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XIANGXING INTERNATIONAL HOLDING LIMITED

象興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8157)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Xiangxing International Holding Limited (the “Company”) and its subsidiaries (collectively, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board (the “Board”) of Directors (the “Directors”) of XiangXing International Holding Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 (the “Period”), together with the comparative figures for the corresponding period in 2016 as follows.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	
Revenue	80,240	48,270	66.2%
Gross profit	23,344	14,762	58.1%
Listing expenses	(8,154)	(5,014)	62.6%
Profit for the Period	2,059	(165)	N/A
Profit for the Period (Excluding listing expenses)	10,213	4,849	110.6%

The Group’s revenue for the Period amounted to approximately RMB80,240,000 representing an increase of 66.2% as compared with the corresponding period in previous year.

Gross profit for the Period has increased 58.1% to approximately RMB23,344,000.

The Group has successfully listed on the GEM of the Hong Kong Stock Exchange on 7 July 2017 and approximately RMB8,154,000 has been accounted as listing expense during the Period.

Profit for the Period was approximately RMB2,059,000 and, if listing expenses incurred for the preparation of the listing were excluded, the profit for the Period would be RMB10,213,000, representing an increase of 110.6% as compared with the corresponding period in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Founded in 1999, the Group is a one-stop services provider of the Intra-Port Services and the Logistics Services. The Intra-Port Services consist of (i) intra-port ancillary services and (ii) intra-port container transportation services. The Group carries out our Intra-Port Services through Xiangxing Terminal in Haitian Port in the Dongdu port area, and Yuanhai Port and Tongda Port in the Haicang port area in Xiamen. The Logistics Services of the Group consist of (i) import and export agency services, with a special focus on the import of Reusable Solid Waste; and (ii) container road freight forwarding services in Xiamen and its economic hinterland.

Due to the overall favorable market environment and the prominent performance of Yuanhai Port in Xiamen, where the Group provided the services, the Group achieved high financial performance for the six months ended 30 June 2017 with new record high revenue. Meanwhile, the Group maintained a healthy financial position for not incurring any loan during the Period. The Group listed successfully on the GEM of the Hong Kong Stock Exchange on 7 July 2017. With the net proceeds of approximately HK\$40.2 million raised from the Public Offer, the capital base of the Group has been further enhanced. In addition, the Directors consider that listing on the GEM will enhance the Group's image in the industry, which will facilitate the Group's future development and strengthen the competitiveness of the Group in its industry segments.

Future Plans

As disclosed in the Prospectus, the Group intends to acquire suitable land in Haicang port area in Xiamen for developing the new empty container stacking yard and invest in container-related handling equipment to replace the relevant existing equipments which are operating beyond their estimated life span and to assist in the expansion of the Group's business. In respect of acquiring land for the purpose of new stacking yard, the Group has submitted the Land Purchase Application Report on 19 July 2017 to the Administrative Committee of Investment Zone for Taiwan Businessmen in Haicang, Xiamen as well as the People's Government of Haicang, Xiamen, which is pending for the approval from relevant authorities. The Group is in the progress of acquiring container tractors to replace old equipment and replenish new equipment, in order to strengthen the Group's service capacity.

FINANCIAL OVERVIEW

Revenue

For the six months ended 30 June 2017, the Group's revenue amounted to approximately RMB80,240,000, representing an increase of approximately 66.23% from approximately RMB48,270,000 for the six months ended 30 June 2016.

In respect of the Group's operation volume for the six months ended 30 June 2017:

- (i) the Group handled approximately 1,175,935 TEUs (Note) and approximately 1,172,704 tonnes general cargo (for the six months ended 30 June 2016: approximately 843,687 TEUs and approximately 1,066,190 tonnes general cargo) for the intra-port ancillary services, representing an increase of 39.4% and 9.9%, respectively;
- (ii) approximately 1,229,190 TEUs (for the six months ended 30 June 2016: approximately 942,293 TEUs) for the intra-port container transportation services, representing an increase of 30.4%;
- (iii) approximately 7,356 containers (for the six months ended 30 June 2016: approximately 6,581 containers) for the import and export agency services, representing an increase of 11.8%; and
- (iv) approximately 11,742 containers (for the six months ended 30 June 2016: approximately 8,602 containers) for the container road freight forwarding services, representing an increase of 36.5%.

