

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 2022**

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 2022 together with the relevant comparative figures for the year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue</b>	3, 4	<b>237,273</b>	288,682
Cost of sales		<b>(205,306)</b>	(240,754)
<b>Gross profit</b>		<b>31,967</b>	47,928
Other income	4	<b>15,555</b>	8,578
Other operating expenses		<b>(1,014)</b>	(946)
Administrative expenses		<b>(23,091)</b>	(23,874)
Impairment losses on trade receivables, net		<b>(6,233)</b>	(9,548)
<b>Profit from operations</b>		<b>17,184</b>	22,138
Finance costs	5(a)	<b>(651)</b>	(751)
<b>Profit before taxation</b>	5	<b>16,533</b>	21,387
Income tax	6	<b>(6,449)</b>	(10,972)
<b>Profit for the year</b>		<b>10,084</b>	10,415

	<i>Note</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Other comprehensive income for the year, net of nil income tax</b>			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		(1,172)	263
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside the People's Republic of China ("PRC")		<u>1,282</u>	<u>960</u>
<b>Other comprehensive income for the year</b>		<u>110</u>	<u>1,223</u>
<b>Total comprehensive income for the year</b>		<u><u>10,194</u></u>	<u><u>11,638</u></u>
<b>Profit for the year attributable to:</b>			
Equity shareholders of the Company		10,217	10,655
Non-controlling interests		<u>(133)</u>	<u>(240)</u>
		<u><u>10,084</u></u>	<u><u>10,415</u></u>
<b>Total comprehensive income for the year attributable to:</b>			
Equity shareholders of the Company		10,327	11,878
Non-controlling interests		<u>(133)</u>	<u>(240)</u>
		<u><u>10,194</u></u>	<u><u>11,638</u></u>
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Earnings per share</b>	8		
— Basic and diluted		<u><u>1.02</u></u>	<u><u>1.07</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		33,316	31,938
Intangible assets		47	66
Deposits paid for acquisition of property, plant and equipment		—	1,596
		<u>33,363</u>	<u>33,600</u>
<b>Current assets</b>			
Inventories		4,484	3,933
Trade and other receivables	9	126,288	123,782
Cash and cash equivalents		28,220	23,819
		<u>158,992</u>	<u>151,534</u>
<b>Current liabilities</b>			
Trade and other payables	10	20,011	19,160
Bank loans		8,000	8,200
Lease liabilities		401	2,781
Income tax payable		1,536	2,379
		<u>29,948</u>	<u>32,520</u>
<b>Net current assets</b>		<u>129,044</u>	<u>119,014</u>
<b>Total assets less current liabilities</b>		<u>162,407</u>	<u>152,614</u>
<b>Non-current liabilities</b>			
Lease liabilities		856	1,257
<b>Net assets</b>		<u>161,551</u>	<u>151,357</u>
<b>Capital and reserves</b>			
Share capital		8,708	8,708
Reserves		150,923	140,596
Total equity attributable to equity shareholders of the Company		159,631	149,304
Non-controlling interests		1,920	2,053
<b>Total equity</b>		<u>161,551</u>	<u>151,357</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

### 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. 2, 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 (the "**Stock Exchange**") 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA to these financial statements for the current accounting period for the first time:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

### 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 and types of goods delivered. 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 2022 and 2021 is set out below:

**For the year ended 31 December 2022**

	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	28,068	23,089	57,594	77,878	49,283	235,912
— Over time	—	—	—	—	1,361	1,361
Revenue from contracts with external customers	28,068	23,089	57,594	77,878	50,644	237,273
Inter-segment revenue	—	—	—	27	5,368	5,395
Reportable segment revenue	28,068	23,089	57,594	77,905	56,012	242,668
<b>Reconciliation:</b>						
Elimination of inter-segment revenue						(5,395)
Consolidated revenue ( <i>note 4</i> )						<u>237,273</u>
<b>Results</b>						
Segment results	2,316	432	10,039	15,454	3,726	31,967
Other income						15,555
Other operating expenses						(1,014)
Administrative expenses						(23,091)
Impairment losses on trade receivables, net						(6,233)
Finance costs						(651)
Consolidated profit before taxation						<u>16,533</u>

