象興國際
XIANGXING INT

2024
ANNUAL REPORT

象興國際控股有限公司
XIANGXING INTERNATIONAL HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1732

Contents

Corporate Information

Executive Directors

Mr. Cheng Youguo *(Chairman)*
Mr. Qiu Changwu *(Chief Executive Officer)*

Independent Non-Executive Directors

Mr. Ho Kee Cheung (resigned on 1 January 2025)
Mr. Cheng Siu Shan
Ms. Li Zhao
Mr. Lin Guoquan (appointed on 1 January 2025)

Compliance Officer

Mr. Qiu Changwu

Company Secretary

Mr. Yuen Chi Wai

Audit Committee

Mr. Cheng Siu Shan *(Chairman)*
Mr. Ho Kee Cheung (resigned on 1 January 2025)
Ms. Li Zhao
Mr. Lin Guoquan (appointed on 1 January 2025)

Remuneration Committee

Ms. Li Zhao *(Chairlady)*
Mr. Ho Kee Cheung (resigned on 1 January 2025)
Mr. Cheng Siu Shan
Mr. Lin Guoquan (appointed on 1 January 2025)

Nomination Committee

Mr. Ho Kee Cheung *(Chairman)*
(resigned on 1 January 2025)
Mr. Lin Guoquan *(Chairman)*
(appointed on 1 January 2025)
Mr. Cheng Siu Shan
Ms. Li Zhao

Authorised Representatives

Mr. Qiu Changwu
Mr. Yuen Chi Wai

Registered Office

Cricket Square,
Hutchins Drive, PO Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

Headquarters and Principal Place of Business in the PRC

No. 233 Jiangang Road,
Xiamen Area (Bonded Port),
China (Fujian) Pilot Free Trade Zone,
Fujian Province,
China

Principal Place of Business in Hong Kong

Suite No. 2, 3rd Floor, Sino Plaza,
255-257 Gloucester Road,
Causeway Bay,
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive, P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Legal Adviser

Grandall Zimmern Law Firm

Auditors

Crowe (HK) CPA Limited

Principal Bankers

Xiamen Bank Co., Ltd.,
Xiamen Pilot Free Trade Zone Sub-Branch
China Construction Bank
Corporation, Dongdu Sub-Branch
China Minsheng Bank, Xiamen Sub-Branch of Fujian Pilot
Free Trade Zone
Nanyang Commercial Bank

Stock Code

1732

Company's Website

www.xxlt.com.cn

Chairman's Statement

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of XiangXing International Holding Limited (the "Company"), I hereby present the annual report of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2024.

Review:

Amid a complex and ever-changing domestic and international market environment, particularly under heightened challenges faced by traditional industries, the Group strived to overcome a series of adverse impacts, including market instability, rapid technological advancements driving market shifts, and shortages of frontline technical personnel. Significant efforts were devoted to expanding the supply chain operation business, achieving a year-on-year increase of approximately 5.0 times in supply chain turnover and a 32.5% year-on-year growth in the Group's annual revenue.

However, the expansion of supply chain operations also intensified pressure on accounts receivable, necessitating a balance between market development and timely receivables recovery. Intra-port services remain the Group's most critical core business. Over the past year, we collaborated closely with clients to enhance safety protocols, improve production efficiency, and ensure prompt emergency response, aiming to solidify our market reputation in challenging conditions. Furthermore, to align with technological progress and sustainability trends, the Group prioritized green development and smart production initiatives, such as deploying additional electric tractors for intra-port transportation and advancing feasibility studies on autonomous driving solutions.

Prospects:

Looking ahead, the Group will focus on the following aspects in year 2025:

1) Continue to strengthen management, continuously optimize production processes, improve production efficiency, and better meet the needs of the market and customers;

2) Closely monitor domestic infrastructure and real estate markets while emphasizing disciplined receivables recovery in supply chain operation business (mainly of sand and gravel supply);

3) Replace outdated fuel-powered tractors with electric alternatives on a broader scale;

4) Actively track the application of autonomous driving in intra-port transportation projects and intervene when appropriate;

5) Strengthen communication with port and terminal operators to secure new collaborative opportunities.

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.

Appreciation:

On behalf of the Board, I hereby express my sincere gratitude to the employees of the Group for their hard work and contributions in the past year and to shareholders, customers, suppliers and banks for their support.

Cheng Youguo
Chairman

Hong Kong, 31 March 2025

Management Discussion and Analysis

Overview

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 mainland China. 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.

Financial Highlights

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the corresponding period in 2023 as follows.

	For the year ended 31 December		
	2024 (RMB'000)	2023 (RMB'000)	**Change** %
Revenue	**232,677**	175,556	32.5%
Gross profit	**43,596**	37,297	16.9%
(Loss)/profit for the year	**(4,893)**	10,521	(146.5)%

For the year ended 31 December 2024, the Group achieved:

— revenue of approximately RMB232,677,000, representing an increase of approximately 32.5% from prior year;

— gross profit of approximately RMB43,596,000, representing an increase of approximately 16.9% from prior year; and

— loss for the year of approximately RMB4,893,000, representing a decrease of approximately 146.5% from prior year.

Financial Review

Revenue

For the year ended 31 December 2024, the Group's revenue amounted to approximately RMB232,677,000, representing an increase of approximately 32.5% from approximately RMB175,556,000 for the year ended 31 December 2023.

For the year ended 31 December 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

Classification		Unit	For the year ended 31 December		
			2024	2023	**Change** (%)
Intra-port ancillary services	Containers	TEU (Note)	**4,008,184**	3,889,024	3.1%
	General cargo	Tonnes	**1,197,037**	994,538	20.4%
Intra-port container transportation services	Containers	TEU (Note)	**3,661,645**	3,718,533	(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").

Revenue comparison

Classification	Unit	For the year ended 31 December		
		2024	2023	**Change** (%)
Intra-port ancillary services	RMB'000	**56,678**	54,507	4.0%
Intra-port container transportation services	RMB'000	**74,212**	81,065	(8.5)%
Total		**130,890**	135,572	(3.5)%

Due to the inclusion of data from the Wuhan project, the Group completed over 4 million TEUs of container logistics service operations in 2024, representing a year-on-year increase of 3.1%. However, as autonomous vehicles replaced a larger proportion of manned vehicles in intra-port transportation services compared to previous years, the total volume of intra-port transportation services completed by the Group in 2024 still experienced a 1.5% decline compared to 2023. Additionally, because the unit price of intra-port transportation is higher than that of intra-port logistics, the revenue from intra-port services in 2024 decreased by 3.5% year-on-year.

2) Logistics related services

Operating volume comparison

Classification		Unit	For the year ended 31 December 2024	2023	Change (%)
Road freight services	Loaded containers	Unit	**12,075**	10,225	18.1%
	Empty containers	Unit	**147,645**	125,714	17.4%
	General cargos	Tonnes	**1,219,590**	1,174,094	3.9%
Import and export agency services		Unit	**7,544**	8,137	(7.3)%

Revenue comparison

Classification	Unit	For the year ended 31 December 2024	2023	Change (%)
Road freight services	RMB'000	**19,326**	19,380	(0.3)%
Import and export agency services	RMB'000	**8,596**	5,705	50.7%
Total	RMB'000	**27,922**	25,085	11.3%

In terms of loaded containers and empty containers, the Group undertook a larger proportion of short-haul transportation business, resulting in year-on-year growth rates of 18.1% and 17.4% for loaded containers and empty containers, respectively, in 2024. The significant growth in building materials transportation volume within the Chengdu supply chain operation business offset the decline in stone transportation volume in Quanzhou, driving an overall 3.9% increase in general cargo transportation. Due to a reduction in imported leather quantities and the termination of domestic trade agency services, the Group's agency service business declined by 7.3% in 2024. The overall revenue from logistics services increased by 11.3%.

3) Supply chain operations

Operating volume comparison

Classification	Unit	For the year ended 31 December 2024	2023	Change (%)
Trading of heavy-duty auto parts and tires	Unit	**54,622**	71,931	(24.1)%
Trading of building materials	Tonnes	**417,108**	113,155	268.6%
Disinfection services	Unit	**–**	35	(100.0)%

Revenue comparison

Classification	Unit	For the year ended 31 December 2024	2023	Change (%)
Trading of heavy-duty auto parts and tires	RMB'000	**1,696**	1,492	13.7%
Trading of building materials	RMB'000	**72,169**	13,407	438.3%
Total	RMB'000	**73,865**	14,899	395.8%

Due to the improvement in the market conditions in the Sichuan-Chongqing region, the Group intensified its efforts to expand the building materials supply chain operation business, achieving a year-on-year growth of 268.6% in building materials trade volume in 2024. As the demand for disinfection services weakened in the post-pandemic period, the Group evaluated and subsequently closed the related business, resulting in no such operations in 2024. The overall revenue from the supply chain business increased by 395.8%.

Staff Costs

Staff costs mainly included salaries, wages and other staff benefits. For the year ended 31 December 2024, the Group's staff cost was approximately RMB92,806,000 (for the year ended 31 December 2023: approximately RMB91,222,000).

Administrative Expenses

Administrative expenses mainly included staff costs (including directors' emoluments), depreciation and auditors' remuneration. For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB21,132,000 (for the year ended 31 December 2023: approximately RMB19,830,000).

Impairment losses on trade and other receivables, net

The Group measures loss allowances for trade receivables individually or at an amount equal to lifetime expected credit losses ("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. For other receivables, the Directors make periodic individual assessment on their recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the year ended 31 December 2024, provision of impairment loss on trade and other receivables of approximately RMB19,414,000 (2023: RMB681,000) was recognised.

Impairment losses on prepayment

Expected loss rates are based on actual loss experience of prepayment over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the year over which the historical data have been collected, current conditions and the Group's view of economic conditions over the expected lives of the prepayment. The increase in days past due over 90 days and identified default in some specific customers resulted in an increase in impairment losses on prepayment of approximately RMB13,111,000 for the year ended 31 December 2024 (2023: nil).

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 2023 and 2024, except for three subsidiaries (2023: four) which are qualified as small Low-Profit Enterprises in the PRC and entitled to a concessionary tax rate of 5% (2023: 5%).

For the year ended 31 December 2024, income tax expense was approximately RMB6,419,000 (for the year ended 31 December 2023: approximately RMB7,084,000).

(Loss)/Profit for the year

For the year ended 31 December 2024, the Group's loss for the year was approximately RMB4,893,000 (for the year ended 31 December 2023: profit for the year of approximately RMB10,521,000). The year-on-year decrease was mainly due to the increase in impairment losses on prepayment and trade and other receivables for the year ended 31 December 2024.

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 2024, the net current assets of the Group amounted to approximately RMB174,313,000 (31 December 2023: approximately RMB172,707,000) and cash and cash equivalents as at 31 December 2024 amounted to approximately RMB31,250,000 (31 December 2023: approximately RMB49,794,000).

As at 31 December 2024, the Group did not have any bank loan (31 December 2023: nil).

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 2024, the Group had no capital commitment (31 December 2023: nil).

Capital Structure

For the year ended 31 December 2024, the Company's capital structure remained unchanged. The capital structure of the Group comprised 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 2024, the Group did not have any material acquisitions or disposals of subsidiaries.

Employees and Remuneration Policy

As at 31 December 2024, the Group employed 856 (31 December 2023: 846) employees. Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences.

Management Discussion and Analysis

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 of the Company dated 16 September 2021, an approximate amount of HK$6.7 million of the Net Proceeds was fully utilised for the Investment in Container-related Handling Equipment; whereas an approximate amount of HK$33.5 million, which were intended to be used for the Development for Empty Container Stacking Yard, was still unutilised as at 16 September 2021 as a result of the prolonged delay of authority approval in relation to the Group's purchase of a suitable parcel of land for the Development for Empty Container Stacking Yard. To better utilise the Group's resources, the Board resolved on 16 September 2021 to reallocate an amount of approximately HK$18.0 million out of the unutilised amount for the development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC, and an amount of approximately HK$15.5 million for the purchase of electric tractors (the "First Change in Use of Proceeds").

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

The table below sets forth the unutilised Net Proceeds as at 1 January 2024, the utilised Net Proceeds for the year, the unutilised Net Proceeds as at 31 December 2024, and the expected timeline for fully utilising the unutilised Net Proceeds.

Purposes	Unutilised Net Proceeds as at 31 December 2023 and 1 January 2024 HK$' million (approximately)	Utilised Net Proceeds for the year HK$' million (approximately)	Unutilised Net Proceeds as at 31 December 2024 HK$' million (approximately)	Expected timeline for fully utilising the unutilised Net Proceeds (Note)
Purchase of electric tractors	23.7	15.1	8.6	On or before 31 December 2025
Total:	23.7	15.1	8.6	

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.

Placing

On 7 June 2024, the Company entered into the placing agreement with a 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 80,000,000 placing shares at the placing price of HK$0.12 per placing share during the period from the date of the placing agreement up to 14 June 2024. The placing was completed 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$9,600,000, and the net proceeds arising from the placing amounted to approximately HK$9,200,000. For details, please refer to the announcements issued by the Company on 7 and 14 June 2024 respectively. For the year ended 31 December 2024, the net proceeds from the placing of HK$9,200,000 has been fully applied for general working purpose of the Group.

Charges on the Group's Assets and Contingent Liabilities

As at 31 December 2024, the Group's lease liabilities arisen from the purchase of motor vehicles were secured by motor vehicles with carrying amounts of RMBnil (2023: nil).

As at 31 December 2024, the Group did not have any contingent liabilities.

Management Discussion and Analysis

Recent Development and Prospects

Over the past year, the global economy has continued its moderate recovery, and significant progress has been made to fight inflation, with the Federal Reserve initiating a cycle of interest rate cuts. China's growth rate remained ahead of the major global economies and played an important role in the global economic growth. In order to cope with the complicated economic situation, China has launched a number of economic stimulus policies since the end of September last year, including lowering the reserve requirement ratio and interest rates, reducing the interest rates on outstanding mortgage loans, and creating new monetary policy tools to support the stable development of the stock market.

In 2025, the global economic situation remains complex and volatile. While the global economy maintains a moderate recovery, uncertainties such as regional conflicts and trade protectionism are accumulating. China will face multiple external challenges in 2025, including the slowdown in global economic growth, the restructuring of industrial chains, and the uncertainty of energy supply. A new round of trade war may aggravate global economic frictions, affecting the international trading environment and cross-border investment flows, and further curbing China's export growth. In addition, the America First policies may increase economic friction between the US and China, potentially threatening China's technological innovation, capital market stability and global competitiveness.

The uncertainty of global economic recovery, geopolitical risks and trade protectionism may exert some pressure on China's imports and exports in 2025, but the stable demand from the domestic market and the potential of strong demand from emerging markets, especially countries along the Belt and Road Initiative, will provide strong support for China's foreign trade. Based on the impact of the current tariff policy on import and export trade, we estimate that the growth rate of China's import and export of goods in 2025 will slow down or even remain at the same level as that of 2024.

Against the backdrop of the external once-in-a-century changes and the internal transformation from old to new drivers of growth, China's economic achievements have not been easy to come by. 2025 will see a significant increase in global uncertainties, and the new U.S. government's policies will be a key variable affecting the prospects for global economic growth. the new U.S. government's threat to impose high tariffs on Chinese goods will have a significant impact on China's exports. In 2025, the consumer spending is expected to show a gradual recovery; real estate investment is expected to be put back on a steady and upward trajectory; manufacturing and infrastructure investment may remain an important support for economic growth.

Against the above background, the Group's existing port services and logistics services businesses, which are highly dependent on foreign trade, will remain relatively stable as a whole; the market environment for supply chain business that is highly dependent on infrastructure is expected to improve. The Group will focus on the following work in the future:

1) Focus on accounts receivable management while increasing efforts in supply chain operations

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 weakens and foreign trade growth is sluggish, domestic infrastructure construction, water conservancy construction and urban village renovation 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 2025. The Group will pay close attention to this market and focus on the expansion of the supply chain operation business. Due to the impact of the market environment, the supply chain operation is bound to generate a relatively large amount of accounts receivable. By starting with customer background investigation, business contract approval and project progress control, the Group will further improve the management of the accounts receivable in the supply chain business, striving to keep the accounts receivable within reasonable limits.

2) Pay attention to and intervene in autonomous driving in due course

With the continuous advancement and maturity of technologies such as satellite positioning, remote sensing communication, and visual perception, autonomous driving in terminals with relatively enclosed space has made breakthroughs from trial to commercial operation. More than ten domestic ports and terminals have already put unmanned vehicles into use. The Group has been in contact with certain autonomous driving R&D companies since the end of 2023 to discuss the stability, operating efficiency and economic feasibility of unmanned vehicle operation, so as to purchase and utilise such technology in due course to solve problems such as high domestic driver turnover and personnel shortage.

3) Continue to stabilise and expand port service business

As the Group's longest-standing core business, port services serve as a ballast in the Group's overall revenue. Over the past two decades, we have grown together with many of our terminal customers through thick and thin with our excellent service quality. In 2025, the Group will continue to adhere to the principle of "safety, efficiency and mutual benefit" in the signing of new medium- and long-term cooperation agreements with the customers, thereby laying a good foundation for the Group to realize a solid port services business in the future. Lastly, the Group is also actively contacting certain port terminals to identify new cooperation projects and hopes to expand new port service business.

In short, through the above key aspects of work, the Group strives to achieve the goal of growth in both revenue and efficiency in 2025.

Corporate Governance Report

The Company believes that a healthy corporate culture is at the heart of a robust corporate governance.

Our Directors and management are dedicated in achieving a sustainable development of our Group lawfully, ethically, and responsibly. In the course, it is our duty to scale both the benefits and implication of both of long-term strategy and short-term goals.

The Board of the Directors (the "Board") acknowledges that it has a collective responsibility for promoting our corporate culture by making decision responsibly in the interests of the Company and its shareholders, honouring legally-binding working relationship with our business partners and stakeholders and building ethical policies and whistle blower system.

We have built and promote a healthy corporate culture with the following highlights.

- Transparency and Informed Decision

  By our culture, our Directors and management are required to communicate seamlessly and to make decisions collectively, objectively and independently based on best information available to them for the best interests of the Company and its shareholders.

- Governance and Ethical Acts

  By our culture, our Directors and management are required to develop our business and operation within the boundary of applicable law set out by the governments and expected standards laid out by the community. We require our members of the Group to act ethically on the ground of sound governance and prohibit all kinds of corruptive, collusive discriminative acts by our directors, employees, and business partners.

We have assessed our culture against certain measurements, such as rate of material non-compliance or regulatory breaches, staff turnover led by ethical issues, numbers of serious stakeholders' complaints or any kind of reporting relating to corruption or fraudulent acts. During 2024, the Board observed none of such adverse signals. The Board of the Directors is of a view that our culture is well preserved and promoted among the members of our Group and our business partners.

Sound Corporate Governance

The Board is committed to maintain a high standard of corporate governance.

The Board believes that a high standard of corporate governance are essential for the Group to safeguard shareholders' interests, enhance corporate value and accountability, formulate business strategies and policies, and enhance transparency.

The Company has adopted and complied with the codes provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules for the year ended 31 December 2024, save that:

According to the code provisions F.2.2 and C.1.6 of the CG Code, the Chairman of the Board and all independent non-executive Directors, chairmen of the audit, remuneration, nomination and any other committees (as appropriate) shall attend the annual general meeting of the Company.