Note: twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet and six inches and width of eight feet ("TEU")

The revenue from intra-port ancillary services increased from approximately RMB11,193,000 for the six months ended 30 June 2016 to approximately RMB15,274,000 for the six months ended 30 June 2017, representing an increase of approximately 36.5%. Our revenue from intra-port container transportation services increased from approximately RMB15,372,000 for the six months ended 30 June 2016 to approximately RMB20,985,000 for the six months ended 30 June 2017, representing an increase of approximately 36.5%. The increase of revenue from intra-port related services was mainly due to:

- (i) the recovery of foreign trade and the overall growth of import and export volume, resulting an increase of throughput;

- (ii) following the merger of China Ocean Shipping (Group) Company and China Shipping (Group) Limited in February 2016 to form the China COSCO Shipping Corporation Limited (“China COSCO Shipping”), an increase in use of the facilities by vessels of the newly merged shipping group at Yuanhai port where the Group provides services; and
- (iii) with the gradual implementation of the memorandum of cooperation on a number of routes, the “Ocean Alliance” in April 2016 formed by four shipping companies, namely, China COSCO Shipping, CMA CGM Group, Evergreen Line and Orient Overseas Container Line began to use the facilities at Yuanhai port where the Group provides services more frequently since April 2017.

The revenue from import and export agency services increased from approximately RMB15,679,000 for the six months ended 30 June 2016 to approximately RMB34,070,000 for the six months ended 30 June 2017, representing an increase of approximately 117.3%. Our revenue from container road freight forwarding services increased from approximately RMB6,026,000 for the six months ended 30 June 2016 to approximately RMB9,911,000 for the six months ended 30 June 2017, representing an increase of approximately 64.5%. The increase of revenue from logistics related services was mainly due to:

- (i) the recovery of foreign trade and the overall growth of import and export volume;
- (ii) the “Guo Men Li Jian 2017” initiative implemented by the General Administration of Customs since March 2017, which focused on the inspection of imported solid waste, increased the operating costs of the imported solid waste that the Group acting as an agent, and in return, customers of the Group were charged “operating surcharges”;
- (iii) the increase in imported solid waste volume, the extension of clearance time and higher container demurrage charges caused by certain customers; and
- (iv) more export cargos of Hengan Group Co., Limited were arranged to be carried by the Group.

Staff Costs

Staff costs mainly include salaries, wages and other staff benefits. For the six months ended 30 June 2017, the Group’s staff cost was approximately RMB21,458,000 (for the six months ended 30 June 2016: approximately RMB17,339,000). As at 30 June 2017, the Group had 728 employees (30 June 2016: 603 employees).

Administrative Expenses

Administrative expenses mainly include consumables costs, depreciation and auditors' remuneration. For the six months ended 30 June 2017, the Group's administrative expenses amounted to approximately RMB7,761,000 (for the six months ended 30 June 2016: approximately RMB6,416,000).

Listing Expenses

The listing expenses are non-recurring expenses. For the six months ended 30 June 2017, the Group's listing expenses were approximately RMB8,154,000 (for the six months ended 30 June 2016: approximately RMB5,014,000).

Taxation

Under the current laws of the Cayman Islands and the BVI, the Group is not subject to income tax or capital gains tax in the Cayman Islands and the BVI. Additionally, dividend payments made by the Group are not subject to withholding tax in the Cayman Islands or the BVI.

No Hong Kong profits tax has been provided for as our Group did not have any assessable profit in Hong Kong for the Period.

Under the Law of 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 the six months ended 30 June 2017, income tax expense was approximately RMB3,894,000 (for the six months ended 30 June 2016: approximately RMB1,975,000).

Profit for the Period

For the six months ended 30 June 2017, the Group's profit for the Period was approximately RMB2,059,000 (for the six months ended 30 June 2016: loss of approximately RMB165,000), which was mainly attributable to the listing expenses of approximately RMB8,154,000 (for the six months ended 30 June 2016: approximately RMB5,014,000) charged to the Group's profit and loss accounts.

Liquidity and Financial Resources

The operation of the Group is mainly financed by the cash generated from its self-owned business operations. As at 30 June 2017, the net current assets of the Group amounted to approximately RMB13,600,000 (31 December 2016: approximately RMB16,203,000) and cash and cash equivalents as at 30 June 2017 amounted to approximately RMB3,181,000 (31 December 2016: approximately RMB8,608,000). The Group was successfully listed on 7 July 2017 and the net proceeds from the Public Offer amounted to approximately HK\$40.2 million, which further strengthened the Group's capital base.