## For the year ended 31 December 2021

	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	14,294	25,913	58,793	73,434	115,598	288,032
— Over time	—	—	—	—	650	650
Revenue from contracts with external customers	14,294	25,913	58,793	73,434	116,248	288,682
Inter-segment revenue	—	1,164	—	112	5,403	6,679
Reportable segment revenue	14,294	27,077	58,793	73,546	121,651	295,361
<b>Reconciliation:</b>						
Elimination of inter-segment revenue						(6,679)
Consolidated revenue ( <i>note 4</i> )						<u>288,682</u>
<b>Results</b>						
Segment results	1,917	676	20,073	19,394	5,868	47,928
Other income						8,578
Other operating expenses						(946)
Administrative expenses						(23,874)
Impairment losses on trade receivables, net						(9,548)
Finance costs						(751)
Consolidated profit before taxation						<u>21,387</u>

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 2022

	Import and export agency services RMB'000	Container and stone blocks road freight forwarding services RMB'000	Intra-port ancillary services RMB'000	Intra-port container transportation services RMB'000	Trading of building materials and automobile accessories RMB'000	Unallocated RMB'000	Total RMB'000
Addition to non-current assets	—	667	—	6,715	99	—	7,481
Interest income from bank deposit	—	17	—	30	15	—	62
Interest income on trade receivables	—	—	—	—	—	—	—
Interest expenses	—	71	—	424	156	—	651
Depreciation	—	2,620	—	3,225	1,702	—	7,547
Amortisation	—	11	—	—	8	—	19
Impairment losses on trade receivables	—	457	—	176	5,600	—	6,233
Gain/(loss) on disposal of property, plant and equipment	—	97	—	(35)	—	—	62

For the year ended 31 December 2021

	Import and export agency services RMB'000	Container and stone blocks road freight forwarding services RMB'000	Intra-port ancillary services RMB'000	Intra-port container transportation services RMB'000	Trading of building materials and automobile accessories RMB'000	Unallocated RMB'000	Total RMB'000
Addition to non-current assets	—	229	—	1,936	231	—	2,396
Interest income from bank deposit	—	18	—	58	23	—	99
Interest income on trade receivables	—	—	—	—	1,490	—	1,490
Interest expenses	—	87	—	474	190	—	751
Depreciation	—	2,358	—	2,879	1,707	—	6,944
Amortisation	—	12	—	—	8	—	20
(Reversal of impairment)/ impairment losses on trade receivables	—	(216)	—	(3)	9,767	—	9,548
(Loss)/gain on disposal of property, plant and equipment	—	(1)	—	31	—	—	30



(c) **Major customers**

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A ( <i>note i</i> )	<b>101,317</b>	98,644
Customer B ( <i>note ii</i> )	<b>32,410</b>	78,119
Customer C ( <i>note i</i> )	<b>35,410</b>	34,061

*Note:*

- (i) Revenue from container and stone blocks road freight forwarding services, intra-port ancillary services and intra-port container transportation services
- (ii) Revenue from trading of building materials

Revenues from each of the above customers A, B and C, including sales to a group of entities which are known to be under common control with these customers, accounted for 10 percent or more of the Group's revenue for the year ended 31 December 2022 (31 December 2021: 10 percent or more of the Group's revenue).

**(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:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue	<b>237,272</b>	288,682
Cost of sales	<b>(205,308)</b>	(240,754)
Gross profit	<b>31,964</b>	47,928
Other income	<b>15,555</b>	8,578
Other operating expenses	<b>(1,014)</b>	(946)
Administrative expenses	<b>(19,112)</b>	(19,139)
Impairment losses on trade receivables, net	<b>(6,233)</b>	(9,548)
Profit from operations	<b>21,160</b>	26,873
Finance costs	<b>(651)</b>	(751)
Profit before taxation from business activities in the PRC	<b>20,509</b>	26,122

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:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit before taxation from business activities in the PRC	<b>20,509</b>	26,122
Administrative expenses outside the PRC	<b>(3,976)</b>	(4,735)
Profit before taxation	<b>16,533</b>	21,387

