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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 2023**

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 2023 together with the relevant comparative figures for the year ended 31 December 2022 as follows:

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

For the year ended 31 December 2023

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	3(a), 4	175,556	237,273
Cost of sales and services rendered		<u>(138,259)</u>	<u>(205,306)</u>
Gross profit		37,297	31,967
Other income	4	2,289	15,555
Other operating expenses		(708)	(1,014)
Administrative expenses		(19,830)	(23,091)
Impairment losses on trade receivables, net		(681)	(6,233)
Impairment loss on property, plant and equipment		<u>(522)</u>	<u>—</u>
Profit from operations		17,845	17,184
Finance costs	5(a)	<u>(240)</u>	<u>(651)</u>
Profit before taxation	5	17,605	16,533
Income tax	6	<u>(7,084)</u>	<u>(6,449)</u>
Profit for the year		<u>10,521</u>	<u>10,084</u>

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other comprehensive income for the year, 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		1,294	(1,172)
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")		<u>352</u>	<u>1,282</u>
Other comprehensive income for the year		<u>1,646</u>	<u>110</u>
Total comprehensive income for the year		<u>12,167</u>	<u>10,194</u>
Profit for the year attributable to:			
Equity shareholders of the Company		10,937	10,217
Non-controlling interests		<u>(416)</u>	<u>(133)</u>
		<u>10,521</u>	<u>10,084</u>
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		12,583	10,327
Non-controlling interests		<u>(416)</u>	<u>(133)</u>
		<u>12,167</u>	<u>10,194</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share	8		
— Basic and diluted		<u>0.93</u>	<u>1.02</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		26,517	33,316
Intangible assets		30	47
Deposits paid for acquisition of property, plant and equipment	9	1,995	—
Deferred tax assets		76	—
		<u>28,618</u>	<u>33,363</u>
Current assets			
Inventories		4,248	4,484
Trade and other receivables	9	139,200	126,288
Cash and cash equivalents		49,794	28,220
		<u>193,242</u>	<u>158,992</u>
Current liabilities			
Trade and other payables	10	17,562	20,011
Bank loans		—	8,000
Lease liabilities		726	401
Income tax payable		2,247	1,536
		<u>20,535</u>	<u>29,948</u>
Net current assets		<u>172,707</u>	<u>129,044</u>
Total assets less current liabilities		<u>201,325</u>	<u>162,407</u>
Non-current liabilities			
Lease liabilities		677	856
		<u>677</u>	<u>—</u>
Net assets		<u>200,648</u>	<u>161,551</u>
Capital and reserves			
Share capital		10,428	8,708
Reserves		188,716	150,923
Total equity attributable to equity shareholders of the Company		<u>199,144</u>	<u>159,631</u>
Non-controlling interests		<u>1,504</u>	<u>1,920</u>
Total equity		<u>200,648</u>	<u>161,551</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 in Hong Kong are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite No. 2, 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 (the "**Stock Exchange**") on 6 September 2019.

The functional currency of the Company and its subsidiaries in Hong Kong and 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 new and amendments to the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") to these financial statements for the current accounting period for the first time, which are mandatorily effective for the Group's financial annual period beginning on or after 1 January 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The Group has not applied any amendments to HKFRSs that are not yet mandatorily effective for the current accounting period. Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Prior to the adoption of Amendments to HKAS 12, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group previously applied HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis.

Upon the application of the amendments, the Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The application of the amendments does not have a material impact on the Group's financial position and performance because the deferred tax assets and the deferred tax liabilities as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. There was also no material impact on the opening balances as at 1 January 2022 as a result of the change.

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 2023 and 2022 is set out below:

For the year ended 31 December 2023

	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	5,705	19,380	54,507	81,065	13,496	174,153
— Over time	—	—	—	—	1,403	1,403
Revenue from contracts with external customers	5,705	19,380	54,507	81,065	14,899	175,556
Inter-segment revenue	—	—	—	—	5,159	5,159
Reportable segment revenue	5,705	19,380	54,507	81,065	20,058	180,715
Reconciliation:						
Elimination of inter-segment revenue						(5,159)
Consolidated revenue (<i>note 4</i>)						175,556
Results						
Segment results	2,811	829	21,661	18,030	(6,034)	37,297
Other income						2,289
Other operating expenses						(708)
Administrative expenses						(19,830)
Impairment losses on trade receivables, net						(681)
Impairment loss on property, plant and equipment						(522)
Finance costs						(240)
Consolidated profit before taxation						17,605

For the year ended 31 December 2022

	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	28,068	23,089	57,594	77,878	49,283	235,912
— Over time	—	—	—	—	1,361	1,361
Revenue from contracts with external customers	28,068	23,089	57,594	77,878	50,644	237,273
Inter-segment revenue	—	—	—	27	5,368	5,395
Reportable segment revenue	28,068	23,089	57,594	77,905	56,012	242,668
Reconciliation:						
Elimination of inter-segment revenue						(5,395)
Consolidated revenue (<i>note 4</i>)						<u>237,273</u>
Results						
Segment results	2,316	432	10,039	15,454	3,726	31,967
Other income						15,555
Other operating expenses						(1,014)
Administrative expenses						(23,091)
Impairment losses on trade receivables, net						(6,233)
Finance costs						(651)
Consolidated profit before taxation						<u>16,533</u>

The accounting policy information of the operating segments are the same as the Group's material accounting policy information. Revenue and expenses are allocated to the reportable segments with reference to revenue 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 loss 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.

