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XIANGXING INTERNATIONAL HOLDING LIMITED

象興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1732)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of XiangXing International Holding Limited (the “**Company**”) is pleased to announce the unaudited condensed results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. The Company’s 2021 interim report will be available for viewing on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.xxlt.com.cn on 1 September 2021, and the printed version of the Company’s 2021 interim report will be delivered to the shareholders of the Company in due course.

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

Hong Kong, 26 August 2021

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



2021 INTERIM REPORT

象興國際控股有限公司
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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 six months ended 30 June 2021 (the “Period”), together with the comparative figures for the corresponding period in 2020 as follows.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	
Revenue	135,442	68,464	97.8%
Gross profit	30,010	18,863	59.1%
Profit for the Period	13,234	5,988	121.0%

The Group’s revenue for the Period amounted to approximately RMB135,442,000, representing an increase of approximately 97.8% as compared with that of the corresponding period in the previous year. Gross profit for the Period increased by approximately 59.1% to approximately RMB30,010,000. Profit for the Period was approximately RMB13,234,000, representing an increase of approximately 121.0% as compared with that of the corresponding period in the previous year.

The increase in revenue and profits was mainly attributable to: (1) the Group’s building materials supply chain operation business in Chengdu of Sichuan Province, China, recorded a net profit during the Period as compared with a net loss during the six months ended 30 June 2020; and (2) revenue of the Group’s intra-port related business has largely increased during the Period after the continued improvement in the import and export market as a result of the effective control of the COVID-19 pandemic in China.

Management Discussion and Analysis

Overview

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

- Intra-port services consist of (i) intra-port ancillary services and (ii) intra-port container transportation services;
- Logistics services consist of (i) import and export agency services and (ii) road freight forwarding services;
- Supply chain operations consist of (i) trading of building materials, and (ii) trading of automobile accessories.

The business results of the Group for the six months ended 30 June 2021 increased significantly as compared with those of the corresponding period in previous year which was mainly attributable to the increase in revenue from the building materials supply chain operations and the increase in revenue from the intra-port related business with the improvement of import and export market in China.

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 approved the transfer of the Land Purchase Application Report 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 a written status report to the Haicang District Federation of Industry and Commerce on 4 July 2018 to seek coordination and support from the authority;
- 5) a special meeting organised by the government of Haicang District on 20 September 2018 to study the supply of land to the Group;
- 6) meeting with the Haicang District Branch of Xiamen Municipal Bureau of Land Resources and Real Estate Management in February 2019 to follow up on the purchase of land. The Group learned that there is no substantive obstacle except for the time needed to handle and adjust the planning of the piece of land the Group intended to acquire;

Management Discussion and Analysis

- 7) submitting a written application report again to the relevant authorities in Haicang District on 27 June 2019 as certain functions of the relevant authorities related to land approval matters have been restructured;
- 8) submitting an application report for land purchase to the People's Government of Haicang District on 30 November 2020 after learning that Haicang District has obtained the national planning approval for a limited supply of logistics land; and
- 9) In May 2021, the People's Government of Haicang District held a meeting to discuss the preliminary agreement to supply a piece of land to the Group, but the land is currently planned for industrial use, therefore Haicang District Government is required to apply for approval for the change of the land use from the Xiamen Municipal Government before further processing the Group's land acquisition application.

The Group will continue to keep contact with the relevant authorities to strive as early as possible to acquire the land for the planned investment and development of the new empty container stacking yard project.

In respect of the investment in container-related handling equipment, the Group has completed the purchase of such equipment before 31 December 2017.

Financial Overview

Revenue

For the six months ended 30 June 2021, the Group's revenue amounted to approximately RMB135,442,000, representing an increase of approximately 97.8% from approximately RMB68,464,000 for the six months ended 30 June 2020.

For the six months ended 30 June 2021, the operating volume and revenue of each major business segment of the Group are as follows:

(1) Intra-port related services:**Operating volume comparison**

Classification		Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Intra-port ancillary services	Containers	TEU (Note)	2,304,399	1,464,861	57.3%
	General cargo	Tonnes	1,289,960	1,454,969	(11.3%)
Intra-port container transportation services	Containers	TEU (Note)	2,101,488	1,438,898	46.0%

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

Revenue comparison

Classification		Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Intra-port ancillary services		RMB'000	29,724	20,976	41.7%
Intra-port container transportation services		RMB'000	37,105	24,458	51.7%
Total		RMB'000	66,829	45,434	47.1%

The main reason for the increase in revenue from intra-port related services was the continued momentum of trade recovery since the second half of previous year. The throughput of major terminals serviced by the Group showed an increase in throughput, of which the throughput of Yuanhai Port increased by approximately 41.7% and the throughput of Haitian Port increased by approximately 92.9%.