#### 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Import and export agency services income	28,068	14,294
Container and stone blocks road freight forwarding services income	23,089	25,913
Intra-port ancillary services income	57,594	58,793
Intra-port container transportation services income	77,878	73,434
Trading of building materials and automobile accessories	50,644	116,248
	<hr/>	<hr/>
<b>Total revenue</b>	<b>237,273</b>	<b>288,682</b>
	<hr/> <hr/>	<hr/> <hr/>
Interest income on financial assets measured at amortised cost		
— bank interest income	62	99
— trade receivables	—	1,490
Subsidy income	11,985	4,158
Government grants	2,204	2,167
Gain on disposal of property, plant and equipment	62	30
Rental income	621	621
Net foreign exchange gain	462	—
Sundry income	159	13
	<hr/>	<hr/>
<b>Total other income</b>	<b>15,555</b>	<b>8,578</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank loans and overdraft	454	474
Interest on lease liabilities	197	277
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>651</b>	751
	<hr/> <hr/>	<hr/> <hr/>

### (b) Staff costs (including directors' emoluments)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	98,881	86,444
Retirement benefit scheme contributions	10,003	9,314
Staff welfare	242	504
	<hr/>	<hr/>
	<b>109,126</b>	96,262
	<hr/> <hr/>	<hr/> <hr/>

### (c) Other items

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Auditor's remuneration		
— audit service	720	697
— non-audit service	171	182
Amortisation of intangible assets	19	20
Depreciation		
— owned property, plant and equipment	5,743	5,096
— right-of-use assets	1,804	1,848
Total depreciation and amortisation	7,547	6,944
Cost of inventories	66,557	119,813
Gain on disposal of property, plant and equipment	(62)	(30)
Impairment losses on trade receivables, net	6,233	9,548
Net foreign exchange (gain)/loss	(462)	1,150
	<hr/> <hr/>	<hr/> <hr/>

Impairment losses of approximately RMB6,233,000 (2021: RMB9,548,000) are included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

## 6. INCOME TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current tax — PRC Enterprise Income Tax (the “EIT”)</b>		
Provision for the year	6,264	10,845
Under-provision in respect of prior years	185	127
	<u>6,449</u>	<u>10,972</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 four subsidiaries (2021: 25%) which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 2.5% (2021: 2.5%).

## 7. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2022 (2021: 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>10,217</u>	<u>10,655</u>
	2022 Number of shares	2021 Number of shares
<b>Ordinary shares (basic)</b>		
Weighted-average number of ordinary shares in issue	<u>1,000,000,000</u>	<u>1,000,000,000</u>

### 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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	119,012	98,960
Bills receivables	3,977	7,450
Total trade and bills receivables	122,989	106,410
Less: Provision for impairment allowance	(19,175)	(12,942)
	<u>103,814</u>	<u>93,468</u>
Deposits	3,005	2,706
Prepayments	18,192	25,430
Other receivables	1,170	1,903
Other tax recoverable	107	275
	<u>22,474</u>	<u>30,314</u>
	<u>126,288</u>	<u>123,782</u>

*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 2022 and 2021, 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) At the end of the reporting period, the aging analysis of trade and bills receivables based on the date of revenue recognition and net of loss allowances is as follows:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0–30 days	<b>21,372</b>	29,724
31–60 days	<b>5,138</b>	6,839
61–90 days	<b>4,056</b>	11,088
91–180 days	<b>12,789</b>	11,040
181–360 days	<b>27,260</b>	31,371
Over 360 days	<b>33,199</b>	3,406
	<hr/> <b>103,814</b> <hr/>	<hr/> 93,468 <hr/>

- (d) The Group does not hold any collateral over these receivables.
- (e) For the years ended 31 December 2022 and 2021, no trade receivable has been written off.

(f) Transferred receivables that are not derecognised in their entirety

The carrying amounts of the bills receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in the consolidated statement of financial position. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Transferred receivables	—	3,000
Associated secured borrowing (bank loans)	—	3,000
	<u>          </u>	<u>          </u>

Management considers that in substance the factor collects the amounts receivable on the entity's behalf and retains the cash in settlement of the separate financing transaction. The Group therefore presents the cash inflows received from the factor as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.



## 10. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables ( <i>note b</i> )	6,489	5,663
Accruals and other payables	4,164	3,741
Salary payables	8,024	8,444
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	18,677	17,848
Other tax payables	843	752
Contract liabilities — Billings in advance of performance ( <i>note c</i> )	491	560
	<hr/>	<hr/>
	<b>20,011</b>	<b>19,160</b>
	<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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0-60 days	3,110	3,694
61-90 days	559	835
91-180 days	1,027	718
Over 180 days	1,793	416
	<hr/>	<hr/>
	<b>6,489</b>	<b>5,663</b>
	<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**

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Balance at 1 January	<b>560</b>	478
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	<b>(560)</b>	(428)
Increase in contract liabilities as a result of billing in advance to customers	<b>491</b>	510
	<hr/>	<hr/>
Balance at 31 December	<b>491</b>	560
	<hr/> <hr/>	<hr/> <hr/>

All of the contract liabilities are expected to be recognised as income within one year.

