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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: 1732)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the “**Directors**”) of XiangXing International Holding Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 together with the relevant comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Note</i>	2020 RMB'000	2019 RMB'000
Revenue	3, 4	197,773	176,607
Cost of sales		(153,165)	(124,709)
Gross profit		44,608	51,898
Other income	4	3,845	3,750
Other operating expenses		(307)	(3,247)
Administrative expenses		(20,416)	(30,957)
Impairment losses on trade receivables		(3,014)	(380)
Impairment losses on prepayments		(1,867)	—
Profit from operations		22,849	21,064
Finance costs	5(a)	(260)	(1,227)
Profit before taxation	5	22,589	19,837
Income tax	6	(7,956)	(7,970)
Profit for the year		14,633	11,867

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other comprehensive income/(loss) for the year, net of nil income tax			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		303	41
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside the PRC		465	(55)
Other comprehensive income for the year		768	(14)
Total comprehensive income for the year		15,401	11,853
Profit for the year attributable to:			
Equity shareholders of the Company		14,406	11,566
Non-controlling interests		227	301
		14,633	11,867
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		15,174	11,552
Non-controlling interests		227	301
		15,401	11,853
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share	8		
— Basic and diluted		1.44	1.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Note</i>	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		38,108	29,590
Intangible assets		76	—
Deposits paid for acquisition of property, plant and equipment		<u>—</u>	<u>954</u>
		38,184	<u>30,544</u>
Current assets			
Financial assets at fair value through profit or loss		<u>—</u>	<u>10,333</u>
Inventories		3,678	3,166
Trade and other receivables	9	97,209	39,176
Cash and cash equivalents		42,395	71,544
		143,282	<u>124,219</u>
Current liabilities			
Trade and other payables	10	<u>22,177</u>	<u>17,140</u>
Bank loans		9,000	8,940
Lease liabilities		3,996	515
Income tax payable		2,536	1,839
		37,709	<u>28,434</u>
Net current assets		<u>105,573</u>	<u>95,785</u>
Total assets less current liabilities		<u>143,757</u>	<u>126,329</u>
Non-current liabilities			
Lease liabilities		<u>4,038</u>	<u>2,011</u>
Net assets		<u>139,719</u>	<u>124,318</u>
Capital and reserves			
Share capital		8,708	8,708
Reserves		<u>128,718</u>	<u>113,544</u>
Total equity attributable to equity shareholders of the Company		137,426	122,252
Non-controlling interests		<u>2,293</u>	<u>2,066</u>
Total equity		<u>139,719</u>	<u>124,318</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE 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 Company was successfully transferred listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited on 6 September 2019.

The functional currency of the Company and its subsidiaries in Hong Kong and its subsidiaries in the People's Republic of China ("PRC") are Hong Kong dollars ("HK\$") and Renminbi ("RMB") respectively. The consolidated financial statements 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. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to the financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business
- Amendment to HKFRS 16, COVID-19-Related Rent Concessions

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

3. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment and focus on type of services performed. During the year ended 31 December 2020, the Group renames an operating segment namely automobile integrated services to trading of building materials and automobile accessories so as to reflect the nature of a broader range of trading business in this operating segment. There is no change in comparative figures as a result of this change in the name of the operating segment. The CODM regularly review revenue and results analysis of the Group by the reportable operating segments below,

- Import and export agency services
- Container and stone blocks road freight forwarding services
- Intra-port ancillary services
- Intra-port container transportation services
- Trading of building materials and automobile accessories

No segment assets and liabilities are presented as the information is not regularly reported to the CODM for the purpose of resource allocation and assessment of performance.