Management Discussion and Analysis

(2) Logistics related services

Operating volume comparison					
Classification		Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Road freight services	Loaded containers	Unit	6,892	7,269	(5.2%)
	Empty containers	Unit	53,018	36,396	45.7%
	General cargos	Tonnes	844,228	810,567	4.2%
Import and export agency services	Containers	Unit	3,428	3,409	0.6%

Revenue comparison					
Classification		Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Road freight services		RMB'000	10,672	12,622	(15.5%)
Import and export agency services		RMB'000	4,272	3,624	17.9%
Total		RMB'000	14,944	16,246	(8.0%)

The decrease in the logistics related services was mainly due to the decrease in the number of heavy container containers with higher unit prices, and the increase in the number of empty containers offset part of the decrease in revenue .

(3) Supply chain operations**Operating volume comparison**

Classification	Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Trading of heavy-duty auto parts and tires	Pieces	58,698	70,320	(16.5%)
Trading of building materials	Tonnes	456,520	34,529	1,222.1%

Revenue comparison

Classification	Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Change (%)
Trading of heavy-duty auto parts and tires	RMB'000	2,849	3,289	(13.4%)
Trading of building materials	RMB'000	50,820	3,495	1,354.1%
Total	RMB'000	53,669	6,784	691.1%

The increase in the revenue of supply chain operations was mainly due to the revenue generated by Chengdu Xiangxing Supply Chain Management Co., Ltd. a wholly-owned subsidiary of the Company, which achieved a notable profit during the six months period ended 30 June 2021, whereas it was at a starting phrase with lower profit in the corresponding period in the previous year.

Staff Costs

Staff costs mainly include salaries, wages and other staff benefits. For the six months ended 30 June 2021, the Group's staff cost was approximately RMB42,638,000 (for the six months ended 30 June 2020: approximately RMB35,607,000). As at 30 June 2021, the Group had 881 employees (30 June 2020: 792 employees).

Management Discussion and Analysis

Administrative Expenses

Administrative expenses mainly comprise consumables costs, depreciation and auditors' remuneration. For the six months ended 30 June 2021, the Group's administrative expenses amounted to approximately RMB11,204,000 (for the six months ended 30 June 2020: approximately RMB8,937,000). The increase in the administrative expenses was mainly because the policies implemented in 2020 for reduction or exemption of employer's contribution to social security fees were withdrawn by the Chinese government in 2021, and the Group had to pay the social security fees during the Period.

Taxation

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

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

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

For the six months ended 30 June 2021, income tax expense was approximately RMB5,662,000 (for the six months ended 30 June 2020: approximately RMB3,142,000).

Profit for the Period

For the six months ended 30 June 2021, the Group's profit was approximately RMB13,234,000 (for the six months ended 30 June 2020: approximately RMB5,988,000).

Liquidity and Financial Resources

The operation of the Group is mainly financed by the cash generated from its self-owned business operations. As at 30 June 2021, the net current assets of the Group amounted to approximately RMB120,699,000 (31 December 2020: approximately RMB105,573,000) and cash and cash equivalents as at 30 June 2021 amounted to approximately RMB39,015,000 (31 December 2020: approximately RMB42,395,000).

As at 30 June 2021, the Group has bank borrowings of approximately RMB9,000,000 (31 December 2020: approximately RMB9,000,000).

Currency Risk

The functional currency of the Group's operating subsidiaries is Renminbi as the Group's revenue is substantially in Renminbi. The Group does not expect any significant currency risk which might materially affect the Group's results of operations.

Capital Commitments

As at 30 June 2021, the Group has no capital commitment (31 December 2020: Nil).

Capital Structure

The Company's capital structure remained unchanged during the six months ended 30 June 2021. The capital structure of the Group comprises equity interest attributable to the equity shareholders of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Group. As part of the review, the Directors consider the cost of capital and the associated risks of various types of capital.

Material Acquisitions and Disposals

During the six months ended 30 June 2021, the Group did not have any material acquisitions or disposals of subsidiaries.

