	8,677	(769)	35,401	35,486
At 1 January 2018 (audited)	8,708	7,553	57,425	(3,492)	15,582	(1,402)	75,666	84,374
Profit and total comprehensive income for the period	—	—	—	—	1,804	—	1,804	1,804
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	(145)	(145)	(145)
Total comprehensive income for the period	—	—	—	—	1,804	(145)	1,659	1,659
Appropriation to statutory surplus reserve	—	551	—	—	(551)	—	—	—
At 31 March 2018 (unaudited)	8,708	8,104	57,425	(3,492)	16,835	(1,547)	77,325	86,033

Notes to the Unaudited Condensed Consolidated Financial Statements

(For the three months ended 31 March 2018)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 September 2015 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidation and revised) of the Cayman Islands. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite No. 3, 3rd Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong respectively.

The shares of the Company (the "Shares") have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of Public Offer on 7 July 2017 (the "Listing").

The Group is principally engaged in the provision of import and export agency services (with a special focus on the import of reusable solid waste via Xiamen), container road freight forwarding services, intra- port ancillary services and intra- port container transportation services (the "Relevant Business").

The functional currency of the Company and its subsidiaries in Hong Kong and its subsidiaries in the PRC are Hong Kong dollars ("HK\$") and Renminbi ("RMB") respectively. This report is presented in RMB as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2018 have been prepared in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial results have been prepared under the historical cost.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial results should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2017 for inclusion in the annual report.

Adoption of new/revised HKFRS

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but not yet effective for the current period. The Group has no further update provided in the annual report for the year ended 31 December 2017 and the Group is still ongoing to assess the impact.

Notes to the Unaudited Condensed Consolidated Financial Statements

(For the three months ended 31 March 2018)

4. REVENUE AND SEGMENT REVENUE

The principal activities of the Group are provision of import and export agency services, container road freight forwarding services, intra-port ancillary services and intra-port container transportation services.

	Three months ended 31 March	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue:		
Import and export agency services income	13,675	10,690
Container road freight forwarding services income	4,550	4,821
Intra-port container transportation services income	13,111	8,883
Intra-port ancillary services income	9,542	6,476
	40,878	30,870

5. OTHER INCOME

	Three months ended 31 March	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Bank interest income	52	5
Rental income	171	35
Sundry income	—	35
	223	75



6. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income tax in the statement of profit or loss and other comprehensive income represents:

	Three months ended 31 March	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Current tax		
PRC Enterprise Income Tax (the "EIT")	1,427	1,390

No provision for Hong Kong profits tax had been made in the financial statements as the Group did not have assessable profits arising in Hong Kong during the periods.

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25%.

Pursuant to rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Group had no significant unprovided deferred tax at the end of each period.

7. DIVIDENDS

No dividend has been paid or declared by the Group during the three months ended 31 March 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

Notes to the Unaudited Condensed Consolidated Financial Statements

(For the three months ended 31 March 2018)

8. BASIC AND DILUTED EARNINGS PER SHARE

a) Basic Earnings Per Share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 31 March	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Earnings		
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	1,804	1,613

	Three months ended 31 March	
	2018 '000 (unaudited)	2017 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,000	750,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue had been effective on 1 January 2017.

b) Diluted Earnings Per Share

There were no dilutive potential ordinary share in issue during both periods, and diluted earnings per share is the same as basic earnings per share.

Other Information



Other Information

Interim Dividend

The Directors do not recommend the payment of interim dividend for the three months ended 31 March 2018.

Purchase, Sale or Redemption of the Company's Shares

During the three months ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of Shares of the Company.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiries with all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the three months ended 31 March 2018.

Directors' and Chief Executives' Interests in Shares

As at 31 March 2018, the following Directors and chief executives and their associates have interest or short positions in the shares and underlying shares of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules:

Long Positions of the Shares

Substantial Shareholder	Capacity/Nature of interest	Number of Shares held	Percentage of interests in our Company
Mr. Cheng Youguo (Note 1)	Interest in a controlled corporation	562,500,000 Shares	56.25%

Note:

1. Shares in which Mr. Cheng Youguo is interested consist of 562,500,000 Shares held by Glory Fame Venture Limited, a company wholly owned by Mr. Cheng, in which Mr. Cheng is deemed to be interested under the SFO.

Other Information

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would fall to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2018, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which would fall to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions of the Shares

Substantial Shareholder	Capacity/Nature of interest	Number of Shares held	Percentage of interests in our Company
Glory Fame Venture Limited (Note 1)	Beneficial owner	562,500,000 Shares	56.25%
Ms. Huang Meili (Note 2)	Interest of spouse	562,500,000 Shares	56.25%
Great Ploy Investment Limited (Note 3)	Beneficial owner	187,500,000 Shares	18.75%
Mr. Chen Qishi (Note 3)	Interest in a controlled corporation	187,500,000 Shares	18.75%
Ms. Chen Manhong (Note 4)	Interest of spouse	187,500,000 Shares	18.75%

Notes:

1. Glory Fame Venture Limited is wholly owned by Mr. Cheng Youguo.
2. Ms. Huang Meili is the spouse of Mr. Cheng Youguo. Under the SFO, Ms. Huang is deemed to be interested in 562,500,000 Shares in which Mr. Cheng is interested.
3. Shares in which Mr. Chen Qishi is interested consist of 187,500,000 Shares held by Great Ploy Investment Limited, a company wholly owned by Mr. Chen, in which Mr. Chen is deemed to be interested under the SFO.
4. Ms. Chen Manhong is the spouse of Mr. Chen Qishi. Under the SFO, Ms. Chen is deemed to be interested in 187,500,000 Shares in which Mr. Chen is interested.



Save as disclosed herein, our Directors are not aware of any person who, as at 31 March 2018, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

For the three months ended 31 March 2018, the Company or any of its subsidiaries had not entered into any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 March 2018.

COMPETING INTERESTS

For the three months ended 31 March 2018, the Directors are not aware of any business or interest of each Director, controlling shareholder, management shareholder and their respective associates (as defined in GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited (“**CCIC**”) as the compliance adviser. As confirmed by CCIC, save for the compliance adviser agreement dated 12 May 2016 entered into between the Company and CCIC, neither CCIC nor any of its directors or employees or close associates (as defined under GEM Listing Rules) as at 31 March 2018 had or have any interest in any securities of the Company or any other companies of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPLIANCE WITH PRACTICES ON CORPORATE GOVERNANCE CODE

The Directors consider that up to the date of this report, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

Other Information

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee (“**Audit Committee**”), which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management structure is in place within the Company, including internal controls and risk management to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial factors such as the benchmarking of key operational performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a structure of internal controls and risk management and ethical standards for the Group’s management to the Audit Committee. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Cheng Siu Shan, Mr. Ho Kee Cheung and Mr. Hu Hanpi. Mr. Cheng Siu Shan is the chairman of the Audit Committee. The Audit Committee has reviewed and discussed with the management about the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2018.

By Order of the Board
XiangXing International Holding Limited
Cheng Youguo
Chairman

Hong Kong, 11 May 2018

As at the date of this report, the Executive Directors are Mr. Cheng Youguo and Mr. Qiu Changwu; and the Independent Non-executive Directors are Mr. Ho Kee Cheung, Mr. Cheng Siu Shan and Mr. Hu Hanpi.

This report will remain on the Stock Exchange’s website at www.hkexnews.hk and on the “Latest Company Announcements” page for at least seven days from the date of its posting. This report will also be published on the Company’s website at www.xxlt.com.cn.