Directors' Securities Transactions

The Group has adopted the Model Code for Securities transacting 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 Directors and all Directors have confirmed that they complied with the with the requirements under the Model Code for the year ended 31 December 2024.

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

Board

The Board comprises five members, including two executive Directors and three independent non-executive Directors. The Company has complied with requirements of the Listing Rules in relation to:

1. appointment of at least three independent non-executive Directors, and at least one independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise;

2. the number of independent non-executive Directors accounts for at least one-third of the Board;

3. establishment of audit committee of the Company (the "Audit Committee"), which comprises independent non-executive Directors only, namely, Mr. Cheng Siu Shan, Mr. Ho Kee Cheung (resigned on 1 January 2025), Ms. Li Zhao and Mr. Lin Guoquan (appointed on 1 January 2025). The Audit Committee is chaired by Mr. Cheng Siu Shan, an independent non-executive Director and with the professional qualifications and experience as required under Rule 3.10(2) of the Listing Rules;

4. establishment of a remuneration committee of the Company (the "Remuneration Committee"), which comprises independent non-executive Directors, namely, Ms. Li Zhao, Mr. Ho Kee Cheung (resigned on 1 January 2025), Mr. Cheng Siu Shan and Mr. Lin Guoquan (appointed on 1 January 2025). The Remuneration Committee is chaired by Ms. Li Zhao, an independent non-executive Director;

5. establishment of a nomination committee of the Company (the "Nomination Committee"), which comprises independent non-executive Directors, namely, Mr. Ho Kee Cheung (resigned on 1 January 2025), Mr. Cheng Siu Shan, Ms. Li Zhao and Mr. Lin Guoquan (appointed on 1 January 2025). The Nomination Committee is chaired by Mr. Ho Kee Cheung (before 1 January 2025) or Mr. Lin Guoquan (after 1 January 2025), both independent non-executive Directors; and

6. at least a director of a different gender is appointed on the Board.

For the financial year ended 31 December 2024, the Group has held one general meeting and five board meetings. The attendance of Directors is as follows:

Directors	Attendance/ Number of Board meeting	Attendance/ Number of General meeting
Executive Directors:		
Mr. Cheng Youguo	5/5	1/1
Mr. Qiu Changwu	5/5	1/1
Independent Non-Executive Directors:		
Mr. Ho Kee Cheung (resigned on 1 January 2025)	5/5	1/1
Mr. Cheng Siu Shan	5/5	1/1
Ms. Li Zhao	5/5	1/1
Mr. Lin Guoquan (appointed on 1 January 2025)	N/A	N/A

Detailed biographical information of all Directors is contained in the Biographical Details of Directors and Senior Management section on pages 56 to 59.

GENDER DIVERSITY AT WORKFORCE

As of 31 December 2024, the Group has maintained a gender diversity ratio of 7% female and 93% male for our workforce.

Our workforce gender diversity has a relatively higher proportion of male employees due to the fact of the features in the relevant labour supply market and the feature of the work nature relating to logistic industry. The Board, however, sets a gender diversity goal of maintaining the current gender diversity of our workforce diversity with a target of enhancing our female employee proportion by 2% in the next 2 years.

We implement a fair practice in our workplace where we recruit, retain and remunerate talents based on fair matrix of considerations, such as education, experience, loyalty, performance and skill set. We also prohibit all kinds of workforce discrimination, including religion, disability, and gender discrimination.

The Directors of the Company consider the gender diversity ratio of the Group fairly reflects the needs and features of our business model and recruitment practices.

Directors' Independence

As of the date of the annual report, none of the independent non-executive Director has notified the Company of any event which would affect his/her independence, and the Board is satisfied that all independent non-executive Directors are independent individuals and comply with the independence guidelines of the Listing Rules. There is no connection among the members of the Board.

The Board values a proactive and constructive information communication among the members of the Board and with senior management. Our chairman has a practice of encouraging all members of the Board to provide their views independently and proactively. By the terms set out in the Articles of Association of the Company (the "Articles"), every Director has a right to call for board meeting or to include an agenda in a board meeting.

The Company also provides supports to the members of the Board, including independent non-executive Directors by way of facilitating them to obtain key facts and information directly through our senior management, such as our CEO and company secretary and to engage with external professionals, such as auditor, legal advisor, and internal control consultant, for further understanding and communicating the key performance and risks the Group encounters from an independent view.

Directors' rights

All Directors have full and timely access to all the information of the Group as well as the services and suggestion from the company secretary and senior management. Directors may seek independent professional advice on request in appropriate circumstances to perform the duties of the Group, and the expenses shall be borne by the Group.

Responsibilities of the Board and management

All Directors must act in the best interests of the Company and its shareholders, and are mainly responsible for the overall strategy, development direction, corporate governance, risk management, internal control system, dividend policy, shareholder relations, accounting policies, and review of financial statements, as well as other mechanisms that belong to the Board according to the Articles.

The Board delegates the daily affairs of the Group's business, administrative and operational tasks, as well as the implementation of risk management and internal control to the management of the Group, and conducts regular reviews of the relevant work and performance. The management of the Group must obtain the approval of the Board before entering into and arranging any major transactions/contracts.

Directors are required to disclose to the Company the details of other positions they hold, and the Board will also regularly review the contributions required by each Director to perform in the Group.

Directors' Responsibility for Financial Statements

The Directors acknowledge their obligations to prepare consolidated financial statements for the financial year ended 31 December 2024, to reflect a true and fair financial position, results and cash flows of the Group for the year then ended, and the proper preparation of financial statements on an on-going basis in accordance with applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties that may affect the business of the Group or raise significant questions about the Group's ability to operate on an on-going basis.

Corporate Governance Function

For the year ended 31 December 2024, the Board has established the corporate governance policies and practice. The Audit Committee is responsible for supervising the corporate governance function of the Company, including:

a) Formulate and review the Company's corporate governance policies and practices from the legal and regulatory aspects;

b) Review and monitor the training and continuous professional development of Directors and senior management;

c) Develop, review and monitor code of conduct and compliance manuals for employees and Directors;

d) Formulate and review the Company's corporate governance policies and practices, and make recommendations to the Board and report relevant matters to the Board;

e) Review of the Company's compliance status with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and disclosure in the Corporate Governance Report; and

f) Review and monitor the Company's compliance status with the Company's reporting policies.

Directors' term

In accordance with the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Directors' training

The Group provides professional training to Directors to keep them up to date on the Listing Rules and other applicable regulatory requirements as well as the Group's business and governance policies. During the year ended 31 December 2024, all Directors have participated in relevant continuous training courses, including training on anti-corruption and corporate governance, the attendance records and information are kept by the Company Secretary.

Director	Training on Anti-corruption training	Training on Corporate Governance
Executive Directors:		
Mr. Cheng Youguo	✓	✓
Mr. Qiu Changwu	✓	✓
Independent Non-Executive Directors:		
Mr. Ho Kee Cheung (resigned on 1 January 2025)	✓	✓
Mr. Cheng Siu Shan	✓	✓
Ms. Li Zhao	✓	✓

Chairman and Chief Executive Officer

The roles and positions of the chairman of the Board and chief executive officer of the Group are performed by different individuals.

Mr. Cheng Youguo is the chairman of the Board and plays a leading role in the Board. He has complied with code provision C.2 of the CG Code and performed his main duties, including but not limited to the following duties:

- Ensure the development of good corporate governance
- Ensure that the Directors receive sufficient accurate, clear, complete and reliable information in a timely manner
- Ensure effective communication with shareholders
- held a meeting with the independent non-executive Directors without the presence of other Directors

Mr. Qiu Changwu is the chief executive officer, who is responsible for the business development of the Group, executes the decisions of the Board and is responsible for the Group's daily operations and management.

Board Committees

The Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The terms of reference and assigned specific duties of the above committees are available on the Group's and Hong Kong Stock Exchange's websites.

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 2024, pursuant to Rule 3.21 of the Listing Rules, the Audit Committee consisted of three independent non-executive directors, namely Mr. Cheng Siu Shan, Mr. Ho Kee Cheung (resigned on 1 January 2025), 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.

The Audit Committee's terms of reference in writing was adopted by the Company pursuant to the Board Resolution passed on 13 February 2017, as amended on 27 December 2018 and on 22 August 2019. The main responsibilities of the Audit Committee include, but not limited to:

1. make recommendations to the Board on the appointment, reappointment and/or removal of the external auditor, approve the remuneration and terms of employment of the external auditor, and consider any issues regarding the resignation or removal of the auditor;

2. discuss with the external auditor the nature and scope of the review and related reporting responsibilities;

3. monitor the completeness of financial statements, annual reports and accounts, interim reports and accounts, and review major accounting judgments contained therein;

4. supervise the Group's risk management, financial reporting system and internal control procedures;

5. discuss risk management and internal control systems with the management of the Group to ensure that management has performed its duties and has established an effective internal control system;

6. ensure that the Group has sufficient resources and experience in accounting, financial reporting and internal audit functions; and

7. supervise the company's continuing connected transactions (if any).

For the financial year ended 31 December 2024, the Audit Committee has performed its main duties, including (1) review and advise on the Group's annual and interim 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 the chief executive officer and senior management that the Group has complied with applicable laws and regulations, in all material aspects.

In addition, the Audit Committee holds private meetings with independent auditors in the absence of management to discuss the matters involved in the audit and other matters that the independent auditors wish to raise. During the year ended 31 December 2024, the Audit Committee has held two meetings and the attendance of the members is as follows:

	Attendance/Number of Audit Committee meeting
Mr. Cheng Siu Shan *(Chairman)*	2/2
Mr. Ho Kee Cheung (resigned on 1 January 2025)	2/2
Ms. Li Zhao	2/2

Full minutes of the Audit Committee are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any of the Directors.

Remuneration Committee

The Board has complied with the provisions of the CG Code and established a Remuneration Committee on 13 February 2017 and adopted its terms of reference in writing. In 2024, the Remuneration Committee consisted of three independent non-executive directors, namely Ms Li Zhao, Mr. Ho Kee Cheung (resigned on 1 January 2025) and Mr. Cheng Siu Shan. Ms. Li Zhao was elected as the Chairlady of the Remuneration Committee. The Group adopts the remuneration committee model set out in code provision E.1.2 (c) (ii) of the CG Code.

According to the terms of reference as amended on 27 December 2018 and on 22 August 2019, the main responsibilities of the Remuneration Committee include, but not limited to:

1. review and advise on the remuneration policies and structures established by the Board and to assess factors such as the salaries paid by the comparable corporations, time spent by the Directors and senior management, conditions of employment, responsibilities and personal performance;

2. review the remuneration packages of individual executive directors and senior management in the light of the corporate policies and objectives set by the Board, and to make recommendations and suggestions in this regard; and

3. ensure that no Director is involved in the determination of his own remuneration.

During the year ended 31 December 2024, the Remuneration Committee has held two meetings to review the remuneration packages of the Directors and senior management of the Group and provide recommendations thereon and assess the performance of the executive Directors and other related matters, the attendance of the members is as follows:

	Attendance/Number of Remuneration Committee meeting
Ms. Li Zhao *(Chairlady)*	2/2
Mr. Cheng Siu Shan	2/2
Mr. Ho Kee Cheung (resigned on 1 January 2025)	2/2

Full minutes of the Remuneration Committee are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any of the Directors.

Nomination Committee

The Board has complied with the provisions of the CG Code and established a Nomination Committee on 13 February 2017 and adopted its terms of reference in writing. In 2024, the Nomination Committee consisted of three independent non-executive directors, namely Mr. Ho Kee Cheung (resigned on 1 January 2025), Mr. Cheng Siu Shan, and Ms. Li Zhao. Mr. Ho Kee Cheung is the chairman of the Remuneration Committee.

According to the terms of reference as amended on 27 December 2018 and on 22 August 2019, the main responsibilities of the Nomination Committee include, but not limited to:

1. review the structure, size and composition of the Board at least annually (or as necessary);

2. review the Board Diversity Policy (the "Board Diversity Policy") and the measurable objectives adopted by the Board from time to time in implementing the Board Diversity Policy, and review and monitor the degree of achievement set out in the Board Diversity Policy;

3. formulate and review (if applicable) a director nomination policy (the "Nomination Policy") and to disclose an execution summary of the Nomination Policy in the Company's corporate governance report;

4. make recommendations to the Board on the appointment or re-appointment of directors and the succession planning of directors (especially for the chairman of the Board);

5. identify and nominate candidates who are suitably qualified to serve as Directors; and

6. assess the independence of independent non-executive Directors.

The Board has adopted a Board Diversity Policy that appointment of directors should be based on merit and balance of independence, integrity, skills and experience of the Board as a whole and taking into account the Group's business model and specific needs.

The Nomination Committee monitors the implementation of the Board Diversity Policy and reviews the measurable objectives for achieving diversity of the Board. When considering the appointment or reappointment of Directors, the Nomination Committee will consider various factors including the educational background, experience, professional qualification, gender, age, cultural and other criteria with regard to the benefits of diversity.

For the year ended 31 December 2024, the Nomination Committee had held two meetings to review the Board's composition, structure and size, and was of the view that the Board consisted of members with balanced and diversified attributes, such as gender, age, education background, professional qualifications, experience, skills and knowledge. No new Director had been appointed during the year. The attendance of the members is as follows:

	Attendance/Number of Nomination Committee meeting
Mr. Ho Kee Cheung *(Chairman)* (resigned on 1 January 2025)	2/2
Mr. Cheng Siu Shan	2/2
Ms. Li Zhao	2/2

Full minutes of the Nomination Committee are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any of the Directors.

Shareholders' Rights

The Board and senior management are committed to meeting and communicating with shareholders through the annual general meetings of the Group, listening to shareholders' opinions and answering questions from shareholders about the Group and its business. The chairman of the Board, the chief executive officer and senior management will attend the annual general meetings of the Group to answer questions from shareholders. Notices of the annual general meeting are sent to the shareholders at least 21 clear days before the holding of the annual general meeting. All other general meetings (including extraordinary general meeting) must be called by notice of not less than fourteen (14) days and not less than ten (10) business days.

In accordance with the Companies Law of the Cayman Islands (amended in 2018) and the Articles, there are no provisions that allow shareholders to propose new resolutions at shareholders' meetings. Shareholders who wish to propose a resolution may request the company to convene a shareholders' meeting in accordance with the procedures prescribed in the preceding paragraph.

Regarding nominations for Directors, please refer to Procedures for Shareholders to Nominate Candidate Directors on the Company's website.

Shareholders may send their inquiries and concerns to the Company's principal place of business in Hong Kong in writing at any time.

In accordance with the Articles, one or more shareholders holding not less than one-tenth of the paid-up share capital of the Group on the date of the request shall be entitled at any time to make a written request to the Board and the Company Secretary of the Group to convene an extraordinary general meeting of the shareholders.

Auditor's Statement and Remuneration

A statement by the Group's auditors on their reporting obligations in respect of the Group's financial statements for the year ended 31 December 2024 is set out in the "Independent Auditor's Report" section of this annual report.

For the year ended 31 December 2024, the remuneration payable by the Group to the auditor, Crowe (HK) CPA Limited ("Crowe") for audit services is HK$690,000. For the year ended 31 December 2024, the non-audit service fee paid to Crowe amounted to HK$150,000, which was mainly for the non-audit service in connection with the preparation of the Group's interim results for the six months ended 30 June 2024.

Company Secretary

The company secretary of the Company, Mr. Yuen Chi Wai (the "Company Secretary"), is also the Authorised Representative of the Company. During the year ended 31 December 2024, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. His biography is set out on page 59 of this annual report in the section of "Profile of Directors and Senior Management".

Main corporate governance policies

The Company has established an effective risk management and internal control system, including a number of major corporate governance policies, which are summarized below.

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and its responsibility to continually review their effectiveness and adequacy. The Board has reviewed the key risk areas and appropriate risk mitigation strategies. The Group has taken sufficient steps to identify, assess, update and monitor the risks associated with its financial, operational and compliance activities. The Group aims to minimize the risks rather than eliminate them entirely. Furthermore, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board acknowledges that it has a collective responsibility in overseeing the overall risk management and internal control from financial, operational and compliance aspects, including those relating to ESG risks.

At executive management level, the Board has assigned and delegated different directors and management to identify the risks, and to manage and monitor the operation in each of our segments. The delegated directors and management are charged with specific duties and limited authority beyond which decisions would be escalated to and made by the Board.

At present, the Group does not have an internal audit department. Instead, the Group has engaged an independent professional internal control consultant firm (the "Internal Control Consultant") to review the internal control systems, policies and procedures and to report the findings and recommendations to the Audit Committee.

The Board has reviewed the need for an internal audit function and considers it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the Group's internal monitoring systems and risk management systems, taking into account the size and nature of the Group. The Board will review the need for an internal audit function at least once a year.

Overall, the Board considers the risk management and internal control systems of the Group as effective and adequate. The Board will continue to assess the effectiveness and adequacy of risk management and internal controls through consideration of the reviews and recommendations made by the Audit Committee, Senior Management and Internal Control consultant.

Whistle Blower Policy and System

The Company has set out expected ethical acts for our directors and employees and embedded the relevant anti-corruption clause into our whistle-blower policy and code of conduct. In principle, we prohibit all kind of fraudulent acts, including bribery and corruption, financial crimes and management collusion among themselves or with any of our business partners.

The Company has also established a whistle blowing policy in accordance with the principles set out in the code provision D.2.6 of the CG Code. Our whistle blower policy has the following features.

- We accept reporting in confidence and anonymity.
- We welcome reporting both all kinds of stakeholders, including investors, customers, suppliers, and employees.
- We undertake to review all reporting and to proactively follow-up on all good-will reporting.
- We undertake to protect all good-will whistle blower and have developed policies to prohibit all kinds of discrimination or retaliation acts against good-will whistle blower.
- We delegate the Audit Committee a duty to oversee the whistle-blower system and to independently investigate into all good-will reporting with provision of solid evidence or signals beyond reasonable doubt.

Stakeholders are encouraged to file their reports to the address of the Principal Place of Business of the Company in Hong Kong or to email their reports to whistle@xxlt.com.cn.

Such report shall be addressed to our Chairman of the Board or Chairman of Audit Committee.

Investors' Relationship

The Group has a number of channels of communication with shareholders and public investors to ensure that they are kept up to date with the latest news and developments of the Group. The Group provides shareholders with up-to-date information on the Group's development, financial results and major events through annual and interim reports. All published information is uploaded to the Group's website at www.xxlt.com.cn.

Shareholders may also submit enquiries to management and make recommendations to the Board or senior management at the general meetings. They may do so by sending an e-mail to xxihk@xxlt.com.cn or by telephone (tel: + 852 3598 8235). In addition, the Group will adopt a proactive approach to communicate with existing and prospective investors on a timely basis, including holding regular live and teleconferences with investors.

The Articles remains unchanged for the financial year ended 31 December 2024.

Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is aware of its obligations under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") and the Listing Rules and is required, as soon as reasonably practicable after any inside information has come to its knowledge, to disclose the information to the public; and

- has established and implemented procedures for responding to external enquiries about the Group's affairs.