In addition to receiving segment information concerning segment results, the CODM is provided with segment information concerning inter-segment sales, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions in non-current assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

(a) Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below:

For the year ended 31 December 2020

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of building materials and automobile accessories <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition						
— Point in time	12,435	29,452	46,543	56,822	52,521	197,773
— Over time	—	—	—	—	—	—
Revenue from external customers	12,435	29,452	46,543	56,822	52,521	197,773
Inter-segment revenue	—	137	—	9,415	5,284	14,836
Reportable segment revenue	12,435	29,589	46,543	66,237	57,805	212,609
Reconciliation:						
Elimination of inter-segment revenue						(14,836)
Consolidated revenue (<i>note 4</i>)						197,773
Results						
Segment results	2,806	9,217	18,479	11,519	2,587	44,608
Other income						3,845
Other operating expenses						(307)
Administrative expenses						(20,416)
Impairment losses on trade receivables						(3,014)
Impairment losses on prepayments						(1,867)
Finance costs						(260)
Consolidated profit before taxation						22,589

For the year ended 31 December 2019

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of automobile accessories <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition						
— Point in time	30,369	29,663	48,974	60,005	7,596	176,607
— Over time	—	—	—	—	—	—
Revenue from external customers	30,369	29,663	48,974	60,005	7,596	176,607
Inter-segment revenue	—	510	—	10,793	4,537	15,840
Reportable segment revenue	30,369	30,173	48,974	70,798	12,133	192,447
Reconciliation:						
Elimination of inter-segment revenue						(15,840)
Consolidated revenue (<i>note 4</i>)						176,607
Results						
Segment results	4,707	966	24,597	20,086	1,542	51,898
Other income						3,750
Other operating expenses						(3,247)
Administrative expenses						(30,957)
Impairment losses on trade receivables						(380)
Finance costs						(1,227)
Consolidated profit before taxation						19,837

The accounting policies of the operating segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment results represent profit earned from each segment without allocation of other income, other operating expenses, administrative expenses, impairment losses on trade receivables, impairment losses on prepayments and finance costs. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

(b) Other segment information

For the year ended 31 December 2020

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of building materials and automobile accessories <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Addition to non-current assets	—	93	—	2,080	12,294	—	14,467
Interest income from bank deposit	—	50	—	47	100	11	208
Interest expenses	—	106	—	11	66	77	260
Depreciation	—	2,844	—	3,265	633	—	6,742
Amortization	—	10	—	—	1	—	11
Impairment losses on trade receivables	—	337	—	80	2,597	—	3,014
Impairment losses on prepayments	—	—	—	—	1,867	—	1,867
Gain/(loss) on disposal of property, plant and equipment	—	276	—	(10)	—	—	266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2019

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of automobile accessories <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Addition to non-current assets	—	—	—	1,355	12	500	1,867
Interest income from bank deposit	—	56	—	375	3	—	434
Interest expenses	—	933	—	8	—	286	1,227
Depreciation	—	2,554	—	2,347	47	2,030	6,978
Impairment losses on trade receivables	—	—	—	—	380	—	380
Loss on disposal of property, plant and equipment	—	—	—	—	—	269	269
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>269</u>	<u>269</u>

(c) Major customers

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Customer A (<i>note i</i>)	76,524	86,419
Customer B (<i>note i</i>)	25,087	30,144

Note:

- (i) Revenue from container and stone blocks road freight forwarding services, intra-port ancillary services and intra-port container transportation services

Revenues from each of the above customers A and B accounted for 10 percent or more of the Group's revenue for the years ended 31 December 2020 and 2019 respectively.

(d) Geographical information

An analysis of the Group's revenue from external customers and non-current assets by geographical location has not been presented as the Group's operating activities are all carried out in the PRC (the place of domicile of the Group). An analysis of the Group's financial performance of its business activities carried out in the PRC is as follows:

	2020 RMB'000	2019 RMB'000
Revenue	197,773	176,607
Cost of sales	(153,165)	(124,709)
Gross profit	44,608	51,898
Other income	3,834	3,750
Other operating expenses	(307)	(3,247)
Administrative expenses	(15,525)	(20,610)
Impairment losses on trade receivables	(3,014)	(380)
Impairment losses on prepayment	(1,867)	—
Profit from operations	27,729	31,411
Finance costs	(183)	(941)
Profit before taxation from business activities in the PRC	27,546	30,470