## **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, Wuhan 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 materials and (ii) trading of automobile accessories.

In the past year, the Chinese economy has experienced complex and dramatic external situations such as conflicts between Russia and Ukraine, rising inflation, and interest rate hikes by the Federal Reserve. It also faces internal risks such as repeated epidemics, real estate thunderstorms, and economic downturn. Annual economic aggregate growth of 3% was achieved under such difficult internal and external environments. Coming into 2023, as the anti-epidemic policy shifts and various regions gradually overcome the peak of the epidemic, it will gradually push the economy out of the haze of the epidemic, bringing about the improvement of aggregate demand and the restoration of production capacity; the coordinated efforts of various policies to expand domestic demand will to a certain extent offset against the impact of weakening external demand on exports. After all, the Chinese economy is expected to achieve growth of more than 5% in 2023.

## **BUSINESS REVIEW**

In the past year, the complex domestic and foreign economic environments, especially under the background of the monthly decline in import and export trade since July 2022 and the Group's active contraction of supply chain business to ensure financial security, the Group's annual revenue decreased by 17.8% and the profit decreased by 3.2% year-on-year respectively.

In order to cooperate with the implementation of strict epidemic prevention and control measures at the port, the Group has increased the number of front-line terminal operators, implemented a closed-loop management model of special shifts, and ensured the operational efficiency of the terminal, which has been highly recognised by the market and customers. Considering the synergy of the logistics and supply chain business and laying a solid foundation for the Group's long-term future development, after many rounds of communications with the local government authority in Xiamen, there was substantial progress on the purchase of a piece of land for the Group's logistics centre in Xiamen. The project is expected to complete in 2023.

## **PROSPECTS**

Looking ahead, the Group will focus on the following aspects in year 2023:

- 1) Continue to strengthen management, optimise the production process and improve production efficiency to fulfill the needs of the market and customers;
- 2) Pay close attention to the recovery trend of the domestic infrastructure and real estate market, and restart the supply chain operation business (mainly of sand and gravel supply) in due course; and
- 3) Manage to ensure successful purchase of the land for the logistics centre in Xiamen, as well as the handling of design and construction of related facilities after the land purchase.

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 2022, the Group’s revenue amounted to approximately RMB237,273,000, representing a decrease of approximately 17.8% from approximately RMB288,682,000 for the year ended 31 December 2021.

For the year ended 31 December 2022, the operating volume and revenue of each major business segment of the Group are as follows:

**1) Intra-port related services**

		<b>Operating volume comparison</b>			
Classification	Unit	For the year ended 31 December			Change (%)
		2022	2021		
Intra-port ancillary services	Containers	TEU <i>(Note)</i>	<b>3,794,017</b>	4,071,698	(6.8)%
	General cargo	Tonnes	<b>2,001,720</b>	2,903,547	(31.1)%
Intra-port container transportation services	Containers	TEU <i>(Note)</i>	<b>3,837,176</b>	3,779,472	1.5%

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

		<b>Revenue comparison</b>			
Classification	Unit	For the year ended 31 December			Change (%)
		2022	2021		
Intra-port ancillary services	RMB'000	<b>57,594</b>	58,793	(2.0)%	
Intra-port container transportation services	RMB'000	<b>77,878</b>	73,434	6.1%	
Total		<b>135,472</b>	132,227	2.5%	

Xiamen Port achieved a total throughput of approximately 12.4 million TEUs in 2021, representing a year-on-year increase of 3.2%. The Group’s intra-port service operation volume decreased by approximately 6.8%, overall revenue however increased by 2.5% as a result of the increase in intra-port container transportation service volume by 1.5% year-on-year. The main reasons were because the two ports served by the Group were mainly for foreign trade cargoes, and the European and American routes accounted for a large proportion in these ports. Especially since the second half of 2022, the import and export volume of European and American routes has dropped significantly, resulting in the decrease in throughput of the terminals served by the Group.