Senior management is identified and authorised to act as the Company's spokespersons and respond to enquiries in allocated areas of issues.

Training on inside information disclosure is provided to the Board to enhance corporate governance.

Nomination Policy

The Board has established a nomination policy that sets out the nomination procedures and principles for appointing and re-appointing directors. In assessing director candidates, the Nomination Committee will consider the following factors (for reference only, not an exhaustive list):

- Company's strategy
- Board structure, size, composition and needs
- Result of third party or background check
- Skills and knowledge of candidate
- Reputation, integrity and achievement of candidate
- Time and interest commitment of candidate
- Independence of candidate
- Board Diversity Policy of the Company

The Nomination Committee has the discretion to consider other factors as it deems fit.

In response with the expectations of stakeholders and good market practices to ensure that the Board's male and female members achieve an appropriate balance, the Board will consider gradually increasing the proportion of female directors when appropriate. The final decision of the Board will be based on the strengths of the relevant directors and their contributions to the Board, and in accordance with the Articles, Listing Rules and other applicable rules and regulations.

Dividend Policy

The Board has established dividend policy, which sets out the following standards:

(i) Whether to declare or pay-out dividend, and

(ii) Level and form of dividends paid to shareholders of the Company.

In determining/suggesting the frequency, amount and form of any dividend for any financial year/period, the Board should consider the following factors:

- The actual and expected financial performance of the Group;
- The Company's reserves distributable to shareholders;

- The current and future liquidity status and working capital requirements of the Group;
- Business operations, business strategies and expected cash flows for future development;
- Future expansion plans and cash commitments; and
- Economic conditions and other contingent factors that may affect the business, financial performance and/or status of the Group.

The Board has the discretion to take other factors as it considers appropriate into consideration.

Dividends can be paid in cash, or they can be paid in whole or in part by allocating specific assets of any kinds, including allocating Company's shares. The Board may from time to time determine and pay interim dividends, as it deems appropriate, to the Company's shareholders. The final dividend proposed by the Board must be approved by the shareholders of the Company at shareholders' meeting.

Shareholders' Rights and Communications

The Board is highly dedicated to communicating with shareholders at general meetings of the Company. It is our policy and practice that our Chairman of the board, Chief Executive Officer and senior management shall attend general meetings and to give immediate and solid response to the questions of shareholders.

Regarding the proceeding at general meeting, the Company has adopted the principles and rules set out in Appendix A1 (Core Shareholder Protection Standards) to the Listing Rules and hence the Board of Directors has adopted a policy to ensure the Company will perform the following summarized statements:

- hold a general meeting for each financial year as the annual general meeting.
- give its members reasonable written notice of its general meetings where notice of the annual general meeting is sent to the shareholders at least 21 clear days before the holding of the annual general meeting. All other general meetings (including extraordinary general meeting) must be called by Notice of not less than fourteen (14) days and not less than ten (10) business days.
- Ensure that shareholders must have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.
- Ensure that, where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

- Ensure that members holding a minority stake in the total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the Company.

- Ensure that every member shall be entitled to appoint a proxy who needs not necessarily be a member of the Company and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

- That HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.

Any one or more members holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company who wish to propose a resolution may request the company to convene an extraordinary general meeting in accordance with Article 58 of the articles of association of the Company. Related written requisition can be made to the Board or the Secretary of the Company. They may send so to the address of our Hong Kong Branch Share Registrar and Transfer Office or an e-mail to xxihk@xxlt.com.cn.

Environmental, Social and Governance Report

Foreword

This is the fifth environmental, social and governance ("ESG") report (the "Report") published by XiangXing International Holding Limited (the "Company") and its subsidiaries (collectively, the "Group" or "we"). This Report provides stakeholders with a better understanding of the Group's progress and direction on sustainability issues by reporting on the Group's ESG policies, initiatives and performance.

Reporting Scope

The Report focuses on the Group's logistics services, port services business, automobile integrated services in Xiamen, Fujian Province and the building materials trading in Chengdu, Sichuan Province during the period from 1 January 2024 to 31 December 2024 ("the Year" or the "Reporting Period" or "FY2024"), which contributed significantly to the revenue of the principal business and had a more significant impact on environmental management.

Board Responsibilities and ESG Structure

The Board acknowledges its responsibilities in the preparation and publication of the Report, including the development of an overall ESG strategy, the identification of risks associated with ESG, the implementation of internal controls, the oversight of stakeholder engagement and materiality assessment and the identification of priorities based on the value and importance of the Group's and stakeholders' concerns.

To support the work of the Board, the Group has also established an ESG Committee consisting of an Executive Director and the Head of Finance, the Head of Human Resources and the Head of Operations. The ESG Committee is responsible for implementing environmental management policies and practices, collecting relevant environmental management information, reviewing relevant key performance indicators, and initiating and implementing internal controls. The Board authorises it, through the terms of reference, to have adequate and direct access to all facts and information concerning ESG matters and has the right and responsibility to report independently to the Board.

Reporting Standards

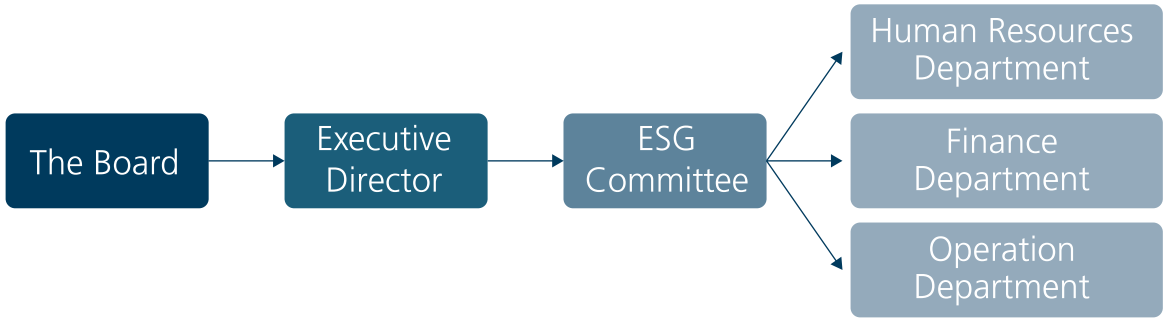
- We and Environment
- Dealing with Climate Change
- We and Employee
- We and Business Partners
- Quality Product and Service
- Anti - Corruption
- We and Community

The Report complies with the requirements of Appendix C2 "Environmental, Social and Governance Reporting Guidelines" to the Listing Rules issued by the Stock Exchange in relation to the mandatory disclosure requirements and "Comply or Explain" requirements and, adopts the four principles of reporting (1) materiality, (2) quantitative, (3) balance and (4) consistency as the basis for preparing the Report.

With reference to the ESG Guidelines and the Group's business operations, the Report has divided the relevant areas and key performance indicators ("KPIs") that are considered relevant and important to the Group into seven thematic areas.

Board and ESG Committee

The Board retains overall responsibility for ESG, including but not limited to identifying and assessing ESG-related risks, determining ESG strategy and scope, developing relevant risk management and internal control systems, and approving the disclosures in the Report.



The ESG Committee is chaired by an Executive Director and its member meet at least once a year. The ESG Committee is authorised to obtain all ESG-related facts and information and to engage experts to assist in the research and preparation of ESG reporting areas at the Company's expense. In turn, the ESG Committee is directed by the Board to implement and oversee environmental management related policies and initiatives. The ESG Committee is required to submit independent reports to the Board on significant environmental management matters.

The ESG Committee has reported to the Board on the actions it has taken and the results of its related work. In preparing the Report, the ESG Committee has followed the principles of materiality, quantitative, balance and consistency, under which the Company believes it has adopted a consistent and structured approach to determining the level of materiality, measured in meaningful quantitative units, and reporting on our environmental stewardship to the extent that it is relevant and significant to the Group. This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guidance set out in Appendix C.2 to the Main Board Listing Rules.

Management Approach

The Company has adopted an integrated approach as to complement our overall risk management system, which includes the following four key components.

Information Collection

We have established and implemented a company-wide policy as to regulate our ESG-related activities.

We are committed to setting realistic goals and targets that place our scale and optimal point considerations in the context of our positioning and expectations.

We have allocated sufficient resources to execute our ESG activities, including reasonable financial budgets and time commitment of relevant departments/functions, including but not limited to the Finance, Operations and Human Resources. All information quoted in this Report is obtained from statistical information from the Group and operational information in accordance with the Group's system. The Group continues to improve its internal data collection procedures and will gradually strengthen our environmental management efforts. On this basis, we will further expand the scope of disclosure to cover all our environmental management work and major operations.

Compliance with Code Provisions

The Board considers that the Company has complied with the applicable code provisions as set out in the ESG Reporting Guide under the principle of "Comply or Explain". The Company has also provided our explanation as to code provisions, A1.3, A.1.4 and A1.5 of which the implications and impacts on the Company is considered immaterial.

Feedback

The Group values the views of its stakeholders. If you would like to know more about the environmental management and corporate governance of the Company, please refer to the Group's official website at www.xxlt.com.cn and communicate with us at our corporate email xxihk@xxlt.com.cn.

Stakeholder Communication

With the participation of our Directors, senior management and colleagues from various departments, we have been able to develop a clearer picture of the Group's environmental performance in preparing the Report. The information we have gathered both summarises the Group's environmental management efforts during the Year and provides the basis for the development of our short and long-term sustainability strategies.

The Group recognises the importance of stakeholder's input. Stakeholders are individuals who are expected to be significantly impacted by our activities and services or who may affect our ability to implement our strategies and achieve our goals. We are therefore committed to enhancing our environmental stewardship by communicating intensively with our stakeholders through diverse channels and actively responding to the expectations and concerns of different stakeholders.

Our stakeholders come from different sectors, including government and regulatory bodies, shareholders, customers, partners (suppliers and professional service providers), employees, communities and the general public. In addition to responding directly to stakeholder requests in our daily operations, we have established effective communication channels to understand and respond to stakeholders' needs.

The main issues of concern to our stakeholders and the related level of concern are as follows.

1. Regulatory Compliance
2. Anti-Corruption
3. Profitability
4. Service Quality
5. Work Safety
6. Pricing
7. Remuneration and Career Development
8. Sustainable Development
9. Sustainable Relationship
10. Environmental Protection
11. Climate Change Impact
12. Community Service & Donation

Stakeholders	Key Communication Channel and Level of Concerns	1	2	3	4	5	6	7	8	9	10	11	12
1. Government and Regulatory Bodies	• Regular Meeting • Official Notice • Official Website	H	H	H	H	H	M	M	M	M	H	H	H
2. Shareholders and Investors	• Shareholder Meeting • Interim/Annual Report • Announcement	H	H	H	H	H	M	M	H	H	M	M	M
3. Customers	• Business Meeting • Through Daily Services • Customer Feedback	H	H	H	H	M	M	M	H	G	M	M	M
4. Business Partners	• Business Meeting • Background Check • Suppler Code of Conduct	H	H	H	H	M	M	M	H	G	M	M	G
5. Employees	• Regular Performance Evaluation • Memorandum • Opinion Box	H	H	M	M	H	M	H	H	M	M	M	M
6. Community and Public	• Community Meeting and Activities	M	M	G	G	M	G	G	G	M	M	M	H

Note: H: High level of concern, M: Middle level of concern, G: General concern only

Major ESG Topics

Based on ongoing dialogue with stakeholders, the Board, with the assistance of the ESG Committee, has identified the Group's key ESG risks, taking into account a range of factors including the nature and scale of the business, geographical location, regulatory requirements, operational practices and stakeholder expectations. We identified environmental management issues of importance to the Group and its stakeholders and conducted research for the Group's sustainability planning strategy and direction.

The Group has selected the following six ESG areas as the key topics of the Report:

1. Emissions
2. Climate change impacts
3. Work safety and health
4. Employment standards and development
5. Staff development and training
6. Anti-corruption

To ensure the effectiveness of stakeholder communication, the Group is committed to establishing transparent, honest and accurate communication and providing timely responses. In the future, the Group will strengthen interaction and communication with external stakeholders and encourage more external stakeholders to participate and provide their suggestions and expectations of the Group. In addition to continuing normal communication activities with stakeholders, the Group plans to explore more diversified channels to increase the opportunities to engage with stakeholders.

A. We and Environment

We are committed to reducing carbon emissions in all aspects of our operations, making efficient use of resources and promoting environmentally responsible business practices, as well as maintaining our competitiveness for sustainable development.

On the environmental front, we have established three objectives:

- Comply fully with all applicable laws and regulations relating to environmental protection;
- Reduce the environmental impact of our business; and
- To reduce the use of natural resources.

Overall Environmental Compliance

During the Reporting Period, we complied with all applicable laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste, including, but not limited to, the following:

- The Environmental Protection Law of the PRC;
- The Pollution Prevention and Control Law of the PRC; and
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Substances.

We are not subject to any material claims or penalties related to environmental protection.

Emission

Greenhouse Gas Emissions

Greenhouse gas emissions are closely linked to climate change and global warming. The Group also understands the risks and importance of effective carbon emissions management and supports the transformation of the economy to a low carbon economy with the aim of capturing the opportunities that arise. Our main sources of greenhouse gas emissions are electricity, diesel and water consumption from logistics and transportation operations.

Exhaust Gas

Diesel consumption is a major source of greenhouse gas emissions for the Group, mainly from trucks, vans, equipment and machinery.

In order to continuously improve its environmental performance, the Group has implemented various emission reduction measures, including requiring staff to plan their routes properly and encouraging them to stop and switch off their engines upon arrival at their destinations.

Water Wastage

The Group's wastewater discharge is mainly domestic wastewater and industrial wastewater from cleaning yards and machinery. The amount of water is minimal, but we encourage all employees to develop the habit of water conservation. All wastewater is discharged to the wastewater treatment plant through the local pipeline. The Group also makes every effort to use environmentally friendly cleaning products to reduce harmful substances in domestic wastewater.

Disposal

The Group places emphasis on the proper disposal of waste and applies the principles of use reduction, reuse and recycling to our operations, such as promoting paperless electronic measures to reduce waste generation.

Hazardous waste generated by the Group during this Year consisted mainly of used motor oil and lubricating oil. These wastes are usually collected during vehicle and machinery maintenance and disposed of by an accredited institutional waste disposal provider. Since they are properly disposed of, we do not keep track of the usage information. The non-hazardous waste is mainly domestic and office waste, which is small in quantity and is disposed of daily by qualified waste handlers. The Group considers that our hazardous and non-hazardous wastage are very minimal and properly disposed. The Group decides not to disclose the related volume from materiality perspective.

Use of Resources

The Group recognises that natural resources are valuable and is committed to reducing resource wastage in its daily operations. The Group also implements resource conservation measures at the operational level:

The main resource we consume is diesel fuel. In addition, all of our vehicles and other equipment are already using diesel fuel that meets national standards and is regularly maintained, with the hope of achieving a reduction in greenhouse gas emissions.

Our operations consume a reasonable amount of electricity and water and do not involve the extensive use of packaging materials. The Group uses municipal water mainly in its offices and has no problems in obtaining a suitable water source. We make every effort to use the least amount of packaging materials in our logistics operations.

The Group will continuously review its operational conservation measures, set appropriate improvement targets and gradually raise awareness of resource conservation among its employees.

Environmental and Natural Resources

The Group is concerned about the environmental impact of the Group's business and actively supports environmental protection. The Group is committed to promoting green office and resource use monitoring and continues to adopt procurement strategies and technologies that best minimize the potential impact of the Group's business on the environment, striving to achieve the goal of environmental sustainability.

Water is supplied by the government. We often explore effective ways to save water in all operations, such as immediately fixing dripping and leaking taps, frequently using brooms and mops to clean the floors of all work and production sites, and promoting the importance of water conservation to employees through posters and protocols.

In the Reporting Period, the Group did not have any problems in sourcing water.

Noise Pollution

Noise pollution is reduced in daily office and outdoor work, and ear protection devices are provided for employees working in noisy environments.

Our Environmental Targets

In setting forth our environmental targets, we take into account the limitations of our existing business, the optimal point we have reached and the expected speed and scale of our new business expansion.

The Group is dedicated to environmental protection and to maintaining our current level of emission and energy use in proportion to revenue or intensity, as a target in the next two years while we are striking for business growth. When our new businesses become more stable and effective and new optimal points can be effectively found and attained, we will develop an updated emissions reduction plan and disclose that new target from time to time.

We will endeavour to implement our existing ESG policies and enhance the related effectiveness to keep us on the right track to our target.

Sustainability KPIs

KPIs		Unit	2023	2024
A1.1	NO_x emissions	Metric ton	6	20
	So_x emissions	Metric ton	0	2
	Particulate matters	Metric ton	1	1
A1.2	GHG emissions (Scope 1)[2]	Metric ton	5,941	5,815
	GHG emissions (Scope 2)[3]	Metric ton	68	858
	GHG emissions (Scope 3)	Metric ton	1	2
	Total GHG emissions (Scope 1+2+3)	tCO2e	6,010	6,675
	GHG emissions intensity (Total GHG emissions/ number of employees)	tCO2e/person	7	8
A2.1	Total electricity consumption[4]	kWh	152,277	1,225,607
	Electricity consumption intensity (total electricity consumption/number of employees)	KWh/person	180	1,432
	Total diesel consumption[4]	Liter	2,250,766	1,570,867
	Diesel consumption intensity (total diesel consumption/number of employees)	Liter/person	2,660	1,835
A2.2	Total water consumption[7]	Cubic metre	3,250	2,396
	Water consumption intensity (total water consumption/number of employees)	Cubic metre/ person	4	3

Descriptions of Environmental KPIs:

1. The time range for the disclosure of environmental KPIs covers 1 January 2024 to 31 December 2024.

2. The entity scope of the disclosure of environmental KPIs covers the Group's headquarters and all office areas of its subsidiaries.

3. Sources of emission factors: when calculating emissions, the emission factors for piped natural gas were applied with reference to the "Manual on methods and coefficients for calculating pollution production and emission from emission source statistics survey" issued by the Ministry of Ecology and Environment, and emission factors for company cars were applied with reference to the Reporting Guidance on Environmental KPIs of the Stock Exchange; when calculating greenhouse gas emissions, the emission factors for piped natural gas and thermal emission factors were applied with reference to the Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions by Public Building Operating Companies issued by the National Development and Reform Commission of the People's Republic of China, the emission factors for electricity were applied with reference to the grid emission factors in the Notice on the Management of Greenhouse Gas Emission Reporting of Enterprises in the Power Generation Industry in 2023-2025 issued by the Ministry of Ecology and Environment, while the emission factors for other energy resources were applied with reference to the Reporting Guidance on Environmental KPIs of the Stock Exchange; and the conversion factors of energy consumption were applied with reference to the Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions by Public Building Operating Companies issued by the National Development and Reform Commission of the People's Republic of China.

4. This year, 31 electric container trucks were put into service, resulting in a reduction in diesel consumption but an increase in electricity consumption.

5. Hazardous wastes are waste batteries and waste ink cartridges/toner cartridges. The total number of them is no more than 20 per year. The impact is minimal, so there is no special management.

6. Non-hazardous waste consists of office garbage and office waste paper generated from administrative offices. The gradual implementation of paperless working has resulted in negligible consumption throughout the year.

