



**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

**2018**  
**THIRD QUARTERLY**  
**REPORT**



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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the board (the “**Board**”) of Directors (the “**Directors**”) of XiangXing International Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.*

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# Management Discussion and Analysis

## Management Discussion and Analysis

### Overview

Founded in 1999, the Company and its subsidiaries (collectively the “**Group**”) is a one-stop services provider of the intra-port services and the logistics services. The Group’s intra-port services consist of (i) intra-port ancillary services and (ii) intra-port container transportation services. The Group carries out intra-port services through Yuanhai Port and Tongda Port in the Haicang port area, as well as Haitian Port in the Dongdu port area, all located 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.

The Group has benefited from the tightening of regulations enforced by the port regulatory authority with regards to supervision of the import of reusable solid wastes, which has effectively forced those non-compliant competitors to exit from the market. The business volume of the Group’s intra-port and logistics services for the nine months ended 30 September 2018 has increased significantly.

### Future Plans

As disclosed in the prospectus of the Company dated 27 June 2017 (the “**Prospectus**”), the Group intends to acquire a suitable piece of land in Haicang port area in Xiamen for developing its proposed new empty container stacking yard and invest 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.

In respect of the land acquisition, the Group has taken the following actions:

- 1) submitting a 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 has been approved to be transferred to the Bureau of Communications of Haicang, Xiamen for the coordination process;
- 2) submitting a feasibility study report of the land purchase project and a revised version of the same to the relevant authorities on 4 December 2017 and 20 December 2017 respectively;
- 3) further submitting an explanatory report regarding the land purchase application to the relevant authorities on 24 February 2018;
- 4) submitting written feedback about the land purchase application status to the Federation of Industry and Commerce of the Haicang District on 4 July 2018, in an attempt to seek assistance to coordinate and support from the Federation of Industry and Commerce; and

# Management Discussion and Analysis

- 5) a special meeting was convened by the government of Haicang District on 20 September 2018 together with the relevant authorities and the Group to study the matter of land supply to the Group. The government of Haicang District has expressed its continual support for the Group to purchase a piece of land. The Group will maintain active dialogue with the government in relation to the land purchase matter.

In respect of the investment in container-related handling equipment, the Group has in the eighteen months up to 30 September 2018 already invested in total approximately RMB20,550,000 to purchase container tractors and container semi-trailers, for the purpose of increasing productivity and strengthening the Group's service assurance capacity; of which, approximately RMB9,240,000 was invested for the intra-port services and approximately RMB11,315,000 was invested for the logistics services.


## FINANCIAL OVERVIEW

### Revenue

For the nine months ended 30 September 2018 (the "Period"), the Group's revenue amounted to approximately RMB197,078,000, representing an increase of approximately 63.9% from approximately RMB120,263,000 for the nine months ended 30 September 2017.

In respect of the Group's operation volume for the nine months ended 30 September 2018:

- (i) the Group handled approximately 2,412,640 TEUs (Note) and approximately 1,529,540 tonnes general cargo (for the nine months ended 30 September 2017: approximately 1,903,908 TEUs and approximately 1,711,741 tonnes general cargo) for the intra-port ancillary services, representing an increase of approximately 26.7% and a decrease of approximately 10.6%, respectively;
- (ii) approximately 2,472,095 TEUs (for the nine months ended 30 September 2017: approximately 1,999,127 TEUs) for the intra-port container transportation services, representing an increase of approximately 23.7%;
- (iii) approximately 16,025 containers (for the nine months ended 30 September 2017: approximately 11,679 containers) for the import and export agency services, representing an increase of approximately 37.2%; and

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- (iv) approximately 101,161 containers for the container road freight forwarding services, of which 20,533 were loaded containers (for the nine months ended 30 September 2017: approximately 17,751 loaded containers) representing an increase of approximately 15.7% and 80,628 were empty containers, whereas the Group's empty container business had not yet been commenced in the corresponding period last year.

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

Revenue from the Group's intra-port ancillary services increased from approximately RMB25,441,000 for the nine months ended 30 September 2017 to approximately RMB32,485,000 for the nine months ended 30 September 2018, representing an increase of approximately 27.7%. Our revenue from intra-port container transportation services increased from approximately RMB34,445,000 for the nine months ended 30 September 2017 to approximately RMB44,529,000 for the nine months ended 30 September 2018, representing an increase of approximately 29.3%. The increase in the Group's revenue derived from intra-port related services was mainly due to the large increase in throughput in Yuanhai port where the Group provides services.

