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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of Directors (the “**Directors**”) of XiangXing International Holding Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 together with the relevant comparative figures for the year ended 31 December 2020 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue</b>	3, 4	<b>288,682</b>	197,773
Cost of sales		<b>(240,754)</b>	(153,165)
Gross profit		<b>47,928</b>	44,608
Other income	4	<b>8,578</b>	3,845
Other operating expenses		<b>(946)</b>	(307)
Administrative expenses		<b>(23,874)</b>	(20,416)
Impairment losses on trade receivables, net		<b>(9,548)</b>	(3,014)
Impairment losses on prepayments		—	(1,867)
<b>Profit from operations</b>		<b>22,138</b>	22,849
Finance costs	5(a)	<b>(751)</b>	(260)
<b>Profit before taxation</b>	5	<b>21,387</b>	22,589
Income tax	6	<b>(10,972)</b>	(7,956)
<b>Profit for the year</b>		<b>10,415</b>	14,633

	<i>Note</i>	<b>2021</b> <b><i>RMB'000</i></b>	2020 <i>RMB'000</i>
<b>Other comprehensive income for the year, net of nil income tax</b>			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		<b>263</b>	303
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside the People's Republic of China ("PRC")		<b>960</b>	465
<b>Other comprehensive income for the year</b>		<b>1,223</b>	768
<b>Total comprehensive income for the year</b>		<b>11,638</b>	15,401
<b>Profit for the year attributable to:</b>			
Equity shareholders of the Company		<b>10,655</b>	14,406
Non-controlling interests		<b>(240)</b>	227
		<b>10,415</b>	14,633
<b>Total comprehensive income for the year attributable to:</b>			
Equity shareholders of the Company		<b>11,878</b>	15,174
Non-controlling interests		<b>(240)</b>	227
		<b>11,638</b>	15,401
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Earnings per share</b>	<b>8</b>		
— Basic and diluted		<b>1.07</b>	1.44

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		31,938	38,108
Intangible assets		66	76
Deposits paid for acquisition of property, plant and equipment		<u>1,596</u>	<u>—</u>
		<u><b>33,600</b></u>	<u>38,184</u>
<b>Current assets</b>			
Inventories		3,933	3,678
Trade and other receivables	9	123,782	97,209
Cash and cash equivalents		23,819	42,395
		<u>151,534</u>	<u>143,282</u>
<b>Current liabilities</b>			
Trade and other payables	10	19,160	22,177
Bank loans		8,200	9,000
Lease liabilities		2,781	3,996
Income tax payable		2,379	2,536
		<u>32,520</u>	<u>37,709</u>
<b>Net current assets</b>		<u>119,014</u>	<u>105,573</u>
<b>Total assets less current liabilities</b>		<u>152,614</u>	<u>143,757</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,257</u>	<u>4,038</u>
<b>Net assets</b>		<u><b>151,357</b></u>	<u><b>139,719</b></u>
<b>Capital and reserves</b>			
Share capital		8,708	8,708
Reserves		<u>140,596</u>	<u>128,718</u>
Total equity attributable to equity shareholders of the Company		<u>149,304</u>	<u>137,426</u>
Non-controlling interests		<u>2,053</u>	<u>2,293</u>
<b>Total equity</b>		<u><b>151,357</b></u>	<u><b>139,719</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 1. CORPORATE INFORMATION

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

The Company was successfully transferred listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited 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. 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:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*
- Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021 (2021 amendment)

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. Impacts of the adoption of the amended HKFRSs are discussed below:

#### **Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021 (2021 amendment)**

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

### **3. SEGMENT REPORTING**

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

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

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

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

(a) **Segment revenue and results**

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

**For the year ended 31 December 2021**

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of building materials and automobile accessories <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition						
— Point in time	14,294	25,913	58,793	73,434	115,598	288,032
— Over time	—	—	—	—	650	650
Revenue from external customers	14,294	25,913	58,793	73,434	116,248	288,682
Inter-segment revenue	—	1,164	—	112	5,403	6,679
Reportable segment revenue	14,294	27,077	58,793	73,546	121,651	295,361
<b>Reconciliation:</b>						
Elimination of inter-segment revenue						(6,679)
Consolidated revenue (note 4)						<u>288,682</u>
<b>Results</b>						
Segment results	1,917	676	20,073	19,394	5,868	47,928
Other income						8,578
Other operating expenses						(946)
Administrative expenses						(23,874)
Impairment losses on trade receivables, net						(9,548)
Finance costs						(751)
Consolidated profit before taxation						<u>21,387</u>

