



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



2017 THIRD QUARTERLY
REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“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.

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

This report, for which the 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 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 report 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 report misleading.

Contents

	Pages
FINANCIAL HIGHLIGHTS	3
MANAGEMENT DISCUSSION AND ANALYSIS	4
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	9
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	11
OTHER INFORMATION	15

Financial Highlights

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 nine months ended 30 September 2017 (the “**Period**”), together with the comparative figures for the corresponding period in 2016 as follows.

FINANCIAL HIGHLIGHTS

	Nine months ended 30 September		
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	Change %
Revenue	120,263	76,831	56.5%
Gross profit	37,609	24,339	54.5%
Listing expenses	(10,355)	(7,312)	41.6%
Profit for the Period	7,555	1,641	360.4%
Profit for the Period (Excluding listing expenses)	17,910	8,953	100.0%

The Group's revenue for the Period amounted to approximately RMB120,263,000 representing an increase of 56.5% as compared with the corresponding period in previous year.

Gross profit for the Period has increased 54.5% to approximately RMB37,609,000.

The Group has successfully listed on the GEM of the Hong Kong Stock Exchange on 7 July 2017 and approximately RMB10,355,000 has been accounted for as listing expense during the Period.

Profit for the Period was approximately RMB7,555,000 and, if listing expenses incurred for the preparation of the listing were excluded, the profit for the Period would be approximately RMB17,910,000, representing an increase of 100.0% as compared with the corresponding period in the previous year.

Management Discussion and Analysis

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 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 has been providing the services, the Group achieved high financial performance for the nine months ended 30 September 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 equipment 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 has been approved to transfer to the coordination process handling by the Bureau of Communications of Haicang, Xiamen. For the nine months ended 30 September 2017, the Group has purchased 37 container tractors (approximately RMB8,350,000) and 45 container semi-trailers (approximately RMB4,050,000), in order to increase productivity and strengthen the Group's service capacity.

Financial Overview

Revenue

For the nine months ended 30 September 2017, the Group's revenue amounted to approximately RMB120,263,000, representing an increase of approximately 56.5% from approximately RMB76,831,000 for the nine months ended 30 September 2016.

In respect of the Group's operation volume for the nine months ended 30 September 2017:

- (i) the Group handled approximately 1,903,908 TEUs (Note) and approximately 1,711,741 tonnes general cargo (for the nine months ended 30 September 2016: approximately 1,359,361 TEUs and approximately 1,448,045 tonnes general cargo) for the intra-port ancillary services, representing an increase of 40.1% and 18.2%, respectively;
- (ii) approximately 1,999,127 TEUs (for the nine months ended 30 September 2016: approximately 1,507,453 TEUs) for the intra-port container transportation services, representing an increase of 32.6%;
- (iii) approximately 11,679 containers (for the nine months ended 30 September 2016: approximately 10,131 containers) for the import and export agency services, representing an increase of 15.3%; and
- (iv) approximately 17,751 containers (for the nine months ended 30 September 2016: approximately 13,101 containers) for the container road freight forwarding services, representing an increase of 35.5%.

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")

Revenue from the Group's intra-port ancillary services increased from approximately RMB17,814,000 for the nine months ended 30 September 2016 to approximately RMB25,441,000 for the nine months ended 30 September 2017, representing an increase of approximately 42.8%. Our revenue from intra-port container transportation services increased from approximately RMB24,502,000 for the nine months ended 30 September 2016 to approximately RMB34,445,000 for the nine months ended 30 September 2017, representing an increase of approximately 40.6%. The increase in 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 in throughput;
- (ii) following the merger of China Ocean Shipping (Group) Company and China Shipping (Group) Company 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

Management Discussion and Analysis

- (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, Evergreen Line and Orient Overseas Container Line began to use the facilities at Yuanhai port, where the Group provides in services, more frequently since April 2017.

Revenue from the Group’s import and export agency services increased from approximately RMB24,995,000 for the nine months ended 30 September 2016 to approximately RMB45,552,000 for the nine months ended 30 September 2017, representing an increase of approximately 82.2%. Our revenue from container road freight forwarding services increased from approximately RMB9,520,000 for the nine months ended 30 September 2016 to approximately RMB14,825,000 for the nine months ended 30 September 2017, representing an increase of approximately 55.7%. The increase in 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 cargoes 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 nine months ended 30 September 2017, the Group’s staff cost was approximately RMB30,858,000 (for the nine months ended 30 September 2016: approximately RMB23,897,000). As at 30 September 2017, the Group had 761 employees (30 September 2016: 564 employees).

Administrative Expenses

Administrative expenses mainly include consumables costs, depreciation and auditors’ remuneration. For the nine months ended 30 September 2017, the Group’s administrative expenses amounted to approximately RMB12,826,000 (for the nine months ended 30 September 2016: approximately RMB10,062,000).

Listing Expenses

The listing expenses are non-recurring expenses. For the nine months ended 30 September 2017, the Group's listing expenses were approximately RMB10,355,000 (for the nine months ended 30 September 2016: approximately RMB7,312,000).

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 nine months ended 30 September 2017, the Group's income tax expense was approximately RMB6,912,000 (for the nine months ended 30 September 2016: approximately RMB3,346,000).