As at 30 June 2017, the Group did not have bank loans (31 December 2016: 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 30 June 2017, the Group did not have any significant capital commitments (31 December 2016: approximately RMB1,569,000).

Subsequent Events

The Group was successfully listed on the Growth Enterprise Market of the Hong Kong Stock Exchange on 7 July 2017 and issued 250 million new shares of the Company of HK\$0.01 each at the Offer Price of HK\$0.22 per Share pursuant to the Public Offer. The net proceeds from the Public Offer amounted to approximately HK\$40.2 million.

Capital Structure

The Company's capital structure remained unchanged after the successful listing of the Company's shares on 7 July 2017. The capital structure of the Group is comprised of equity interest attributable to the owners of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Group. As part of the review, the Directors consider the cost of capital and the associated risks of various types of capital.

Material Acquisitions and Disposals

Pursuant to the Reorganisation, our Company became the holding company of the Group after Reorganisation. The details of the Reorganisation are set out in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in the prospectus.

Save as aforesaid, during the six months ended 30 June 2017, the Group did not have any material acquisitions or disposals of subsidiaries.

Employees and Remuneration Policy

As at 30 June 2017, the Group employed 728 (30 June 2016: 603) employees. Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences.

Use of Proceeds

As set out in the prospectus, the net proceeds from the Company’s issue of 250 million new shares at the placing price of HK\$0.22 per share, by way of Public Offer, at the time of the Listing, after deducting the underwriting fees and other expenses borne by our Company, were approximately HK\$40.2 million. The Directors intend to apply such net proceeds as follows:

- (i) approximately 88.1% of the total estimated net proceeds (or approximately HK\$35.4 million) will be applied for the development of an empty container stacking yard; and
- (ii) approximately 11.9% of the total estimated net proceeds (or approximately HK\$4.8 million) will be applied for investing in container-related handling equipment.

As at the date of this report, the Directors do not anticipate any change to the plan as to use of proceeds.

Charges on the Group’s Assets and Contingent Liabilities

As at 30 June 2017, there were no charges on the Group’s assets and the Group did not have any contingent liabilities.

PROSPECTS

The Directors believe that all the Group's existing businesses in general will maintain a stable momentum in the second half of this year as compared with the first half of this year. Meanwhile, the throughput of Yuanhai Port served by the Group will maintain a relatively high growth as compared with the corresponding period of last year, substantially contributing to the revenue of the Group's intra-port ancillary services and intra-port container transportation services. In addition, given the increasing outer-port empty container transportation demand in Haicang port area, the Group has decided to tap into the outer-port empty container transportation business, i.e. transporting empty containers from the port to empty container stacking yards in September this year. It is anticipated that such business will over time generate substantial revenue for the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the six months ended 30 June 2017)

	Note	Three months ended 30 June		Six months ended 30 June	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	4	49,370	26,098	80,240	48,270
Cost of services		<u>(35,602)</u>	<u>(18,091)</u>	<u>(56,896)</u>	<u>(33,508)</u>
Gross profit		13,768	8,007	23,344	14,762
Other income	4	148	296	223	354
Other operating expenses		(914)	(910)	(1,699)	(1,876)
Administrative expenses		(4,370)	(3,216)	(7,761)	(6,416)
Listing expenses		<u>(5,748)</u>	<u>(3,500)</u>	<u>(8,154)</u>	<u>(5,014)</u>
Profit before taxation	5	2,884	677	5,953	1,810
Income tax	6	<u>(2,504)</u>	<u>(1,141)</u>	<u>(3,894)</u>	<u>(1,975)</u>
Profit/(loss) for the period		380	(464)	2,059	(165)
Other comprehensive income and loss:					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of operations outside the People's Republic of China ("PRC")		12	(679)	202	(314)
Total comprehensive income/(loss) for the period		<u>392</u>	<u>(1,143)</u>	<u>2,261</u>	<u>(479)</u>

		Three months ended		Six months ended	
		30 June		30 June	
		2017	2016	2017	2016
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) for the period					
attributable to:					
	Owners of the Company	380	(1,581)	2,059	(1,282)
	Non-controlling interests	—	1,117	—	1,117
		<u>380</u>	<u>(464)</u>	<u>2,059</u>	<u>(165)</u>
Total comprehensive					
income/(loss) for the period					
attributable to:					
	Owners of the Company	392	(2,260)	2,261	(1,596)
	Non-controlling interests	—	1,117	—	1,117
		<u>392</u>	<u>(1,143)</u>	<u>2,261</u>	<u>(479)</u>
Earnings/(loss) per share:					
	Basic and diluted (RMB cents)	0.05	(0.21)	0.27	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2017)