**For the year ended 31 December 2020**

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of building materials and automobile accessories <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition						
— Point in time	12,435	29,452	46,543	56,822	52,521	197,773
— Over time	—	—	—	—	—	—
Revenue from external customers	12,435	29,452	46,543	56,822	52,521	197,773
Inter-segment revenue	—	137	—	9,415	5,284	14,836
Reportable segment revenue	12,435	29,589	46,543	66,237	57,805	212,609
<b>Reconciliation:</b>						
Elimination of inter-segment revenue						(14,836)
Consolidated revenue ( <i>note 4</i> )						<u>197,773</u>
<b>Results</b>						
Segment results	2,806	9,217	18,479	11,519	2,587	44,608
Other income						3,845
Other operating expenses						(307)
Administrative expenses						(20,416)
Impairment losses on trade receivables						(3,014)
Impairment losses on prepayments						(1,867)
Finance costs						(260)
Consolidated profit before taxation						<u>22,589</u>

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 represent profit earned from each segment without allocation of other income, other operating expenses, administrative expenses, impairment losses on trade receivables, impairment losses on prepayments and finance costs. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

**(b) Other segment information**

**For the year ended 31 December 2021**

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of building materials and automobile accessories <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Addition to non-current assets	—	229	—	1,936	231	—	2,396
Interest income from bank deposit	—	18	—	58	23	—	99
Interest income on trade receivables	—	—	—	—	1,490	—	1,490
Interest expenses	—	87	—	474	190	—	751
Depreciation	—	2,358	—	2,879	1,707	—	6,944
Amortisation	—	12	—	—	8	—	20
(Reversal of impairment)/ impairment losses on trade receivables	—	(216)	—	(3)	9,767	—	9,548
Impairment losses on prepayments	—	—	—	—	—	—	—
Gain/(loss) on disposal of property, plant and equipment	—	(1)	—	31	—	—	30

**For the year ended 31 December 2020**

	Import and export agency services <i>RMB'000</i>	Container and stone blocks road freight forwarding services <i>RMB'000</i>	Intra-port ancillary services <i>RMB'000</i>	Intra-port container transportation services <i>RMB'000</i>	Trading of building materials and automobile accessories <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Addition to non-current assets	—	93	—	2,080	12,294	—	14,467
Interest income from bank deposit	—	50	—	47	100	11	208
Interest expenses	—	106	—	11	66	77	260
Depreciation	—	2,844	—	3,265	633	—	6,742
Amortisation	—	10	—	—	1	—	11
Impairment losses on trade receivables	—	337	—	80	2,597	—	3,014
Impairment losses on prepayments	—	—	—	—	1,867	—	1,867
Gain/(loss) on disposal of property, plant and equipment	—	276	—	(10)	—	—	266

**(c) Major customers**

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A ( <i>note i</i> )	<b>98,644</b>	76,524
Customer B ( <i>note ii</i> )	<b>78,119</b>	—
Customer C ( <i>note i</i> )	<b>34,061</b>	25,087

*Note:*

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

Revenues from each of the above customers A, B and C accounted for 10 percent or more of the Group's revenue for the year ended 31 December 2021 (31 December 2020: revenues from each of customers A and C accounted for 10 percent or more of the Group's revenue).