2) *Logistics related services*

			<b>Operating volume comparison</b>		
<b>Classification</b>		<b>Unit</b>	<b>For the year ended 31 December</b>		
			<b>2022</b>	2021	<b>Change (%)</b>
Road freight services	Loaded containers	Unit	<b>13,030</b>	14,805	(11.9)%
	Empty containers	Unit	<b>110,974</b>	119,559	(7.2)%
	General cargos	Tonnes	<b>1,269,682</b>	1,382,919	(8.2)%
Import and export agency services		Unit	<b>13,188</b>	7,521	75.3%

			<b>Revenue comparison</b>		
<b>Classification</b>		<b>Unit</b>	<b>For the year ended 31 December</b>		
			<b>2022</b>	2021	<b>Change (%)</b>
Road freight services		RMB'000	<b>23,089</b>	25,913	(10.9)%
Import and export agency services		RMB'000	<b>28,068</b>	14,294	96.4%
Total		RMB'000	<b>51,157</b>	40,207	27.2%

Due to the impact of the economic environment, all the volume of transportation of empty containers, heavy containers and imported blocks decreased to a certain extent, resulting in a 10.9% decrease in revenue from road freight services; the agency volume of 13,188 units was realised throughout the year 2022 due to the newly expanded domestic container agency service business, representing a year-on-year increase of 75.3%. The revenue of logistics related services in year 2022 increased by 27.2% year-on-year.

### 3) *Supply chain operations*

#### Operating volume comparison

Classification	Unit	For the year ended 31 December		
		2022	2021	Change (%)
Trading of heavy-duty auto parts and tires	Unit	104,861	125,819	(16.7)%
Trading of building materials	Tonnes	202,829	649,449	(68.8)%
Disinfection services	Unit	381	140	172.1%

#### Revenue comparison

Classification	Unit	For the year ended 31 December		
		2022	2021	Change (%)
Trading of heavy-duty auto parts and tires	RMB'000	5,115	7,097	(27.9)%
Trading of building materials	RMB'000	41,925	109,151	(61.6)%
Disinfection services	RMB'000	3,604	—	N/A
Total	RMB'000	50,644	116,248	(56.4)%

In consideration of reducing the risk of accounts receivable, the Group took the initiative to reduce the supply chain operation business of building materials such as sand and gravel, cement, and auto parts sales. The revenue realised this year was approximately RMB 50,643,000, representing a year-on-year decrease of 56.4%.

#### Staff Costs

Staff costs mainly included salaries, wages and other staff benefits. For the year ended 31 December 2022, the Group's staff cost was approximately RMB109,126,000 (for the year ended 31 December 2021: approximately RMB96,262,000).

#### Administrative Expenses

Administrative expenses mainly included staff costs (including directors' emoluments), depreciation and auditors' remuneration. For the year ended 31 December 2022, the Group's administrative expenses amounted to approximately RMB23,091,000 (for the year ended 31 December 2021: approximately RMB23,874,000).

## **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 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 four subsidiaries (2021: four) which are qualified as small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 2.5% (2021: 2.5%).

For the year ended 31 December 2022, income tax expense was approximately RMB6,449,000 (for the year ended 31 December 2021: approximately RMB10,972,000).

## **Profit for the year**

For the year ended 31 December 2022, the Group’s profit for the year was approximately RMB10,084,000 (for the year ended 31 December 2021: approximately RMB10,415,000). The decrease was mainly resulted from the decrease in revenue from building materials supply chain operations; the impact to a certain extent was offset by the compensation from major customers for the Group to enhance the epidemic prevention requirements which has increased the Group’s labour cost and decreased the working efficiency.

## **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 2022, the net current assets of the Group amounted to approximately RMB129,044,000 (31 December 2021: approximately RMB119,044,000) and cash and cash equivalents as at 31 December 2022 amounted to approximately RMB28,220,000 (31 December 2021: approximately RMB23,819,000).

As at 31 December 2022, the Group’s bank loans totalled approximately RMB8,000,000 (31 December 2021: approximately RMB8,200,000).

## **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 2022, the Group had no capital commitment (31 December 2021: capital commitment of approximately RMB3,724,000).

## Capital Structure

For the year ended 31 December 2022, 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

For the year ended 31 December 2022, the Group did not have any material acquisitions or disposals of subsidiaries.

