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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)

2019 FIRST QUARTERLY RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of XiangXing International Holding Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the three months ended 31 March 2019. This announcement, containing the full text of the 2019 first quarterly report of the Company, complies with the relevant requirements of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of first quarterly results. The Company’s 2019 first quarterly report will be available for viewing on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.xxlt.com.cn on 14 May 2019, and the printed version of the Company’s 2019 first quarterly report will be delivered to the shareholders of the Company in due course.

By Order of the Board

XiangXing International Holding Limited

Cheng Youguo

Chairman

Hong Kong, 14 May 2019

As at the date of this announcement, 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 announcement, for which all the Directors collectively and individually accept full responsibility, includes the particulars given in compliance with 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or in this announcement misleading.

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



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2019
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, the logistics services and the automobile integrated 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 and Haitian Port in the Dongdu port area, in Xiamen, and through Shihu Port in the Shihu Port area in Quanzhou. 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; (ii) container road freight forwarding services in Xiamen and its economic hinterland; and (iii) stone blocks road freight forwarding services in Shihu Port area in Quanzhou. Automobile integrated services currently focus on the sale of spare parts and tires for heavy duty vehicles.

By virtue of the efforts of all the personnel in the Group, the business results of the Group for the three months ended 31 March 2019 have maintained certain level of growth.

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;
- 3) further submitting an explanatory report regarding the land purchase application to the relevant authorities on 24 February 2018;
- 4) submitting a written status report to the Haicang District Federation of Industry and Commerce on 4 July 2018 to seek coordination and support from the authority;

Management Discussion and Analysis

- 5) organizing a special meeting by the government of Haicang District on 20 September 2018 to study the supply of land to the Group. The government of Haicang District expressed that it will continue to support the Group to purchase a piece of land;
- 6) meeting with the Haicang District Branch of Xiamen Municipal Bureau of Land Resources and Real Estate Management in February 2019 to follow up on the purchase of land. The Group learned that there is no substantive obstacle except for the time needed to handle and adjust the planning of the piece of land the Group intended to acquire.

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 project.

In respect of the investment in container-related handling equipment, the Group has completed the purchase before 31 December 2017.

RECENT DEVELOPMENT

The Company has submitted a formal application for the proposed transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange on 17 April 2019 (the “Proposed Transfer”).

The Directors believe that the Proposed Transfer will reinforce the confidence of the Group’s customers, suppliers and other stakeholders’ in the Company’s financial strength, governance and credibility and will hence further promote the Company’s corporate profile and recognition among public investors and the public in general and will be beneficial to the Group’s future growth and business development as well as its financial flexibility which will create a long-term value to the Shareholders.

Given that (i) the definitive timetable for the Proposed Transfer has yet to be finalized, and (ii) the implementation of the Proposed Transfer is subject to certain conditions, the Proposed Transfer may or may not proceed. Further announcement will be made to keep the Shareholders and potential investors informed of the progress of the Proposed Transfer as and when appropriate.

FINANCIAL OVERVIEW

Revenue

For the three months ended 31 March 2019, the Group’s revenue amounted to approximately RMB54,937,000, representing an increase of approximately 34.4% from approximately RMB40,878,000 for the three months ended 31 March 2018.



In respect of the Group's operation volume for the three months ended 31 March 2019:

- (i) the Group handled approximately 763,266 TEUs (Note) and approximately 580,816 tonnes general cargo (for the three months ended 31 March 2018: approximately 724,546 TEUs and approximately 364,217 tonnes general cargo) for the intra-port ancillary services, representing an increase of approximately 5.3% and approximately 59.5% respectively;
- (ii) approximately 784,534 TEUs (for the three months ended 31 March 2018: approximately 754,333 TEUs) for the intra-port container transportation services, representing an increase of approximately 4.0%;
- (iii) approximately 4,037 containers (for the three months ended 31 March 2018: approximately 2,035 containers) for the import and export agency services, representing an increase of approximately 98.4%; and
- (iv) approximately 30,099 containers for the container road freight forwarding services, of which 5,819 were loaded containers (for the three months ended 31 March 2018: approximately 4,194 loaded containers) representing an increase of approximately 38.8% and 24,280 were empty containers (for the three month ended 31 March 2018: approximately 24,964 empty containers) representing a decrease of approximately 2.7%.

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 RMB9,542,000 for the three months ended 31 March 2018 to approximately RMB11,280,000 for the three months ended 31 March 2019, representing an increase of approximately 18.2%. Our revenue from intra-port container transportation services increased from approximately RMB13,111,000 for the three months ended 31 March 2018 to approximately RMB14,098,000 for the three months ended 31 March 2019, representing an increase of approximately 7.5%. The increase in the revenue derived from intra-port related services was mainly due to certain extent of increase in throughput in Yuanhai port where the Group provides services.