**(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:

	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>288,682</b>	197,773
Cost of sales	<b>(240,754)</b>	(153,165)
Gross profit	<b>47,928</b>	44,608
Other income	<b>8,578</b>	3,834
Other operating expenses	<b>(946)</b>	(307)
Administrative expenses	<b>(19,139)</b>	(15,525)
Impairment losses on trade receivables, net	<b>(9,548)</b>	(3,014)
Impairment losses on prepayment	<b>—</b>	(1,867)
Profit from operations	<b>26,873</b>	27,729
Finance costs	<b>(751)</b>	(183)
Profit before taxation from business activities in the PRC	<b>26,122</b>	27,546

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

	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation from business activities in the PRC	<b>26,122</b>	27,546
Other income outside the PRC	<b>—</b>	11
Administrative expenses outside the PRC	<b>(4,735)</b>	(4,891)
Finance costs outside the PRC	<b>—</b>	(77)
Profit before taxation	<b>21,387</b>	22,589

#### 4. 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Import and export agency services income	14,294	12,435
Container and stone blocks road freight forwarding services income	25,913	29,452
Intra-port ancillary services income	58,793	46,543
Intra-port container transportation services income	73,434	56,822
Trading of building materials and automobile accessories	116,248	52,521
	<u>288,682</u>	<u>197,773</u>
<b>Total revenue</b>		
Interest income on financial assets measured at amortised cost		
— bank interest income	99	208
— trade receivables	1,490	—
Compensation received	—	66
Government grants	2,167	791
Gain on disposal of property, plant and equipment	30	266
Rental income	621	1,745
Rent concession income	—	60
Fair value gains on financial assets mandatorily measured at fair value through profit or loss	—	200
Value added tax refund	—	489
Sundry income	4,171	20
	<u>8,578</u>	<u>3,845</u>
<b>Total other income</b>		

All sales contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

## 5. PROFIT BEFORE TAXATION

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

### (a) Finance cost

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans and overdraft	474	84
Interest on lease liabilities	277	176
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>751</b>	<b>260</b>
	<hr/> <hr/>	<hr/> <hr/>

### (b) Staff costs (including directors' emoluments)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	86,444	69,689
Retirement benefit scheme contributions	9,314	2,998
Staff welfare	504	405
	<hr/>	<hr/>
	<b>96,262</b>	<b>73,092</b>
	<hr/> <hr/>	<hr/> <hr/>

### (c) Other items

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Auditor's remuneration		
— audit service	697	712
— non-audit service	182	222
Amortisation of intangible assets	20	11
Cost of inventories	119,813	52,174
Depreciation		
— owned property, plant and equipment	5,096	5,756
— right-of-use assets	1,848	986
Gain on disposal of property, plant and equipment	(30)	(266)
Impairment losses on trade receivables, net	9,548	3,014
Impairment losses on prepayments	—	1,867
Net foreign exchange loss	1,150	748
	<hr/> <hr/>	<hr/> <hr/>

## 6. INCOME TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current tax — PRC Enterprise Income Tax (the “EIT”)</b>		
Provision for the year	10,845	7,942
Under-provision in respect of prior years	127	14
	<u>10,972</u>	<u>7,956</u>

*Notes:*

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

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for four subsidiaries (2020: two) which are qualified as Small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 2.5% (2020: 5%).

## 7. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2021 (2020: Nil).

## 8. 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>10,655</u>	<u>14,406</u>
	2021 Number of shares	2020 Number of shares
<b>Ordinary shares (basic)</b>		
Weighted average number of ordinary shares in issue	<u>1,000,000,000</u>	<u>1,000,000,000</u>

### b) Diluted Earnings Per Share

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

## 9. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	98,960	61,028
Bills receivables	7,450	14,710
Total trade and bills receivables	106,410	75,738
Less: Provision for impairment allowance	(12,942)	(3,394)
	<u>93,468</u>	<u>72,344</u>
Deposits	2,706	2,459
Prepayments	25,430	21,730
Other receivables	1,903	467
Other tax recoverable	275	209
	<u>30,314</u>	<u>24,865</u>
	<u>123,782</u>	<u>97,209</u>

*Notes:*

- (a) All of the trade and other receivables are expected to be recovered or recognised as expense within one year.
- (b) During the years ended 31 December 2021 and 2020, the Group allows credit periods ranging from 30 to 180 days to its customers. Before accepting any new customer, the Group assesses the potential customer's credit quality. Credit term granted to customers is reviewed regularly.
- (c) The aging analysis of trade and bills receivables based on the date of revenue recognition and net of loss allowance is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0-30 days	<b>29,724</b>	22,974
31-60 days	<b>6,839</b>	14,224
61-90 days	<b>11,088</b>	16,418
91-180 days	<b>11,040</b>	16,608
181-360 days	<b>31,371</b>	1,699
Over 360 days	<b>3,406</b>	421
	<hr/> <b>93,468</b> <hr/>	<hr/> 72,344 <hr/>

- (d) The Group does not hold any collateral over these receivables.
- (e) For the years ended 31 December 2021 and 2020, no trade receivable has been written off.

