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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser



Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 16 January 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six Placées who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 200,000,000 Placing Shares at the Placing Price of HK\$0.16 per Placing Share. The Placing Shares shall be offered by the Placing Agent as agent for the Company to the Placées during the period from the date of the Placing Agreement up to 15 February 2023.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 200,000,000 Placing Shares represent (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.16 per Placing Share represents: (i) a discount of approximately 17.9% to the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on 16 January 2023, being the date of the Placing Agreement; and (ii) a discount of approximately 19.1% to the average closing price of approximately HK\$0.1978 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$32.0 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$31.3 million. The Company intends to apply the net proceeds from the Placing for supporting the development of the supply chain operation business, payment of the administrative expenses outside the PRC, as well as general working purpose of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 16 January 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 200,000,000 Placing Shares at the Placing Price of HK\$0.16 per Placing Share during the period from the date of the Placing Agreement to 15 February 2023. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 16 January 2023 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as the issuer; and
(ii) I Win Securities Limited, as the Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and their respective ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 1.5% of the amount which is equal to the Placing Price multiplied by the total number of the Placing Shares which are successfully placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares will be placed to currently expected to be not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. The Placing Shares shall be offered by the Placing Agent as agent for the Company to the Placees during the period from the date of the Placing Agreement up to 15 February 2023. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If the Placing Shares will be placed to less than six Placees or if any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 200,000,000 Placing Shares represent (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 200,000,000 Placing Shares is HK\$2,000,000.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.16 per Placing Share represents: (i) a discount of approximately 17.9% to the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on 16 January 2023, being the date of the Placing Agreement; and (ii) a discount of approximately 19.1% to the average closing price of approximately HK\$0.1978 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon:

- (a) the written confirmation issued by the Stock Exchange granting the listing and permission to deal in the Placing Shares and, where such approval is subject to conditions, such conditions are reasonably acceptable to the Company and the Placing Agent, having been obtained and not subsequently revoked prior to completion of the Placing Agreement; and
- (b) no representation, warranty or undertaking under this Agreement having been materially breached by the Company or failure to perform by the Company of the obligations hereunder or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Placing Agreement.

The condition set out in (a) above cannot be waived by the Company or the Placing Agent.

In the event that the above conditions are not fulfilled on or before 28 February 2023 or such later date as may be agreed between the Placing Agent and the Company in writing, all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and none of the parties thereto shall have any claim against the others save for any antecedent breach of any right or obligation under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing will take place within seven Business Days immediately after the fulfillment of the conditions of the Placing, or such other time and/or date as the Company and the Placing Agent may agree in writing.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 200,000,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be fully utilised upon the allotment and issue of all the Placing Shares.

Termination of the Placing Agreement

If any of the following events (the “**Specified Events**”) occur at any time at or prior to 9:00 a.m. on the Completion Date, the Placing Agent may terminate the Placing Agreement without liability to the Company, by giving a written notice to the Company:

- (a) in the absolute opinion of the Placing Agent, there shall have been since the date of the Placing Agreement such a change in international financial, political or economic conditions, existing laws, currency exchange rates or exchange controls, as would be likely to materially adverse to the Company or its subsidiaries or would prejudice materially the consummation of the Placing or would otherwise make the Placing inadvisable or inexpedient;
- (b) any material breach of any of the representations and warranties by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (c) there is any adverse change in the financial condition of the Company and its subsidiaries as a whole whether or not arising in the ordinary course of business which in the reasonable opinion of the Placing Agent would prejudice materially the consummation of the Placing; or
- (d) develops, occurs, or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the reasonable opinion of the Placing Agent, would prejudice materially the consummation of the Placing or would otherwise make the Placing inadvisable or inexpedient.

In the event that the Placing Agreement is terminated in accordance with the terms and conditions thereunder, all obligations of the Company and the Placing Agent shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

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 cities of the PRC.

As set out in the interim report of the Company for the six months ended 30 June 2022, the Group recorded revenue of approximately RMB132.2 million for the six months ended 30 June 2022, representing a decrease of approximately 2.4% from approximately RMB135.4 million for the six months ended 30 June 2021. Profit for the six months ended 30 June 2022 was approximately RMB6.7 million, representing a decrease of approximately 49.7% as compared with that of the corresponding period in the previous year.

The decrease in revenue and profits was mainly attributable to: (1) the decrease in revenue from the Group's building materials supply chain operation business in Chengdu city of Sichuan Province of the PRC for the six months ended 30 June 2022; and (2) the increase in staff cost of the Group's intra-port related business as more staff were required to participate in the operation to maintain the Group's quality of services in the intra-port related business for the normalised prevention and control mechanism of the COVID-19 pandemic in the PRC.

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB17.3 million. On the other hand, the total interest-bearing borrowings of the Group, including bank loans and lease liabilities, was approximately RMB10.0 million as at 30 June 2022.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$32.0 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$31.3 million, representing a net issue price of approximately HK\$0.157 per Placing Share. The Company intends to apply approximately HK\$20.9 million of the net proceeds to support the development of the supply chain operation business, approximately HK\$4.2 million of the net proceeds for payment of the administrative expenses outside the PRC, as well as approximately HK\$6.2 million for general working purpose of the Group.

Taking into account the current financial position of the Group and the uncertainty of the impact of COVID-19 on the business of the Group in the coming year, the Directors consider that the Placing represents an opportunity to raise additional funds for development of the supply chain operation business and to strengthen the Group's financial position. The Placing will also enable the Group to enlarge the shareholders' base of the Company, which may in turn enhance the liquidity of the Shares.

In view of the above, the Directors consider that the terms of the Placing are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the changes in the shareholding structure of the Company as a result of the Placing are as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approx.%	Number of Shares	Approx.%
Mr. Cheng Youguo (“ Mr. Cheng ”) (Note 1)	562,500,000	56.25%	562,500,000	46.88%
Mr. Ho Kee Cheung (“ Mr. Ho ”) (Note 2)	9,980,000	0.99%	9,980,000	0.83%
Public Shareholders				
The Placees	–	–	200,000,000	16.67%
Other public Shareholders	<u>427,520,000</u>	<u>42.76%</u>	<u>427,520,000</u>	<u>35.62%</u>
Total	<u>1,000,000,000</u>	<u>100.00%</u>	<u>1,200,000,000</u>	<u>100.00%</u>

Notes:

1. Mr. Cheng is the chairman and an executive Director of the Company.
2. Mr. Ho is an independent non-executive Director.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	XiangXing International Holding Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1732)
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	within seven Business Days immediately after the fulfillment of the conditions of the Placing, or such other time and/or date as the Company and the Placing Agent may agree in writing
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“COVID-19”	novel coronavirus
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 17 June 2022, pursuant to which a maximum of 200,000,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 200,000,000 new Shares to be allotted and issued pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 16 January 2023 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.16 per Placing Share
“Placing Share(s)”	up to 200,000,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Placing Agent”	I Win Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 16 January 2023

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.