Employees and Remuneration Policy

As at 30 June 2021, the Group employed 881 (30 June 2020: 792) employees. Remuneration of employees is determined with reference to factors such as qualification, responsibility, contribution and experiences.

Use of Proceeds

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

Management Discussion and Analysis

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

	Planned use of proceeds as stated in the Prospectus since the Listing HK\$'million	Actual use of proceeds since the Listing 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 June 2021, approximately HK\$6,700,000 out of the net proceeds from the Listing had been used.

As at 30 June 2021, the Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify its plans in light 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 June 2021, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

Recent Development and Prospects

Against the background of the severe impact of the COVID-19 pandemic in the first half of 2020, although China's economy achieved a positive growth of 12.7% in the first half of 2021, the global economy still faces many uncertainties. First, the evolution of the COVID-19 pandemic is still uncertain. Vaccination is still a long way from universal immunization globally, and long-term effectiveness after vaccination is also being tested. Secondly, there are uncertainties in the recovery of the global economy. The pace of global economic recovery is generally accelerating, but the differentiation is intensifying. It is doubtful whether this differentiation will affect the recovery. Thirdly, the uncertainty of global inflation is also of great concern. Whether inflation is a temporary phenomenon or will become a long-term trend, it takes time to observe whether economic growth is positive or negative. Fourthly, there is still uncertainty as to when the stimulus policy will be withdrawn.

In addition, global trade will be particularly affected by the following three factors. The first is the relationship between China and the United States. The Biden administration continues Trump's China policy and adopts a more flexible response strategy. It is expected that in the second half of this year, the Biden administration will assess the implementation of the first phase of the Sino-US trade agreement and may propose new export control measures against Chinese entities. The Sino-US "trade war" may still escalate. Secondly, the geopolitical situation is relatively unstable. The spread of the "anti-globalization" trend of thought has been disturbed by new geopolitical situations such as the politicization of "virus traceability", industrial chain alliances and post-epidemic instability factors have been intensified.

In summary, China's import and export growth rate will slow down marginally in the second half of the year, but the pattern of high growth will still be maintained. In the first half of this year, China's import and export performance exceeded expectations, and the year-on-year growth rate remained double-digit for several months. It is expected that exports will maintain a relatively high degree of prosperity in the second half of the year, but due to the simultaneous weakening of the "filling-up effect" and the "low base effect", the export growth rate will show a marginal slowdown. The demand for key commodities that support exports in the first half of the year, such as anti-epidemic materials, medical equipment, etc., will decrease. Exports represented by furniture, electrical appliances, electromechanics, etc. will maintain a relatively high growth rate, while overseas chip supply and production capacity are limited, coupled with export restriction of technology from Europe and the United States. Export restrictions may continue to affect the export of mobile phones, automobiles and some high-tech products. Imports will maintain a steady growth rate, and the influence of price factors will gradually weaken. In the second half of the year, imports will change from the "increasing volume and price" in the first half of the year to a pattern of "stable volume and price stability".

Under the above-mentioned background, the Group's original port service business, which is highly dependent on foreign trade, will gradually return to normal levels from the high growth in the first half of the year. The Group will focus on the following work in the future:

Management Discussion and Analysis

1) Continue to develop supply chain operations

In order to cope with the complex international environment, China has proposed a new development pattern in which the economy has moved from an “international cycle” to a “domestic cycle as the main body and the domestic and international double cycles promote each other”. In order to fully participate in the “domestic economic cycle”, combined with the “Western development” formulated by the state and the strategy of accelerating the construction of the “Chengdu-Chongqing Economic Circle”, the Group will continue to dig deep into supply chain business market of trading with cements, sand and gravel types of building materials in Chengdu, Sichuan Province. The Group strives to achieve the goal of more than doubling the scale of business and benefits in the region throughout the year.

2) Continue to develop intra-port service business

In order to continue to leverage the Group’s experience and advantages in intra-port services, the Group will try to expand its professional intra-port services business outside the Fujian Province.

3) Actively strive to obtain land resources

Xiamen, as a port city with a foreign trade economy in the southeast of the country, has very scarce land resources. In order to consolidate and enhance the Group’s advantages in foreign trade services (including port services and logistics services), Xiamen Municipal Bureau of Natural Resources and Planning announced the implementation of the “Administrative Measures for the Public Transfer of Logistics Land in Xiamen City” on 6 June 2020 and the state has newly approved a small amount of logistics land in Haicang District, Xiamen City. The Group will actively communicate with local government authorities to acquire a piece of land in the port area of Haicang, Xiamen to develop a modern logistics center. This will lay a solid foundation for the Group to further improve its service chain and achieve long-term and sound development goals.