		At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
Non-current assets			
Property, plant and equipment		22,476	17,612
Current assets			
Trade and other receivables	9	31,633	23,101
Consumables		309	408
Cash and cash equivalents		3,181	8,608
		<u>35,123</u>	<u>32,117</u>
Current liabilities			
Trade and other payables	10	15,206	9,552
Amounts due to a related company		—	3
Amount due to a director		—	135
Amount due to a related party		3,874	4,509
Income tax payable		2,443	1,715
		<u>(21,523)</u>	<u>(15,914)</u>
Net current assets		<u>13,600</u>	16,203
Net assets		<u><u>36,076</u></u>	<u><u>33,815</u></u>
Capital and reserves			
Capital	11	85	85
Reserves		35,991	33,730
Total equity attributable to owners of the Company		<u><u>36,076</u></u>	<u><u>33,815</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(For the six months ended 30 June 2017)

	Reserves							Non-controlling interests	Total
	Capital	Statutory surplus reserve	Share premium	Other reserve	Retained profits	Translation reserve	Total reserves		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2016 (audited)	8	4,137	—	(3,492)	4,368	(95)	4,918	9,284	14,210
Loss and total comprehensive expense for the period	—	—	—	—	(1,282)	—	(1,282)	1,117	(165)
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	(314)	(314)	—	(314)
Total comprehensive loss for the period	—	—	—	—	(1,282)	(314)	(1,596)	1,117	(479)
Appropriation to statutory surplus reserve	—	929	—	—	(929)	—	—	—	—
Acquisition of interests in subsidiaries from non-controlling interests upon group reorganisation (note a)	26	—	10,375	—	—	—	10,375	(10,401)	—
Issuance of shares (note b)	51	—	15,098	—	—	—	15,098	—	15,149
At 30 June 2016 (unaudited)	<u>85</u>	<u>5,066</u>	<u>25,473</u>	<u>(3,492)</u>	<u>2,157</u>	<u>(409)</u>	<u>28,795</u>	<u>—</u>	<u>28,880</u>
At 1 January 2017 (audited)	85	5,095	25,473	(3,492)	7,481	(827)	33,730	—	33,815
Profit and total comprehensive income for the period	—	—	—	—	2,059	—	2,059	—	2,059
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	202	202	—	202
Total comprehensive income for the period	—	—	—	—	2,059	202	2,261	—	2,261
Appropriation to statutory surplus reserve	—	377	—	—	(377)	—	—	—	—
At 30 June 2017 (unaudited)	<u>85</u>	<u>5,472</u>	<u>25,473</u>	<u>(3,492)</u>	<u>9,163</u>	<u>(625)</u>	<u>35,991</u>	<u>—</u>	<u>36,076</u>

Note a: The amount represents 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 Reorganisation.

Note b: The amount represents the share premium arising from the issuance of new shares at price in excess of the par value of ordinary shares.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(For the six months ended 30 June 2017)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Market of the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 14 August 2017.

The preparation of an interim financial report has been prepared in accordance with the same accounting policies adopted in the financial report of the Group for three years ended 31 December 2016 included in accountants’ report for inclusion in the prospectus of the Company dated 27 June 2017, excepted for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial report has been prepared on the historical cost basis.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the group. None of these developments has had a material effect on how the group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following update about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group’s consolidated financial statements.

HKFRS 16, Leases

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to shortterm leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. At 30 June 2017 the Group’s future minimum lease payments under non-cancellable operating leases amount to RMB9,215,000 for properties, the majority of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt HKFRS 16 in its 2018 consolidated financial statements.

3. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment and focus on type of services performed. The directors regularly review revenue and results analysis by (i) import and export agency services; (ii) container road freight forwarding services; (iii) intra-port ancillary services; and (iv) intra-port container transportation services.

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.

Information regarding the above segments is reported as below.