(b) Other segment information**For the year ended 31 December 2023**

	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	—	1,091	—	282	30	516	1,919
Interest income from bank deposit	—	287	—	17	107	347	758
Interest expenses	—	111	—	104	—	25	240
Depreciation	—	2,644	—	3,322	1,664	430	8,060
Amortisation	—	14	—	—	9	—	23
Impairment losses recognised/ (reversed) on trade receivables, net	—	792	—	(159)	48	—	681
Impairment loss on property, plant and equipment	—	—	—	—	522	—	522
Gain/(loss) on disposal of property, plant and equipment	—	31	—	1	(53)	—	(21)

For the year ended 31 December 2022

	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	—	667	—	6,715	99	—	7,481
Interest income from bank deposit	—	17	—	30	15	—	62
Interest expenses	—	71	—	424	156	—	651
Depreciation	—	2,620	—	3,225	1,702	—	7,547
Amortisation	—	11	—	—	8	—	19
Impairment losses on trade receivables, net	—	457	—	176	5,600	—	6,233
Gain/(loss) on disposal of property, plant and equipment	—	97	—	(35)	—	—	62

(c) Major customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A (<i>note i</i>)	<u>93,558</u>	<u>101,317</u>
Customer B (<i>note ii, iii</i>)	<u>N/A</u>	<u>32,410</u>
Customer C (<i>note i</i>)	<u>37,024</u>	<u>35,410</u>

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
- (iii) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

Revenues from each of the above customers A, B and C, including sales to a group of entities which are known to be under common control with these customers, accounted for 10 percent or more of the Group's revenue for the year ended 31 December 2023 (31 December 2022: 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	175,556	237,273
Cost of sales and services rendered	<u>(138,259)</u>	<u>(205,306)</u>
Gross profit	37,297	31,967
Other income	1,942	15,555
Other operating expenses	(708)	(1,014)
Administrative expenses	(15,960)	(19,115)
Impairment losses on trade receivables, net	(681)	(6,233)
Impairment loss on property, plant and equipment	<u>(522)</u>	<u>—</u>
Profit from operations	21,368	21,160
Finance costs	<u>(215)</u>	<u>(651)</u>
Profit before taxation from business activities in the PRC	<u>21,153</u>	<u>20,509</u>

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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation from business activities in the PRC	21,153	20,509
Other income	347	—
Administrative expenses outside the PRC	<u>(3,870)</u>	<u>(3,976)</u>
Profit from operations	17,630	16,533
Finance costs	<u>(25)</u>	<u>—</u>
Profit before taxation	<u>17,605</u>	<u>16,533</u>

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Import and export agency services income	5,705	28,068
Container and stone blocks road freight forwarding services income	19,380	23,089
Intra-port ancillary services income	54,507	57,594
Intra-port container transportation services income	81,065	77,878
Trading of building materials and automobile accessories	14,899	50,644
Total revenue	175,556	237,273
Interest income on financial assets measured at amortised cost		
— bank interest income	758	62
Subsidy income	56	11,985
Government grants	191	2,204
(Loss)/gain on disposal of property, plant and equipment	(21)	62
Written off of intangible assets	3	—
Rental income	217	621
Net foreign exchange gain	85	462
VAT refund	758	—
Sundry income	242	159
Total other income	2,289	15,555

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 costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank loans and overdraft	104	454
Interest on lease liabilities	136	197
	<u> </u>	<u> </u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>240</u>	<u>651</u>

(b) Employee benefits expenses (including directors' emoluments)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	79,895	98,881
Retirement benefit scheme contributions	11,190	10,003
Staff welfare	137	242
	<u> </u>	<u> </u>
	<u>91,222</u>	<u>109,126</u>

(c) Other items

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Auditor's remuneration		
— audit service	623	720
— non-audit service	135	171
Amortisation of intangible assets	23	19
Depreciation		
— owned property, plant and equipment	6,967	5,743
— right-of-use assets	1,093	1,804
Total depreciation and amortisation	8,060	7,547
Cost of inventories	37,659	66,557
Loss/(gain) on disposal of property, plant and equipment	21	(62)
Written of intangible assets	3	—
Impairment losses on trade receivables, net	681	6,233
Impairment loss on property, plant and equipment	522	—
Net foreign exchange gain	(85)	(462)
	<u> </u>	<u> </u>

6. INCOME TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax — PRC Enterprise Income Tax (the “EIT”)		
Provision for the year	7,042	6,264
Under-provision in respect of prior years	<u>118</u>	<u>185</u>
	<u>7,160</u>	<u>6,449</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(76)</u>	<u>—</u>
	<u><u>7,084</u></u>	<u><u>6,449</u></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 (2022: four subsidiaries) which are qualified as Small Low-Profit Enterprises in the PRC and entitled to a concessionary tax rate of 5% (2022: 2.5%).

7. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2023 (2022: 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>10,937</u>	<u>10,217</u>
	2023	2022
	Number of shares	Number of shares
Ordinary shares (basic)		
Weighted-average number of ordinary shares:		
Issued ordinary share at 1 January	1,000,000,000	1,000,000,000
Effect of shares issued upon placing	<u>181,917,808</u>	<u>—</u>
	<u>1,181,917,808</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

	2023 <i>RMB'000</i>	2022 RMB'000
Trade receivables	114,241	119,012
Bills receivables	—	3,977
Total trade and bills receivables	114,241	122,989
Less: Allowance for credit losses	(19,856)	(19,175)
	94,385	103,814
Deposits	4,551	3,005
Prepayments	41,537	18,192
Other receivables	577	1,170
Other tax recoverable	145	107
	46,810	22,474
	141,195	126,288
Analysed as:		
Non-current	1,995	—
Current	139,200	126,288
	141,195	126,288

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 2023 and 2022, 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) At the end of the reporting period, the ageing analysis of trade and bills receivables based on the date of revenue recognition and net of loss allowances, is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	18,397	21,372
31–60 days	8,828	5,138
61–90 days	4,651	4,056
91–180 days	3,183	12,789
181–360 days	2,762	27,260
Over 360 days	56,564	33,199
	94,385	103,814

- (d) The Group does not hold any collateral over these receivables.
- (e) For the years ended 31 December 2023 and 2022, no trade receivable has been written off.

10. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables (<i>note b</i>)	5,289	6,489
Accruals and other payables	4,378	4,164
Salary payables	<u>6,751</u>	<u>8,024</u>
Financial liabilities measured at amortised cost	16,418	18,677
Other tax payables	1,093	843
Contract liabilities — Billings in advance of performance (<i>note c</i>)	<u>51</u>	<u>491</u>
	<u><u>17,562</u></u>	<u><u>20,011</u></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 ageing analysis of trade payables presented based on invoice date as at the end of the reporting period, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0-60 days	2,839	3,110
61-90 days	760	559
91-180 days	1,156	1,027
Over 180 days	<u>534</u>	<u>1,793</u>
	<u><u>5,289</u></u>	<u><u>6,489</u></u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January	491	560
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	(441)	(560)
Increase in contract liabilities as a result of billing in advance to customers	<u>1</u>	<u>491</u>
Balance at 31 December	<u><u>51</u></u>	<u><u>491</u></u>

All of the contract liabilities are expected to be recognised as income within one year.

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 mainland China. 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 materials and (ii) trading of automobile accessories.

BUSINESS REVIEW

The past year was the first year after the epidemic control measures were lifted in the mainland of the People's Republic of China (the "PRC"). Affected by a variety of extremely complex factors at home and abroad, the PRC economy generally recovered slowly, showing low growth in the early part of the year, high growth in the middle part of the year, and stable growth in the later part of the year. In order to ensure financial security, the Group has strictly implemented business credit review, optimized business structure, and actively shrunk the supply chain and certain agency businesses. The Group's annual revenue decreased by 26.0% year-on-year, and its profit increased by 8.4% year-on-year.

Intra-port services are the most crucial core business of the Group. In order to keep up with the trend of the times and technological advancement, the Group paid great attention to green development and the optimization of the production process. It gradually updated electric tractors in its intra-port transportation services and conducted in-depth research on the feasibility of promoting autonomous driving solutions. Due to the great uncertainty in the market and the need to commit to strict conditions when purchasing land, the Group has decided to suspend the plan for purchase of land in Xiamen Port Area for the proposed development of a comprehensive logistics center, and will launch it in due course when the market becomes clearer.

PROSPECTS

Looking ahead, the Group will focus on the following aspects in year 2024:

- 1) Continue to strengthen management, continuously optimize production processes, improve production efficiency, and better meet the needs of the market and customers;
- 2) Pay close attention to the recovery trend of the domestic infrastructure and real estate market, and restart the supply chain operation business (mainly of sand and gravel supply) in due course;

- 3) Focus on the use of autonomous driving in intra-port transportation project and to intervene when appropriate;
- 4) Strengthen communication with ports and terminals and strive for new cooperation projects.