Revenue from the Group's import and export agency services increased from approximately RMB13,675,000 for the three months ended 31 March 2018 to approximately RMB20,023,000 for the three months ended 31 March 2019, representing an increase of approximately 46.4%. Our revenue from container road freight forwarding services increased from approximately RMB4,550,000 for the three months ended 31 March 2018 to approximately RMB4,948,000 for the three months ended 31 March 2019, representing an increase of approximately 8.7%. Our revenue from stone blocks road freight forwarding services was approximately RMB3,192,000 for the three months ended 31 March 2019 (this business has not commenced in the corresponding period last year). The overall increase in revenue from the Group's logistics related services was mainly due to:

- (i) a large increase in the volume of the import and export agency business the Group handled compared with the same period last year; and
- (ii) the commencement of stone blocks road freight forwarding business in Shihu Port area in Quanzhou.

Revenue from the Group's automobile integrated services was approximately RMB1,396,000 for the three months ended 31 March 2019 (this business has not commenced in the corresponding period last year).

Management Discussion and Analysis

Staff Costs

Staff costs mainly include salaries, wages and other staff benefits. For the three months ended 31 March 2019, the Group's staff cost was approximately RMB17,174,000 (for the three months ended 31 March 2018: approximately RMB14,937,000). As at 31 March 2019, the Group had 846 employees (31 March 2018: 791 employees).

Administrative Expenses

Administrative expenses mainly include consumables costs, depreciation, professional services fee and auditors' remuneration. For the three months ended 31 March 2019, the Group's administrative expenses amounted to approximately RMB8,465,000 (for the three months ended 31 March 2018: approximately RMB4,579,000), representing an increase of approximately 84.9%. The increase in administrative expenses were mainly due to the additional professional services fee for the preparation for application for the Proposed Transfer.

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.

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 2019.

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 subsidiaries is 25% except for two subsidiaries which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate.

For the three months ended 31 March 2019, the Group's income tax expense was approximately RMB1,935,000 (for the three months ended 31 March 2018: approximately RMB1,427,000).

Profit for the Period

For the three months ended 31 March 2019, the Group's profit for the period attributable to owners of the Company was approximately RMB2,465,000 (for the three months ended 31 March 2018: approximately RMB1,804,000), which was mainly attributable to the increase in each of the major business areas.



Material Acquisitions and Disposals

During the three months ended 31 March 2019, the Group did not have any material acquisitions or disposals of subsidiaries.

Use of Proceeds

The net proceeds from the public offer of shares of the Company 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 2019	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 2019, 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 2019, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

PROSPECTS

Intra-port services

In addition to continuously enhancing the quality of the intra-port services, the Group has also expanded the service locations from original port areas (Haitian Port in Xiamen Dongdu Port Area, Yuanhai Port and Tongda Port in Xiamen Haicang Port Area) to Shihu Port in Quanzhou Shihu Port Area since April 2018. The Group will further explore the market and business opportunities in Quanzhou with an aim to strengthen and cultivate the market in Shihu Port Area, Weitou Port Area and Shenhu Port Area; the Group expects to sustainably grow the market share in the Quanzhou region.

The Directors believe that the superior foundation of Yuanhai Port gives it huge potential to achieve massive throughput increase going forward, which will benefit the Group's intra-port service business. Although the recent threat of Sino-US trade war may have a negative impact on China's total import and export volume and port throughput, the Group's intra-port service business will still continuously grow with the expansion of business to ports in Quanzhou and advantage in Yuanhai Port.

Logistics services

In addition to the import of solid waste, the Group's import agency business has expanded to import of plastic raw materials and finished paper in 2018. The Directors consider that the diversification of the Group's import agency business can minimize the impact of the Chinese government's tightening of policies and regulations on imported solid waste. The Directors have been closely monitoring the market trends and will continue to further strengthen and diversify the Group's import agency business.

In respect of road freight forwarding services, the Group has been engaged to provide stone blocks road freight forwarding service in Quanzhou since December 2018. The Directors expect that this newly launched services will contribute to the Group's revenue in the future.



The development of the empty container yard plan is set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus, which has not changed so far. The Group is applying to acquire a piece of land in Haicang Port Area. Upon completion of the acquisition, the Group will implement the development plan as soon as possible while considering market conditions. The Directors believe that with the development of the empty container yard, the Group will be able to provide customers with more comprehensive logistics services to further enhance market competitiveness.

Automobile integrated service

The Group’s automotive integrated services currently include sales of tires and spare parts for heavy duty vehicles. In the future, the Group will consider expanding the business scope to include vehicle maintenance, insurance agency and claims services, and will establish a distribution center warehouse for parts distribution. The competitiveness of the comprehensive automotive services provided by the Group will be substantially improved and it is expected to contribute to the overall profit of the Group.