In short, through the above key aspects of work, the Group is confident that it will continue to achieve the goal of both revenue and benefit growth in 2021.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the six months ended 30 June 2021)

	Note	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	5	135,442	68,464
Cost of sales		(105,432)	(49,601)
Gross profit		30,010	18,863
Other income	5	1,447	1,544
Other operating expenses		(996)	(2,071)
Administrative expenses		(11,204)	(8,937)
Impairment losses on trade receivables		—	(134)
Profit from operations		19,257	9,265
Finance costs	6(a)	(361)	(135)
Profit before taxation	6	18,896	9,130
Income tax	7	(5,662)	(3,142)
Profit for the period		13,234	5,988
Other comprehensive income/(loss) for the period, net of nil income tax			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		101	(40)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside the PRC		(94)	88
Other comprehensive income for the period		7	48
Total comprehensive income for the period		13,241	6,036
Profit for the period attributable to:			
Equity shareholders of the Company		13,171	5,877
Non-controlling interests		63	111
		13,234	5,988
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		13,178	5,925
Non-controlling interests		63	111
		13,241	6,036
		(RMB cents)	(RMB cents)
Earnings per share:			
Basic and diluted	9	1.32	0.59

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

Consolidated Statement of Financial Position

(As at 30 June 2021)

	Note	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10(a)&(b)	34,227	38,108
Intangible assets		77	76
		34,304	38,184
Current assets			
Inventories		3,774	3,678
Trade and other receivables	11	121,402	97,209
Cash and cash equivalents		39,015	42,395
		164,191	143,282
Current liabilities			
Trade and other payables	12	27,122	22,177
Bank loans	13	9,000	9,000
Lease liabilities		3,993	3,996
Income tax payable		3,377	2,536
		43,492	37,709
Net current assets		120,699	105,573
Total assets less current liabilities		155,003	143,757
Non-current liabilities			
Lease liabilities		2,043	4,038
Net assets		152,960	139,719
Capital and reserves			
Share capital	14	8,708	8,708
Reserves		141,896	128,718
Total equity attributable to equity shareholders of the Company		150,604	137,426
Non-controlling interests		2,356	2,293
Total equity		152,960	139,719

The interim financial report was approved and authorised for issue by the board of directors on 26 August 2021 and were signed on its behalf by:

Cheng Youguo
Director

Qiu Changwu
Director

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

Consolidated Statement of Changes in Equity

(For the six months ended 30 June 2021)

	Attributable to equity shareholders of the Company								
	Share capital	Reserves					Total reserves	Non-controlling interests	Total equity
		Statutory surplus reserve	Share premium	Other reserve	Retained profits	Translation reserve			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2020 (audited)	8,708	13,215	57,425	(3,492)	47,687	(1,291)	113,544	2,066	124,318
Profit for the period	—	—	—	—	5,877	—	5,877	111	5,988
Other comprehensive income	—	—	—	—	—	48	48	—	48
Total comprehensive income for the period	—	—	—	—	5,877	48	5,925	111	6,036
At 30 June 2020 (unaudited)	8,708	13,215	57,425	(3,492)	53,564	(1,243)	119,469	2,177	130,354
At 1 January 2021 (audited)	8,708	15,496	57,425	(3,492)	59,812	(523)	128,718	2,293	139,719
Profit for the period	—	—	—	—	13,171	—	13,171	63	13,234
Other comprehensive income	—	—	—	—	—	7	7	—	7
Total comprehensive income for the period	—	—	—	—	13,171	7	13,178	63	13,241
Appropriation to statutory surplus reserve	—	1,542	—	—	(1,542)	—	—	—	—
At 30 June 2021 (unaudited)	8,708	17,038	57,425	(3,492)	71,441	(516)	141,896	2,356	152,960

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

Condensed Consolidated Statement of Cash Flows

(For the six months ended 30 June 2021)