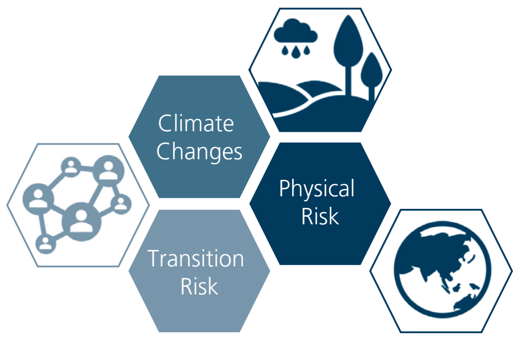
7. The total water consumption came from municipal water.

B. Dealing with Climate Changes

The Company assesses the impact of climate change on the Group by taking reference to the recommendations and methodologies proposed by the Task Force on Climate Related Financial Disclosures. The ESG Committee measures the impact of climate change through the following two risk categories.

1. Physical Risk

- Represents direct and indirect asset damage that could have a financial impact on the Group. Physical risks can be event-driven (e.g. "acute event risk") or developed gradually over time (e.g. "chronic transfer risk").



2. Transition Risk

- Refers to the broad policy, legal, technological, and market changes that may be required to make the transition to a low-carbon economy.
- Transition risk has four sub-risks, namely policy and legal risk, technology risk, market risk and reputation risk.

The Company also considered the following as it applies to our 1) geographic risk — the overall level of climate change impacts at each of the Company's operating locations and 2) industry trends — trends and practices in the Company's industries. Our assessment also takes into account key impacts from climate change, such as sea level rise, reduced agricultural production, and increased wildfires. Our overall view of these risks is presented below.

Physical Risk

- The Company's operations in Fujian and Sichuan are not subject to short term, immediate and large physical damage impacts from climate change.

Transition Risk

- The Chinese government has been actively implementing a national climate change policy and a number of international commitments, including reducing carbon intensity by 2030 and achieving carbon neutrality by 2060. We expect the government's green policies to be rolled out and implemented in most industries, including ours.

Geographic Risk

- There are no launching and proposal of major climate change policy change in the location of our operations.
- Except for our building material trading business, our main operations are located in Xiamen, a coastal city.

Industry Trend

- Industry technology innovation in relation to climate change is not obvious.
- Our logistic business highly relies on fuel use.
- Our automobile integrated service business uses petrol by-products, such as tyres.

Based on our assessment, we have identified the following potential climate change-driven impacts on our business, primarily transition risks.

Sub-risk under transition risk	Potential Driving Factors	Company's Plan and Action
Policy and legal risk	Policies to reduce the use of fuel-powered trucks and promote the use of more environmentally friendly trucks (such as electric-powered trucks and trucks which consumed less fuel) may become a trend.	The Company has started planning to study the use of more environmentally friendly trucks.
Policy and legal risk	Fuel costs may rise, or we may be subject to direct or indirect environmental taxes that will drive up our logistic costs.	The Company believes this industry-wide risk, if realised, the Company should be able to transfer most of the increasing cost to customers.

Sub-risk under transition risk	Potential Driving Factors	Company's Plan and Action
Policy and legal risk	Gasoline by-products such as tires may be subject to higher environmental protection standards in the future.	The Company has started planning to study the use of more environmentally friendly Gasoline by-products.
Policy and legal risk	Sea level rise is a global risk with inherent impacts on all coastal cities, including Xiamen.	The Company is fully aware of this long-term risk and will closely monitor the changes in relevant policies.
Reputation risk	Our customers and the public sector have higher expectations for us to operate a green and environmentally friendly business.	The Company has begun studying the application of certified environmental management systems such as ISO 14001 and others, including their applicability and cost effectiveness to the Company's operations.

We understand fighting climate change is a long-term commitment, the Company will continue to assess the impact of climate change and to continuously monitor the associated risks. We will regularly and timely disclose the latest updated Company's climate change impacts on our businesses and operations.

C. We and Employees

The Group is committed to providing an excellent working environment for its employees to enhance their cohesion and sense of belonging, and to grow and develop together with the Group. The Group has formulated the Employee Handbook in line with the actual situation of the Group's operation. The employee handbook covers policies and measures on employment system, work safety and health, training and development, and labour standards.

The number of employees as of 31 December 2024 is 856 (2023: 846), including three independent non-executive directors. The Company's overall staff-turnover rate at 46% (2023: 54%) is considered comparable to prior two years. We understand the highest staff turnover usually comes from our younger drivers and workers in the ports. The Company's management has been paying high attention in retaining our employees, including maintaining a fair remuneration, paying out discretionary bonus and enhancing our corporate culture.

We highly value gender equality and hence have already maintained a balanced gender ratio at the senior management level and continue to strive to achieve a balanced ratio at the Board level. For our Company's, our gender ratio is maintained at a reasonable level that resonates to the nature of our operation.

In the Reporting Period, we had no significant employee disputes. We do not employ any part-time workers.

Total number of employees and turnover rate by gender, employment type, age group and region

Employee statistics Category		B1.1 Number of employees as of year end (unit: person)	B1.2 Employee turnover rate [3]
By gender	Male	797	45.6%
	Female	59	11.9%
By age group			
	30 and below	151	79.5%
	30-50	531	41.1%
	50 and above	174	18.9%
By employee category			
	Middle and senior management	19	0%
	Ordinary employees	837	44.2%
By province of residence			
	Fujian	779	43.4%
	Sichuan	25	84.0%
	Hubei	49	24.5%
	Hong Kong, China	3	0%

Description of social KPI B1:

(1) The social KPIs cover all the entities included in the scope of the Group's financial statements.

(2) We have no part-time or temporary employees.

(3) Employee turnover rate = Number of employees who have left/total number of employees X 100%

Recruitment System

Recruiting and retaining people is of great value to the Group's operations and sustainability. We ensure that our employees are aware of their rights and responsibilities. Important employment terms and conditions such as remuneration, termination, recruitment, promotion, working hours, holidays, code of conduct are stated in employment contracts, leave applications and employee handbooks (the "Employee Handbook").

The Group strives to eliminate discrimination in the workplace by providing equal employment opportunities to its employees and ensuring that each employee is treated fairly in terms of hiring, training, benefits and work arrangements, without discrimination on the basis of ethnicity or gender.

The Group values the opinions of its employees and encourages them to give their opinions and suggestions on the Group's operations. The Employee Handbook details the procedures for employee grievances, including the possibility of submitting a written complaint to the Human Resources and Administration Department, which will discuss and investigate the matter, and let the appropriate higher management decide on the final judgment and handling.

In order to regulate employee behavior and strengthen management, the Group has established an open and fair reward and punishment system. The principles, conditions and procedures of rewards and punishments are listed in detail in the Employee Handbook.

Overall Employment and Labour Compliance

During the Reporting Period, we complied with all applicable laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and prevention of child and forced labour, including, but not limited to, the following:

- The Labour Law of the PRC
- Labour Contract Law of the PRC
- The Social Insurance Law of the PRC
- The Provisional Regulations on the Collection and Payment of Social Insurance Premiums

Safety and Health

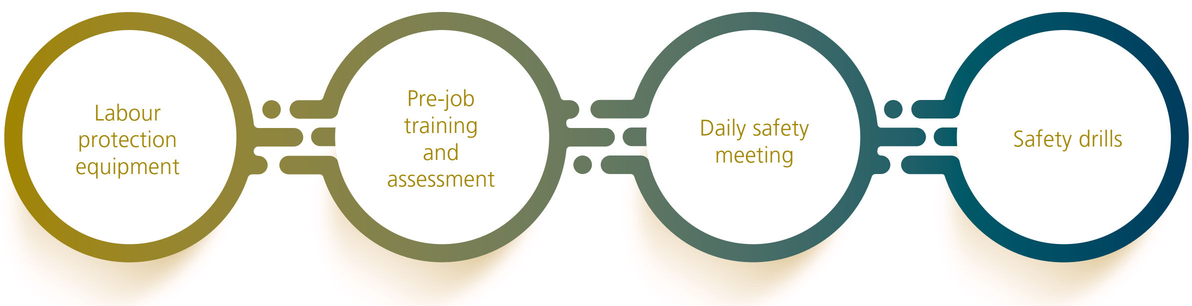
The Group attaches great importance to the health and safety of each and every employee and is committed to maintaining occupational health and safety as one of the Group's important responsibilities.

The Group strictly adheres to the laws and regulations applicable to health and safety at work, such as the <Law of the PRC on Production Safety>, the <Regulation on Production Safety in Fujian Province>, the <Law on Prevention and Control of Occupational Diseases> and the <Operational Injury Insurance Ordinance>.

The Group has also adopted a series of stringent measures to ensure compliance with various regulatory requirements in production operations and to promote the implementation of safe production. We have introduced a reward and punishment system to reward employees and departments for outstanding performance in safety and monitor the measures adopted.

To ensure the occupational safety awareness of our staff, we require all terminal staff to receive safety education and technical training before they are allowed to operate the equipment. In addition, the Group provides employees with adequate safety tools and equipment to ensure work safety and compliance, such as:

- Employees are required to wear safety helmets, work clothes and work shoes in the work area
- Require employees to wear safety belts when working at heights
- Allow only licensed employees to operate machinery and equipment
- Prohibit non-operating personnel from entering the work area and operating machinery and electronic equipment



The Group has established a comprehensive work safety system covering different aspects of work safety to prepare for foreseeable contingencies.

In 2024, we have 8 cases (2023: 5) of minor injuries or accident cases that lead to a workday loss of 754 days (2023: 184 days). The long workday loss is mainly due to the longer recovery time of a staff in one case. The Company has made sufficient compensations to the relevant injured staff. We have not received any legal disputes related to these incidents. The Company believes that our rate of injuries and day losses have been an immaterial impact on our financial, operational and compliance aspects.

B2 Health and safety	2022	2023	2024
Number of work-related injuries			
When operating machinery	1	0	0
Hit by hardware	3	1	3
Others	3	4	5
Workdays lost due to work-related injuries	**579**	**184**	**754**
Litigation arising from work-related injuries	0	0	0
Compensation for work-related injuries	153,341	94,752	133,124
Death or permanent disability caused by work-related injuries	0	0	0
Total compensation for work-related injuries	**153,341**	**94,752**	**133,124**

We have enhanced safety training for all frontline staff working at the port and installed warning devices for all large vehicles to reasonably prevent similar incidents from occurring. In order to further enhance the safety environment and awareness, we have developed comprehensive preventive measures and contingency plans to protect the safety of our staff and minimise the impact of accidents.

Our Efforts and Measures to combat infectious disease and workplace transmission

Although the government of China has basically lifted the epidemic prevention measures on infectious disease such as Covid-19. Our Company had maintained necessary precautionary measures before the national policy was relaxed, including regularly sanitising our workplace premises, minimizing socializing, requiring compulsory mask-wearing in sensitive districts, and setting up a reporting mechanism to timely report suspected or confirmed positive cases of our employees and their associates. Certain work safety & health measures are enhanced, and some protocols are highlighted below:

- Routine workplace cleaning and disinfection
- Hand sanitisers are provided to all staff
- Record visitor's footstep in all of our premises
- Annual compulsory medical check-up

Overall Health and Safety Compliance

During the Reporting Period, we complied with all applicable laws and regulations relating to the provision of a safe working environment and the protection of employees from occupational hazards, including but not limited to the following:

- The Law of the PRC on Production Safety
- The Law of the PRC on Prevention and Control of Occupational Diseases and
- The Work-Related Injury Insurance Ordinance of the PRC

Employee Development and Training

The Group strives to create a continuous learning environment for our employees to develop their professional skills at all levels. Our management has developed continuous training arrangements for employees at different levels and positions to achieve long-term development and enhance overall work effectiveness. We have arranged sufficient training resources for our employees.

We conduct induction training for all new employees to help them adapt to the new working environment. The training is divided into general and professional skills, with the former covering corporate culture and rules and regulations, and the latter covering job responsibilities and business operation procedures.

All directors of the Company (including independent non-executive directors) have attended training to enhance their knowledge and skills as directors, as well as knowledge of the latest developments in relation to the Listing Rules, other applicable statutory and regulatory regimes and the business environment to enable them to perform their duties.

For new frontline staff, they are required to attend safety courses and pass a safety orientation test prior to the issuance of work permits. We also organize various trainings for our employees covering different areas such as workplace safety and health, forklift operation, truck operation, boom lift and first aid. We also actively involve our employees in personal and professional training.

All new drivers of the Group are required to pass a driving test before they are allowed to start working. The training period for new workers is one week to ensure that frontline workers are properly trained and familiar with the safety requirements of working in the terminals and the logistics industry. The Group ensures that they are aware of their rights, responsibilities, safety and risks at work.

In 2024, over 47% of our full-time employees received 401 (2023: 371) hours of training covering the topics of corporate governance, anti-corruption, financial management and occupational safety. The averaged training hour of trained employees is approximately 0.5 (2023: 0.4) hours. Below presents the training hours by topics and by gender of employee.

B3 Development and training Category		Percentage of trained employees[4]	Average training hours completed per employee (hour/person)[4]
By gender	Male	47%	0.5
	Female	48%	0.5
By employee category			
	Middle and senior management	29%	6.2
	Ordinary employees	71%	0.3

Description of social KPI B3:

(1) Percentage of trained employees = total number of trained employees in this category/total number of trained employees

(2) Average training hours completed per employee = total training hours of employees in this category/total number of employees in this category

The Group encourages its employees to continuously improve their work quality and capability in order to achieve mutual development between them and the Group. Department managers assess the daily performance and conduct of staff, including making reference to records on attendance and rewards and punishments, and adjusting salaries and ranks through a fair competition and promotion mechanism. The Group also conducts regular year-end appraisals of staff performance.

Adjustments are made annually based on individual employee performance, contributions and market conditions. During this Year, performance bonuses were awarded to most of our employees in recognition of their contributions to the Group.

Labour Standard

The Group is committed to protecting the rights of its employees and prohibits the use of child labour or any form of forced labour. The Group has clear recruitment guidelines in the Employee Handbook, which require the Human Resources and Administration Department to check the actual age of candidates, such as requiring candidates to provide their identity cards and other identification documents for review. In addition, we will arrange compensatory time off for employees who work overtime, or pay overtime wages, or arrange appropriate compensation in accordance with the provisions of the Labour Law of the PRC.

The Group complies with applicable laws and regulations such as the Regulations on Special Protection for Underage Workers of the PRC. During this Year, the Group did not find any cases of illegal violations related to child labor and forced labor.

The Group is committed to providing a desirable and stable workplace and working environment for its employees.

The Group's human resources policies cover criteria relating to remuneration and termination, recruitment and promotion, working hours, holidays and benefits and perquisites. Salaries and wages are reviewed annually based on performance evaluation and other relevant factors, and employees with outstanding performance will be promoted. In addition, the Group provides reasonable working hours and rest periods, as well as different types of leave, including annual leave, maternity leave and personal leave, to further meet the needs of employees. The Group believes that good employee relations and retention are based on the working environment and benefits we provide to our employees and dispatched workers. Remuneration, promotion and termination systems and decisions are made without regard to gender, race or political affiliation. We generally recruit employees by advertising in the open market, taking into account factors such as experience, qualifications and expertise required to run the business. The Group determines the remuneration of employees based on factors such as qualifications, contributions and years of experience. The main principle of the Group's remuneration policy is to remunerate employees at a market-competitive level. The Group conducts regular staff appraisals to assess their performance.

D. We and Business Partners

In line with the Group's philosophy of creating value for the community and other stakeholders, the Group is committed to building long-term and friendly relationships with its suppliers and customers. The Group also believes that such relationships are based on a responsible and honest attitude.

Supply Chain Environment

In order to expand the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers with an open and cautious attitude. The Group establishes and implements a supplier management system to improve operational standards and to regulate supplier management through proper management of material suppliers and logistics service providers (collectively referred to as "Suppliers").

Suppliers' Assessment

The Company has implemented supplier assessments, which can be conducted in two ways, namely daily assessments or annual general assessments. The results of the assessment are used as a basis for supplier management and Suppliers are expected to propose and take effective measures to improve the services they provide.

Suppliers' Code of Conduct

The Company has also developed a Supplier Code of Conduct that communicates our values and expectations of our Suppliers so that they adhere to our values. In this code of conduct, we have established ten key principles in four key areas: human rights, labour protection, environmental protection and anti-corruption.

The Company reserves the right to terminate cooperation with Suppliers who engage in unfair or unethical business practices, which are in serious violation of laws and regulations.

Critical Suppliers' Geographical Distribution

We conduct regular due diligence on our Suppliers to ensure supply and quality stability and continuity.

As at 31 December 2024, we had 235 suppliers (2023: 200), of which 23 (2023:21) are considered as key suppliers (by transaction value), with whom we deal more frequently and in larger amounts. We believe that by managing these key suppliers, we can better promote our values and beliefs to the community. We have 11 key suppliers located in Fujian Province and other major suppliers in Sichuan Province and other cities.

If our suppliers are found or perceived to have significant deficiencies in product quality and safety, we do not hesitate to take appropriate corrective action, including termination of services.

Environmentally Friendly Products

The use of environmentally friendly products or systems for the production of our products is one of the main considerations in the selection of our key suppliers. It is our policy that we do not work with suppliers who regularly or significantly violate relevant environmental rules and regulations.

E. Quality Product and Services

The Group has always been customer-oriented and committed to providing quality services to our customers.

Quality Assurance

The Company has implemented a series of measures for ensuring our product and service quality are maintained at high level. Key measures include:

1. At port, we are connected to a terminal system of the dock which allows us to obtain timely shipping orders and delivering status.

2. We have an experienced team in handling our logistic business and customers and providing instant feedback or resolutions of logistic status.

3. Our building materials trading and automobile integrated services have incoming and outgoing quality check to ensure our inventory and out-going products are subjected to required standards.

4. Customers can make complaints about our services by telephone, fax or mail. The Group will take all complaints seriously and will respond to them as soon as possible.

During this Year, the Group did not receive any complaints about products and services, and there were no service/product recall/refund cases.

Protection of Privacy

We are responsible for protecting the privacy of our customers in the collection, processing and use of their personal data. We comply with applicable data protection regulations and ensure that appropriate technical measures are in place to protect personal data from any unauthorized use or access. We also ensure that our customers' personal data is stored securely and processed only for the purposes for which it was collected.

Respect for Intellectual Properties

The Group focuses on providing accurate and unbiased information about our services to customers in all marketing communications, including labeling and any advertising.

The Group prohibits infringement of intellectual property rights by our directors and employees, including the use of unauthorized trademarks, copyrights and patents in the conduct of our business, such as the use of pirated software.

In addition, the Group is committed to protecting the privacy of our customers and the security of their information. The Group requires that personal information collected in any format or platform be used only with the knowledge and consent of the customer. The Group also takes appropriate precautions to prevent unauthorized or accidental access, processing, deletion, loss or use of any information.

During the Reporting Period, the Group has complied with the relevant laws and regulations relating to data privacy and intellectual property rights, including but not limited to the Intellectual Property Law of Hong Kong, the Patent Law of the PRC, the Trademark Law of the PRC and the Copyright Law of the PRC.

