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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 the shares of the Company 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 the shares of the Company from GEM to the Main Board of the Stock Exchange; (iii) the announcement of the Company in relation to the Change in Use of Proceeds dated 16 September 2021 (the “**Announcement dated 16 September 2021**”); and (iv) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”). 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 the shares of the Company on GEM were approximately HK\$40.2 million (the “**Net Proceeds**”). As disclosed in the Prospectus, the Company originally 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**”).

As disclosed in the Announcement dated 16 September 2021, an approximate amount of HK\$6.7 million of the Net Proceeds was fully utilised for the Investment in Container-related Handling Equipment; whereas 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 as at 16 September 2021 as a result of the prolonged delay of authority approval in relation to the Group’s purchase

of a suitable parcel of land for the Development for Empty Container Stacking Yard. To better utilise the Group’s resources, the Board resolved on 16 September 2021 to reallocate an amount of approximately HK\$18.0 million out of the unutilised amount for the development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC, and an amount of approximately HK\$15.5 million for the purchase of electric tractors (the “**First Change in Use of Proceeds**”).

With reference to the actual utilisation of the Use of Proceeds since the change in use of proceeds on 16 September 2021 and after considering that: (i) the development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC, may take longer than originally anticipated, and (ii) the greater demand of electric tractors, the Board has resolved on 29 July 2022, to further relocate all remaining unutilised Net Proceeds for the purchase of electric tractors.

The table below sets out the unutilised Net Proceeds as at the First Change in Use of Proceeds, the Net Proceeds utilised since the First Change in Use of Proceeds to the date of this announcement, unutilised 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	Unutilised Net Proceeds as at the First Change in Use of Proceeds	The Net Proceeds utilised since the First Change in Use of Proceeds to 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>
Development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC	18.0	3.5	14.5	—	—
Purchase of electric tractors	15.5	6.3	9.2	23.7	On or before 31 December 2023
Total:	<u>33.5</u>	<u>9.8</u>	<u>23.7</u>	<u>23.7</u>	

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

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 approximately 10 years. The Group plans to purchase another 18 electric tractors in addition to the originally planned 20 electric tractors as disclosed in the Announcement dated 16 September 2021. 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 amount of approximately HK\$23.7 million from the unutilised Net Proceeds will be fully utilised on or before 31 December 2023.

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, 29 July 2022

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.