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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS			
	Six months ended 30 June		
	2024	2023	Change %
	RMB'000	RMB'000	
	(unaudited)	(unaudited)	
Revenue	120,374	77,377	55.6%
Gross profit	25,422	19,670	29.2%
Profit for the Period	7,436	843	782.1%
Earnings per share			
– Basic and diluted	0.63 RMB cents	0.09 RMB cents	600.0%

INTERIM RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) of XiangXing International Holding Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the six months ended 30 June 2024)

		Six months ended 30 June	
	Note	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue from contracts with customers	5	120,374	77,377
Cost of sales and services rendered		<u>(94,952)</u>	<u>(57,707)</u>
Gross profit		25,422	19,670
Other income	5	803	589
Other operating expenses		(248)	(1,397)
Administrative expenses		(15,219)	(15,108)
Impairment losses on trade receivables, net		<u>(425)</u>	<u>(320)</u>
Profit from operations		10,333	3,434
Finance costs	6(a)	<u>(34)</u>	<u>(131)</u>
Profit before taxation	6	10,299	3,303
Income tax	7	<u>(2,863)</u>	<u>(2,460)</u>
Profit for the period		<u>7,436</u>	<u>843</u>
Other comprehensive income/(loss) for the period, net of nil income tax			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		213	1,490
Item 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>(26)</u>	<u>(431)</u>
Other comprehensive income for the period		<u>187</u>	<u>1,059</u>
Total comprehensive income for the period		<u>7,623</u>	<u>1,902</u>

		Six months ended 30 June	
		2024	2023
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit/(loss) for the period attributable to:			
	Equity shareholders of the Company	7,576	1,096
	Non-controlling interests	(140)	(253)
		<u>7,436</u>	<u>843</u>
Total comprehensive income/(expenses) for the period attributable to:			
	Equity shareholders of the Company	7,763	2,155
	Non-controlling interests	(140)	(253)
		<u>7,623</u>	<u>1,902</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share:			
	Basic and diluted	0.63	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2024)

		At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		36,415	26,517
Intangible assets		46	30
Deposits paid for acquisition of property, plant and equipment	10	—	1,995
Deferred tax assets		76	76
		<u>36,537</u>	<u>28,618</u>
Current assets			
Inventories		4,574	4,248
Trade and other receivables	10	150,532	139,200
Cash and cash equivalents		46,136	49,794
		<u>201,242</u>	<u>193,242</u>
Current liabilities			
Trade and other payables	11	17,347	17,562
Lease liabilities		1,064	726
Income tax payable		1,794	2,247
		<u>20,205</u>	<u>20,535</u>
Net current assets		<u>181,037</u>	<u>172,707</u>
Total assets less current liabilities		<u>217,574</u>	<u>201,325</u>
Non-current liabilities			
Lease liabilities		689	677
		<u>689</u>	<u>677</u>
Net assets		<u><u>216,885</u></u>	<u><u>200,648</u></u>

		At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
	<i>Note</i>		
Capital and reserves			
Share capital	12	11,171	10,428
Reserves		<u>204,350</u>	<u>188,716</u>
Total equity attributable to equity shareholders of the Company		215,521	199,144
Non-controlling interests		<u>1,364</u>	<u>1,504</u>
Total equity		<u><u>216,885</u></u>	<u><u>200,648</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2024)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 September 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidation and revised) of the Cayman Islands. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite No. 2, 3rd Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong respectively.

The Company was successfully transferred its 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 in the People's Republic of China ("PRC") are Hong Kong dollars ("HK\$") and Renminbi ("RMB") respectively. The consolidated financial statements are presented in RMB as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2024.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

These interim financial statements are unaudited, but have been reviewed by the Company’s audit committee.

3. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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, impairment losses, gain/(loss) on disposal of property, plant and equipment and additions to 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 six months ended 30 June 2024 and 2023 are set out below:

For the six months ended 30 June 2024 (unaudited)

	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	3,079	8,641	26,843	35,967	45,156	119,686
– Over time	—	—	—	—	688	688
Revenue from external customers	3,079	8,641	26,843	35,967	45,844	120,374
Inter-segment revenue	—	—	—	—	1,468	1,468
Reportable segment revenue	3,079	8,641	26,843	35,967	47,312	121,842
Reconciliation:						
Elimination of inter-segment revenue						(1,468)
Consolidated revenue (<i>note 5</i>)						120,374
Results						
Segment results	1,175	671	10,888	9,230	3,458	25,422
Other income						803
Other operating expenses						(248)
Administrative expenses						(15,219)
Impairment losses on trade receivables, net						(425)
Finance costs						(34)
Consolidated profit before taxation						10,299

For the six months ended 30 June 2023 (unaudited)

	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	3,068	8,402	25,107	37,418	3,382	77,377
– Over time	—	—	—	—	—	—
Revenue from external customers	3,068	8,402	25,107	37,418	3,382	77,377
Inter-segment revenue	—	—	—	—	2,291	2,291
Reportable segment revenue	3,068	8,402	25,107	37,418	5,673	79,668
Reconciliation:						
Elimination of inter-segment revenue						(2,291)
Consolidated revenue (<i>note 5</i>)						<u>77,377</u>
Results						
Segment results	1,597	(528)	11,048	7,302	251	19,670
Other income						589
Other operating expenses						(1,397)
Administrative expenses						(15,108)
Impairment losses on trade receivables, net						(320)
Finance costs						(131)
Consolidated profit before taxation						<u>3,303</u>

The accounting policy information of the operating segments are the same as the Group's material accounting policy information. Revenue and expenses are allocated to the reportable segments with reference to revenue 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 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 six months ended 30 June 2024 (unaudited)

	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	—	5	—	13,253	—	523	13,781
Amortisation	—	13	—	—	4	—	17
Interest income from bank deposit	—	120	—	5	24	277	426
Interest expenses	—	28	—	1	—	5	34
Depreciation	—	1,142	—	1,812	797	130	3,881
Loss on disposal of property, plant and equipment	—	—	—	2	—	—	2
Impairment losses (reversed)/recognised on trade receivables, net	—	(263)	—	(48)	736	—	425

For the six months ended 30 June 2023 (unaudited)

	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	—	5	—	74	157	—	236
Amortisation	—	5	—	—	4	—	9
Interest income from bank deposit	—	101	—	13	43	—	157
Interest expenses	—	27	—	104	—	—	131
Depreciation	—	1,079	—	1,807	918	—	3,804
Gain on disposal of property, plant and equipment	—	31	—	37	—	—	68
Impairment losses recognised on trade receivables, net	—	—	—	320	—	—	320

(c) Major customers

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A (<i>note i</i>)	43,396	42,147
Customer B (<i>note i</i>)	16,867	17,525
Customer C (<i>note ii</i>)	44,917	N/A*

Notes:

- (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 to 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 six months ended 30 June 2024 and 2023 respectively.

* The corresponding revenue did not account for 10 percent or more of the Group's revenue for the six months ended 30 June 2023.

(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:

	Six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	120,374	77,377
Cost of sales and services rendered	<u>(94,952)</u>	<u>(57,707)</u>
Gross profit	25,422	19,670
Other income	527	589
Other operating expenses	(248)	(1,397)
Administrative expenses	(13,595)	(12,913)
Impairment losses on trade receivables, net	<u>(425)</u>	<u>(320)</u>
Profit from operations	11,681	5,629
Finance costs	<u>(29)</u>	<u>(131)</u>
Profit before taxation from business activities in the PRC	<u>11,652</u>	<u>5,498</u>

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

	Six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit before taxation from business activities in the PRC	11,652	5,498
Other income — offshore	276	—
Administrative expenses — offshore	(1,624)	(2,355)
Profit from operations	10,304	3,143
Finance costs — offshore	(5)	—
Profit before taxation	10,299	3,143

5. 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, trading of building materials and automobile accessories.

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers		
within the scope of HKFRS 15:		
Import and export agency services income	3,079	3,068
Container and stone blocks road freight forwarding services income	8,641	8,402
Intra-port ancillary services income	26,843	25,107
Intra-port container transportation services income	35,967	37,418
Trading of building materials and automobile accessories	45,844	3,382
Total revenue	120,374	77,377
Interest income on financial assets measured at amortised costs		
— bank interest income	426	157
Gain on disposal of property, plant and equipment	—	68
Government grants (<i>note a</i>)	340	113
Rental income	—	155
Net foreign exchange gain	24	—
Sundry income	13	96
Total other income	803	589

Note:

- (a) During the period, the Group received government grants from the PRC government for encouraging companies to increase the capacity, efficiency and hygienic level. There are no unfulfilled conditions and other contingencies attaching to these grants.