(f) Transferred receivables

The carrying amounts of the bills receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in the consolidated statement of financial position. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Transferred receivables	3,000	—
Associated secured borrowing (bank loans)	3,000	—
	<u>3,000</u>	<u>—</u>

Management considers that in substance the factor collects the amounts receivable on the entity's behalf and retains the cash in settlement of the separate financing transaction. The Group therefore presents the cash inflows received from the bank as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

## 10. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables ( <i>note b</i> )	5,663	10,037
Accruals and other payables	3,741	2,229
Salary payables	8,444	8,593
	<u>17,848</u>	<u>20,859</u>
Financial liabilities measured at amortised cost	17,848	20,859
Other tax payables	752	840
Contract liabilities — Billings in advance of performance ( <i>note c</i> )	560	478
	<u>19,160</u>	<u>22,177</u>

Notes:

- (a) All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.
- (b) The aging analysis of trade payables presented based on invoice date as at the end of the reporting period is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0-60 days	<b>3,694</b>	7,013
61-90 days	<b>835</b>	1,894
91-180 days	<b>718</b>	1,061
Over 180 days	<b>416</b>	69
	<hr/> <b>5,663</b> <hr/>	<hr/> 10,037 <hr/>

The credit terms granted by the suppliers were generally ranging from 0 to 120 days. The directors of the Company consider that the carrying amounts of trade payables approximate to their fair values.

- (c) When the Group receives a deposit before the provision of services or delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised exceeds the amount of the deposit. The amount of the deposit, if any, is negotiated on a case by case basis with customers.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in prior year.

#### **Movements in contract liabilities**

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Balance at 1 January	<b>478</b>	153
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	<b>(428)</b>	(103)
Increase in contract liabilities as a result of billing in advance to customers	<b>510</b>	428
	<hr/> <b>560</b> <hr/>	<hr/> 478 <hr/>
Balance at 31 December	<b>560</b>	478

## MANAGEMENT DISCUSSION AND ANALYSIS

Founded in 1999, the Group is principally engaged in provision of intra-port services, logistics services and supply chain operations in the area of Xiamen, Quanzhou, Wuhan and Chengdu of 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; and
- Supply chain operations consist of (i) trading of building material and (ii) trading of automobile accessories.

Although part of the business has been affected to a certain extent by the global outbreak of Coronavirus COVID-19 pandemic (“**COVID-19 pandemic**”), the Group’s overall revenue for the year ended 31 December 2021 has achieved a growth which is attributable to the gradual control of the COVID-19 pandemic with the normalised preventive control in the PRC as well as the revenue contributed by the Group’s building materials supply chain operation.

## BUSINESS REVIEW

In order to continue to fully leverage the Group’s advantages in intra-port services, the Group successfully won the bid for the intra-port service project in Wuhan in July 2021. It is believed that after a period of market cultivation, it will surely become a new source of business growth for the Group. In addition, in view of the successful experience of the mainland in the normalisation of epidemic prevention and control, the Group established a wholly-owned subsidiary “Xiamen Xiangxing Disinfection Service Co., Ltd.” in August 2021, with the aim of disinfecting and continuously strengthening the sanitation of cargos in the port by principally providing disinfecting services to customers in return for revenue.

Benefiting from the Group’s stable revenue from intra-port transportation services and intra-port container ancillary services, as well as the contribution of the building materials supply chain operation business that has been vigorously developed in recent years, the Group’s overall revenue has increased by 46.0% to approximately RMB288,682,000 for the year ended 31 December 2021.