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Operating activities		
Cash generated from/(used in) operations	3,754	(15,842)
Income tax paid — PRC Tax	(4,821)	(3,781)
Net cash used in operating activities	(1,067)	(19,623)
Investing activities		
Payment for the purchase of property, plant and equipment	(17)	(4,635)
Payment for the purchase of intangible assets	(4)	—
Payment for the purchase of financial assets at fair value through profit or loss	—	(30,000)
Proceeds from disposal of financial assets at fair value through profit or loss	—	40,493
Other cash flow arising from investing activities	59	162
Net cash generated from investing activities	38	6,020
Financing activities		
Proceeds from new bank borrowings	—	1,425
Repayment of bank loan	—	(9,061)
Capital element of lease rentals paid	(1,998)	(298)
Interest element of lease rentals paid	(139)	(57)
Other cash flow used in financing activities	(222)	(78)
Net cash used in financing activities	(2,359)	(8,069)
Net decrease in cash and cash equivalents	(3,388)	(21,672)
Cash and cash equivalents at 1 January	42,395	71,544
Effect of foreign exchanges rates changes, net	8	199
Cash and cash equivalents at 30 June	39,015	50,071

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

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

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 Company was successfully transferred its listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited on 6 September 2019.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 26 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The interim financial report is unaudited, but has been reviewed by the Company's audit committee.

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

3. CHANGES IN ACCOUNTING POLICIES

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

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

None of these impact on the accounting policies of the Group.

4. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment and focus on type of services performed. The CODM regularly review revenue and results analysis of the Group by the reportable operating segments below:

- Import and export agency services
- Container and stone blocks road freight forwarding services
- Intra-point ancillary services
- Intra-port container transportation services
- Trading of building materials and automobile accessories

No segment assets and liabilities are presented as the information is not regularly reported to the CODM for the purpose of resource allocation and assessment of performance.

In addition to receiving segment information concerning segment results, the CODM is provided with segment information concerning inter-segment sales, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation, impairment losses, loss on written off of property, plant and equipment and additions to non-current assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below:

For the six months ended 30 June 2021 (unaudited)

	Import and export agency services RMB'000	Container and stone blocks road freight forwarding services RMB'000	Intra-port ancillary services RMB'000	Intra-port container transportation services RMB'000	Trading of building materials and automobile accessories RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
– Point in time	4,272	10,672	29,724	37,105	53,669	135,442
– Over time	—	—	—	—	—	—
Revenue from external customers	4,272	10,672	29,724	37,105	53,669	135,442
Inter-segment revenue	—	678	—	535	2,568	3,781
Reportable segment revenue	4,272	11,350	29,724	37,640	56,237	139,223
Reconciliation:						
Elimination of inter-segment revenue						(3,781)
Consolidated revenue (notes 5)						135,442
Results						
Segment results	795	78	13,728	11,546	3,863	30,010
Other income						1,447
Other operating expenses						(996)
Administrative expenses						(11,204)
Finance costs						(361)
Consolidated profit before taxation						18,896

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

4. SEGMENT REPORTING (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2020 (unaudited)

	Import and export agency services RMB'000	Container and stone blocks road freight forwarding services RMB'000	Intra-port ancillary services RMB'000	Intra-port container transportation services RMB'000	Trading of building materials and automobile accessories RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
– Point in time	3,624	12,622	20,976	24,458	6,784	68,464
– Over time	—	—	—	—	—	—
Revenue from external customers	3,624	12,622	20,976	24,458	6,784	68,464
Inter-segment revenue	—	137	—	5,052	2,734	7,923
Reportable segment revenue	3,624	12,759	20,976	29,510	9,518	76,387
Reconciliation:						
Elimination of inter-segment revenue						(7,923)
Consolidated revenue (notes 5)						68,464
Results						
Segment results	953	1,202	8,852	6,691	1,165	18,863
Other income						1,544
Other operating expenses						(2,071)
Administrative expenses						(8,937)
Impairment losses on trade receivables						(134)
Finance costs						(135)
Consolidated profit before taxation						9,130

The accounting policies of the operating segments are the same as the Group's accounting policies. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment results represents profit earned from each segment without allocation of other income, other operating expenses, administrative expenses, impairment losses on trade receivables and finance costs. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

4. SEGMENT REPORTING (Continued)

(b) Other segment information

For the six months ended 30 June 2021 (unaudited)