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank loans and overdraft	—	104
Interest on lease liabilities	34	27
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	34	131
	<hr/> <hr/>	<hr/> <hr/>

(b) Other items

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Amortisation of intangible assets	17	10
Cost of inventories	44,877	15,644
Depreciation		
— owned property, plant and equipment	3,493	3,804
— right-of-use assets	388	144
Loss/(gain) on disposal of property, plant and equipment	2	(68)
Net foreign exchange gain	(24)	(161)
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7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax — PRC Enterprise Income Tax (the “EIT”)		
Provision for the period	<u>2,863</u>	<u>2,460</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 had 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 periods, except for four subsidiaries (six months ended 30 June 2023: four subsidiaries) which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 5% (2023: 5%).

8. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

a) Basic Earnings Per Share

The calculation of the basic earnings per share attributable to equity shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Earnings		
Profit for the period		
attributable to equity shareholders of the		
Company for the purpose of		
basic earnings per share	<u>7,576</u>	<u>1,096</u>

	Six months ended 30 June	
	2024 Number of shares (unaudited)	2023 Number of shares (unaudited)
Ordinary shares (basic)		
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	1,200,000,000	1,000,000,000
Effect of shares issued under placing	<u>7,472,527</u>	<u>200,000,000</u>
Weighted average number of ordinary shares	<u>1,207,472,527</u>	<u>1,200,000,000</u>

b) Diluted Earnings Per Share

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

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade receivables	113,546	114,241
Bills receivables	1,000	—
Total trade and bills receivables	114,546	114,241
Less: Allowance for credit losses	(20,281)	(19,856)
	<u>94,265</u>	<u>94,385</u>
Deposits	2,528	4,551
Prepayments	51,001	41,537
Other receivables	1,293	577
Other tax recoverable	1,445	145
	<u>56,267</u>	<u>46,810</u>
	<u><u>150,532</u></u>	<u><u>141,195</u></u>
Analysed as:		
Non-current	—	1,995
Current	<u>150,532</u>	<u>139,200</u>
	<u><u>150,532</u></u>	<u><u>141,195</u></u>

Notes:

- a) 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:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
0 - 30 days	11,536	18,397
31 - 60 days	9,254	8,828
61 - 90 days	10,234	4,651
91 - 180 days	34,009	3,183
181 - 360 days	13,012	2,762
Over 360 days	16,220	56,564
	<u>94,265</u>	<u>94,385</u>

11. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade payables (<i>note a</i>)	4,228	5,289
Accruals and other payables	5,519	4,378
Salary payables	6,669	6,751
Financial liabilities measured at amortised cost	16,416	16,418
Other tax payables	881	1,093
Contract liabilities – Billings in advance of performance	50	51
	<u>17,347</u>	<u>17,562</u>

Note:

- a) The aging analysis of trade payables presented based on invoice date as at the end of the reporting period, is as follows:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
0 - 60 days	3,562	2,839
61 - 90 days	462	760
91 - 180 days	122	1,156
Over 180 days	82	534
	<u>4,228</u>	<u>5,289</u>

12. SHARE CAPITAL

	Par value <i>HK\$</i>	Number of shares	Amount <i>HK\$</i>
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Authorised ordinary shares

At 1 January 2023, 30 June 2023,
1 July 2023, 31 December 2023,
1 January 2024 and 30 June 2024
(unaudited)

<u>0.01</u>	<u>4,000,000,000</u>	<u>40,000,000</u>
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	Par value HK\$	Number of shares	Amount HK\$	Amount RMB
<i>Issued and fully paid, ordinary shares</i>				
At 1 January 2023	0.01	1,000,000,000	10,000,000	8,708,098
Issue of shares under placing (note a)	0.01	200,000,000	2,000,000	1,719,780
At 30 June 2023, 1 July 2023, 31 December 2023 and 1 January 2024	0.01	1,200,000,000	12,000,000	10,427,878
Issue of shares under placing (note a)	0.01	80,000,000	800,000	743,050
At 30 June 2024 (unaudited)	0.01	1,280,000,000	12,800,000	11,170,928

Note:

a) Placing of shares

On 14 June 2024, a total of 80,000,000 placing shares have been successfully placed to not less than six placees at the placing price of HK\$0.12 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the placing amounted to HK\$9,275,000 (equivalent to RMB8,614,000) (gross proceeds of HK\$9,600,000 (equivalent to RMB8,917,000) less expenses of HK\$325,000 (equivalent to RMB303,000)).