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

(For the three months ended 31 March 2019)

		Three months ended 31 March	
	Note	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	4	54,937	40,878
Cost of services		(41,269)	(32,191)
Gross profit		13,668	8,687
Other income	5	213	223
Other operating expenses		(374)	(1,100)
Administrative expenses		(8,465)	(4,579)
Profit from operation		5,042	3,231
Finance cost		(482)	—
Profit before taxation		4,560	3,231
Income tax	6	(1,935)	(1,427)
Profit for the period		2,625	1,804
Other comprehensive income/(loss) for the period, net of nil income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of operations outside the People's Republic of China ("PRC")		11	(145)
Total comprehensive income for the period		2,636	1,659
Profit for the period attributable to:			
Owners of the Company		2,465	1,804
Non-controlling interests		160	—
		2,625	1,804
Total comprehensive income for the period attributable to:			
Owners of the Company		2,476	1,659
Non-controlling interests		160	—
		2,636	1,659
Earnings per share:			
Basic and diluted (RMB cents)	8	0.25	0.18

Unaudited Condensed Consolidated Statements of Changes in Equity

(For the three months ended 31 March 2019)

	Attributable to owners of the Company							Non-controlling interests	Total
	Reserves								
	Capital	Statutory surplus reserve	Share premium	Other reserve	Retained profits	Translation reserve	Total reserves		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2018 (audited)	8,708	7,553	57,425	(3,492)	15,582	(1,402)	75,666	—	84,374
Profit 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
At 1 January 2019 (audited)	8,708	10,722	57,425	(3,492)	39,342	(1,277)	102,720	1,465	112,893
Impact on initial application of HKFRS 16	—	—	—	—	(728)	—	(728)	—	(728)
Adjusted balance at 1 January 2019	8,708	10,722	57,425	(3,492)	38,614	(1,277)	101,992	1,465	112,165
Profit for the period	—	—	—	—	2,465	—	2,465	160	2,625
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	11	11	—	11
Total comprehensive income for the period	—	—	—	—	2,465	11	2,476	160	2,636
Appropriation to statutory surplus reserve	—	13	—	—	(13)	—	—	—	—
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	300	300
At 31 March 2019 (unaudited)	8,708	10,735	57,425	(3,492)	41,066	(1,266)	104,468	1,925	115,101

Notes to the Unaudited Condensed Consolidated Financial Statements

(For the three months ended 31 March 2019)

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 and stone blocks road freight forwarding services, intra-port ancillary services, intra-port container transportation services and automobile integrated 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 2019 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 2018 for inclusion in the annual report.

Adoption of new/revised HKFRS

The Group has not early adopted any new/revised HKFRS that have been issued but not yet effective for the current period. Except as described below, the accounting policies used in the unaudited condensed consolidated financial results for the three months ended 31 March 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 16, *Leases*

The Group has adopted HKFRS 16, Leases from 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the unaudited consolidated financial statements. In accordance with the transition provisions in HKFRS 16, the Group has elected to apply the new standard by recognising the cumulative effect of initial application to opening retained profits without restating comparative information.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the unaudited consolidated income statement over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred using effective interest method.

At the inception of a contract that contains a lease component, as lessees, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as lessees, assessed their leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities adjusted by certain items. The right-of-use assets were recognised in the unaudited consolidated statement of financial position. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liabilities and right-of-use assets to leases for which the lease term ends within twelve months of the date of initial application.

Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets were adjusted to RMB3,113,000 and RMB2,385,000 respectively, after taking account the effects of discounting, as at 1 January 2019.

During the three months ended 31 March 2019, the Group recognised depreciation on right-of-use assets of RMB288,000 and effective interest expenses on lease liabilities of RMB41,000 in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Unaudited Condensed Consolidated Financial Statements

(For the three months ended 31 March 2019)

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, intra-port container transportation services and automobile integrated services.

	Three months ended 31 March	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue:		
Import and export agency services income	20,023	13,675
Container and stone blocks road freight forwarding services income	8,140	4,550
Intra-port container transportation services income	14,098	13,111
Intra-port ancillary services income	11,280	9,542
Automobile integrated services income	1,396	—
	54,937	40,878

5. OTHER INCOME

	Three months ended 31 March	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Bank interest income	17	52
Rental income	172	171
Sundry income	24	—
	213	223

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	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Current tax		
PRC Enterprise Income Tax (the "EIT")	1,935	1,427

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 subsidiaries is 25% except for two subsidiaries which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate.

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 2019 and 2018, 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 2019)

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	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Earnings		
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	2,465	1,804

	Three months ended 31 March	
	2019 '000 (unaudited)	2018 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,000	1,000,000

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 2019.

Purchase, Sale or Redemption of the Company's Shares

During the three months ended 31 March 2019, 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 2019.

Directors' and Chief Executives' Interests in Shares

As at 31 March 2019, 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%
Mr. Ho Kee Cheung	Beneficial Owner	2,000,000 Shares	0.20%

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 2019, 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 2019, 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%

Notes:

1. Glory Fame Venture Limited is wholly owned by Mr. Cheng Youguo.
2. Ms. Huang Meil 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.

Save as disclosed herein, our Directors are not aware of any person who, as at 31 March 2019, 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 2019, 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 2019.

COMPETING INTERESTS

For the three months ended 31 March 2019, 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 the GEM Listing Rules) as at 31 March 2019 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 2019.

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

Hong Kong, 14 May 2019

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.