Reconciliation between profit before taxation from business activities in the PRC and profit before taxation in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2020 RMB'000	2019 RMB'000
Profit before taxation from business activities in the PRC	27,546	30,470
Other income outside the PRC	11	—
Administrative expenses outside the PRC	(4,891)	(10,347)
Finance costs outside the PRC	(77)	(286)
Profit before taxation	22,589	19,837

4. REVENUE AND OTHER INCOME

The principal activities of the Group are provision of import and export agency services, container and stone blocks road freight forwarding services, intra-port ancillary services, intra-port container transportation services and trading of building materials and automobile accessories.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Import and export agency services income	12,435	30,369
Container and stone blocks road freight forwarding services income	29,452	29,663
Intra-port ancillary services income	46,543	48,974
Intra-port container transportation services income	56,822	60,005
Trading of building materials and automobile accessories	52,521	7,596
	<hr/>	<hr/>
Total revenue	197,773	176,607
	<hr/> <hr/>	<hr/> <hr/>
Interest income on financial assets measured at amortised cost — bank interest income	208	434
Compensation received	66	—
Government grants	791	1,451
Gain on disposal of property, plant and equipment	266	—
Rental income	1,745	1,512
Rent concession income	60	—
Fair value gains on financial assets mandatorily measured at fair value through profit or loss	200	333
Value added tax refund	489	—
Sundry income	20	20
	<hr/>	<hr/>
Total other income	3,845	3,750
	<hr/> <hr/>	<hr/> <hr/>

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

All sales contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance cost

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans and overdraft	84	286
Interest on lease liabilities	176	144
Interest on advances drawn on bills receivables	—	797
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	260	1,227
	<hr/> <hr/>	<hr/> <hr/>

(b) Staff costs (including directors' emoluments)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Salaries, wages and other benefits	69,689	66,598
Retirement benefit scheme contributions	2,998	5,646
Staff welfare	405	294
	<hr/>	<hr/>
	73,092	72,538
	<hr/> <hr/>	<hr/> <hr/>

(c) Other items

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Auditor's remuneration		
— audit service	712	690
— non-audit service	222	—
Amortisation of intangible assets	11	—
Cost of inventories	52,174	24,927
Depreciation		
— owned property, plant and equipment	5,756	6,275
— right-of-use assets	986	703
(Gain)/loss on disposal of property, plant and equipment	(266)	269
Impairment losses on trade receivables	3,014	380
Impairment losses on prepayments	1,867	—
Net foreign exchange loss/(gain)	748	(3)
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX

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

	2020 RMB'000	2019 RMB'000
Current tax — PRC Enterprise Income Tax (the “EIT”)		
Provision for the year	7,942	7,797
Under-provision in respect of prior years	14	173
	<u>7,956</u>	<u>7,970</u>

Notes:

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.
- (ii) No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in or derived from Hong Kong during the reporting periods.
- (iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (iv) Provision for the EIT during the reporting periods was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws and regulations applicable to the subsidiaries operated in the PRC.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for two subsidiaries (2019: two) which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 5%.

7. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2020 (2019: nil).

8. 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company		
for the purpose of basic earnings per share	14,406	11,566
	2020	2019
	Number of	Number of
	shares	shares
Ordinary shares (basic)		
Weighted averaged number of ordinary shares in issue	1,000,000,000	1,000,000,000

b) Diluted Earnings Per Share

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

9. TRADE AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	61,028	29,125
Bills receivables	14,710	1,500
Total trade and bills receivables	75,738	30,625
Less: Provision for impairment allowance	(3,394)	(380)
	72,344	30,245
Deposits	2,459	2,656
Prepayments	21,730	4,707
Other receivables	467	696
Other tax recoverable	209	872
	24,865	8,931
	97,209	39,176

Notes:

- (a) All of the trade and other receivables are expected to be recovered or recognised as expense within one year.
- (b) During the years ended 31 December 2020 and 2019, the Group allows credit periods ranging from 30 to 180 days to its customers. Before accepting any new customer, the Group assesses the potential customer's credit quality. Credit term granted to customers is reviewed regularly.
- (c) The aging analysis of trade and bills receivables based on the date of revenue recognition and net of loss allowance is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	22,974	16,008
31–60 days	14,224	3,564
61–90 days	16,418	2,548
91–180 days	16,608	3,684
181–360 days	1,699	3,457
Over 360 days	421	984
	<hr/> 72,344 <hr/>	<hr/> 30,245 <hr/>

- (d) The Group does not hold any collateral over these receivables.
- (e) For the year ended 31 December 2020 and 2019, no trade receivable has been written off.

10. TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables (<i>note b</i>)	10,037	5,442
Accruals and other payables	2,229	3,373
Salary payables	8,593	7,576
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	20,859	16,391
Other tax payables	840	596
Contract liabilities — Billings in advance of performance (<i>note c</i>)	478	153
	<hr/>	<hr/>
	22,177	17,140
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.
- (b) The aging analysis of trade payables presented based on invoice date as at the end of the reporting period is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0-60 days	7,013	3,691
61-90 days	1,894	692
91-180 days	1,061	341
Over 180 days	69	718
	<hr/>	<hr/>
	10,037	5,442
	<hr/> <hr/>	<hr/> <hr/>

The credit terms granted by the suppliers were generally ranging from 0 to 120 days. The directors of the Company consider that the carrying amounts of trade payables approximate to their fair values.

- (c) When the Group receives a deposit before the provision of services or delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised exceeds the amount of the deposit. The amount of the deposit, if any, is negotiated on a case by case basis with customers.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in prior year.

Movements in contract liabilities

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Balance at 1 January	153	305
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(103)	(255)
Increase in contract liabilities as a result of billing in advance to customers	428	103
Balance at 31 December	478	153

MANAGEMENT DISCUSSION AND ANALYSIS

Founded in 1999, the Group is principally engaged in provision of intra-port services, logistics services and supply chain operations in the area of Xiamen, Quanzhou and Chengdu of the PRC. Among them:

- Intra-port services consist of (i) intra-port ancillary services and (ii) intra-port container transportation services;
- Logistics services consist of (i) import and export agency services and (ii) road freight forwarding services; and
- Supply chain operations consist of (i) trading of building material and (ii) trading of automobile accessories.

Although part of the business has been affected to a certain extent a result of the global outbreak of the coronavirus (“COVID-19”) pandemic, the Group’s overall revenue for the year ended 31 December 2020 has achieved a growth which is attributable to the gradual control of the COVID-19 pandemic in the Mainland China as well as the revenue contributed by the Group’s newly invested building materials supply chain operation.

BUSINESS REVIEW

To tackle the adverse impact of the outbreak of COVID-19 on the foreign trade economy, and to accelerate the implementation of the Group’s new business goals, the Company, after in-depth market research, has established Chengdu Xiangxing Supply Chain Management Co., Ltd. as its subsidiary on 3 April 2020 in Chengdu of Sichuan province, located at the southwestern region of the Mainland China, which focuses on building materials supply chain operations.

Despite the significant decline in the import volume of solid waste approved by the state and the decrease in the volume of the Group’s logistics service business, the Group was still able to achieve an increase of 12.0% in the overall revenue to approximately RMB197,773,000, which is the result of Mainland China’s stable economic situation in the second half of the year 2020 and the revenue contributed by the Group’s newly developed building materials supply chain operation business.

Net profit of the Group for the year ended 31 December 2020 increased by 23.3% to approximately RMB14,633,000. Such increase was mainly due to:

- the one-off expenses related to the transfer of the Company’s shares from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in the year 2019 were not incurred in the current year;
- the Group’s newly developed building materials supply chain operations in Sichuan province of China were profitable.

The Group's intra-port services business completed approximately 2,970,000 TEUs in year 2020, representing an annual decrease of 9.2%.

The Group's newly expanded building materials supply chain operation business in Sichuan province contributed approximately RMB 44,802,000 of revenue in year 2020.