Net profit of the Group for the year ended 31 December 2021 decreased by 28.8% to approximately RMB10,415,000. Such decrease was mainly resulted from the increase in impairment losses on trade receivables which in a large extent offset the increase in revenue from intra-port transportation and container ancillary services in Fujian province, and increase in revenue from building materials supply chain operations in Sichuan province.

The Group's intra-port services business completed approximately 4,071,698 TEUs in year 2021, representing an annual increase of 37.1%.

The Group's building materials supply chain operation and trading of automobile accessories business contributed approximately RMB116,248,000 of revenue in year 2021, represented 40.3% of the total revenue.

## **PROSPECTS**

Looking ahead, the Group will focus on the following aspects in year 2022:

- 1) Leveraging the favourable conditions of the PRC government's advancement of the western development as the background and giving the opportunities created by the key development of the Chengdu-Chongqing Economic Circle, the Company has established Chengdu Xiangxing Supply Chain Management Co., Ltd. to develop the building materials supply chain business, and continue to explore the huge potential in the building materials market in the western region, and strive to achieve new breakthroughs in revenue and profit.
- 2) Continue to leverage the advantages in intra-port services, with the background that the newly constructed Quanzhou Port is about to be completed and the Wuhan Port is officially put into operation, the Group will ensure in-depth cooperation with the business partners to continuously expand the business volume.

The Group will continue to adhere to the business philosophy of "Built from Integrity and Grow with Quality" and provide excellent services to its existing customers and expand its business, for greater returns to its shareholders. The Group will keep the shareholders of the Company informed of the latest developments of the Group in a timely manner.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2021, the Group's revenue amounted to approximately RMB288,682,000, representing an increase of approximately 46.0% from approximately RMB197,773,000 for the year ended 31 December 2020.

For the year ended 31 December 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 year ended 31 December		
			2021	2020	Change (%)
Intra-port ancillary services	Containers	TEU <i>(Note)</i>	<b>4,071,698</b>	2,970,536	37.1%
	General cargo	Tonnes	<b>2,903,547</b>	3,218,007	(9.8%)
Intra-port container transportation services	Containers	TEU <i>(Note)</i>	<b>3,779,472</b>	3,153,483	19.9%

*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 year ended 31 December		
			2021	2020	Change (%)
Intra-port ancillary services		RMB'000	<b>58,793</b>	46,543	26.3%
Intra-port container transportation services		RMB'000	<b>73,434</b>	56,822	29.2%
Total			<b>132,227</b>	103,365	27.9%

Xiamen Port achieved a total throughput of approximately 12.1 million TEUs in 2021, representing a year-on-year increase of 5.6%. The Group’s intra-port service operation volume increased by approximately 37.1%, and the overall revenue increased by 27.9%. The main reasons were because the two ports served by the Group were mainly for foreign trade cargoes, and the European and American routes accounted for a large proportion in these ports. Due to the overall economic environment and the effective control of the COVID-19 pandemic, the foreign trade volume between the PRC and major economies has increased significantly during the year ended 31 December 2021.

## 2) *Logistics related services*

### Operating volume comparison

Classification	Unit	For the year ended 31 December			
		2021	2020	Change (%)	
Road freight services	Loaded containers	Unit	14,805	17,342	(14.6%)
	Empty containers	Unit	119,559	107,286	11.4%
	General cargos	Tonnes	1,382,919	1,767,549	(21.8%)
Import and export agency services		Unit	7,521	9,759	(22.9%)

### Revenue comparison

Classification	Unit	For the year ended 31 December			
		2021	2020	Change (%)	
Road freight services		RMB'000	25,913	29,452	(12.0%)
Import and export agency services		RMB'000	14,294	12,435	14.9%
Total		RMB'000	40,207	41,887	(4.0%)

Except for the empty container transportation, the logistics business of the Group has declined in 2021, to a large extent, as a result of the cancellation of the import of solid waste by the country, shifting of part of the Group's shipping capacity to the newly expanded Quanzhou Weitou Port Area to participate in the intra-port transportation business, there as well as the reduction in the number of block stones arriving at the Quanzhou Shihu Port served by the Group. Since the newly expanded export agency business requires advance payment of sea freight charge, the business volume decreased significantly year-on-year, but the overall revenue was generally flat.