Overall Product Liabilities Compliance

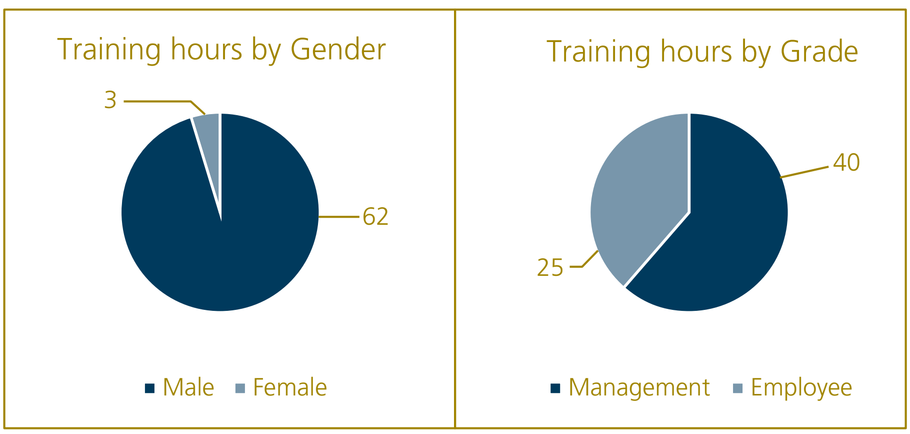
During the Reporting Period, we complied with all applicable laws and regulations relating to health and safety, advertising, labeling and privacy issues and remedies in connection with the products and services we provide.

F. Our Anti-Corruption Efforts

We comply with laws and regulations relating to bribery, extortion, fraud and money laundering, such as the Criminal Law of the PRC and the Regulations of the PRC on Punishment of Corruption, etc.

Management has been communicating with our major customers and Suppliers to implement our anti-corruption policy, which prohibits our directors and employees from giving or receiving any form of benefits, including but not limited to lobbying fees, facilitation fees and deferred benefits, in the course of soliciting and conducting business. Employees are strictly prohibited from committing fraud or fraud in the name of the Group. Non-compliant employees may be dismissed or even held legally liable.

Our anti-corruption training is mainly conducted through internal training, which is held by our experienced management. Our anti-corruption training materials take reference to those issued by an anti-corruption government body of Hong Kong. Our Anti-corruption training hours are reflected below:



Monitoring and Whistleblowing Mechanism

Our operations and personnel managers are jointly responsible for identifying and preventing possible unusual or irregular events and transactions, while our finance department is the key gatekeeper for prohibiting, investigating and reporting suspicious payments.

The Group encourages employees and all those who have business dealings with the Group, including customers and suppliers, to proactively report suspected improprieties. The Group strictly prohibits employees from taking advantage of business opportunities or authority to obtain personal benefits or advantages. Any conflict of interest should be reported to the management of the Group in a timely manner. The Group has established a whistle blower policy and system that all our stakeholders can file a report in confidence to us about any knowledge or suspicion of any fraudulent or material non-compliance acts of the Company or its directors and employee. Our Board, including the Audit Committee, undertakes to protect all good-will whistleblowers from any forms of discrimination or retaliation, to follow up on all good-will reporting and to make relevant personnel accountable for confirmed fraudulent or material non-compliance acts.

There have been no instances of non-compliance by the Group or its employees with laws and regulations relating to the prevention of corruption, bribery, extortion, fraud and money laundering, nor have we had any such substantiated cases or litigation in the past three years.

G. We and Community

The Group is committed to fulfilling its corporate responsibility and cooperating with various sectors of the society to care and give back to the community. In developing our business, the Group is also committed to participating in social activities and giving back to the community. The Group has always encouraged its staff to actively participate in social welfare activities to benefit the local community and help the needy to promote the spirit of caring and helping others.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. CHENG Youguo (程友國), aged 56, is the founder of our Group. He was appointed as our Director on 22 September 2015 and designated as an executive Director and the chairman of the Board on 13 February 2017. Mr. Cheng is primarily responsible for business development, formulation of overall corporate strategies and plans for the Group and overseeing the management and operation of our Group.

Mr. Cheng completed his secondary education at 廈門市集美區海滄中學 (Xiamen Jimei Haicang Secondary School) in September 1987. He has also received a 專業技術資格證書 (Qualification Certificate of Speciality and Technology) from 荊州市人事局 (Jingzhou Personnel Bureau) in June 2006 and was granted the qualification of senior engineer.

Mr. Cheng joined the 廈門海監局勞務公司 (Xiamen Marine Surveillance Bureau Labour Service Company) in February 1992 and worked as a manager before he left his employment in November 1996. From January 1997 to October 1998, Mr. Cheng worked in 廈門友興貿易有限公司 (Xiamen Youxing Trading Co., Ltd.) and his highest position was general manager.

Mr. Cheng founded Xiamen Xiangxing Group Co., Ltd. ("Xiangxing Group") in 1999 in order to capture the growing business opportunities in the shipping and logistics industry in Xiamen Municipality. As the business expanded, Mr. Cheng founded Xiamen Xiangxing International Logistics Services Co., Ltd. ("Xiangxing Logistics") and Xiamen Xiangxing Terminal Services Co., Ltd. ("Xiangxing Terminal") through Xiangxing Group in 2002 and 2006 respectively to provide services in different sectors of the shipping and logistics industry.

From October 2003 to November 2011, Mr. Cheng was a 廈門市湖里區政協委員 (member of the committee of Xiamen Huli District). From 2003 to 2011, Mr. Cheng was the 廈門市湖里區商會常務理事 (executive council member of Xiamen Huli Shanghui). From December 2011 to December 2016, Mr. Cheng was a 廈門市海滄區委員 (member of the committee of Xiamen Haicang District). Also, since May 2012, Mr. Cheng has been the 海滄區工商聯(商會)副會長 (vice president of Haicang District Federation of Industries (Chamber of Commerce)).

Mr. QIU Changwu (邱長武), aged 52, was appointed as our Director and chief executive officer on 23 August 2016 and designated as our executive Director on 13 February 2017. He is now responsible for monitoring daily business operations and overall accounting and financial management of our Group.

Prior to joining our Group, Mr. Qiu started working at Xiamen Container Terminal Group (廈門集裝箱碼頭集團) (formerly known as Xiamen New World Xiang Yu Terminals Co., Ltd. (廈門象嶼新創建碼頭有限公司) from July 1996 to February 2011 and has acquired experience of administration, procurement and tendering important projects in relation to import-export agency services, freight transport services and intra-port transport services. On 21 February 2011, he was the general manager of both Xiangxing Logistics and Xiangxing Group responsible for overseeing the two companies' and Xiangxing Terminal's business operation and development. From 29 September 2015 onwards, he ceased to be the general manager of Xiangxing Group but retained his duties in Xiangxing Logistics.

Mr. Qiu obtained a master's degree in business administration from 浙江大學 (Zhejiang University) in the PRC in March 2003. He also obtained a bachelor's degree in transportation management engineering from 武漢交通科技大學 (Wuhan Transportation University) (now part of 武漢理工大學 (Wuhan University of Technology)) in the PRC in June 1996.

Independent non-executive Directors

Mr. CHENG Siu Shan (鄭少山), aged 55, was appointed as an independent non-executive Director on 13 February 2017. He is the chairman of the Audit Committee and member of Remuneration Committee and Nomination Committee.

Mr. Cheng has been working as a senior audit manager at 龐志鈞會計師行 (Martin C.K. Pong & Company), a local professional accounting firm, since September 2006 and he is responsible for various audit, tax and Initial Public Offering assignments. Prior to joining Martin C.K. Pong & Company, Mr. Cheng worked in Hangerton Group Limited and served as a temporary accountant from April 2002 to June 2002. From March 2003 to March 2004, Mr. Cheng worked as a senior auditor at Charles Chan, Ip & Fung CPA Ltd. Subsequently, Mr. Cheng joined Tai Kong CPA Limited (戴江會計師事務所有限公司) from October 2004 to March 2006. In addition to working in different accounting firms, Mr. Cheng had also worked as an audit supervisor for Legend Holdings Limited (聯想控股有限公司), a company listed on Main Board of the Stock Exchange (Stock Code: 3396), from August 1997 to December 2001. Mr. Cheng has acquired 25 years of experience in auditing, accounting, corporate finance and tax work.

Mr. Cheng graduated from the Hong Kong Polytechnic University with a master's degree in professional accounting in October 2009. Mr. Cheng is a professional accountant and has been a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants since April 2007 and May 2014 respectively.

Biographical Details of Directors and Senior Management

Ms. LI Zhao (李照), aged 60, was appointed as an independent non-executive Director on 31 March 2020. She is the Chairlady of the Remuneration Committee and member of the Audit Committee and Nomination Committee.

Ms. Li has approximately 35 years' teaching experience. She started her teaching career in Jimei Navigation College* (集美航海專科學校) in August 1984. In around August 1989, she began to teach in Jimei Navigation Institute* (集美航海學院) till August 1998. She then started teaching in Navigation Institute of Jimei University* (集美大學航海學院) in August 1998 till December 2019. Since 1999, Ms. Li has become an associate professor in Navigation Institute of Jimei University.

Ms. Li graduated from Shanghai Maritime Institute* (上海海運學院) (now known as Shanghai Maritime University) with a Bachelor's degree of Shipping Management Engineering* (水運管理工程) in 1984 and from Dalian Maritime University with a Master of Law in 1999.

Mr. Lin Guoquan (林國銓), aged 71, was appointed as an independent non-executive Director on 1 January 2025. He is the Chairman of the Nomination Committee and member of the Audit Committee and the Remuneration Committee.

Mr. Lin has more than 30 years of experience in comprehensive enterprise management and operations, and more than ten years of experience in logistics and port operations. He is very familiar with corporate investment and port operations. From September 1998 to July 2013, Mr. Lin worked in Xiamen Xiangyu Group Co., Ltd.* (廈門象嶼集團有限公司), and successively served as the General Manager of the Investment Center* (投資中心總經理) and the Director of Xiamen Xiangyu Group Co., Ltd.; Vice General Manager* (副總經理) of Xiamen Xiangyu Bonded Zone Port Development Co., Ltd.* (廈門象嶼保稅區港區發展有限公司) (a subsidiary of Xiamen Xiangyu Group Co., Ltd.); Director and Deputy General Manager* (副總經理) of Xiamen Xiangyu New Creation Terminal Co., Ltd.* (廈門象嶼新創建碼頭有限公司) (a subsidiary of Xiamen Xiangyu Group Co., Ltd., now merged into Xiamen Container Terminal Group Co., Ltd.* (廈門集裝箱碼頭集團有限公司)); and Director of Xiamen Modern Terminal Co., Ltd.* (廈門現代碼頭有限公司) (a subsidiary of Xiamen Xiangyu Group Co., Ltd.).

Mr. Lin graduated from the Department of Chemistry and Chemical Engineering* (化學化工系) of Fuzhou University in 1982, majoring in chemical machinery* (化工機械), with a Bachelor's degree in Engineering* (工學). He furthered his studies and completed a postgraduate course in business management* (企業管理系企業管理專業研究生進修課程) at the Graduate School of Xiamen University in 2001 and received a completion certificate* (結業證書).

** For identification purposes only*

Senior Management

Mr. YAO Aiming (姚愛明), aged 49, is the deputy general manager of Xiangxing Logistics and general manager of Xiangxing Terminal. Mr. Yao is responsible for managing port services, mainly coordinating with different department heads, maintenance of vehicles and facilities and handling customer relations.

Mr. Yao joined Xiangxing Group in January 1999 and worked as a general manager assistant of Xiangxing Group responsible for assisting the general manager to launch projects until September 2002. He then worked in Xiangxing Logistics and Xiangxing Terminal as its senior management since September 2002 and September 2006 respectively.

Mr. Yao obtained a certificate in relation to safe production method from the 中國勞動保護科學技術學會 (PRC Laodong Baohu Kexue Jishu Xuehui) of 中國繼續教育聯合學院 (PRC Jixue Jiaoyu Lianhe Xueyuan) in September 2002 after receiving training in safe production method. Prior to joining our Group, Mr. Yao received a certificate jointly issued by China Ports & Harbours Association (中國港口協會) and 上海海港職工大學 (Shanghai Haigang Zhigong University) in November 1996.

Mr. ZHOU Xiaoxiong (周小雄), aged 49, is deputy general manager of Xiangxing Logistics. He is now responsible for handling the day to day operations of Xiangxing Logistics and liaising with government authorities. Mr. Zhou joined Xiangxing Group in March 1999 as its deputy general manager until September 2002. Prior to joining our Group, he obtained a diploma of electronic mechanical and benchwork at the 廈門市機械技工學校 (Xiamen Machinery and Technical School in Xiamen) in July 1995.

Mr. LIN Xiaoyang (林曉陽), aged 52, was appointed as the financial controller of Xiangxing Logistics in August 2017. He is primarily responsible for the financial reporting of our businesses in the PRC. Mr. Lin is familiar with financial management, financial analysis and treasury management. He has extensive financial reporting experience in industrial and servicing companies, as well as auditing experience gained from accounting firms.

Company Secretary

Mr. YUEN Chi Wai (袁志偉), FCPA, aged 49, was appointed as the company secretary of the Company on 31 May 2023. He is primarily responsible for company secretarial, legal, regulatory and other compliance matters of the Company.

Mr. Yuen obtained his bachelor of commerce in accounting and finance degree from The University of New South Wales in April 1998. He was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in March 2013 and a fellow of CPA Australia in July 2014. Mr. Yuen is experienced in auditing, corporate internal control, as well as financial and risk management. He was an independent non-executive director of Central China Securities Co., Ltd. (中原証券股份有限公司) (carrying on business in Hong Kong as "中州証券") from June 2014 to June 2021, the shares of which are listed on the Stock Exchange (stock code: 1375) and the Shanghai Stock Exchange (stock code: 601375). He has been the joint company secretary of Zhixin Group Holding Limited since May 2019, the shares of which are listed on the Stock Exchange (stock code: 2187). He has also been the company secretary of Sino-Entertainment Technology Holdings Limited since July 2021, the shares of which are listed on the Stock Exchange (stock code: 6933). Mr. Yuen has been the Managing Director of Venture Executive Services Limited since August 2014, which is principally engaged in provision of company secretarial and other corporate services to various listed and unlisted companies.

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "Year").

Corporate Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 September 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office and the principal place of business is disclosed in the section headed "Corporate Information" in the annual report.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 September 2019 (the "Listing").

Principal Activities

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 15 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 74 of this annual report.

No final dividend for the year ended 31 December 2024 is proposed by the Board.

Dividend Policy

The Group has adopted a dividend policy.

Subject to any restrictions under the Laws of the Cayman Islands, the Articles and any applicable laws, rules and regulations, the Group may declare dividend according to the recommendation of the Board. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(i) the general financial condition of the Group;

(ii) the Group's actual and future operations and liquidity position;

(iii) the Group's expected working capital requirements and future expansion plans;

(iv) the Group's debt to equity ratios and the debt level;

(v) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(vi) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(vii) the shareholders' and the investors' expectation and industry's norm;

(viii) the general market conditions; and

(ix) any other factors that the Board deems appropriate.

Dividends may be declared and paid out of the profits of the Company or from reserve set aside from profits at the discretion of the Board. For the avoidance of doubt, there is no assurance that a dividend will be proposed or declared in any specific period. The Board may in its full discretion decide not to declare dividend due to various reasons, including but not limited to maintaining or adjusting the capital structure and reserving more capital. etc.

The Board will review the dividend policy as appropriate from time to time and update and amend the dividend policy as it deems fit and necessary.

Business Review

Detailed business review and future development of the Company's business is set out in the sections of "Chairman's Statement" and "Management Discussion and Analysis" in this annual report from pages 4 to 15. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

Key Risks and Uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in the operations and financial position as efficiently and effectively as possible.

The Group's key business risk exposures are summarised as follows:

(i) The Group relies on a few major customers. If any of the Group's major customers ceases to use the services of the Group, or if there is any material default or delay in payment from any of them, the Group's business, financial position and results of operation may be adversely affected;

(ii) A significant decrease in the demand for reusable solid waste within the PRC may have a material adverse effect on the Group's business operations and financial position;

(iii) Unexpected fluctuations in the price of diesel fuel or disruption to the Group's supply of diesel fuel may adversely affect the business operation and performance; and

(iv) Any unfavourable market volatility or failure to execute our business strategies concerning the Group's proposed business expansion of empty container stacking yard operation may adversely affect return on equity ratio, valuation, business operations, financial conditions and prospects of the Group.

For other risks and uncertainties facing by the Group, please refer to the section headed "Risks Factors" in the Prospectus.

Report of the Directors

Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity in this annual report.

Distributable Reserves of the Company

Share premium and retained profit of the Company are available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders as at 31 December 2024 amounted to approximately RMB27,265,000.

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 148 of this annual report.

Major Customers and Suppliers

The Group's largest customer contributed approximately 40% of the total revenue for the Year while the Group's five largest customers accounted for approximately 88% of the total revenue for the Year.

The Group's largest supplier contributed approximately 8% of the total purchases for the Year while the Group's five largest suppliers accounted for approximately 43% of the total purchases for the Year.

None of the Directors, their respective close associates (as defined in the Listing Rules) or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

Connected Transactions

During the year ended 31 December 2024, there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules. Details of the material related party transactions are set out in note 24 to the consolidated financial statements. These related party transactions did not constitute connected transactions under the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

At no time during the year ended 31 December 2024, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

Sufficiency of Public Float

For the year ended 31 December 2024 and up to the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Share Capital

Details of the Company's share capital are set out in note 22(a) to the consolidated financial statements.

Directors

The Directors of the Company during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors

Mr. Cheng Youguo
Mr. Qiu Changwu

Independent Non-executive Directors

Mr. Ho Kee Cheung (resigned on 1 January 2025)
Mr. Cheng Siu Shan
Ms. Li Zhao
Mr. Lin Guoquan (appointed on 1 January 2025)

Appointment and re-election of Directors

According to Article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. According to Article 83(3) of the Articles, the Directors shall have the power to appoint any person as a Director to fill a casual vacancy on the Board and any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment.

Accordingly, under Article 84(1) of the Articles, Mr. Cheng Youguo and Ms. Li Zhao will retire as Directors by rotation at the forthcoming annual general meeting (the "AGM") and under Article 83(3) of the Articles, Mr. Lin Guoquan will retire at the AGM. All of them, being eligible, will offer themselves for re-election as Directors at the AGM. The biographical details of the Directors proposed to be re-elected at the AGM are set out on pages 56 to 58 of this annual report.

Mr. Lin Guoquan joined the Board on 1 January 2025. He had received the legal advice on 31 December 2024 from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a Director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. Lin has confirmed that he understood his obligations as a Director of the Company.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the AGM) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independent Non-Executive Directors' Independence

The Company has not received any notification from its independent non-executive Directors regarding any events that affect their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Nomination Committee assessed the independence of the independent non-executive Directors and affirmed that all independent non-executive Directors remained independent.