PROSPECTS

Looking ahead, the Group will focus on the following aspects in year 2021:

- 1) Leveraging the favourable conditions of the PRC government's advancement of the western development as the background and giving the opportunities created by the key development of the Chengdu-Chongqing Economic Circle, the Company has established Chengdu Xiangxing Supply Chain Management Co., Ltd. to develop the building materials supply chain business, and continue to explore the huge potential in the building materials market in the western region, and strive to achieve new breakthroughs in revenue and profit;
- 2) Despite the availability of small amount of newly planned logistics land in Xiamen City, the Group will continue to communicate with Xiamen local government more closely and strive to acquire a piece of suitable land with a view to develop the comprehensive logistics center project, which will lay a solid foundation for the long-term healthy development of the Group in the future.
- 3) To venture into the foreign trade supply chain operation business in Xiamen area in order to accumulate market experience for the Group to operate a more complete logistics service chain after the comprehensive logistics center project in Xiamen is established in the future.

The Group will continue to adhere to the business philosophy of "Built from Integrity and Grow with Quality" and provide excellent services to its existing customers and expand its business, for greater returns to its shareholders. The Group will keep the shareholders of the Company informed of the latest developments of the Group in a timely manner.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, the Group's revenue amounted to approximately RMB197,773,000, representing an increase of approximately 12.0% from approximately RMB176,607,000 for the year ended 31 December 2019.

For the year ended 31 December 2020, the operating volume and revenue of each major business segment of the Group are as follows:

1) *Intra-port related services*

Operating volume comparison					
Classification	Unit	For the year ended 31 December			
		2020	2019	Change (%)	
Intra-port ancillary services	Containers	TEU (<i>Note</i>)	2,970,536	3,270,959	(9.2)
	General cargo	Tonnes	3,218,007	2,540,437	26.7
Intra-port container transportation services	Containers	TEU (<i>Note</i>)	3,153,483	3,309,410	(4.7)

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 comparison					
Classification	Unit	For the year ended 31 December			
		2020	2019	Change (%)	
Intra-port ancillary services	RMB'000	46,543	48,974	(5.0)	
Intra-port container transportation services	RMB'000	56,822	60,005	(5.3)	
Total		103,365	108,979	(5.2)	

Xiamen Port achieved a total throughput of 11.4 million TEUs in 2020, representing a year-on-year increase of 2.5%. The Group's intra-port service operation volume dropped by approximately 9.2%, and the overall revenue fell by 5.2%. The main reasons were the two ports in Xiamen served by the Group were mainly for foreign trade cargoes, and the European and American routes are the majority routes in these ports. Due to the impact of overall economy environment and the COVID-19 pandemic, the trade volume between China with Europe and the United States as a portion of the total China's foreign trade volume has decreased to a certain extent.

2) *Logistics related services*

Operating volume comparison					
Classification		Unit	For the year ended 31 December		
			2020	2019	Change (%)
Road freight services	Loaded containers	Unit	17,342	24,647	(29.6)
	Empty containers	Unit	107,286	98,128	9.3
	General cargos	Tonnes	1,767,549	1,970,331	(10.3)
Import and export agency services		Unit	9,759	12,382	(21.2)

Revenue comparison					
Classification		Unit	For the year ended 31 December		
			2020	2019	Change (%)
Road freight services		RMB'000	29,452	29,663	(0.7)
Import and export agency services		RMB'000	12,435	30,369	(59.1)
Total		RMB'000	41,887	60,032	(30.2)

Due to the substantial reduction in the approved amount of imported solid waste in the country, certain transportation capacity of the Group was moved to the newly expanded Quanzhou Weitou Port Area for the intra-port container transportation services business. The stone blocks arriving at the Quanzhou Shihu port that the Group serves has also decreased. As a result, the Group's logistics service business experienced a significant decline in 2020, and the overall revenue declined by 30.2%.