On 3 February 2023, a total of 200,000,000 placing shares have been successfully placed to not less than six placees at the placing price of HK\$0.16 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds arising from the placing amounted to HK\$31,300,000 (equivalent to RMB26,930,000) (gross proceeds of HK\$32,000,000 (equivalent to RMB27,517,000) less expenses of HK\$700,000 (equivalent to RMB587,000)).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

For the six months ended 30 June 2024, the businesses of intra-port related services, logistics related services and the supply chain operations have increased to a certain extent year-on-year.

FINANCIAL OVERVIEW

Revenue

For the six months ended 30 June 2024, the Group's revenue amounted to approximately RMB120,374,000, representing an increase of approximately 55.6% from approximately RMB77,377,000 for the six months ended 30 June 2023.

For the six months ended 30 June 2024, the operating volume and revenue of each major business segment of the Group are as follows:

(1) Intra-port related services

		Operating volume comparison			
		Unit	For the six	For the six	Change
Classification			months ended 30 June 2024	months ended 30 June 2023	
Intra-port ancillary services	Containers	TEU (Note)	2,213,447	2,037,438	8.6
	General cargo	Tonnes	609,145	355,325	71.4
Intra-port container transportation services	Containers	TEU (Note)	2,144,011	2,140,279	0.2

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		
		For the six months ended 30 June 2024	For the six months ended 30 June 2023	
Classification	Unit			Change (%)
Intra-port ancillary services	RMB'000	26,843	25,107	6.9%
Intra-port container transportation services	RMB'000	35,967	37,418	(3.9%)
Total	RMB'000	62,810	62,525	0.5%

The increase in revenue from intra-port related services was mainly due to the fact that the throughput of terminals served by the Group recorded different degrees of growth during the Period, in particular, the throughput of general cargo terminals recorded a year-on-year increase significantly.

(2) *Logistics related services*

		Operating volume comparison			
			For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change (%)
Classification	Unit				
Road freight forwarding services	Loaded containers	Unit	5,578	4,507	23.8
	Empty containers	Unit	54,310	57,588	(5.7)
	General cargos	Tonnes	707,235	560,741	26.1
Import and export agency services	Containers	Unit	3,160	4,443	(28.9)

		Revenue comparison			
			For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change (%)
Classification	Unit				
Road freight forwarding services	RMB'000		8,641	8,402	2.8%
Import and export agency services	RMB'000		3,079	3,068	0.4%
Total	RMB'000		11,720	11,470	2.2%

The increase in the logistics related services was mainly due to the significant year-on-year increase in the loaded containers business.

(3) Supply chain operations

Operating volume comparison				
Classification	Unit	For the six	For the six	Change
		months ended	months ended	
		30 June 2024	30 June 2023	(%)
Trading of heavy-duty auto parts and tires	Pieces	28,281	31,177	(9.3)
Trading of building materials	Tonnes	240,186	21,844	999.6
Disinfection services	Units	—	24	(100.0)

Revenue comparison				
Classification	Unit	For the six	For the six	Change
		months ended	months ended	
		30 June 2024	30 June 2023	(%)
Trading of heavy-duty auto parts and tires	RMB'000	766	665	15.2%
Trading of building materials	RMB'000	45,078	2,686	1,578.3%
Disinfection services	RMB'000	—	31	(100.0%)
Total	RMB'000	45,844	3,382	1,255.5%

The increase in the revenue of the supply chain operations business was mainly due to the resumption of the trading building materials business with certain customers which was temporarily suspended due to their long outstanding trade receivable balances due to the Group during the six months ended 30 June 2023.

Staff Costs

Staff costs mainly include salaries, wages and other staff benefits. For the six months ended 30 June 2024, the Group's staff cost was approximately RMB45,839,000 (for the six months ended 30 June 2023: approximately RMB45,359,000). As at 30 June 2024, the Group had 879 employees (30 June 2023: 879 employees).