(a) Segment revenue and results

For the six months ended 30 June 2017 (unaudited)

	Import and export agency services <i>RMB'000</i>	Container road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Segments total <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue						
External income	34,070	9,911	15,274	20,985	80,240	80,240
Results						
Segment results	7,648	1,280	6,522	7,894	23,344	23,344
Other income						223
Other operating expenses						(1,699)
Administrative expenses						(7,761)
Listing expenses						(8,154)
Profit before taxation						5,953

For the six months ended 30 June 2016 (unaudited)

	Import and export agency services <i>RMB'000</i>	Container road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Segments total <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue						
External income	15,679	6,026	11,193	15,372	48,270	48,270
Results						
Segment results	3,798	1,540	3,964	5,460	14,762	14,762
Other income						354
Other operating expenses						(1,876)
Administrative expenses						(6,416)
Listing expenses						(5,014)
Profit before taxation						1,810

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents profit earned from each segment without allocation of other income, other operating expenses, administrative expenses, listing expenses and finance costs. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

(b) Other segment information

For the six months ended 30 June 2017 (unaudited)

	Import and export agency services <i>RMB'000</i>	Container road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Addition to non-current assets	—	2,706	—	3,626	336	6,668
Depreciation	—	(703)	—	(761)	(340)	(1,804)

For the six months ended 30 June 2016 (unaudited)

	Import and export agency services <i>RMB'000</i>	Container road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Addition to non-current assets	—	—	—	114	55	169
Depreciation	—	(608)	—	(733)	(318)	(1,659)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(c) Major customers

	Six months ended 30 June	
	2017 <i>RMB'000</i> (Unaudited)	2016 <i>RMB'000</i> (Unaudited)
Customer A (<i>note i</i>)	21,460	12,330
Customer B (<i>note i</i>)	12,110	10,472
Customer C (<i>note ii</i>)	19,560	10,949
	<u> </u>	<u> </u>

(i) Revenue from intra-port ancillary services and intra-port container transportation services

(ii) Revenue from import and export agency services and container road freight forwarding services

Revenues from each of the above customers A to C accounted for 10 percent or more of the Group's revenue for the six months ended 30 June 2017 and 30 June 2016 respectively.

(d) **Geographical information**

An analysis of the Group's revenue from external customers and non-current assets by geographical location has not been presented as the Group's operating activities are all carried out in the PRC. An analysis of the Group's financial performance of its operating activities carried out in the PRC is as follows:

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	80,240	48,270
Cost of services	(56,896)	(33,508)
Gross profit	23,344	14,762
Other income	223	354
Other operating expenses	(1,699)	(1,876)
Administrative expenses	(6,617)	(5,414)
Profit from operations	15,251	7,826
Finance costs	—	—
Profit before taxation from operating activities in the PRC	15,251	7,826

Reconciliation between profit before taxation from operating activities in the PRC and profit before taxation in the consolidated statements of profit and loss and other comprehensive income

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit before taxation from operating activities in the PRC	15,251	7,826
Administrative expenses outside the PRC	(1,144)	(1,002)
Listing expenses	(8,154)	(5,014)
Profit before taxation	5,953	1,810

4. REVENUE

Revenue of the Group consist of the followings:

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Revenue:				
Import and export agency services income	23,380	8,631	34,070	15,679
Container road freight forwarding services income	5,090	3,474	9,911	6,026
Intra-port ancillary services income	8,798	6,022	15,274	11,193
Intra-port container transportation services income	12,102	7,971	20,985	15,372
	<u>49,370</u>	<u>26,098</u>	<u>80,240</u>	<u>48,270</u>
Other income:				
Bank interest income	2	16	7	18
Government grants	104	223	104	104
Rental income	42	57	77	108
Sundry income	—	—	35	124
	<u>148</u>	<u>296</u>	<u>223</u>	<u>354</u>

5. PROFIT BEFORE TAXATION

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

(a) Staff costs (including directors' emoluments)

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Salaries, wages and other benefits	10,734	8,181	19,290	15,415
Pension insurance	527	447	968	847
Other social insurances	475	482	890	976
Staff welfare	166	78	310	101
	<u>11,902</u>	<u>9,188</u>	<u>21,458</u>	<u>17,339</u>

(b) Other items

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Auditor's remuneration	837	266	996	690
Cost of consumables	2,624	1,973	5,097	3,703
Depreciation	944	807	1,804	1,659
Listing expenses	5,748	3,500	8,154	5,014
Operating lease charges for premises	830	830	1,630	1,618
Net exchange loss	3	—	3	2

6. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
PRC Enterprise Income Tax (the "EIT")	2,504	1,141	3,894	1,975

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the members domiciled and operate.

No provision for Hong Kong profits tax had been made in the financial statements as the Group did not have assessable profits arising in Hong Kong during the periods.