### 3) *Supply chain operations*

		Operating volume comparison		
Classification	Unit	For the year ended 31 December		
		2021	2020	Change (%)
Trading of heavy-duty auto parts and tires	Unit	125,819	134,608	(6.5%)
Trading of building materials	Tonnes	649,449	368,180	76.4%

		Revenue comparison		
Classification	Unit	For the year ended 31 December		
		2021	2020	Change (%)
Trading of heavy-duty auto parts and tires	RMB'000	7,097	7,719	(8.1%)
Trading of building materials	RMB'000	109,151	44,802	143.6%
Total	RMB'000	116,248	52,521	121.3%

The Group launched the gravel and cement types of building materials supply chain operation business in Sichuan province in April 2020, and achieved a revenue of approximately RMB109,151,000 during the year, the overall revenue of the supply chain operation business has therefore increased significantly.

#### **Staff Costs**

Staff costs mainly included salaries, wages and other staff benefits. For the year ended 31 December 2021, the Group's staff cost was approximately RMB96,262,000 (for the year ended 31 December 2020: approximately RMB73,092,000).

#### **Administrative Expenses**

Administrative expenses mainly included staff costs (including directors' emoluments), depreciation and auditors' remuneration. For the year ended 31 December 2021, the Group's administrative expenses amounted to approximately RMB23,874,000 (for the year ended 31 December 2020: approximately RMB20,416,000).

## **Taxation**

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

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

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years, except for four subsidiaries (2020: two) which are qualified as small Low-Profit Enterprises in the PRC and entitle to a concessionary tax rate of 2.5% (2020: 5%).

For the year ended 31 December 2021, income tax expense was approximately RMB10,972,000 (for the year ended 31 December 2020: approximately RMB7,956,000).

## **Profit for the year**

For the year ended 31 December 2021, the Group’s profit for the year was approximately RMB10,415,000 (for the year ended 31 December 2020: approximately RMB14,633,000). The decrease was mainly resulted from the increase in impairment losses on trade receivables which, to a large extent, offset the increase in revenue from intra-port transportation and container ancillary services in Fujian province, and the increase in revenue from building materials supply chain operations in Sichuan province.

## **Liquidity and Financial Resources**

The operation of the Group is mainly financed by the cash generated from its self-owned business operations. As at 31 December 2021, the net current assets of the Group amounted to approximately RMB119,014,000 (31 December 2020: approximately RMB105,573,000) and cash and cash equivalents as at 31 December 2021 amounted to approximately RMB23,819,000 (31 December 2020: approximately RMB42,395,000).

As at 31 December 2021, the Group’s bank loans totalled approximately RMB8,200,000 (31 December 2020: approximately RMB9,000,000).

## **Currency Risk**

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

## **Capital Commitments**

As at 31 December 2021, the Group had capital commitment of approximately RMB3,724,000 (31 December 2020: Nil).

## **Capital Structure**

For the year ended 31 December 2021, the Company's capital structure remained unchanged. The capital structure of the Group is comprised of equity interest attributable to the owners of the Company (including issued share capital and reserves). The Directors regularly review the capital structure of the Group. As part of the review, the Directors consider the cost of capital and the associated risks of various types of capital.

## **Material Acquisitions and Disposals**

For the year ended 31 December 2021, the Group did not have any material acquisitions or disposals of subsidiaries.

## **Employees and Remuneration Policy**

As at 31 December 2021, the Group employed 963 (31 December 2020: 836) 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 public offer of shares of the Company on GEM 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.

The actual use of net proceeds since the Listing and details of the proposed change in use of proceeds are as follows:

	Planned use of proceeds as stated in the Prospectus <i>HK\$'million</i>	Actual use of proceeds before the proposed change in use of proceeds as stated in the Announcement <i>HK\$'million</i>	Proposed change in use of proceeds as stated in the Announcement <i>HK\$'million</i>	Actual use of proceeds since the Listing up to 31 December 2021 <i>HK\$'million</i>
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	—	6.7
Development of intra-port ancillary services and intra-port container transportation services in Wuhan City, the PRC	—	—	18.0	2.5
Purchase of electric tractors	—	—	15.5	2.0
	<u>40.2</u>	<u>6.7</u>	<u>33.5</u>	<u>11.2</u>

The Group's business objectives as stated in the prospectus dated 27 June 2017 (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.