Administrative Expenses

Administrative expenses mainly comprise consumables costs, depreciation and auditors' remuneration. For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB15,219,000 (for the six months ended 30 June 2023: approximately RMB15,108,000).

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 our Group did not have any assessable profit in Hong Kong for the Period.

Under the Law of the People's Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% except for four subsidiaries which are qualified as Small Low-Profit Enterprises in the PRC and are entitled to a concessionary tax rate of 5%.

For the six months ended 30 June 2024, income tax expense was approximately RMB2,863,000 (for the six months ended 30 June 2023: approximately RMB2,460,000).

Placing

A placing was completed by the Company on 14 June 2024 in accordance with the terms and conditions of the placing agreement. A total of 80,000,000 placing shares were allotted and issued to not less than six placees at the placing price of HK\$0.12 per placing share. The gross proceeds from the placing amounted to HK\$9.6 million and the net proceeds arising from the placing amounted to approximately HK\$9.2 million. Please refer to the announcements of the Company dated 7 June 2024 and 14 June 2024 for further details. During the Period, the Company has applied the net proceeds from the placing in full for general working purpose.

Profit for the Period

For the six months ended 30 June 2024, the Group's profit was approximately RMB7,436,000 (for the six months ended 30 June 2023: approximately RMB843,000).

Liquidity and Financial Resources

The operation of the Group is mainly financed by the cash generated from its self-owned business operations. As at 30 June 2024, the net current assets of the Group amounted to approximately RMB181,037,000 (31 December 2023: approximately RMB172,707,000) and cash and cash equivalents as at 30 June 2024 amounted to approximately RMB46,136,000 (31 December 2023: approximately RMB49,794,000).

As at 30 June 2024, the Group had no bank borrowing (31 December 2023: nil).

Credit risk

The Group measures loss allowances for trade receivables individually or at an amount equal to lifetime expected credit loss (the "ECL") which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases. The normal credit period granted to the Group's customers is 30 to 180 days. Based on the Group's experience, most of the trade receivables would be recovered within 360 days, therefore the Group would usually make full provision on the balances that were past due over 360 days. For long outstanding trade receivables, the Group would take actions including demanding repayment or rescheduling the payment terms with the customers, suspending trading with the customers until settlement of the outstanding balances and/or taking legal actions, to recover the receivables.

Currency Risk

The functional currency of the Group's operating subsidiaries is Renminbi as the Group's revenue is substantially 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 30 June 2024, the Group had no capital commitment (31 December 2023: Nil).

Capital Structure

The Company's capital structure remained unchanged during the six months ended 30 June 2024. The capital structure of the Group comprises equity interest attributable to the equity shareholders 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 six months ended 30 June 2024, the Group did not have any material acquisitions or disposals of subsidiaries.

Employees and Remuneration Policy

As at 30 June 2024, the Group employed 879 (30 June 2023: 879) 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 listing of shares of the Company (the **"Listing"**) were approximately HK\$40.2 million (the **"Net Proceeds"**). As disclosed in the Prospectus issued by the Company for the Listing, 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 Company's 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 was 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's 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 Company's announcement 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 table below sets out the unutilised Net Proceeds as at 1 January 2024, the Net Proceeds utilised during the six months ended 30 June 2024, unutilised Net Proceeds as at 30 June 2024 and the expected timeline for fully utilising the unutilised Net Proceeds.

Purposes	Unutilised Net Proceeds as at 1 January 2024 <i>HK\$' million</i> <i>(approximately)</i>	The Net Proceeds utilised during the six months ended 30 June 2024 <i>HK\$' million</i> <i>(approximately)</i>	Unutilised Net Proceeds as at 30 June 2024 <i>HK\$' million</i> <i>(approximately)</i>	Expected timeline for fully utilising the unutilised Net Proceeds <i>(Note)</i>
Purchase of electric tractors	<u>23.7</u>	<u>15.1</u>	<u>8.6</u>	On or before <u>31 December 2025</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 development at the relevant times.

Charges on the Group's Assets and Contingent Liabilities

As at 30 June 2024, the Group did not have any charges on the Group's assets and contingent liabilities (31 December 2023: Nil).