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25%.

Pursuant to rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The Group had no significant unprovided deferred tax at the end of each period.

b) Diluted Earnings/(loss) Per Share

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

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
Trade receivables (<i>note a</i>)	24,516	17,205
Less: Allowance for doubtful debts	—	—
	<hr/>	<hr/>
	24,516	17,205
Deposits	1,349	1,217
Prepayments	4,848	3,915
Other receivables	741	433
Other tax recoverable	179	331
	<hr/>	<hr/>
	31,633	23,101
	<hr/> <hr/>	<hr/> <hr/>

Note:

a) The aging analysis of trade receivables based on the date of service rendered is as follows:

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
0 - 30 days	13,374	11,077
31 - 60 days	10,183	3,910
61 - 90 days	674	2,135
Over 90 days	285	83
	<hr/>	<hr/>
	24,516	17,205
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
Trade payables (<i>note a</i>)	5,117	4,101
Accruals and other payables	6,075	1,973
Salary payables	3,944	2,902
	<hr/>	<hr/>
Financial liabilities measured at amortised costs	15,136	8,976
Other tax payables	—	559
Receipt in advance	70	17
	<hr/>	<hr/>
	15,206	9,552
	<hr/> <hr/>	<hr/> <hr/>

Note:

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

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
0 - 60 days	4,904	4,071
61 - 90 days	185	10
91 - 180 days	17	10
Over 180 days	11	10
	<hr/>	<hr/>
	5,117	4,101
	<hr/> <hr/>	<hr/> <hr/>

11. SHARE CAPITAL

Details of movement of share capital of the Company are as follows:

	Number of shares	Share capital <i>HK\$</i>
Authorised ordinary shares		
At 1 January 2016	10,000	10,000
Sub-division of authorised shares at par value of HK\$0.01 each on 23 May 2016	990,000	—
Increase of authorised shares at par value of HK\$0.01 each on 23 May 2016	29,000,000	290,000
	<hr/>	<hr/>
At 30 June 2016, 1 July 2016, 31 December 2016 and 1 January 2017	30,000,000	300,000
Increase in authorised shares (<i>note 1</i>)	3,970,000,000	39,700,000
	<hr/>	<hr/>
At 30 June 2017 (unaudited)	4,000,000,000	40,000,000
	<hr/> <hr/>	<hr/> <hr/>

Note:

1. On 13 February 2017, the authorised share capital of the Company was increased from HK\$300,000 divided into 30,000,000 ordinary shares to HK\$40,000,000 divided into 4,000,000,000 ordinary shares by the creation of additional 3,970,000,000 new ordinary shares which shall, when issued and paid, rank pari passu in all respects with the then existing issued shares.

	Number of shares	Amount <i>HK\$</i>	Amount <i>RMB</i>
Issued and fully paid			
At 1 January 2016	10,000	10,000	8,229
Sub-division of shares at par value of HK\$0.01 each on 23 May 2016	990,000	—	—
Issue of new ordinary shares at par value of HK\$0.01 each on 25 May 2016	3,000,000	30,000	25,706
Issue of new ordinary shares at par value of HK\$0.01 each on 25 May 2016	6,000,000	60,000	51,411
	<u>10,000,000</u>	<u>100,000</u>	<u>85,346</u>
At 30 June 2016, 1 July 2016, 31 December 2016, 1 January 2017 and 30 June 2017 (at par value of HK\$0.01 each)	<u>10,000,000</u>	<u>100,000</u>	<u>85,346</u>

12. EVENT AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 30 June 2017:

a) Capitalisation issue

Pursuant to the written resolutions passed by the shareholders of the Company, the directors of the Company were authorised to allot and issue of the ordinary shares under the placing up to HK\$7,400,000 standing to the credit of the share premium account of the Company was capitalised and applied to pay full at par 740,000,000 ordinary shares for allotment and issue to the shareholders of the Company. The capitalisation issue was completed on 7 July 2017.

b) Public offer

The shares of the Company have been listed on the Growth Enterprise Market of the Stock Exchange by the way of public offer on 7 July 2017. 250,000,000 shares offered by selling shareholders of HK\$0.01 each of the Company were issued at a Offer Price of HK\$0.22 per share.

EXTRACT OF THE REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Set out below is an extract of the Report of Condensed Consolidated Financial Statements from Crowe Horwath (HK) CPA Limited on the Group's interim financial report for the six months ended 30 June 2017:

“Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with HKAS 34, “Interim Financial Reporting”.