3) *Supply chain operations*

Operating volume comparison				
Classification	Unit	For the year ended 31 December		
		2020	2019	Change (%)
Trading of heavy-duty auto parts and tires	Unit	134,608	137,609	(2.2)
Trading of building materials*	Tonnes	368,180	—	N/A

Revenue comparison				
Classification	Unit	For the year ended 31 December		
		2020	2019	Change (%)
Trading of heavy-duty auto parts and tires	RMB'000	7,719	7,596	1.6
Trading of building materials*	RMB'000	44,802	—	N/A
Total	RMB'000	52,521	7,596	591.4

* Newly developed business during the year

The Group launched the gravel and cement types of building materials supply chain operation business in Sichuan province in April 2020, and achieved a revenue of approximately RMB44,802,000 during the year, the overall revenue of the supply chain operation business has therefore increased significantly.

Staff Costs

Staff costs mainly included salaries, wages and other staff benefits. For the year ended 31 December 2020, the Group's staff cost was approximately RMB73,092,000 (for the year ended 31 December 2019: approximately RMB72,538,000).

Administrative Expenses

Administrative expenses mainly included staff costs (including directors' emoluments), depreciation and auditors' remuneration. For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately RMB20,416,000 (for the year ended 31 December 2019: approximately RMB30,957,000).

Transfer Listing Expenses

Transfer listing expenses are non-recurring expenses incurred by the Company for the transfer of listing from GEM to the Main Board of the Stock Exchange and, for the year ended 31 December 2019, the Group's transfer listing expenses were approximately RMB5,775,000. There was no such expense incurred for the year ended 31 December 2020.

Taxation

Under the current laws of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to income tax or capital gains tax in the Cayman Islands and the BVI. Additionally, dividend payments made by the Group are not subject to withholding tax in the Cayman Islands or the BVI.

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the year.

Under the Law of the People's Republic of China (the "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 both years, except for two subsidiaries (2019: two) which are qualified as Small Low — Profit Enterprises in the PRC and entitle to a concessionary tax rate of 5%.

For the year ended 31 December 2020, income tax expense was approximately RMB7,956,000 (for the year ended 31 December 2019: approximately RMB7,970,000).

Profit for the year

For the year ended 31 December 2020, the Group's profit for the year was approximately RMB14,633,000 (for the year ended 31 December 2019: approximately RMB11,867,000). The increase in the Group's profit for the year was mainly attributable to the one-off expenses related to the transfer of the Company's shares from GEM to the Main Board of the Stock Exchange last year were not incurred this year, and the Group's newly developed building materials supply chain operations has begun to achieve profit.

Liquidity and Financial Resources

The operation of the Group is mainly financed by the cash generated from its self-owned business operations. As at 31 December 2020, the net current assets of the Group amounted to approximately RMB105,573,000 (31 December 2019: approximately RMB95,785,000) and cash and cash equivalents as at 31 December 2020 amounted to approximately RMB42,395,000 (31 December 2019: approximately RMB71,544,000).

As at 31 December 2020, the Group's bank loans totalled approximately RMB9,000,000 (31 December 2019: approximately RMB8,940,000).

Currency Risk

The functional currency of the Group's operating subsidiaries is Renminbi as substantially the Group's revenue is in Renminbi. The Group does not expect any significant currency risk which might materially affect the Group's results of operations.

Capital Commitments

As at 31 December 2020, the Group had no capital commitment (31 December 2019: approximately RMB750,000).

Capital Structure

For the year ended 31 December 2020, the Company's capital structure remained unchanged. The capital structure of the Group is comprised of equity interest attributable to the owners of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Group. As part of the review, the Directors consider the cost of capital and the associated risks of various types of capital.

Material Acquisitions and Disposals

During the year ended 31 December 2020, the Group did not have any material acquisitions or disposals of subsidiaries.

Employees and Remuneration Policy

As at 31 December 2020, the Group employed 836 (31 December 2019: 772) employees. Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences.