RECENT DEVELOPMENT AND PROSPECT

In the first half of 2024, China's GDP reached RMB61,683.6 billion, representing a year-on-year growth of 5.0% at constant prices. Among them, the primary industry contributed RMB3,066.0 billion, representing a year-on-year growth of 3.5%; the secondary industry contributed RMB23,653.0 billion, representing an increase of 5.8%; and the tertiary industry contributed RMB34,964.6 billion, representing an increase of 4.6%. The breakdown performance of few major economic sectors was as follows:

1. A bumper harvest in summer and generally stable livestock farming;
2. Rapid growth in industrial production as a result of significant support from the equipment manufacturing industry;

3. Continuous recovery of the service industry and improved development of the modern service industry;
4. Market sales maintained growth, therefore the service consumption has a good growth momentum;
5. Investment in fixed assets has expanded, and investment in high-tech industries has grown at a faster pace;
6. Rapid growth in goods import and export led to ongoing optimization of the trade structure;
7. Consumer prices rebounded moderately, with a narrowed decline in the producer price for industrial sector;
8. The employment trend remained generally stable, with a decrease in the unemployment rate according to the urban survey;
9. Residents' income continued to grow that the income of rural residents grew faster than that of urban residents.

Generally speaking, the economy in the first half of the year has operated smoothly in China, with steady progress in transformation and upgrade. However, it is important to recognize that the current external environment with complexity and volatility leads to insufficient domestic effective demand, solid foundation is thus required for economic recovery. Macroeconomic downward pressure is considerable, the external market structure is unstable, the domestic market constraints are increasing, the growth rate of fixed asset investment has decreased with declined efficiency, monetary policy has not fully achieved its expected results, and issues related to municipal and corporate debt remain prominent.

Against the above backdrop, the Group's port services and logistics services businesses, which have been highly dependent on foreign trade, will be under full pressure. In response to these adverse factors, the Group will focus on advancing the following initiatives:

1) Closely monitor market dynamics and expand supply chain operations in a timely manner

To cope with the complex international environment, China has proposed a new economic development pattern in the past, from the "international cycle" to the "domestic cycle as the main body, with the domestic and international dual cycles promoting each other". Especially under the background that international demand continues to weaken and foreign trade growth is sluggish and likely declining, domestic infrastructure construction and real estate development have become effective means of economic stimulus. Therefore, the supply chain business, which is mainly based on sand and gravel building materials, is likely to usher in new opportunities in the future. The Group will pay close attention to this market and expand the supply chain operation business in due course.

2) *Continue to explore internal potential and stabilize port service business*

Leveraging the Group's extensive experience in the port services industry, it will continue to explore potential in areas such as personnel and equipment to enhance its market competitiveness. This effort aims to solidify the port services business as a cornerstone of the Group's operations. In addition, the Group is venturing into overseas port services, having established a wholly-owned subsidiary in Peru in the first half of this year to seek business opportunities in the local market and to accumulate experience for "going global" in the future.

In short, through the above key aspects of work, the Group strives to achieve the goal of growth in both revenue and efficiency in 2024.

OTHER INFORMATION

Interim Dividend

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the shares of the Company.

Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix C3 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 the Directors and the 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. As far as the Group is aware, the Directors and employees of the Group have not breached the requirements of the Model Code.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

For the six months ended 30 June 2024, the Company or any of its subsidiaries had not entered into any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 30 June 2024.

COMPETING INTERESTS

For the six months ended 30 June 2024, the Directors are not aware of any business or interest of each Director, controlling shareholder, management shareholder and their respective associates (as defined in Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

COMPLIANCE WITH PRACTICES ON CORPORATE GOVERNANCE CODE

The Directors consider that for the six months ended 30 June 2024, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules, the Company has established an audit committee (“**Audit Committee**”), which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management structure is in place within the Company, including internal controls and risk management to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial factors such as the benchmarking of key operational performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a structure of internal controls and risk management and ethical standards for the Group’s management to the Audit Committee. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Cheng Siu Shan, Mr. Ho Kee Cheung and Ms. Li Zhao. Mr. Cheng Siu Shan is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange and the Company. The interim report of the Company containing all the information for the Period as required by the Listing Rules will be dispatched to the shareholders of the Company according to the manner in which they have elected to receive corporate communications of the Company and published on the websites of the Stock Exchange and the Company on or before 30 September 2024.

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

Hong Kong, 28 August 2024

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.