	Import and export agency services RMB'000	Container and stone blocks road freight forwarding services RMB'000	Intra-port ancillary services RMB'000	Intra-port container transportation services RMB'000	Trading of building materials and automobile accessories RMB'000	Unallocated RMB'000	Total RMB'000
Addition to non-current assets	—	13	—	8	—	—	21
Amortisation	—	—	—	—	3	—	3
Interest income from bank deposit	—	11	—	35	13	—	59
Interest expenses	—	44	—	222	95	—	361
Depreciation	—	1,399	—	1,605	851	—	3,855
Loss on written off of property, plant and equipment	—	—	—	43	—	—	43

For the six months ended 30 June 2020 (unaudited)

	Import and export agency services RMB'000	Container and stone blocks road freight forwarding services RMB'000	Intra-port ancillary services RMB'000	Intra-port container transportation services RMB'000	Trading of building materials and automobile accessories RMB'000	Unallocated RMB'000	Total RMB'000
Addition to non-current assets	—	2,428	—	2,122	—	85	4,635
Depreciation	—	1,277	—	1,435	23	541	3,276
Impairment losses on trade receivables	—	—	—	—	134	—	134
Interest income from bank deposit	—	34	—	230	45	13	322
Interest expenses	—	9	—	59	3	64	135

(c) Major customers

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Customer A (note i)	49,360	36,625
Customer B (note i)	17,782	12,332
Customer C (note ii)	18,558	—

- (i) Revenue from import and export agency services, container and stone blocks road freight forwarding services, intra-port ancillary services and intra-port container transportation services.
- (ii) Revenue from trading of building materials and automobile accessories.

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 2021 and 2020 respectively.

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

4. SEGMENT REPORTING (Continued)

(d) Geographical information

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	135,442	68,464
Cost of sales	(105,432)	(49,601)
Gross profit	30,010	18,863
Other income	1,447	1,533
Other operating expenses	(996)	(2,071)
Administrative expenses	(9,571)	(7,310)
Impairment losses on trade receivables	—	(134)
Profit from operations	20,890	10,881
Finance costs	(361)	(56)
Profit before taxation from business activities in the PRC	20,529	10,825

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit before taxation from business activities in the PRC	20,529	10,825
Other income outside the PRC	—	11
Administrative expenses outside the PRC	(1,633)	(1,627)
Finance costs outside the PRC	—	(79)
Profit before taxation	18,896	9,130

5. REVENUE AND OTHER INCOME

The principal activities of the Group are provision of import and export agency services, container and stone blocks road freight forwarding services, intra-port ancillary services, intra-port container transportation services and trading of building materials and automobile accessories.

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Import and export agency services income	4,272	3,624
Container and stone blocks road freight forwarding services income	10,672	12,622
Intra-port ancillary services income	29,724	20,976
Intra-port container transportation services income	37,105	24,458
Trading of building materials and automobile accessories	53,669	6,784
Total revenue	135,442	68,464
Interest income on financial assets measured at amortised costs — bank interest income	59	322
Government grants	393	356
Rental income	311	863
Sundry income	684	3
Total other income	1,447	1,544

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance cost

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest on bank loans and overdraft	222	78
Interest on lease liabilities	139	57
Total interest expense on financial liabilities not at fair value through profit or loss	361	135

(b) Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Salaries, wages and other benefits	38,698	33,880
Retirement benefit scheme contributions	3,466	1,459
Staff welfare	474	268
	42,638	35,607

6. PROFIT BEFORE TAXATION (Continued)

(c) Other items

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Amortisation of intangible assets	3	—
Cost of inventories	50,855	5,460
Depreciation		
— owned property, plant and equipment	3,681	3,020
— right-of-use assets	174	256
Loss on written off of property, plant and equipment	43	
Net foreign exchange (gain)/loss	9	—
Impairment losses on trade receivables	—	134

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

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Current tax — PRC Enterprise Income Tax (the “EIT”)		
Provision for the period	5,662	3,142

Notes:

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.
- (ii) No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits arising in or derived from Hong Kong during the reporting periods.
- (iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (iv) Provision for the EIT during the reporting periods was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws and regulations applicable to the subsidiaries operated in the PRC.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, except for two subsidiaries (2020: two) which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 5%.

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

8. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

a) Basic Earnings Per Share

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Earnings		
Profit for the period attributable to equity shareholders of the Company for the purpose of basic earnings per share	13,171	5,877

	Six months ended 30 June	
	2021 Number of shares (unaudited)	2020 Number of shares (unaudited)
Ordinary shares (basic)		
Weighted averaged number of ordinary shares in issue	1,000,000,000	1,000,000,000

b) Diluted Earnings Per Share

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

10. PROPERTY, PLANT AND EQUIPMENT

a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired property, plant and equipment with costs of approximately RMB17,000 (six months ended 30 June 2020: RMB4,635,000).