Other Matter

Without qualifying our review conclusion, we draw attention to the fact that the comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2016 and the consolidated statements of profit or loss and other comprehensive income for each of the three-month periods ended 30 June 2017 and 2016 and the relevant explanatory notes included in these consolidated financial statements have not been reviewed in accordance with HKSRE 2410.”

OTHER INFORMATION

Interim Dividend

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2017.

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of shares of the Company.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors as of the date of this announcement.

Directors' and Chief Executives' Interests in Shares

As at the date of this announcement, the following Directors and chief executives and their associates have interest or short positions in the shares and underlying shares of the Company or its any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange of Hong Kong Limited:

Long Positions of the Shares as at the Date of this Announcement

Substantial Director	Capacity/Nature of interest	Number of Shares held	Percentage of interests in our Company
Mr. Cheng Youguo (<i>Note 1</i>)	Interest in a controlled corporation	562,500,000 Shares	56.25%

Notes:

1. 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, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which would fall to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at the date of this announcement, the interests and short positions of substantial shareholders and other persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which would fall to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions of the Shares as at the Date of this Announcement

Substantial Shareholder	Capacity/Nature of interest	Number of Shares held	Percentage of interests in our Company
Glory Fame Venture Limited (Note 1)	Beneficial owner	562,500,000 Shares	56.25%
Ms. Huang Meili (Note 2)	Interest of spouse	562,500,000 Shares	56.25%
Great Ploy Investment Limited (Note 3)	Beneficial owner	187,500,000 Shares	18.75%
Mr. Chen Qishi (Note 3)	Interest in a controlled corporation	187,500,000 Shares	18.75%
Ms. Chen Manhong (Note 4)	Interest of spouse	187,500,000 Shares	18.75%

Notes:

1. Glory Fame Venture Limited is wholly owned by Mr. Cheng Youguo.
2. Ms. Huang Meil 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.
3. Shares in which Mr. Chen Qishi is interested consist of 187,500,000 Shares held by Great Ploy Investment Limited, a company wholly owned by Mr. Chen, in which Mr. Chen is deemed to be interested under the SFO.
4. Ms. Chen Manhong is the spouse of Mr. Chen Qishi. Under the SFO, Ms. Chen is deemed to be interested in 187,500,000 Shares in which Mr. Chen is interested.

Save as disclosed herein, our Directors are not aware of any person who, as at the date of this announcement, have an interest or short position in the Shares or underlying Shares which fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

As of the date of this announcement, the Company or any of its subsidiaries had not entered into any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 30 June 2017.

COMPETING INTERESTS

For the six months ended 30 June 2017, the Directors are not aware of any business or interest of each Director, controlling shareholder, management shareholder and their respective associates (as defined in GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

COMPLIANCE WITH PRACTICES ON CORPORATE GOVERNANCE CODE

The Directors consider that up to the date of this announcement, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited (“CCIC”) as the compliance adviser. CCIC, being the sponsor to the listing of the Company, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as provided for under the underwriting agreement relating to the share offer, neither CCIC nor any of its associates and none of the directors or employees of CCIC who have been involved in providing advice to the Company as the sponsor, as a result of the share offer, had or have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

The appointment of compliance adviser is for a period commencing on the listing date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after the listing date, i.e. for the year ending 30 December 2019, or until the compliance adviser agreement is terminated, whichever is earlier.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee (“Audit Committee”), which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management structure is in place within the Company, including internal controls and risk management to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial factors such as the benchmarking of key operational performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a structure of internal controls and risk management and ethical standards for the Group’s management to the Audit Committee. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Cheng Siu Shan, Mr. Ho Kee Cheung and Mr. Hu Hanpi. Mr. Cheng Siu Shan is the chairman of the Audit Committee. The Audit Committee has reviewed and discussed with the management about the unaudited financial statements for the Period of the Group. Crowe Horwath (HK) CPA Limited, the auditor of the Company, has reviewed the unaudited interim results for the Period of the Group, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

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

Hong Kong, 14 August 2017

As at the date of this announcement, the Executive Directors are Mr. Cheng Youguo and Mr. Qiu Changwu; and the Independent Non-executive Directors are Mr. Ho Kee Cheung, Mr. Cheng Siu Shan and Mr. Hu Hanpi.

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk and on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.xxlt.com.cn.