Use of Proceeds

The net proceeds from the public offer of shares of the Company on GEM were approximately HK\$40,200,000, which was based on the final offer 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 <i>HK\$'million</i>	Actual use of proceeds since the Listing up to 31 December 2020 <i>HK\$'million</i>
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
	<u>40.2</u>	<u>6.7</u>

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 December 2020, 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. In such event the Company will issue an announcement to inform its shareholders and potential investors in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Charges on the Group's Assets and Contingent Liabilities

At 31 December 2020, the Group's lease liabilities arisen from the purchase of motor vehicles were secured by motor vehicles with carrying amounts of RMB12,137,000 (2019: nil).

As at 31 December 2020, the Group did not have any contingent liabilities.

CORPORATE GOVERNANCE

The Company has complied with all code provisions as set out in the Corporate Governance ("CG Code") contained in Appendix 14 to the Listing Rules for the period from the date of Listing to 31 December 2020, save that:

According to the code provisions A.6.7 and E.1.2 of the CG Code, the Chairman of the Board and all independent non-executive Directors shall attend the annual general meeting of the Company. Mr. Cheng Youguo and Ms. Li Zhao were unable to attend the annual general meeting of the Company which was held in Hong Kong on 23 June 2020 due to the travel restrictions resulting from the outbreak of COVID-19. Mr. Ho Kee Cheung was invited to chair the said annual general meeting in the absence of Mr. Cheng.

Code provision A.1.1 of the CG Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication. Due to the outbreak of COVID-19, the Board decided to have less formal Board meetings during the year ended 31 December 2020 and kept each of the Directors informed of the Group's operations through monthly management report to the Board.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transaction by Directors of the Listed Issuers (the "Model Code") Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

The Group has made specific enquiries of all Directors and all Directors have confirmed that they have been complying with the required standard of dealings and the related code of conduct regarding Director's securities transactions under the Model Code for the year ended 31 December 2020.

As far as the Group is aware, the Directors and employees of the Group have not breached the requirements under the Model Code.

DIVIDEND

No final dividend for the year ended 31 December 2020 is proposed by the Board (2019: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, the Company has complied with all relevant laws and regulations which include the Companies Law of the Cayman Islands and the Listing Rules and maintained good relationship with its customers, employees and investors.

EVENTS AFTER END OF REPORTING PERIOD

Save as disclosed in this announcement, the Group does not have other significant events after the reporting period.

AUDIT COMMITTEE

The Board has complied with the provisions of the CG Code set out in Appendix 14 to the Listing Rules, and that our Audit Committee was established on 13 February 2017. In 2020, pursuant to Rule 3.21 of the Listing Rules, the Audit Committee consists of three independent non-executive directors, namely Mr. Cheng Siu Shan, Mr. Ho Kee Cheung, Mr. Hu Hanpi (ceased to be a member on 31 March 2020) and Ms. Li Zhao (appointed as a member on 31 March 2020). Mr. Cheng Siu Shan is the chairman of the Audit Committee and has professional qualifications and experience in accounting and financial management as stipulated in the Listing Rules.

For the financial year ended 31 December 2020, the Audit Committee has performed its main duties, including (1) review and advise on the Group's annual and half-yearly reports and results announcements, the relevant accounting principles and practices adopted by the Group; (2) review the risk management and internal control procedures adopted by the Group, the internal control review report, and providing suggestions and comments thereon; (3) review the effectiveness of the internal audit function and provide suggestions and comments thereon; (4) ensure that the Directors and staff have received sufficient and relevant trainings and have complied with the corporate governance practices and code of conducts of the Group; and (5) discuss and confirm with chief executive officer and senior management that the Group has complied with applicable laws and regulations, in all material aspects.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on 28 May 2021 at 3:00 p.m. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 25 May 2021 to 28 May 2021, both days inclusive for the entitlement to attend the AGM, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Hong Kong at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on 24 May 2021.

REVIEW OF FINANCIAL STATEMENTS

The Group’s audited financial statements for the year ended 31 December 2020 has been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

PUBLICATION OF ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange. The 2020 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the website of the Stock Exchange in due course.

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

Hong Kong, 26 March 2021

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 Ms. Li Zhao.