Items of property, plant and equipment with net carrying amount of RMB43,000 were written off during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil), resulting in a loss on written off of RMB43,000 (six months ended 30 June 2020: Nil).

b) Right-of-use assets

During the six months ended 30 June 2021, the Group recognised no additions to right-of-use assets (six months ended 30 June 2020: Nil).

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade receivables	85,446	61,028
Bills receivables	5,041	14,710
Total trade and bills receivables	90,487	75,738
Less: Provision for impairment allowance	(3,394)	(3,394)
	87,093	72,344
Deposits	2,656	2,459
Prepayments	29,596	21,730
Other receivables	1,157	467
Other tax recoverable	900	209
	34,309	24,865
	121,402	97,209

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

11. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- a) The aging analysis of trade and bills receivables based on the date of revenue recognition and net of loss allowance is as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0 - 30 days	25,496	22,974
31 - 60 days	15,455	14,224
61 - 90 days	10,862	16,418
91 - 180 days	18,461	16,608
181 - 360 days	16,819	1,699
Over 360 days	—	421
	87,093	72,344

- b) Provision for impairment allowance

The Group measures loss allowances for trade receivables individually or at an amount equal to lifetime ECL which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases. The customer bases consist of the following groups:

- Group 1: Customers from the operating segments of: Import and export agency services, Container and stone blocks road freight forwarding services
- Group 2: Customers from the operating segments of: Intra-port ancillary services, Intra-port container transportation services
- Group 3: Customers from the operating segments of: Trading of building materials and automobile accessories

11. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

b) Provision for impairment allowance (Continued)

Trade receivables of RMB85,446,000 (At 31 December 2020: RMB61,028,000) are assessed based on provision matrix within lifetime ECLs.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	At 30 June 2021 (unaudited)			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Group 1 customers				
— Current (not past due)	0.7%	7,161	49	7,112
— 1 to 30 days past due	1.2%	1,327	16	1,311
— 31 to 90 days past due	1.5%	118	2	116
— 91 to 180 days past due	3%	25	1	24
		8,631	68	8,563
Group 2 customers				
— Current (not past due)	0.7%	18,442	125	18,317
— 1 to 30 days past due	1.2%	2,639	33	2,606
		21,081	158	20,923
Group 3 customers				
— Current (not past due)	0.7%	24,780	198	24,582
— 1 to 30 days past due	1.2%	6,177	76	6,101
— 31 to 90 days past due	1.94%	7,108	138	6,970
— 91 to 180 days past due	4.6%	5,983	277	5,706
— 181 to 360 days past due	20.9%	11,635	2,428	9,207
— Over 360 days past due	100%	51	51	—
		55,734	3,168	52,566
		85,446	3,394	82,052

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

11. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

b) Provision for impairment allowance (Continued)

	At 31 December 2020 (audited)			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Group 1 customers				
— Current (not past due)	0.6%	10,266	63	10,203
— 1 to 30 days past due	1.2%	818	10	808
— 31 to 90 days past due	1.4%	219	3	216
— 91 to 180 days past due	N/A	—	—	—
— 181 to 360 days past due	4.0%	25	1	24
— Over 360 days past due	100%	258	258	—
		11,586	335	11,251
Group 2 customers				
— Current (not past due)	0.7%	11,275	77	11,198
— 1 to 30 days past due	1.3%	235	3	232
— 31 to 90 days past due	1.5%	2	—	2
		11,512	80	11,432
Group 3 customers				
— Current (not past due)	0.8%	17,417	135	17,282
— 1 to 30 days past due	1.2%	2,349	28	2,321
— 31 to 90 days past due	1.5%	8,190	123	8,067
— 91 to 180 days past due	2.7%	6,415	175	6,240
— 181 to 360 days past due	62.5%	2,778	1,737	1,041
— Over 360 days past due	100%	781	781	—
		37,930	2,979	34,951
		61,028	3,394	57,634

12. TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade payables (note a)	15,884	10,037
Accruals and other payables	2,972	2,229
Salary payables	7,273	8,593
Financial liabilities measured at amortised cost	26,129	20,859
Other tax payables	815	840
Contract liabilities – Billings in advance of performance	178	478
	27,122	22,177

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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0 - 60 days	12,540	7,013
61 - 90 days	1,209	1,894
91 - 180 days	619	1,061
Over 180 days	1,516	69
	15,884	10,037

Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 June 2021)

13. BANK LOANS

As at 30 June 2021 and 31 December 2020, the Group's unsecured bank loan amounted to RMB9,000,000 from a bank in PRC bore interest at 4.9% per annum.