Competing interests

During the year ended 31 December 2024, none of the Directors had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

Directors' and Chief Executives' Interests in Shares

As at 31 December 2024, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Long Positions of the Shares

Director	Capacity/Nature of interest	Number of Shares held (Note 1)	Percentage of interests in the Company (Note 2)
Mr. Cheng Youguo (Note 3)	Interest in a controlled corporation	562,500,000 Shares (L)	43.95%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. As at 31 December 2024, the Company had 1,280,000,000 Shares in issue.
3. Shares in which Mr. Cheng Youguo is interested consist of 562,500,000 Shares held by Glory Fame Venture Limited, a company wholly owned by Mr. Cheng, in which Mr. Cheng is deemed to be interested under the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares

As at 31 December 2024, the following persons (other than Directors or chief executive officers of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Substantial Shareholder	**Capacity/Nature of interest**	**Number of Shares held**	**Percentage of interests in the Company** (Note 1)
Glory Fame Venture Limited (Note 2)	Beneficial owner	562,500,000 Shares	43.95%
Ms. Huang Meili (Note 3)	Interest of spouse	562,500,000 Shares	43.95%

Notes:

1. As at 31 December 2024, the Company had 1,280,000,000 Shares in issue.

2. Glory Fame Venture Limited is wholly owned by Mr. Cheng Youguo.

3. Ms. Huang Meili is the spouse of Mr. Cheng Youguo. Under the SFO, Ms. Huang is deemed to be interested in 562,500,000 Shares in which Mr. Cheng is interested.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2024.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2024 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole of any substantial part of the Company's business were entered into or existed during the Year.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Emolument Policy

The Remuneration Committee reviews the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

Permitted Indemnity Provisions

At no time during the year ended 31 December 2024 and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise), or an associated company (if made by the Company).

An associated company is defined in Section 2(1) of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the remuneration of the Directors and the five highest paid individuals for the Year are set out in notes 9 and 24(a) to the consolidated financial statements respectively.

Remuneration paid to members of senior management

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are set out in the section headed "Biographical details of Directors and senior management" in this annual report for the year ended 31 December 2024 by band is as follows:

Remuneration Band (in RMB)	Number of individuals
Nil to 1,000,000	3

Corporate Governance

The Company has complied with all code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules for the period for the year ended 31 December 2024, save as disclosed in the section headed "Corporate Governance Report" of this annual report.

Further information on the Company's corporate governance practices is set out in the section headed "Corporate Governance Report" from pages 16 to 31 of this annual report.

Environmental, Society and Corporate Responsibility

The Group is committed to support environmental protection to ensure business development and sustainability. We implement green office practices to reduce the consumption of energy and natural resources. These practices include but not limited to reducing energy consumption by switching off idle lights, computers and electrical appliances and the use of environmentally friendly products whenever possible.

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.

Auditor

A resolution will be submitted to the shareholders of the Company at the annual general meeting of the Company to re-appoint Crowe (HK) CPA Limited as auditor of the Company.

Events After the Reporting Period

Save as disclosed in this annual report, the Group does not have other significant events after the Reporting Period.

On behalf of the Board

Cheng Youguo
Chairman

Hong Kong, 31 March 2025

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF XIANGXING INTERNATIONAL HOLDING LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of XiangXing International Holding Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 74 to 147, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of trade and other receivables

Refer to notes 4(a), 16 and 23(a)(i) to the consolidated financial statements and the accounting policy note 2(i)(i).

The key audit matter	How the matter was addressed in our audit
The Group has significant trade and other receivables balance as at year end. Given the size of the balances and the risk that the amounts may not be recoverable, judgement is required to evaluate whether any impairment should be made to reflect the risk. Loss allowance for trade receivables is based on management's estimate of the expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue balances, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. Management performed periodic assessment on the recoverability of prepayment, including current status and profile of different suppliers, expected timing and amount of realisation of outstanding balances, and on-going business relationships with the relevant suppliers. We identified assessing the impairment of trade and other receivables as a key audit matter because the assessment of the impairment of trade and other receivables are inherently subjective and requires significant degree of management judgement and estimation, which increases the risk of error or potential management bias.	Our audit procedures in relation to management's assessment on impairment of trade and other receivables included: • Understood and validated the credit control procedures performed by management, including its procedures on periodic review on aged receivables and assessment on impairment of these receivables; and discussing with the management about the progress of the delivery of materials and enquiring the reason for the delay; • Tested on the accuracy of ageing profile on trade receivables by checking to the underlying sales invoices; • Assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; • Tested subsequent settlement of trade receivables balances on a sample basis and obtained understanding of the basis of the management's judgement about the recoverability of the outstanding receivables and evaluate the impairment losses for these individual balances;

The key audit matter	How the matter was addressed in our audit
	• Obtained an understanding of the management’s process and basis adopted in the impairment assessment of the prepayment and challenged management assessment on the recoverable amount of the prepayment made; • Obtained and reviewed the assessment and valuation reports prepared by external professional valuer engaged by management; • Assessed the qualifications, experience and expertise of the external professional valuer engaged by management; and • Assessed the disclosures in the consolidated financial statements with reference to the requirements of prevailing accounting standards.

Information other than the consolidated financial statements and auditor’s report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 31 March 2025

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	5(a), 6	**232,677**	175,556
Cost of sales and services rendered		**(189,081)**	(138,259)
Gross profit		**43,596**	37,297
Other income	6	**1,677**	2,289
Other operating expenses		**(545)**	(708)
Administrative expenses		**(22,132)**	(19,830)
Impairment losses on trade and other receivables, net	23(a)(i)	**(6,303)**	(681)
Impairment losses on prepayment	16	**(13,111)**	—
Impairment losses on property, plant and equipment	13(a)	**(1,587)**	(522)
Profit from operations		**1,595**	17,845
Finance costs	7(a)	**(69)**	(240)
Profit before taxation	7	**1,526**	17,605
Income tax	8(a)	**(6,419)**	(7,084)
(Loss)/profit for the year		**(4,893)**	10,521
Other comprehensive income for the year, net of income tax			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**311**	1,294
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside the People's Republic of China ("PRC")		**(164)**	352
Other comprehensive income for the year		**147**	1,646
Total comprehensive (loss)/income for the year		**(4,746)**	12,167
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company		**(4,694)**	10,937
Non-controlling interests		**(199)**	(416)
		(4,893)	10,521
Total comprehensive (expenses)/income for the year attributable to:			
Equity shareholders of the Company		**(4,547)**	12,583
Non-controlling interests		**(199)**	(416)
		(4,746)	12,167
		RMB cents	RMB cents
(Loss)/earnings per share	12		
Basic and diluted		**(0.38)**	0.93

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13(a)	**30,364**	26,517
Intangible assets	14	**9**	30
Deposits paid for acquisition of property, plant and equipment	16	**—**	1,995
Deferred tax assets	21	**42**	76
		30,415	28,618
Current assets			
Inventories	17	**4,087**	4,248
Trade and other receivables	16	**160,033**	139,200
Cash and cash equivalents	18	**31,250**	49,794
		195,370	193,242
Current liabilities			
Trade and other payables	19	**18,019**	17,562
Lease liabilities	20	**929**	726
Income tax payable		**2,109**	2,247
		21,057	20,535
Net current assets		**174,313**	172,707
Total assets less current liabilities		**204,728**	201,325
Non-current liabilities			
Lease liabilities	20	**124**	677
		124	677
Net assets		**204,604**	200,648
Capital and reserves			
Share capital	22(a)	**11,171**	10,428
Reserves		**192,128**	188,716
Total equity attributable to equity shareholders of the Company		**203,299**	199,144
Non-controlling interests		**1,305**	1,504
Total equity		**204,604**	200,648

Approved and authorised for issue by the board of directors on 31 March 2025 and were signed on its behalf by:

Cheng Youguo
Director

Qiu Changwu
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company								
		Reserves							
	Share capital RMB'000	Statutory surplus reserve RMB'000 note 22(c)(i)	Share premium RMB'000 note 22(c)(ii)	Other reserve RMB'000 note 22(c)(iii)	Retained profits RMB'000	Translation reserve RMB'000 note 22(c)(iv)	Total reserves RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	8,708	17,581	57,425	(3,492)	78,599	810	150,923	1,920	161,551
Profit/(loss) for the year	—	—	—	—	10,937	—	10,937	(416)	10,521
Other comprehensive income	—	—	—	—	—	1,646	1,646	—	1,646
Total comprehensive income/(loss) for the year	—	—	—	—	10,937	1,646	12,583	(416)	12,167
Issue of new shares under placing	1,720	—	25,797	—	—	—	25,797	—	27,517
Transaction cost attributable to issue of ordinary shares	—	—	(587)	—	—	—	(587)	—	(587)
At 31 December 2023	10,428	17,581	82,635	(3,492)	89,536	2,456	188,716	1,504	200,648
At 1 January 2024	**10,428**	**17,581**	**82,635**	**(3,492)**	**89,536**	**2,456**	**188,716**	**1,504**	**200,648**
Loss for the year	**—**	**—**	**—**	**—**	**(4,694)**	**—**	**(4,694)**	**(199)**	**(4,893)**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**147**	**147**	**—**	**147**
Total comprehensive income/(loss) for the year	**—**	**—**	**—**	**—**	**(4,694)**	**147**	**(4,547)**	**(199)**	**(4,746)**
Issue of new shares under placing	**743**	**—**	**8,174**	**—**	**—**	**—**	**8,174**	**—**	**8,917**
Transaction cost attributable to issue of ordinary shares	**—**	**—**	**(215)**	**—**	**—**	**—**	**(215)**	**—**	**(215)**
Appropriation of statutory reserve	**—**	**447**	**—**	**—**	**(447)**	**—**	**—**	**—**	**—**
At 31 December 2024	**11,171**	**18,028**	**90,594**	**(3,492)**	**84,395**	**2,603**	**192,128**	**1,305**	**204,604**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		**1,526**	17,605
Adjustments for:			
Depreciation	7(c)	**8,196**	8,060
Amortisation	7(c)	**21**	23
Bank interest income	6	**(635)**	(758)
Loss on disposal of property, plant and equipment	6	**76**	21
Written off of intangible assets	6	**—**	3
Finance costs	7(a)	**69**	240
Impairment losses on trade and other receivables, net	7(c)	**6,303**	681
Impairment losses on prepayment	7(c)	**13,111**	—
Impairment losses on property, plant and equipment	7(c)	**1,587**	522
Operating profit before changes in working capital		**30,254**	26,397
Increase in trade and other receivables		**(40,249)**	(13,593)
Decrease in inventories		**161**	236
Increase/(decrease) in trade and other payables		**455**	(2,449)
Cash (used in)/generated from operations		**(9,379)**	10,591
Income tax paid — PRC Tax		**(6,523)**	(6,449)
Net cash (used in)/generated from operating activities		**(15,902)**	4,142
Investing activities			
Payment for the deposits paid for acquisition of property, plant and equipment		**—**	(1,995)
Payment for the purchase of property, plant and equipment		**(11,264)**	(591)
Payment for intangible assets	14	**—**	(9)
Proceeds from disposal of property, plant and equipment		**90**	116
Bank interest received		**635**	758
Net cash used in investing activities		**(10,539)**	(1,721)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Capital element of lease liabilities paid	18(d)	**(887)**	(1,183)
Interest element of lease liabilities paid	18(d)	**(69)**	(136)
Issue of new shares under placing		**8,917**	27,517
Transaction costs attributable to issue of new shares under placing		**(215)**	(587)
Repayment of bank loan	18(d)	**—**	(8,000)
Bank loan interest paid	18(d)	**—**	(104)
Net cash generated from financing activities		**7,746**	17,507
Net (decrease)/increase in cash and cash equivalents		**(18,695)**	19,928
Cash and cash equivalents at 1 January	18(a)	**49,794**	28,220
Effect of foreign exchange rate changes, net		**151**	1,646
Cash and cash equivalents at 31 December	18(a)	**31,250**	49,794

The accompanying notes form an integral part of these consolidated financial statements.

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 in Hong Kong 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 principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

The functional currency of the Company and its principal subsidiaries in Hong Kong and 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. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Material accounting policy information adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are mandatorily effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in note 4.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more elements of control.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(p) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity shareholders of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(d)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. All regular way purchases or sales of equity securities are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of equity securities that require delivery of assets within the time frame established by regulation or convention in the market place. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Other investments in securities (Continued)

(i) Non-equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as of the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity security is classified as financial assets at FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such election is made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity security classified at FVOCI are recognised in profit or loss as other income, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend and is included in the other income.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(f) Property, plant and equipment

The following items of property, plant and equipment for own use are stated at cost less accumulated depreciation and any accumulated impairment losses.

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— other items of property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment.

Historical cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold property	Over the unexpired term of lease
— Leasehold improvements	20 years
— Furniture and fixtures	5 years
— Office equipment	3 years
— Motor vehicles	8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Property, plant and equipment (Continued)

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net proceeds on disposal and the carrying amount of the item and is recognised in profit or loss on the date of retirement or disposal.

(g) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	3 to 5 years

(h) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. The Group will reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are subsequently changed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component(s) and are accounted for by applying other applicable standards.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and do not have a purchase option and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised at the commencement date of the lease, the lease liability is initially recognised at the present value of the lease payments (less any lease incentives receivables) payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss in the accounting period in which they are incurred. Lease payments also include amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Leases (Continued)

(i) ***As a lessee*** *(Continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, a provision is recognised and measured under HKAS 37. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

When the Group obtains ownership of the underlying leased asset at the end of the lease term, upon exercising purchase option, the cost of the relevant right-of-use asset and the related accumulated depreciation and impairment loss is transferred to the appropriate category of property, plant and equipment.

The initial fair value of refundable rental deposit paid is accounted for separately from the right-of-use asset in accordance with the accounting policy applicable to financial asset measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposit is accounted for as additional lease payment made and is included in the cost of right-of-use asset.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate used to determine those payments, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the lessee shall use a revised discount rate that reflects changes in the interest rate. When there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate, being the interest rate implicit in the lease for the remainder of the lease term, or the Group's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. When the lease liability is remeasured in either of these ways, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Leases (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and that is not accounted for as a separate lease. In this case, the consideration in the modified contract is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position. In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(w)(iii).

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

When the Group is an intermediate lessor, the sub-lease is classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL") on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI")).

Financial assets measured at fair value, including financial assets at fair value through profit or loss, are not subject to the ECL assessment.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECL are measured on either of the following bases:

— 12-month ECL ("12-m ECL"): these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECL: these are losses that are expected to result from all possible default events over the expected life of a financial instrument to which the ECL model applies.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECL (Continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-m ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Definition of default

For internal credit risk management, the Group considers that a default event occurs when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. As for the exposure at default, for financial asset, it is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contract, the exposure includes the amount of guaranteed debt that has been drawn down at the reporting date, together with any additional guaranteed amount expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtor, and other relevant forward-looking information. For financial guarantee contract, this is the maximum contractual period over which the Group has a present contractual obligation to extend credit.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement and recognition of ECL (Continued)

ECL are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or past due event;

— it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

— the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; or

— the disappearance of an active market for that financial asset because of financial difficulties of the issuer.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Internal and external sources of information is reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— deposits paid for acquisition of property, plant and equipment;

— prepayments; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment loss recognised in respect of a cash-generating unit is allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable) or value in use (if determinable) and zero.

— Reversal of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

(j) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Contract costs (Continued)

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and are expected to be recovered. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction prices. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(i)(i).

Cash at bank excludes bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

(n) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Consumables

Consumables are stated at cost determined on the first-in-first-out basis.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds. Consideration paid, including any directly attributable incremental costs, for purchase of the Company's ordinary shares is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's ordinary shares.

(r) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(s) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Employee benefits (Continued)

(ii) Defined benefit plan obligations

The Group has a defined benefit plan, representing long service payment ("LSP") under the Hong Kong Employment Ordinance. The Group's net defined benefit obligation in respect of LSP is recognised in the consolidated statement of financial position. The Group's net defined benefit obligation is measured by discounting the estimated cost to the Group of the benefit that employees have earned in return for their service in the current and prior periods, after deducting the negative service cost arising from the accrued benefits derived from the Group's Mandatory Provident Fund ("MPF") contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method, with actuarial valuation being carried out at the end of each reporting period. In determining the present value of its defined benefit obligation and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group shall attribute benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Defined benefit costs, comprising current service cost, any past service cost and gain or loss on settlement and net interest expense on defined benefit obligation, are recognised in profit or loss. Net interest is determined by using the net defined benefit obligation and the discount rate determined at the beginning of the year, and also taking into account any changes in the net defined benefit obligation during the year resulting from contributions or benefit payments. Remeasurements arising from defined benefit plan, which comprise actuarial gains and losses, return on plan assets (excluding interest), and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and deferred tax expenses. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Income tax (Continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference; or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and do not give rise to equal taxable and deductible temporary differences, and temporary differences relating to investments in subsidiaries to the extent that the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future and taxable profits will be available.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if a group entity has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the group entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions, contingent liabilities and onerous contracts

(i) Provision and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group is also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Provisions, contingent liabilities and onerous contracts (Continued)

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The cost of fulfilling a contract comprises the costs that relate directly to the contract, which consist of both the incremental costs of fulfilling that contract (e.g., direct labour and materials); and an allocation of other costs that relate directly to fulfilling contracts — for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling with the contract. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. When the Group acts as a principal, the Group recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

Control is transferred over time and revenue is recognised over time if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Revenue and other income (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer at contract inception and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Provision of services

Revenue from import and export agency services, container and stone blocks road freight forwarding services, intra-port ancillary services and intra-port container transportation services is recognised when the services are rendered. Payment terms and conditions vary by customers and are based on the billing schedule with customers, but the Group generally provides credit terms to customers ranging from 30 to 180 days.

(ii) Sales of products

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis. Payment terms and conditions vary by customers and are based on the billing schedule with customers, but the Group generally provides credit terms to customers ranging from 30 to 180 days.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Revenue and other income (Continued)

(iv) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets (other than purchased or originated credit-impaired financial assets) measured at amortised cost or that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the amortised cost (i.e. gross carrying amount net of loss allowance) of the financial asset.

(v) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as other income in profit or loss of the period in which it becomes receivable. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated into the functional currency of a group entity at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of a group entity at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used as effective to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency of a group entity using the foreign exchange rates ruling at the transaction dates and are not re-translated. The transaction date is the date on which a group entity initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(x) Translation of foreign currencies (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) at exchange rates prevailing on the reporting date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Company's net assets in Hong Kong dollars to the Group's presentation currency (i.e. Renminbi) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both the entity and the Group are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Related parties (Continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the discrete financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") to the consolidated financial statements for the current accounting year for the first time, which are mandatorily effective for the Group's financial annual period beginning on or after 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The Group has not applied any amendments to HKFRS Accounting Standards that are not yet mandatorily effective for the current accounting period. The application of the amendments to HKFRS Accounting Standards 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 consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Non-current Liabilities with Covenants (the "2022 Amendments")

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that;

    (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and

    (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met on or before the end of the reporting period, even if the lender does not test compliance until a later date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation ("HKAS 32").

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period. The disclosure includes information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments have no material impact on the consolidated financial statements for the current and prior years.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Provision of the expected loss allowance for trade and other receivables

The provision of the expected loss allowance for trade and other receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Further details are set out in note 23(a) Credit Risk.

At 31 December 2024, the carrying amount of trade and other receivables of the Group is RMB160,033,000 (2023: RMB139,200,000).