Revenue from the Group's import and export agency services increased from approximately RMB45,552,000 for the nine months ended 30 September 2017 to approximately RMB98,333,000 for the nine months ended 30 September 2018, representing an increase of approximately 115.9%. Our revenue from container road freight forwarding services increased from approximately RMB14,825,000 for the nine months ended 30 September 2017 to approximately RMB17,937,000 for the nine months ended 30 September 2018, representing an increase of approximately 21.0%. The overall increase in revenue from the Group's logistics related services was mainly due to:

- (i) the number of imported reusable solid wastes handled by the Group since June 2018 has increased significantly as compared to the corresponding period last year; and
- (ii) revenue from the empty container road freight forwarding services amounted to approximately RMB3,808,000 for the nine months ended 30 September 2018, whereas the Group's empty container business had not yet been commenced in the corresponding period last year.

## Staff Costs

Staff costs mainly include salaries, wages and other staff benefits. For the nine months ended 30 September 2018, the Group's staff cost was approximately RMB46,624,000 (for the nine months ended 30 September 2017: approximately RMB30,858,000). As at 30 September 2018, the Group had 798 employees (30 September 2017: 761 employees).

## Administrative Expenses

Administrative expenses mainly include consumables costs, depreciation and auditors' remuneration. For the nine months ended 30 September 2018, the Group's administrative expenses amounted to approximately RMB14,391,000 (for the nine months ended 30 September 2017: approximately RMB12,826,000), representing an increase of approximately 12.2%.

# Management Discussion and Analysis

## Taxation

Under the rules and regulations of the Cayman Islands and the British Virgin Islands (the “**BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit arising in Hong Kong for the nine months ended 30 September 2018.

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 nine months ended 30 September 2018, the Group’s income tax expense was approximately RMB7,666,000 (for the nine months ended 30 September 2017: approximately RMB6,912,000).

## Profit for the Period

For the nine months ended 30 September 2018, the Group’s profit for the Period was approximately RMB19,398,000 (for the nine months ended 30 September 2017: approximately RMB7,555,000), which was mainly attributable to the large increase in volume of the intra-port and logistics services during the Period.

## Material Acquisitions and Disposals

During the nine months ended 30 September 2018, the Group did not have any material acquisitions or disposals of subsidiaries.

## Use of Proceeds

The net proceeds from the placing of shares of the Company (“placing”) were approximately HK\$40,200,000, which was based on the final placing price of HK\$0.22 per ordinary share of the Company (“Ordinary Share”) net of the actual expenses on the Listing.

The actual use of net proceeds since the Listing are as follows:

	<b>Planned use of proceeds as stated in the Prospectus since the Listing up to 30 September 2018</b>	<b>Actual use of proceeds since the Listing</b>
	HK\$'million	HK\$'million
Development of empty container stacking yard	33.5	—
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 business	6.7	6.7
	40.2	6.7

The Group's business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of net proceeds was applied in accordance with the actual development of the market.

As at 30 September 2018, approximately HK\$6,700,000 out of the net proceeds from the Listing had been used.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors has been constantly evaluating the Group's business objectives and may change or modify its plans in face of the changing market condition to attain sustainable business growth of the Group.

### **Charges on the Group's Assets and Contingent Liabilities**

As at 30 September 2018, there were no charges on the Group's assets and the Group did not have any contingent liabilities.



# Management Discussion and Analysis

## PROSPECTS

### In relation to the Group's intra-port services:

Yuanhai port in the Haicang port area within which the Group provides services, is a relatively new port; as the port operation level increases, the attraction of the route will also continue to increase. In addition, Yuanhai port plans to enhance the hardware support by increasing mechanical equipment, the throughput of the port in the future should be higher than the average growth of the ports in Xiamen. However, new changes in the international trade environment, especially the potential escalation in trade friction between China and the United States which will directly affect China's foreign trade volume, the port throughput may be negatively affected.

Since April 2018, the Group has started its port service business in the Shihu Port Area of Quanzhou City, which is located outside of the ports in Xiamen, and our service quality has been recognised by our customer. On 20 August 2018, Shihu Port Area offered a public tender for the horizontal transportation business of stone blocks. The Group achieved first place in the overall bidding score and the official "winning bid notice" was obtained on 29 October 2018. In the future, the Group will focus on services in this port area with an aim to expand the scope of services.

The Group considers that the future prospects for its intra-port services are positive, with a better landscape superior to the competitors in the industry.