14. SHARE CAPITAL

	Par value HK\$	Number of shares	Amount HK\$
<i>Authorised ordinary shares</i>			
At 1 January 2020, 30 June 2020, 1 July 2020, 31 December 2020, 1 January 2021 and 30 June 2021 (unaudited)	0.01	4,000,000,000	40,000,000

	Par value HK\$	Number of shares	Amount HK\$	Amount RMB
<i>Issued and fully paid, ordinary shares</i>				
At 1 January 2020, 30 June 2020, 1 July 2020, 31 December 2020, 1 January 2021 and 30 June 2021 (unaudited)	0.01	1,000,000,000	10,000,000	8,708,098

15. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the unaudited interim financial statements, the Group has entered into the following transactions with related parties:

(a) Key management personal remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Short-term employee benefits and bonuses	755	787
Post-employment benefits	35	21
	790	808

(b) Indemnity

At 30 June 2021 and 31 December 2020, Mr. Cheng Youguo, the director of the Company has provided indemnities with respect to any possible social insurance claimed against the Group for the period up to 31 December 2017 in the future.

- (c) At 30 June 2021, the Group's lease liabilities amounted to RMB4,157,000 (At 31 December 2020: RMB5,938,000) are guaranteed by Mr. Cheng Youguo, the director of the Company.

Other Information

Other Information

Interim Dividend

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021.

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of shares of the Company.

Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transaction by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. The Group has made specific enquiries of all the Directors and the Directors have confirmed that they have been complying with the required standard of dealings and the related code of conduct regarding Director's securities transactions. As far as the Group is aware, the Directors and employees of the Group have not breached the required the Model Code.

Directors' and Chief Executives' Interests in Shares

As at 30 June 2021, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions of the Shares of the Company

Substantial Shareholder	Capacity/Nature of interest	Number of Shares held (Note 1)	Percentage of interests in our Company (Note 2)
Mr. Cheng Youguo (Note 3)	Interest in a controlled corporation	562,500,000 Shares (L)	56.25%
Mr. Ho Kee Cheung	Beneficial owner	9,980,000 Shares (L)	0.99%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- As at 30 June 2021, the Company had 1,000,000,000 Shares in issue.
- Shares in which Mr. Cheng Youguo is interested consist of 562,500,000 shares held by Glory Fame Venture Limited, a company wholly owned by Mr. Cheng, in which Mr. Cheng is deemed to be interested under the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2021, 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 of the Company

Substantial Shareholder	Capacity/Nature of interest	Number of Shares held	Percentage of interests in our Company (Note 1)
Glory Fame Venture Limited (Note 2)	Beneficial owner	562,500,000 shares	56.25%
Ms. Huang Meili (Note 2 & 3)	Interest of spouse	562,500,000 shares	56.25%

Notes:

- As at 30 June 2021, the Company had 1,000,000,000 Shares in issue.
- Glory Fame Venture Limited is wholly owned by Mr. Cheng Youguo.
- 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 30 June 2021, 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

For the six months ended 30 June 2021, 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 2021.

Other Information

COMPETING INTERESTS

For the six months ended 30 June 2021, the Directors are not aware of any business or interest of each Director, controlling shareholder, management shareholder and their respective associates (as defined in Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

COMPLIANCE WITH PRACTICES ON CORPORATE GOVERNANCE CODE

The Directors consider that for the six months ended 30 June 2021, the Company has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules, the Company has established an audit committee (“Audit Committee”), which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management structure is in place within the Company, including internal controls and risk management to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial factors such as the benchmarking of key operational performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a structure of internal controls and risk management and ethical standards for the Group’s management to the Audit Committee. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Cheng Siu Shan, Mr. Ho Kee Cheung and Ms. Li Zhao. Mr. Cheng Siu Shan is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

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

Hong Kong, 26 August 2021

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 Ms. Li Zhao.