(b) Useful lives and residual values of property, plant and equipment (carrying amount: RMB30,364,000 (2023: RMB26,517,000))

The Group determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to the ones previously estimated, and it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Estimated impairment of property, plant and equipment (carrying amount: RMB30,364,000 (2023: RMB26,517,000))

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amount including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rate or the growth rates in a cash flow projection, could materially affect the recoverable amount. Furthermore, the cash flows projections, growth rates and discount rates are subject to greater uncertainties in the current year due to uncertainty on how the recent events and market conditions (e.g. volatility in financial, foreign currency or commodity markets) may progress and evolve.

(d) Principal versus agent consideration

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Group concludes that it acts as the principal for such transactions as it controls the specified goods before they are transferred to the customers after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

(e) Tax payable (carrying amount: RMB2,109,000 (2023: RMB2,247,000))

The subsidiaries of the Company are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(f) Determining the lease term

As explained in policy note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(g) Deferred income tax

Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the dividend policy of these subsidiaries can be controlled (note 21).

5. 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, loss on disposal of property, plant and equipment 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.

5. SEGMENT REPORTING (Continued)

(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 2024 and 2023 is set out below:

For the year ended 31 December 2024

	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	Total RMB'000
Disaggregated by timing of revenue recognition						
— Point in time	8,596	19,326	56,678	74,212	72,462	231,274
— Over time	—	—	—	—	1,403	1,403
Revenue from contracts with external customers	8,596	19,326	56,678	74,212	73,865	232,677
Inter-segment revenue	—	1,263	—	248	2,853	4,364
Reportable segment revenue	8,596	20,589	56,678	74,460	76,718	237,041
Reconciliation:						
Elimination of inter-segment revenue						(4,364)
Consolidated revenue (note 6)						232,677
Results						
Segment results	3,361	(333)	20,068	16,162	4,338	43,596
Other income						1,677
Other operating expenses						(545)
Administrative expenses						(22,132)
Impairment losses on trade and other receivables, net						(6,303)
Impairment losses on prepayment						(13,111)
Impairment losses on property, plant and equipment						(1,587)
Finance costs						(69)
Consolidated profit before taxation						1,526

5. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

For the year ended 31 December 2023

	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	Total RMB'000
Disaggregated by timing of revenue recognition						
— Point in time	5,705	19,380	54,507	81,065	13,496	174,153
— Over time	—	—	—	—	1,403	1,403
Revenue from contracts with external customers	5,705	19,380	54,507	81,065	14,899	175,556
Inter-segment revenue	—	—	—	—	5,159	5,159
Reportable segment revenue	5,705	19,380	54,507	81,065	20,058	180,715
Reconciliation:						
Elimination of inter-segment revenue						(5,159)
Consolidated revenue (note 6)						175,556
Results						
Segment results	2,811	829	21,661	18,030	(6,034)	37,297
Other income						2,289
Other operating expenses						(708)
Administrative expenses						(19,830)
Impairment losses on trade receivables, net						(681)
Impairment losses on property, plant and equiptment						(522)
Finance costs						(240)
Consolidated profit before taxation						17,605

The accounting policy information of the operating segments are the same as the Group's material accounting policy information described in note 2. 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 loss on trade and other receivables and finance costs. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

5. SEGMENT REPORTING (Continued)

(b) Other segment information

For the year ended 31 December 2024

	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	—	6	—	13,253	—	528	13,787
Interest income from bank deposit	—	(215)	—	(16)	(29)	(375)	(635)
Interest expenses	—	54	—	—	—	15	69
Depreciation	—	2,282	—	4,057	1,594	263	8,196
Amortisation	—	13	—	—	8	—	21
Impairment losses recognised/(reversed) on trade and other receivables, net	—	(364)	—	(7)	6,674	—	6,303
Impairment losses on prepayment	—	—	—	—	13,111	—	13,111
Impairment losses recognised/(reversed) on property, plant and equipment	—	1,592	—	517	(522)	—	1,587
Loss on disposal of property, plant and equipment	—	(49)	—	(21)	(6)	—	(76)

5. SEGMENT REPORTING (Continued)

(b) Other segment information (Continued)

For the year ended 31 December 2023

	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	—	1,091	—	282	30	516	1,919
Interest income from bank deposit	—	(287)	—	(17)	(107)	(347)	(758)
Interest expenses	—	111	—	104	—	25	240
Depreciation	—	2,644	—	3,322	1,664	430	8,060
Amortisation	—	14	—	—	9	—	23
Impairment losses recognised/(reversed) on trade receivables, net	—	792	—	(159)	48	—	681
Impairment losses on property, plant and equipment	—	—	—	—	522	—	522
(Gain)/loss on disposal of property, plant and equipment	—	(31)	—	(1)	53	—	21

5. SEGMENT REPORTING (Continued)

(c) Major customers

	2024 **RMB'000**	2023 RMB'000
Customer A (note i)	**93,533**	93,558
Customer B (note ii, iii)	**64,167**	N/A
Customer C (note i)	**35,901**	37,024

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.

(iii) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year 2023.

Revenues from each of the above customers A, B and C included sales to a group of entities which are known to be under common control with these customers.

5. SEGMENT REPORTING (Continued)

(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 principally carried out in the PRC (the place of domicile of the Group). No geographical information for other country is of a significant size to be reported separately.

An analysis of the Group's financial performance of its business activities carried out in the PRC is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**232,108**	175,556
Cost of sales and services rendered	**(189,081)**	(138,259)
Gross profit	**43,027**	37,297
Other income	**1,303**	1,942
Other operating expenses	**(545)**	(708)
Administrative expenses	**(17,550)**	(15,960)
Impairment losses on trade and other receivables, net	**(6,303)**	(681)
Impairment losses on prepayment	**(13,111)**	—
Impairment losses on property, plant and equipment	**(1,587)**	(522)
Profit from operations	**5,234**	21,368
Finance costs	**(54)**	(215)
Profit before taxation	**5,180**	21,153

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:

	2024 RMB'000	2023 RMB'000
Profit before taxation from business activities in the PRC	**5,180**	21,153
Other income	**374**	347
Administrative expenses outside the PRC	**(4,013)**	(3,870)
Profit from operations	**1,541**	17,630
Finance costs	**(15)**	(25)
Profit before taxation	**1,526**	17,605

6. 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:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Import and export agency services income	**8,596**	5,705
Container and stone blocks road freight forwarding services income	**19,326**	19,380
Intra-port ancillary services income	**56,678**	54,507
Intra-port container transportation services income	**74,212**	81,065
Trading of building materials and automobile accessories	**73,865**	14,899
Total revenue	**232,677**	175,556
Interest income on financial assets measured at amortised cost		
— bank interest income	**635**	758
Subsidy income (note ii)	**—**	56
Government grants (note i)	**349**	191
Loss on disposal of property, plant and equipment	**(76)**	(21)
Written off of intangible assets	**—**	3
Rental income	**1**	217
Net foreign exchange gain	**39**	85
VAT refund	**—**	758
Sundry income	**729**	242
Total other income	**1,677**	2,289

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.

Notes:

(i) During the year, the Group received government grants of RMB349,000 (2023: RMB191,000) 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.

(ii) During the year ended 31 December 2023, the amount represented 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 efficiently.

7. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on bank loans and overdraft (note 18(d))	—	104
Interest on lease liabilities (note 18(d))	69	136
Total interest expense on financial liabilities not at fair value through profit or loss	69	240

(b) Employee benefits expenses (including directors' emoluments)

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	80,072	79,895
Retirement benefit scheme contributions	12,435	11,190
Staff welfare	299	137
	92,806	91,222

(c) Other items

	2024 RMB'000	2023 RMB'000
Auditor's remuneration		
— audit service	614	623
— non-audit service	150	135
Amortisation of intangible assets (note 14)	21	23
Depreciation (note 13)		
— owned property, plant and equipment	7,442	6,967
— right-of-use assets	754	1,093
Total	8,196	8,060
Cost of inventories (note 17)	78,204	37,659
Loss on disposal of property, plant and equipment	76	21
Written off of intangible assets (note 14)	—	3
Impairment losses on trade and other receivables, net (note 23(a)(i))	6,303	—
Impairment losses on prepayment (note 16)	13,111	—
Impairment losses on property, plant and equipment (note 13(a))	1,587	522
Net foreign exchange gain	(39)	(85)

8. INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Current tax — PRC Enterprise Income Tax (the "EIT")		
Provision for the year	**6,101**	7,042
Under-provision in respect of prior years	**284**	118
	6,385	7,160
Deferred tax		
Origination and reversal of temporary differences	**34**	(76)
	6,419	7,084

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 three subsidiaries (2023: four subsidiaries) which are qualified as Small Low-Profit Enterprises in the PRC and entitled to a concessionary tax rate of 5% (2023: 5%).

8. INCOME TAX (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 **RMB'000**	2023 RMB'000
Profit before taxation	**1,526**	17,605
Tax charge at domestic tax rates applicable to profits in the jurisdictions concerned	**769**	4,760
Tax effect of non-taxable income	**(56)**	(62)
Tax effect of non-deductible expenses	**5,199**	935
Effect of income tax at concessionary rates by subsidiaries	**(102)**	469
Tax effect of unused tax losses not recognised	**377**	899
Tax effect of utilisation of tax losses	**(52)**	(35)
Under-provision in prior years	**284**	118
Income tax expense	**6,419**	7,084

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows:

	Year ended 31 December 2024			
	Directors' fees RMB'000	**Salaries, allowances and benefits-in-kind RMB'000**	**Retirement benefit scheme contributions RMB'000**	**Total RMB'000**
Executive directors				
Cheng Youguo *(Chairman)*	**679**	**208**	**153**	**1,040**
Qiu Changwu *(Chief executive officer)*	**553**	**124**	**37**	**714**
Independent non-executive directors				
Ho Kee Cheung	**55**	**—**	**—**	**55**
Cheng Siu Shan	**111**	**—**	**—**	**111**
Li Zhao	**55**	**—**	**—**	**55**
	1,453	**332**	**190**	**1,975**

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Year ended 31 December 2023			
	Directors' fees RMB'000	Salaries, allowances and benefits-in-kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors				
Cheng Youguo *(Chairman)*	542	148	36	726
Qiu Changwu *(Chief executive officer)*	542	124	36	702
Independent non-executive directors				
Ho Kee Cheung	54	—	—	54
Cheng Siu Shan	108	—	—	108
Li Zhao	54	—	—	54
	1,300	272	72	1,644

The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments were for their services as directors of the Company.

Note:

(a) During the years ended 31 December 2024 and 2023, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the reporting periods.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors of the Company whose emoluments are disclosed in note 9. The aggregate emoluments in respect of the other three (2023: three) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowance and benefits-in-kind	**616**	588
Retirement benefit scheme contributions	**102**	98
	718	686

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the three (2023: three) individuals (who are not directors of the Company) with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
Nil to HK1,000,000 (equivalent to approximately RMB921,000)	**3**	3

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2024 nor has any dividend been proposed since the end of the reporting period (2023: Nil).

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (Loss)/Earnings Per Share

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Earnings		
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share	**(4,694)**	10,937

	2024 Number of shares	2023 Number of shares
Ordinary shares		
Weighted-average number of ordinary shares in issue:		
Issued ordinary share at 1 January	**1,200,000,000**	1,000,000,000
Effect of shares issued upon placing	**43,934,426**	181,917,808
Weighted average number of ordinary shares	**1,243,934,426**	1,181,917,808

(b) Diluted (Loss)/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 (loss)/earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Properties leased for own use RMB'000	Total RMB'000
Cost						
At 1 January 2023	3,372	408	1,660	70,913	4,270	80,623
Additions	147	31	87	326	1,328	1,919
Disposals	(66)	(32)	(45)	(1,146)	—	(1,289)
Exchange differences	—	—	—	—	3	3
At 31 December 2023 and 1 January 2024	3,453	407	1,702	70,093	5,601	81,256
Additions	184	—	9	13,066	528	13,787
Disposals	—	—	(10)	(1,791)	(527)	(2,328)
Exchange differences	—	—	—	—	17	17
At 31 December 2024	3,637	407	1,701	81,368	5,619	92,732
Accumulated depreciation and impairment						
At 1 January 2023	1,916	302	1,431	40,250	3,408	47,307
Charge for the year	321	35	100	6,511	1,093	8,060
Written back on disposals	(15)	(19)	(39)	(1,079)	—	(1,152)
Impairment loss recognised in profit or loss	—	2	—	520	—	522
Exchange differences	—	—	—	—	2	2
At 31 December 2023 and 1 January 2024	2,222	320	1,492	46,202	4,503	54,739
Charge for the year	329	24	73	7,016	754	8,196
Written back on disposals	—	—	(10)	(1,625)	(527)	(2,162)
Impairment loss recognised in profit or loss	186	3	33	1,365	—	1,587
Exchange differences	—	—	—	—	8	8
At 31 December 2024	2,737	347	1,588	52,958	4,738	62,368
Carrying amounts						
At 31 December 2024	900	60	113	28,410	881	30,364
At 31 December 2023	1,231	87	210	23,891	1,098	26,517

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	2024 RMB'000	2023 RMB'000
Properties leased for own use, carried at cost less depreciation	(i)	**881**	1,098
Motor vehicles, carried at cost less depreciation	(ii)	**—**	—
		881	1,098

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**754**	1,093
	754	1,093
Interest on lease liabilities (note 7(a))	**69**	136
Expense relating to short-term leases and leases of low-value assets	**318**	5

During the year, additions to right-of-use assets were RMB528,000 (2023: RMB1,328,000), which is related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(e) and 23(b), respectively.

At 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets (Continued)

(i) Properties leased for own use

The Group has obtained the right to use properties as its office premises and intra-port site through tenancy agreements. The lease typically run for an initial period of 1 to 8 years. None of the leases includes variable lease payments.

(ii) Motor vehicles

The Group acquired motor vehicles under finance leases. None of the leases includes variable lease payments.

(c) Motor vehicles leased out under operating leases

	RMB'000
Cost:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**3,469**
Accumulated depreciation:	
At 1 January 2023	2,163
Charge for the year	412
At 31 December 2023	2,575
At 1 January 2024	2,575
Charge for the year	412
At 31 December 2024	**2,987**
Carrying amounts:	
At 31 December 2024	**482**
At 31 December 2023	**894**

The Group leases out a number of items of motor vehicles under operating leases. The leases typically run for an initial period of 1 year, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Impairment

The Group performed an impairment assessment on property, plant and equipment by estimating the recoverable amount of the cash-generating unit which the assets belong when it is not possible to estimate the recoverable amount individually.

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less cost of disposal. The value in use calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years (2023: 5 years) and a discount rate of 11.55% (2023: 11%). Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows which included budgeted sales and expected gross margins during the budget period and the same material price inflation during the budget period which had been determined based on past performance and management's expectations for the market development.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating units based on the value in use calculation is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment and impairment losses of approximately RMB1,592,000 (2023: Nil) and RMB517,000 (2023: Nil) were recognised in "Container and stone block freight forwarding services" segment and "Intra-port container transportation services" segment respectively. Impairment losses recognised was primarily due to a decline in the volume of intra-port transportation services and increase in unit cost, leading to a decrease in revenue from freight forwarding and transportation services during the year ended 31 December 2024.

On the other hand, due to the improvement in market conditions resulting in an increase in building materials trade volume and increase in revenue from trading of building materials during the year, a reversal of impairment losses of approximately RMB522,000 (2023: impairment loss of RMB522,000) was recognised under "Trading of building materials" segment during the year ended 31 December 2024.

The recoverable amount of the cash-generating units was based on the value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years (2023: 5 years) and a discount rate of 11.55% (2023: 11%). Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows which included budgeted sales and expected gross margins during the budget period and the same material price inflation during the budget period which had been determined based on past performance and management's expectations for the market development.

During the year ended 31 December 2023, the board of directors aware that there was a drop in revenue and the business was not as anticipated. Impairment loss of approximately RMB522,000 has been recognised under "Trading of building materials" segment.

14. INTANGIBLE ASSETS

	Software RMB'000
Cost	
At 1 January 2023	97
Additions	9
Written off	(6)
At 31 December 2023, 1 January 2024 and 31 December 2024	100
Accumulated amortisation	
At 1 January 2023	(50)
Charge for the year	(23)
Written off	3
At 31 December 2023	(70)
At 1 January 2024	(70)
Charge for the year	(21)
At 31 December 2024	(91)
Net book value	
As at 31 December 2024	9
As at 31 December 2023	30

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

15. SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2024:

Name	Place of incorporation/ registration and operations	Kind of legal entity in the PRC	Particulars of issued and paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Glamor Profit Investment Limited	British Virgin Islands ("BVI")	N/A	HK$20,000	100%	—	Investment holding
Hui An Investment Limited	BVI	N/A	HK$20,000	100%	—	Investment holding
Yu Hong Venture Limited	BVI	N/A	HK$20,000	100%	—	Investment holding
Youguo Enterprise Limited	Hong Kong	N/A	HK$17,650,100	—	100%	Investment holding
Ocean Profits Holding Limited	Hong Kong	N/A	HK$5,109,954	—	100%	Investment holding
QingQi Capital Limited	Hong Kong	N/A	HK$2,555,124	—	100%	Investment holding
Xiamen Xiangxing International Logistics Service Co., Ltd. 廈門象興國際物流服務有限公司	PRC	Wholly-foreign owned joint venture	RMB50,000,000	—	100%	Provision of import and export agency services and container and stone blocks road freight forwarding services
Xiamen Xiangxing Terminal Service Co., Ltd.* 廈門象興碼頭服務有限公司	PRC	Limited liability company	RMB20,000,000	—	100%	Provision of intra-port ancillary services and intra-port container transportation services
Xiamen Xiangxing Automobile Services Co., Limited* 廈門象興汽車服務有限公司	PRC	Limited liability company	RMB5,000,000	—	100%	Trading of automobile accessories
Quanzhou Xiangxing International Logistics Service Co., Limited* ("Quanzhou XiangXing") 泉州象興國際物流服務有限公司	PRC	Sino-foreign joint venture	RMB6,000,000	—	70%	Provision of intra-port ancillary services and intra-port container transportation services
Chengdu Xiangxing Supply Chain Management Co., Ltd* 成都象興供應鏈管理有限公司	PRC	Limited liability company	RMB70,000,000	—	100%	Trading of building materials
Wuhan Xiangxing International Logistics Service Co., Ltd.* 武漢象興國際物流有限公司	PRC	Limited liability company	RMB3,000,000	—	100%	Provision of import and export agency services and container and stone blocks road freight forwarding services
Xiangxing International Bilu Sac	The Republic of Peru ("Peru")	Limited liability company	USD2,500	95%	5%	Provision of import and export agency services and container and stone blocks road freight forwarding services

* The English translations of the names of the Company's subsidiaries which were registered and incorporated in the PRC are for reference only and the official names of these entities are in Chinese.

16. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**152,124**	114,241
Less: Allowance for credit losses	**(26,159)**	(19,856)
	125,965	94,385
Prepayment	**29,805**	41,537
Deposits	**2,563**	4,551
Other receivables	**644**	577
Other tax recoverable	**1,056**	145
	4,263	5,273
	160,033	141,195
Analysed as:		
Non-current	**—**	1,995
Current	**160,033**	139,200
	160,033	141,195

Details of impairment assessment of trade and other receivables for the years ended 31 December 2024 and 2023 are set out in note 23(a).