Profit for the Period

For the nine months ended 30 September 2017, the Group's profit for the Period was approximately RMB7,555,000 (for the nine months ended 30 September 2016: loss of approximately RMB1,641,000), which was mainly attributable to the listing expenses of approximately RMB10,355,000 (for the nine months ended 30 September 2016: approximately RMB7,312,000) charged to the Group's profit and loss accounts.

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 nine months ended 30 September 2017, the Group did not have any material acquisitions or disposals of subsidiaries.

Management Discussion and Analysis

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, amounted to 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 aforementioned plan as to use of proceeds.

Charges on the Group's Assets and Contingent Liabilities

As at 30 September 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 fourth quarter of this year as compared with the first three quarters of this year due to the following factors:

- (i) 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;
- (ii) given the increasing outer-port empty container transportation demand in Haicang port area, the Group has commenced the outer-port empty container transportation business (i.e. transporting empty containers from the port to empty container stacking yards) in September this year, the Directors consider that such business will effectively increase the Group's revenue;
- (iii) The continuously tightening of environmental supervision in China has caused uncertainty with respect to the level of import of solid wastes, which may slow down the growth; and
- (iv) Xiamen Municipal Government is currently considering the free trade port policy, which, if approved, will create greater development space for Xiamen port. The Directors believe that the Group will be well-positioned to take advantage of the opportunity to explore the resulting new market opportunities at the right time and thereby expand its business.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the nine months ended 30 September 2017)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	4	40,023	28,562	120,263	76,831
Cost of services		(25,758)	(18,984)	(82,654)	(52,492)
Gross profit		14,265	9,578	37,609	24,339
Other income	5	2,604	105	2,827	460
Other operating expenses		(1,089)	(563)	(2,788)	(2,438)
Administrative expenses		(5,065)	(3,645)	(12,826)	(10,062)
Listing expenses		(2,201)	(2,298)	(10,355)	(7,312)
Profit before taxation		8,514	3,177	14,467	4,987
Income tax	6	(3,018)	(1,371)	(6,912)	(3,346)
Profit for the period attributable to owners of the Company		5,496	1,806	7,555	1,641
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")		(515)	51	(313)	(530)
Total comprehensive income for the period		4,981	1,857	7,242	1,111
Profit for the period attributable to:					
Owners of the Company		5,496	1,806	7,555	524
Non-controlling interests		—	—	—	1,117
		5,496	1,806	7,555	1,641
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		4,981	1,857	7,242	(6)
Non-controlling interests		—	—	—	1,117
		4,981	1,857	7,242	1,111
Earnings per share:					
Basic and diluted (RMB cents)	8	0.56	0.24	0.91	0.07

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 2017)

	Reserves								Total
	Capital	Statutory	Share	Other	Retained	Translation	Total	Non-	
		surplus							
RMB'000	RMB'000	RMB'000	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
Profit and total comprehensive income for the period	—	—	—	—	524	—	524	1,117	1,641
Exchange difference on translation of operations outside the PRC	—	—	—	—	—	(530)	(530)	—	(530)
Total comprehensive loss for the period	—	—	—	—	524	(530)	(6)	1,117	1,111
Appropriation to statutory surplus reserve	—	903	—	—	(903)	—	—	—	—
Acquisition of interests in subsidiaries from non-controlling interests upon group reorganisation	26	—	10,375	—	—	—	10,375	(10,401)	—
Issuance of shares	51	—	15,098	—	—	—	15,098	—	15,149
At 30 September 2016 (unaudited)	85	5,040	25,473	(3,492)	3,989	(625)	30,385	—	30,470
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

Notes to the Condensed Financial Statements

(For the nine months ended 30 September 2017)

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 Growth Enterprise Market 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 Group undertook a group reorganization before listing on the Stock Exchange. The details are set out in the prospectus issued by the Company dated 27 June 2017 (the "**Prospectus**").

The unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2017 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 three years ended 31 December 2016 for inclusion in the Prospectus.

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 Prospectus and the interim report for the six months ended 30 June 2017 and the Group is still ongoing to assess the impact.

Notes to the Condensed Financial Statements

(For the nine months ended 30 September 2017)

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	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue:				
Import and export agency services income	11,482	9,317	45,552	24,995
Container road freight forwarding services income	4,914	3,494	14,825	9,520
Intra-port container transportation services income	13,460	9,130	34,445	24,502
Intra-port ancillary services income	10,167	6,621	25,441	17,814
	40,023	28,562	120,263	76,831

5. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Bank interest income:	13	8	20	26
Government grants	2,489	11	2,572	104
Rental income	21	36	98	144
Sundry income	81	50	137	186
	2,604	105	2,827	460

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	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Current tax				
PRC Enterprise Income Tax (the "EIT")	3,018	1,371	6,912	3,346

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 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

Notes to the Condensed Financial Statements

(For the nine months ended 30 September 2017)

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	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Earnings				
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	5,496	1,806	7,555	524

	Three months ended 30 September		Nine months ended 30 September	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	980,978,261	750,000,000	827,838,828	745,237,226

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 2016.

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 2017.

Purchase, Sale or Redemption of the Company's Shares

During the nine months ended 30 September 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 report.

Directors' and Chief Executives' Interests in Shares

As at the date of this report, 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 Report

Substantial Shareholder	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%

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.

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 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 report, 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 Report

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 report, 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 report, 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 2017.

COMPETING INTERESTS

For the nine months ended 30 September 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 report, 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.

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 of the Group for the nine months ended 30 September 2017.

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

Xiamen, 14 November 2017

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 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.