### In relation to the Group's logistic services:

In order to implement the national requirements to continuously strengthen the supervision of imported solid wastes, Xiamen Customs cancelled the qualifications of three imported solid waste inspection sites which were located outside of Haicang Port Area since May 2018. The Group's imported solid waste inspection sites in Dongdu Port Area and Haicang Port Area are all in the port area, which can meet all the requirements of customs supervision and continue to operate normally. In the absence of any new inspection sites being approved, the market pressure on the Group's import of solid waste agency business will be reduced. In addition, since June 2018, the Group has jointly operated a dedicated import solid waste inspection site with Xiamen Xiehe Logistics Co., Ltd. (廈門携和物流有限公司) in Yuanhai port of the Haicang Port Area, which has greatly increased operational capability of the Group. As a result, since June 2018, the Group's import of solid waste agency business has expanded significantly comparing with the same period last year. For the nine months ended 30 September 2018, the Group handled 15,443 containers (40 feet) of import solid wastes (11,587 containers in the same period last year), representing an increase of 33.3%.

The Group considers that the future prospect of its logistics services business is also positive.

### In relation to the Group's automobile integrated services:

Leveraging on the large quantity of heavy-duty vehicles as a strong foundation, the Group has established Xiamen XiangXing Automobile Services Co., Limited in February 2018, which currently mainly focuses on spare parts and tires for heavy-duty vehicles and will be expanded to automobile integrated services such as agency for vehicle insurance claims and repair services in the longer run. The automobile services had achieved profit since September 2018 and it is expected to achieve net profit for the current year. With the further supplement of related facilities, the Group will strive to expand the service scope to automobile integrated services.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the nine months ended 30 September 2018)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
<b>Revenue</b>	4	<b>114,168</b>	40,023	<b>197,078</b>	120,263
Cost of services		<b>(90,006)</b>	(25,758)	<b>(153,139)</b>	(82,654)
<b>Gross profit</b>		<b>24,162</b>	14,265	<b>43,939</b>	37,609
Other income	5	<b>383</b>	2,604	<b>939</b>	2,827
Other operating expenses		<b>(1,296)</b>	(1,089)	<b>(3,423)</b>	(2,788)
Administrative expenses		<b>(5,266)</b>	(5,065)	<b>(14,391)</b>	(12,826)
Listing expenses		—	(2,201)	—	(10,355)
<b>Profit before taxation</b>		<b>17,983</b>	8,514	<b>27,064</b>	14,467
Income tax	6	<b>(4,392)</b>	(3,018)	<b>(7,666)</b>	(6,912)
<b>Profit for the period attributable to owners of the Company</b>		<b>13,591</b>	5,496	<b>19,398</b>	7,555
<b>Other comprehensive income and loss:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange difference on translation of operations outside the People's Republic of China ("PRC")		<b>233</b>	(515)	<b>124</b>	(313)
<b>Total comprehensive income for the period</b>		<b>13,824</b>	4,981	<b>19,522</b>	7,242
<b>Profit for the period attributable to:</b>					
Owners of the Company		<b>13,591</b>	5,496	<b>19,398</b>	7,555
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		<b>13,824</b>	4,981	<b>19,522</b>	7,242
<b>Earnings per share:</b>					
Basic and diluted (RMB cents)	8	<b>1.36</b>	0.56	<b>1.94</b>	0.91

The accompanying notes form an integral part of this third quarterly financial report.

# Condensed Consolidated Statements of Changes in Equity

(For the nine months ended 30 September 2018)

	Reserves							Total RMB'000
	Capital RMB'000	Statutory	Share	Other	Retained	Translation	Total	
		surplus reserve RMB'000	premium RMB'000	reserve RMB'000	profits RMB'000	reserve RMB'000	reserves RMB'000	
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	—	—	—	—	7,555	—	7,555	7,555
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	(313)	(313)	(313)
Total comprehensive income for the period	—	—	—	—	7,555	(313)	7,242	7,242
Appropriation to statutory surplus reserve	—	704	—	—	(704)	—	—	—
Issue of new shares by way of public offer	2,178	—	45,727	—	—	—	45,727	47,905
Share issue expenses	—	—	(7,329)	—	—	—	(7,329)	(7,329)
Capitalisation issue	6,445	—	(6,445)	—	—	—	(6,445)	—
At 30 September 2017 (unaudited)	8,708	5,799	57,426	(3,492)	14,332	(1,140)	72,925	81,633
At 1 January 2018 (audited)	<b>8,708</b>	<b>7,553</b>	<b>57,425</b>	<b>(3,492)</b>	<b>15,582</b>	<b>(1,402)</b>	<b>75,666</b>	<b>84,374</b>
Profit and total comprehensive income for the period	—	—	—	—	19,398	—	19,398	19,398
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	124	124	124
Total comprehensive income for the period	—	—	—	—	19,398	124	19,522	19,522
Appropriation to statutory surplus reserve	—	946	—	—	(946)	—	—	—
At 30 September 2018 (unaudited)	<b>8,708</b>	<b>8,499</b>	<b>57,425</b>	<b>(3,492)</b>	<b>34,034</b>	<b>(1,278)</b>	<b>95,188</b>	<b>103,896</b>

# Notes to the Condensed Financial Statements

(For the nine months ended 30 September 2018)

## 1. GENERAL INFORMATION

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

The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of Public Offer on 7 July 2017 (the "**Listing**").

