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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)**

## **CHANGE IN USE OF PROCEEDS**

References are made to (i) the prospectus (the “**Prospectus**”) issued by XiangXing International Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 June 2017 in connection with the listing of its shares on GEM (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”); (ii) the announcement of the Company dated 29 August 2019 in connection with the transfer of listing of its shares from GEM to the Main Board of the Stock Exchange; (iii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”); and (iv) the interim report of the Company for the six months ended 30 June 2021. Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as those defined in Prospectus.

## **CHANGE IN USE OF PROCEEDS**

The net proceeds from the public offer of shares of the Company on GEM were approximately HK\$40.2 million (the “**Net Proceeds**”). As disclosed in the Prospectus, the Company intended to use the Net Proceeds: (i) for 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 the Group’s business (the “**Investment in Container-related Handling Equipment**”); and (ii) for the development of empty container stacking yard (the “**Development for Empty Container Stacking Yard**”).

Up to the date of this announcement, among the Net Proceeds, (i) an approximate amount of HK\$6.7 million was fully utilised for the Investment in Container-related Handling Equipment; whereas (ii) an approximate amount of HK\$33.5 million, which were intended to be used for the Development for Empty Container Stacking Yard, was still unutilised (the “**Unutilised Net Proceeds**”).

To the best knowledge, information and belief of the Directors, there has been a prolonged delay of approval from the People’s Government of Haicang District of Xiamen city, the PRC (the “**Government Authority**”) in relation to the Group’s purchase of a suitable parcel of land in Haicang District of Xiamen city, the PRC, for the Development for Empty Container Stacking Yard. The Group has maintained close contact with the Government Authority and strived to proceed with the intended acquisition of land as early as possible but fails to obtain a solid reply as to the expected date of grant of such approval. For further details, please refer to the section headed “Use of proceeds” of the 2020 Annual Report. On 16 September 2021, the Board resolved to change the use of the Unutilised Net Proceeds for the best interest of the Company and its shareholders as a whole.

The table below sets out the original allocation of the Net Proceeds, the utilisation of the Net Proceeds as at the date of this announcement, the change in the use of the Unutilised Net Proceeds and the expected timeline for fully utilising the Unutilised Net Proceeds.

Purposes	Intended use of the Net Proceeds as disclosed in the Prospectus, the Announcement and the 2020 Annual Report	The Net Proceeds utilised as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Change in use of the Unutilised Net Proceeds	Expected timeline for fully utilising the Unutilised Net Proceeds
	<i>HK\$’ million (approximately)</i>	<i>HK\$’ million (approximately)</i>	<i>HK\$’ million (approximately)</i>	<i>HK\$’ million (approximately)</i>	<i>(Note)</i>
Investment in Container-related Handling Equipment	6.7	6.7	—	—	—
Development for Empty Container Stacking Yard	33.5	—	33.5	—	—
Development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC	—	—	—	18.0	On or before 31 December 2022
Purchase of electric tractors	—	—	—	15.5	On or before 31 December 2022
Total:	40.2	6.7	33.5	33.5	

*Note:* The expected timeline for fully utilising the Unutilised Net Proceeds is determined on the basis of the Group’s best estimate of future market conditions, and is subject to change depending on the market conditions and developments at the relevant times.

## REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

### (i) **Development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC**

The Group is aware of the business opportunities for the provision of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC, where its people's government is striving to achieve an annual throughput of 5 million TEU by 2025 and has embarked on the second phase of a river-rail project that will make Wuhan city as China's largest inland river-rail transportation base. The Group intends to capture the new market opportunities in Wuhan city by leveraging its expertise of intra-port ancillary services and intra-port container transportation services accumulated in Xiamen city.

In this connection, it is expected an approximately HK\$18.0 million from the Unutilised Net Proceeds will be used, of which approximately HK\$12.0 million will be used for purchase of tractors, approximately HK\$3.6 million will be used for purchase of roof racks, and approximately HK\$2.4 million will be used for general working capital. The total amount will be fully utilised on or before 31 December 2022.

### (ii) **Purchase of electric tractors**

Taking into account the periodic repairs of the existing tractors used in the Group's provision of intra-port container transportation services in Xiamen city and more than 20 tractors have been used for between 8 to 10 years. The Group plans to purchase 20 electric tractors to replace its existing tractors. The Directors consider that such purchase will enhance the quality and efficiency of the Group's services, and also protect the environment by replacement of electric tractors with zero emission.

In this connection, it is expected that an approximately HK\$15.5 million from the Unutilised Net Proceeds will be fully utilised on or before 31 December 2022.

The Board confirms that there are no material changes in the nature of the business of the Group. The Board considers the above change in the use of the Unutilised Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the interests of the Company and its shareholders as a whole.

The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan as and when necessary to cope with the changing market conditions and strive for better business performance of the Group.

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

Hong Kong, 16 September 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.*