The Group made an announcement on 16 September 2021 (the "**Announcement**"), regarding the charge in use of proceeds in accordance to the recent market conditions and business development of the Company. Details of change in use of proceeds are set out in the Announcement.

The Company intends to apply the net proceeds in the manner as stated in the Announcement. However, the Directors will constantly evaluate the Group's business objectives and may change or modify its plans in face of the changing market condition to attain sustainable business growth of the Group. In such event the Company will issue an announcement to inform its shareholders and potential investors in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

As at 31 December 2021, the unutilised net proceeds from the listing were approximately HK\$29.0 million, the Group expects to fully utilise the proceeds by 31 December 2023.

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

As at 31 December 2021, the Group's lease liabilities arisen from the purchase of motor vehicles were secured by motor vehicles with carrying amounts of RMB10,637,000 (2020: RMB12,137,000) and bank loans of RMB3,000,000 are secured by bills receivables of RMB3,000,000 (2020: Nil)..

As at 31 December 2021, the Group did not have any contingent liabilities.

## **CORPORATE GOVERNANCE**

The Company has adopted and complied with the codes provisions of the Corporate Governance Code (the “**CG Code**”) as set out in the Appendix 14 to the Listing Rules for the year ended 31 December 2021, save that:

According to the code provisions C.1.6 and F.2.2 of the CG Code, the chairman of the Board, all independent non-executive Directors, and chairmen of the audit, remuneration, nomination and any other committees (as appropriate) shall attend the annual general meeting of the Company. Mr. Cheng Youguo, Mr. Qiu Changwu and Ms. Li Zhao were unable to attend the annual general meeting of the Company which was held in Hong Kong on 28 May 2021 due to the travel restrictions resulting from the outbreak of COVID-19 pandemic. Mr. Ho Kee Cheung was invited to chair the said annual general meeting in the absence of Mr. Cheng Youguo.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Group has adopted the Model Code for Securities transacting by Directors of the listed issuers (the “**Model Code**”) 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 Directors and all 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 for the year ended 31 December 2021.

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

## **DIVIDEND**

No final dividend for the year ended 31 December 2021 is proposed by the Board (2020: Nil).

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

During the year under review, the Company has complied with all relevant laws and regulations which include the Companies Law of the Cayman Islands and the Listing Rules and maintained good relationship with its customers, employees and investors.

## **EVENTS AFTER END OF REPORTING PERIOD**

Save as disclosed in this announcement, the Group does not have other significant events after the reporting period.

## **AUDIT COMMITTEE**

The Board has complied with the provisions of the CG Code set out in Appendix 14 to the Listing Rules, and that our Audit Committee was established on 13 February 2017. In 2021, pursuant to Rule 3.21 of the Listing Rules, the Audit Committee consists of 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 and has professional qualifications and experience in accounting and financial management as stipulated in the Listing Rules. For the financial year ended 31 December 2021, the Audit Committee has performed its main duties, including (1) review and advise on the Group's annual and half-yearly reports and results announcements, the relevant accounting principles and practices adopted by the Group; (2) review the risk management and internal control procedures adopted by the Group, the internal control review report, and providing suggestions and comments thereon; (3) review the effectiveness of the internal audit function and provide suggestions and comments thereon; (4) ensure that the Directors and staff have received sufficient and relevant trainings and have complied with the corporate governance practices and code of conducts of the Group; and (5) discuss and confirm with chief executive officer and senior management that the Group has complied with applicable laws and regulations, in all material aspects.

## **ANNUAL GENERAL MEETING**

The annual general meeting (“AGM”) of the Company will be held on 17 June 2022 at 3:00 p.m. A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 14 June 2022 to 17 June 2022, both days inclusive for the entitlement to attend the AGM, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 13 June 2022.

## **REVIEW OF FINANCIAL STATEMENTS**

The Group's audited financial statements for the year ended 31 December 2021 has been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange. The 2021 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the website of the Stock Exchange in due course.

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

Hong Kong, 25 March 2022

*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.*