The Group is principally engaged in provision of import and export agency services (with a special focus on the import of reusable solid waste via Xiamen), container road freight forwarding services, intra-port ancillary services and intra-port container transportation services (the "**Relevant Business**").

The functional currency of the Company and its subsidiaries in Hong Kong and its subsidiaries in the PRC are Hong Kong dollars ("**HK\$**") and Renminbi ("**RMB**") respectively. This report 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

The unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2018 have been prepared in accordance with applicable Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial results have been prepared under the historical cost.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial results should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2017 for inclusion in the annual report.

### Adoption of new/revised HKFRS

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but not yet effective for the current period. The Group has no further update provided in the consolidated financial statements for the year ended 31 December 2017 and the interim report for the six months ended 30 June 2018 and the Group is still ongoing to assess the impact.

# Notes to the Condensed Financial Statements

(For the nine months ended 30 September 2018)

## 4. REVENUE AND SEGMENT REVENUE

The principal activities of the Group are provision of import and export agency services, container road freight forwarding services, intra-port ancillary services and intra-port container transportation services.

	Three months ended 30 September		Nine months ended 30 September	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
<b>Revenue:</b>				
Import and export agency services income	74,222	11,482	98,333	45,552
Container road freight forwarding services income	8,856	4,914	17,937	14,825
Intra-port container transportation services income	16,737	13,460	44,529	34,445
Intra-port ancillary services income	12,507	10,167	32,485	25,441
Other	1,846	—	3,794	—
	<b>114,168</b>	40,023	<b>197,078</b>	120,263

## 5. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
<b>Bank interest income:</b>	7	13	69	20
Government grants	204	2,489	356	2,572
Rental income	172	21	514	98
Sundry income	—	81	—	137
	<b>383</b>	2,604	<b>939</b>	2,827

## 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 30 September		Nine months ended 30 September	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Current tax				
PRC Enterprise Income Tax (the "EIT")	4,392	3,018	7,666	6,912

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.

## 7. DIVIDENDS

No dividend has been paid or declared by the Group during the nine months ended 30 September 2018 and 2017, nor has any dividend been proposed since the end of the Period.

# Notes to the Condensed Financial Statements

(For the nine months ended 30 September 2018)

## 8. BASIC AND DILUTED EARNINGS PER SHARE

### a) Basic Earnings Per Share

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
<b>Earnings</b>				
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	<b>13,591</b>	5,496	<b>19,398</b>	7,555

	Three months ended 30 September		Nine months ended 30 September	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,000,000,000</b>	980,978,261	<b>1,000,000,000</b>	827,838,828

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue had been effective on 1 January 2017.

### b) Diluted Earnings Per Share

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

# Other Information

## Other Information

### Interim Dividend

The Directors do not recommend the payment of interim dividend for the nine months ended 30 September 2018.

### Purchase, Sale or Redemption of the Company's Shares

During the nine months ended 30 September 2018, 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 "**Required Standard of Dealings**"). The Company also had made specific enquiry to 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 report.

### Directors' and Chief Executives' Interests in Shares

As at 30 September 2018, 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange:

### Long Positions of the Shares of the Company

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

Note:

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.



## Other Information

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 Rules 5.46 to 5.67 of the GEM Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2018, 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 kept by the Company pursuant to Section 336 of the SFO were as follows:

#### Long Positions of the Shares of the Company

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%

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.

Save as disclosed herein, our Directors are not aware of any person who, as at the date of this report, have an interest or short position in the shares or underlying shares which would fall to be disclosed to Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered in the register kept by the Company pursuant to Section 336 of the SFO.



## **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

For the nine months ended 30 September 2018, 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 September 2018.

## **COMPETING INTERESTS**

For the nine months ended 30 September 2018, 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 for the nine months ended 30 September 2018, 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).

## Other Information

### 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 over the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2018.

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

Hong Kong, 14 November 2018

*As at the date of this report, 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 report will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the “Latest Company Announcements” page for at least seven days from the date of its posting. This report will also be published on the Company’s website at [www.xxlt.com.cn](http://www.xxlt.com.cn).*