## Employees and Remuneration Policy

As at 31 December 2022, the Group employed 929 (31 December 2021: 963) 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 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**").

As disclosed in the announcement of the Company dated 29 July 2022, 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 “**Second Change in Use of Proceeds**”).

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 Second Change in Use of Proceeds, unutilised Net Proceeds as at the Second Change in Use of Proceeds, the change in the use of the unutilised Net Proceeds in accordance with the Second Change in Use of Proceeds, the Net Proceeds utilised since the Second Change in Use of Proceeds to 31 December 2022, Unutilised Net Proceeds as at 31 December 2022, 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 the First utilised since Change in Use of Proceeds to the Second Change in Use of Proceeds	Unutilised Net Proceeds as at the Second Change in Use of Proceeds	Change in use of the unutilised Net in accordance with Second Change in Use of Proceeds	The Net Proceeds unutilised since the Second Change in Use of Proceeds to 31 December 2022	Unutilised Net Proceeds as at 31 December 2022	Expected timeline for fully utilising the unutilised Net Proceeds
	HK\$'million (approximately)	HK\$'million (approximately)	HK\$'million (approximately)	HK\$'million (approximately)	HK\$'million (approximately)	HK\$'million (approximately)	(Note)
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	—	23.7	On or before 31 December 2025
<b>Total:</b>	<b>33.5</b>	<b>9.8</b>	<b>23.7</b>	<b>23.7</b>	<b>—</b>	<b>23.7</b>	

*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.

### Charges on the Group’s Assets and Contingent Liabilities

As at 31 December 2022, the Group’s lease liabilities arisen from the purchase of motor vehicles were secured by motor vehicles with carrying amounts of RMB9,136,000 (2021: RMB10,637,000) and bank loans of RMB3,000,000 are secured by bills receivables of RMB3,000,000 as at 31 December 2021.

As at 31 December 2022, the Group did not have any contingent liabilities.

## **CORPORATE GOVERNANCE**

The Company has adopted and complied with the codes provisions of the Corporate Governance Code (the “**CG Code**”) as set out in the Appendix 14 to the Listing Rules for the year ended 31 December 2022, save that:

According to the code provisions C.1.6 and F.2.2 of the CG Code, the chairman of the Board, all independent non-executive Directors, and chairmen of the audit, remuneration, nomination and any other committees (as appropriate) shall attend the annual general meeting of the Company. Mr. Cheng Youguo, Mr. Qiu Changwu and Ms. Li Zhao were unable to attend the annual general meeting of the Company which was held in Hong Kong on 17 June 2022 due to the travel restrictions resulting from the outbreak of COVID-19 pandemic. Mr. Ho Kee Cheung was invited to chair the said annual general meeting in the absence of Mr. Cheng Youguo.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Group has adopted the Model Code for Securities transacting 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 requirements under the Model Code for the year ended 31 December 2022.

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 2022 is proposed by the Board (2021: 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**

On 16 January 2023, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 200,000,000 placing shares at the placing price of HK\$0.16 per placing share during the period from the date of the placing agreement up to 15 February 2023. The placing was completed on 3 February 2023 in accordance with the terms and conditions of the placing agreement. A total of 200,000,000 placing shares were allotted and issued to not less than six placees at the placing price of HK\$0.16 per placing share. The gross proceeds from the placing amounted to HK\$32,000,000, and the net proceeds arising from the placing amounted to approximately HK\$31,300,000. For details, please refer to the announcements issued by the Company on 16 January 2023 and 3 February 2023 respectively.

## **AUDIT COMMITTEE**

The Board has complied with the provisions of the CG Code and that our Audit Committee was established on 13 February 2017. In 2022, 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 and Ms. Li Zhao. 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 2022, 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 15 June 2023 at 3:00 p.m. A notice convening the Annual General Meeting 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 12 June 2023 to 15 June 2023, 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 of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road Hong Kong, not later than 4:30 p.m. on 9 June 2023.

## **REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR**

The Group's audited financial statements for the year ended 31 December 2022 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.

The financial figures in this announcement of the Group's results for the year ended 31 December 2022 have been compared by the Group's auditor, Crowe (HK) CPA Limited ("Crowe"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022 and the amounts were found to be in agreement. The work performed by Crowe in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe on this results announcement.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange. The 2022 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 March 2023

*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.*