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 2024 and 2023, 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 ageing analysis of trade receivables based on the date of revenue recognition and net of loss allowances, is as follows:

	2024 RMB'000	2023 RMB'000
0–30 days	**20,372**	18,397
31–60 days	**7,031**	8,828
61–90 days	**10,782**	4,651
91–180 days	**23,810**	3,183
181–360 days	**6,797**	2,762
Over 360 days	**57,173**	56,564
	125,965	94,385

(d) The Group does not hold any collateral over trade and other receivables.

(e) For the years ended 31 December 2024 and 2023, no trade receivable has been written off.

(f) Impairment loss on prepayment recognised during the year were mainly due to two suppliers of the Group. A court in the PRC (the "PRC Court") has initiated debt pre-reorganisation procedures in relation to a petition for bankruptcy reorganisation of these two suppliers with the PRC Court. Subsequent to the end of the reporting period, the PRC Court approved the bankruptcy reorganisation plan of the two suppliers to continue its operation. The management performed impairment assessment on the prepayment made to the suppliers and impairment losses of approximately RMB13,111,000 was reocognised.

17. INVENTORIES

	2024 RMB'000	2023 RMB'000
General merchandise	**3,289**	3,182
Consumables (note)	**798**	1,066
	4,087	4,248

Note: The consumables are mainly diesel on hand for daily uses of the Group's motor vehicles. The costs consumed are recognised as expenses and included in cost of sales.

All of the inventories are expected to be recovered within one year.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	**59,337**	13,047
Carrying amount of inventories consumed	**18,867**	24,612
	78,204	37,659

18. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise cash in hand and short-term bank deposits with maturity periods of less than three months.

(b) At 31 December 2024, bank balances carried interest at variable rates which range from 0.10% to 0.20% (2023: 0.20% to 0.25%) per annum.

(c) At 31 December 2024, the Group had balances amounted to approximately RMB30,941,000 (2023: RMB49,558,000) that were placed with banks in the PRC. Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

(d) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

18. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank loans RMB'000	Lease liabilities RMB'000 (note 20)	Total RMB'000
At 1 January 2023	8,000	1,257	9,257
Change from financing cash flows:			
Repayment of bank loans	(8,000)	—	(8,000)
Capital element of lease liabilities paid	—	(1,183)	(1,183)
Interest element of lease liabilities paid	—	(136)	(136)
Bank loan interest paid	(104)	—	(104)
Total change from financing cash flows	(8,104)	(1,319)	(9,423)
Other changes:			
Interest expenses (note 7(a))	104	136	240
Increase in lease liabilities from entering into new leases	—	1,328	1,328
Exchange differences	—	1	1
At 31 December 2023 and 1 January 2024	—	1,403	1,403
Change from financing cash flows:			
Capital element of lease liabilities paid	—	(887)	(887)
Interest element of lease liabilities paid	—	(69)	(69)
Total change from financing cash flows	—	(956)	(956)
Other changes:			
Interest expenses (note 7(a))	—	69	69
Increase in lease liabilities from entering into new leases	—	528	528
Exchange differences	—	9	9
At 31 December 2024	—	1,053	1,053

18. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION
(Continued)

(e) Total cash outflows for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024	2023
	RMB'000	RMB'000
Within operating cash flows	**318**	5
Within financing cash flows	**956**	1,319
	1,274	1,324

These amounts relate to the following:

	2024	2023
	RMB'000	RMB'000
Lease rentals paid	**1,274**	1,324

19. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables (note b)	**5,217**	5,289
Accruals and other payables	**4,657**	4,378
Salary payables	**7,088**	6,751
Financial liabilities measured at amortised cost	**16,962**	16,418
Other tax payables	**1,007**	1,093
Contract liabilities — Billings in advance of performance (note c)	**50**	51
	18,019	17,562

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.

19. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(b) The ageing analysis of trade payables presented based on invoice date as at the end of the reporting period, is as follows:

	2024 RMB'000	2023 RMB'000
0-60 days	**3,061**	2,839
61-90 days	**440**	760
91-180 days	**389**	1,156
Over 180 days	**1,327**	534
	5,217	5,289

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

	2024 RMB'000	2023 RMB'000
Balance at 1 January	**51**	491
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	**(1)**	(441)
Increase in contract liabilities as a result of billing in advance to customers	**—**	1
Balance at 31 December	**50**	51

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

20. LEASE LIABILITIES

At 31 December 2024, the lease liabilities are repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**929**	726
After 1 year but within 2 years	**124**	644
After 2 years but within 5 years	**—**	33
	124	677
	1,053	1,403

21. DEFERRED TAXATION

Deferred tax assets and liabilities recognised

Movement of each component of deferred tax assets and liabilities

The components of deferred tax liabilities and assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	98	(98)	—
Charge/(credit) to profit or loss	169	(245)	(76)
At 31 December 2023 and 1 January 2024	267	(343)	(76)
Charge/(credit) to profit or loss	(77)	111	34
At 31 December 2024	190	(232)	(42)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	**(42)**	(76)
Net deferred tax liability recognised in the consolidated statement of financial position	**—**	—
	(42)	(76)

21. DEFERRED TAXATION (Continued)

Deferred tax assets not recognised

At the end of the reporting period, the Group had unrecognised tax losses of approximately RMB7,118,000 (2023: RMB8,244,000) attributable to the operations in the PRC that will expire in thee to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these tax losses due to the unpredictability of future profit streams and the directors considered that it is not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

Deferred tax liabilities not recognised

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

At 31 December 2024 and 2023, deferred tax liabilities in respect of the PRC dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that the undistributed profits at 31 December 2024 and 2023 will not be distributed in the foreseeable future. The undistributed profits of the Company's PRC subsidiaries as at 31 December 2024 and 2023 amounted to approximately RMB179,592,000 and RMB160,241,000 respectively.

22. SHARE CAPITAL AND RESERVES

(a) Share capital

	Par value HK$	**Number of shares**	**Amount** HK$
Authorised ordinary shares			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	0.01	4,000,000,000	40,000,000

22. SHARE CAPITAL AND RESERVES (Continued)

(a) Share capital (Continued)

	Par value	Number of shares	Amount	Amount
	HK$		HK$	RMB
Issued and fully paid, ordinary shares				
At 1 January 2023	0.01	1,000,000,000	10,000,000	8,708,098
Issue of new shares under placing (note ii)	0.01	200,000,000	2,000,000	1,719,780
At 31 December 2023 and 1 January 2024	0.01	1,200,000,000	12,000,000	10,427,878
Issue of new shares under placing (note iii)	0.01	80,000,000	800,000	743,050
At 31 December 2024	0.01	1,280,000,000	12,800,000	11,170,928

Notes:

(i) The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) 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)).

(iii) 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$229,000 (equivalent to RMB215,000)).

22. SHARE CAPITAL AND RESERVES (Continued)

(b) Movements in components of reserves

(i) The Group

The movements in components of equity of the Group are set out in the consolidated statement of changes in equity.

(ii) The Company

	Share premium RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
At 1 January 2023	57,425	(54,866)	(449)	2,110
Loss for the year	—	(4,212)	—	(4,212)
Translation differences	—	—	1,287	1,287
Total comprehensive loss for the year	—	(4,212)	1,287	(2,925)
Issue of new shares under placing	25,797	—	—	25,797
Transaction costs attributable to issue of ordinary share	(587)	—	—	(587)
At 31 December 2023 and 1 January 2024	82,635	(59,078)	838	24,395
Loss for the year	—	(3,815)	—	(3,815)
Translation differences	—	—	320	320
Total comprehensive loss for the year	—	(3,815)	320	(3,495)
Issue of new shares under placing	8,174	—	—	8,174
Transaction costs attributable to issue of ordinary share	(215)	—	—	(215)
At 31 December 2024	90,594	(62,893)	1,158	28,859

22. SHARE CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of their respective annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC ("PRC GAAP") to the statutory surplus reserve until the balance of the reserve fund reaches 50% of their respective registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory surplus reserve can be utilised, upon approval by the relevant authorities, to offset against prior years' losses or to increase capital, provided the remaining balance of this reserve is not less than 25% of registered capital prior to the capital increase.

(ii) Share premium

The Company

The amount represents share premium arising from the issuance of new shares at price in excess of the par value of the shares and the difference between the par value of ordinary shares issued by the Company and the net assets value of non-controlling interests of subsidiaries acquired through an exchange of shares in prior years.

The Group

The amount includes (1) the difference between the par value of ordinary shares issued by the Company and the net assets value of non-controlling interests of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation in prior years; and (2) the share premium arising from the issuance of new shares at price in excess of the par value of ordinary shares.

(iii) Other reserve

The amount represents the sum of consideration paid to acquire certain companies pursuant to the reorganisation in prior years. As a result of the acquisition, these companies have become the subsidiaries of the Company. The consideration paid is accounted for as a distribution to the shareholders.

(iv) Translation reserve

Translation reserve comprises all relevant translation differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2(x).

22. SHARE CAPITAL AND RESERVES (Continued)

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic condition. In view of this, the Group will balance its overall capital structure through the payment of dividend, the issue of new shares or the issue of new debt. No changes were made in the objectives or policies for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital on the basis of the adjusted net debt-to-capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including trade and other payables measured at amortised cost and lease liabilities) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

	2024 **RMB'000**	2023 RMB'000
Total debt	**18,015**	17,821
Less: Cash and cash equivalents	**(31,250)**	(49,794)
Net debt	**N/A**	N/A
Total equity	**204,604**	200,648
Total capital	**204,604**	200,648
Adjusted net debt-to-capital ratio	**N/A**	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Trade and other receivables	**129,172**	97,518
Cash and cash equivalents	**31,250**	49,794
Financial assets at amortised cost	**160,422**	147,312
Financial liabilities		
Trade and other payables	**16,962**	16,418
Lease liabilities	**1,053**	1,403
Financial liabilities at amortised cost	**18,015**	17,821

The risks associated with the financial instruments include credit risk, liquidity risk, interest rate risk and currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults.

(i) Trade and other receivables

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 31 December 2024, the Group has certain concentration of credit risk as 64% (2023: 69%) of the total trade receivables was due from the Group's largest trade debtor and 91% (2023: 90%) of the total trade receivables was due from the Group's largest 5 trade debtors. Taking into account the creditworthiness of the Group's customers, the credit risk measures and the historical levels of bad debts, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtor's financial position and condition is performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. The Group does not require collateral in respect of its financial assets.

The Group measures loss allowances for trade receivables individually or at an amount equal to lifetime 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 customer bases consist of the following groups:

Group 1: Customers from the operating segments of: Import and export agency services, Container and stone blocks road freight forwarding services

Group 2: Customers from the operating segments of: Intra-port ancillary services, Intra-port container transportation services

Group 3: Customers from the operating segments of: Trading of building materials and automobile accessories

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

(i) Trade and other receivables (Continued)

Trade receivables *(Continued)*

Trade receivables of RMB56,918,000 (2023: RMB39,344,000) are assessed based on provision matrix within lifetime ECLs.

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables:

	2024			
	ECL rate %	Gross carrying amount RMB	Loss allowance RMB	Net carrying amount RMB
Group 1 customers				
— Current (not past due)	0.55%	4,512	25	4,487
— 1 to 30 days past due	1.22%	409	5	404
— 31 to 90 days past due	3.85%	624	24	600
— 91 to 180 days past due	4.51%	643	29	614
— 181 to 360 days past due	N/A	—	—	—
— Over 360 days past due	100.00%	215	215	—
		6,403	298	6,105
Group 2 customers				
— Current (not past due)	0.57%	14,730	84	14,646
— 1 to 30 days past due	1.10%	17	—	17
— 31 to 90 days past due	N/A	—	—	—
— 91 to 180 days past due	N/A	—	—	—
— 181 to 360 days past due	N/A	—	—	—
— Over 360 days past due	N/A	—	—	—
		14,747	84	14,663
Group 3 customers				
— Current (not past due)	0.57%	12,685	72	12,613
— 1 to 30 days past due	1.12%	5,642	63	5,579
— 31 to 90 days past due	2.74%	2,769	76	2,693
— 91 to 180 days past due	N/A	—	—	—
— 181 to 360 days past due	22.22%	171	38	133
— Over 360 days past due	100.00%	14,501	14,501	—
		35,768	14,750	21,018
Individual impairment assessment	11.58%	95,206	11,027	84,179
	17.20%	152,124	26,159	125,965

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

(i) Trade and other receivables (Continued)

Trade receivables *(Continued)*

	2023			
	ECL rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Group 1 customers				
— Current (not past due)	0.54%	5,910	32	5,878
— 1 to 30 days past due	1.01%	1,185	12	1,173
— 31 to 90 days past due	2.60%	769	20	749
— 91 to 180 days past due	8.70%	46	4	42
— 181 to 360 days past due	N/A	—	—	—
— Over 360 days past due	100.00%	140	140	—
		8,050	208	7,842
Group 2 customers				
— Current (not past due)	0.53%	12,989	69	12,920
— 1 to 30 days past due	1.02%	2,050	21	2,029
— 31 to 90 days past due	N/A	—	—	—
— 91 to 180 days past due	N/A	—	—	—
— 181 to 360 days past due	N/A	—	—	—
— Over 360 days past due	N/A	—	—	—
		15,039	90	14,949
Group 3 customers				
— Current (not past due)	0.69%	291	2	289
— 1 to 30 days past due	0.00%	6	—	6
— 31 to 90 days past due	2.53%	869	22	847
— 91 to 180 days past due	N/A	—	—	—
— 181 to 360 days past due	29.61%	456	135	321
— Over 360 days past due	100.00%	14,633	14,633	—
		16,255	14,792	1,463
Individual impairment assessment	6.36%	74,897	4,766	70,131
		114,241	19,856	94,385

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

(i) Trade and other receivables (Continued)

Trade receivables *(Continued)*

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the year over which the historical data have been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 **RMB'000**	2023 RMB'000
Balance at 1 January	**19,856**	19,175
Impairment losses recognised	**6,693**	2,966
Impairment loss reversed	**(390)**	(2,285)
Balance at 31 December	**26,159**	19,856

The following significant changes in the gross carrying amounts of trade receivables contributed to the change in the loss allowance:

— origination of new trade receivables net of those settled resulted in a increase in loss allowance of RMB384.000 (2023: RMB38,000); and

— identified default in some specific customers resulted in an increase in loss allowance of RMB4,087,000 (2023: RMB474,000).

Other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

(ii) Liquid funds

The credit risk on liquid funds are limited because the counterparties are reputable banks in the PRC or banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table sets out the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2024					2023				
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Carrying amount RMB'000**	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Lease liabilities	**959**	**131**	**—**	**1,090**	**1,053**	769	677	37	1,483	1,403
Trade and other payables	**16,962**	**—**	**—**	**16,962**	**16,962**	16,418	—	—	16,418	16,418
	17,921	**131**	**—**	**18,052**	**18,015**	17,187	677	37	17,901	17,821

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Lease liabilities expose the Group to fair value interest rate risk.

The Group is exposed to cash flow interest rate risk in relation to bank balances due to the fluctuation of the prevailing market rate. The directors of the Company consider that the changes in interest rates of bank balances have no significant impact to the Group due to the low interest rates and short-term maturities and therefore no sensitivity analysis on such risk has been prepared.

(d) Currency risk

The functional currency of the Group's operating subsidiaries is RMB as substantially all the revenue is in RMB. The Group does not expect any significant currency risk arising from its operation as all the commercial transactions from its operation were settled in RMB.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

At 31 December 2024, certain financial assets were exposed to currency risk as follows:

	2024 **RMB'000**	2023 RMB'000
Trade receivables	**12,196**	—
Other payables	**(4)**	—
Cash and cash equivalents	**3,623**	979
Net financial assets exposed to foreign currency risk	**15,815**	979

The Group's financial assets exposed to currency risk were primarily denominated in Hong Kong dollars and United States dollars as follows:

	2024 **RMB'000**	2023 RMB'000
Dominated in Hong Kong dollars	**709**	36
Dominated in US dollars	**15,045**	943
Dominated in Peruvian Sol (PEN)	**61**	—

Should RMB at the end of each reporting period fluctuate by 10% against all the foreign currencies, the carrying amount of the Group's net financial assets exposed to currency risk at the end of each reporting period determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would increase/decrease as summarised below:

	2024 **RMB'000**	2023 RMB'000
Increase/(decrease) in profit after tax and retained profits if:		
Hong Kong Dollars		
— Increase 10% exchange rate	**59**	3
— Decrease 10% exchange rate	**(59)**	(3)
US dollars		
— Increase 10% exchange rate	**1,098**	71
— Decrease 10% exchange rate	**(1,098)**	(71)
Peruvian Sol (PEN)		
— Increase 10% exchange rate	**4**	—
— Decrease 10% exchange rate	**(4)**	—

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit or loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates has been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values at 31 December 2024 and 2023.

24. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group has entered into the following transactions:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 is as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term employee benefits and bonuses	**1,785**	1,572
Post-employment benefits	**190**	72
	1,975	1,644

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2024** **RMB'000**	2023 RMB'000
Non-current assets			
Investments in subsidiaries		**26,190**	26,175
Property, plant and equipment		**358**	86
Deferred tax assets		**—**	1
		26,548	26,262
Current assets			
Amounts due from subsidiaries		**23,591**	11,045
Prepayments and deposits		**1,532**	3,650
Cash and cash equivalents		**3,419**	7,670
		28,542	22,365
Current liabilities			
Accruals and other payables		**2,329**	1,837
Amount due to a subsidiary		**12,367**	11,877
Lease liabilities		**275**	90
		14,971	13,804
Net current assets		**13,571**	8,561
Total asset less amount liabilities		**40,119**	34,823
Non-current liabilities			
Lease liabilities		**89**	—
		89	—
Net assets		**40,030**	34,823
Capital and reserves			
Share capital	22(a)	**11,171**	10,428
Reserves	22(b)	**28,414**	24,395
Total equity attributable to equity shareholders of the Company		**40,030**	34,823

26. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions and the Group's contributions are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

27. IMMEDIATE PARENT, ULTIMATE HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors consider the immediate parent as well as the ultimate holding company of the Group to be Glory Fame Venture Limited, which is incorporated in the BVI with limited liability. This entity does not produce financial statements available for public use. The directors consider the ultimate controlling party is Mr. Cheng Youguo.

28. POSSIBLE IMPACT OF AMENDMENTS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Annual Improvements to HKFRS Accounting Standards 2024 – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out below:

RESULTS

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	197,773	288,682	237,273	175,556	**232,677**
Profit Before Taxation	22,589	21,387	16,533	17,605	**1,595**
Income Tax Expense	(7,956)	(10,972)	(6,449)	(7,084)	**(6,419)**
(Loss)/profit for the Year	14,633	10,415	10,084	10,521	**(4,893)**

ASSETS AND LIABILITIES

	At 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total Assets	181,466	185,134	192,355	221,860	**225,785**
Total Liabilities	(41,747)	(33,777)	(30,804)	(21,212)	**(21,181)**
Net Assets	139,719	151,357	161,551	200,648	**204,604**