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 2023, the Group’s revenue amounted to approximately RMB175,556,000, representing a decrease of approximately 26.0% from approximately RMB237,273,000 for the year ended 31 December 2022.

For the year ended 31 December 2023, the operating volume and revenue of each major business segment of the Group are as follows:

1) *Intra-port related services*

Classification	Unit	Operating volume comparison		Change (%)	
		For the year ended 31 December 2023	2022		
Intra-port ancillary services	Containers	TEU <i>(Note)</i>	3,889,024	3,794,017	2.5%
	General cargo	Tonnes	994,538	2,001,720	(50.3)%
Intra-port container transportation services	Containers	TEU <i>(Note)</i>	3,718,533	3,837,176	(3.1)%

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

		Revenue comparison		
		For the year ended 31 December		
Classification	Unit	2023	2022	Change (%)
Intra-port ancillary services	RMB'000	54,507	57,594	(5.4)%
Intra-port container transportation services	RMB'000	81,065	77,878	4.1%
Total		135,572	135,472	0.1%

Xiamen Port achieved a total throughput of approximately 12.5 million TEUs in 2023, which was basically the same as that of 2022. However, domestic trade business grew by 25.7% year-on-year, and foreign trade container throughput actually decreased year-on-year. The throughput of the terminals served by the Group increased by 2.5%. In addition, due to the larger year-on-year decrease in general cargo service business volume and adjustments to the rates of certain operating items, the Group's revenue from intra-port services was basically the same as that of 2022.

2) *Logistics related services*

		Operating volume comparison		
		For the year ended 31 December		
Classification	Unit	2023	2022	Change (%)
Road freight services	Loaded containers	10,225	13,030	(21.5)%
	Empty containers	125,714	110,974	13.3%
	General cargos	1,174,094	1,269,682	(7.5)%
Import and export agency services	Unit	8,137	13,188	(38.3)%

Classification	Unit	Revenue comparison		
		For the year ended 31 December		
		2023	2022	Change (%)
Road freight services	RMB'000	19,380	23,089	(16.1)%
Import and export agency services	RMB'000	5,705	28,068	(79.7)%
Total	RMB'000	25,085	51,157	(51.0)%

Due to the impact of the economic environment, in addition to the significant growth in empty container business, the number of loaded containers and general cargos both declined to a certain extent, resulting in a decrease of approximately 16.1% in revenue from road freight services; due to the sluggish overall shipping market and consideration of financial security, the Group reduced its import and export agency business, with cargo volume decreasing by 38.3% when compared with the same recorded in the last year. Overall logistics services recorded an annual decrease of 51.0% in revenue in 2023.

3) *Supply chain operations*

Classification	Unit	Operating volume comparison		
		For the year ended 31 December		
		2023	2022	Change (%)
Trading of heavy-duty auto parts and tires	Unit	71,931	104,861	(31.4)%
Trading of building materials	Tonnes	113,155	202,829	(44.2)%
Disinfection services	Unit	35	381	(90.8)%

Classification	Unit	Revenue comparison		
		For the year ended 31 December		
		2023	2022	Change (%)
Trading of heavy-duty auto parts and tires	RMB'000	1,492	5,115	(70.8)%
Trading of building materials	RMB'000	13,407	41,925	(60.8)%
Disinfection services	RMB'000	—	3,604	(100.0)%
Total	RMB'000	14,899	50,644	(70.6)%

To reduce the risk of default in accounts receivable, the Group took the initiative to reduce the supply chain operation business of building materials such as sand and gravel, cement, and auto parts sales. The revenue realised from such business this year was approximately RMB14,899,000, representing an annual decrease of 70.6%.

Staff Costs

Staff costs mainly included salaries, wages and other staff benefits. For the year ended 31 December 2023, the Group's staff cost was approximately RMB91,222,000 (for the year ended 31 December 2022: approximately RMB109,126,000).

Administrative Expenses

Administrative expenses mainly included staff costs (including directors' emoluments), depreciation and auditors' remuneration. For the year ended 31 December 2023, the Group's administrative expenses amounted to approximately RMB19,830,000 (for the year ended 31 December 2022: approximately RMB23,091,000).

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 2022 and 2023, except for four subsidiaries (2022: four) which are qualified as small Low-Profit Enterprises in the PRC and are entitled to a concessionary tax rate of 5% (2022: 2.5%).

For the year ended 31 December 2023, income tax expense was approximately RMB7,084,000 (for the year ended 31 December 2022: approximately RMB6,449,000).

Profit for the year

For the year ended 31 December 2023, the Group's profit for the year was approximately RMB10,521,000 (for the year ended 31 December 2022: approximately RMB10,084,000). The year-on-year increase was mainly due to the growth of intra-port service business and the adjustment of service rates.

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 2023, the net current assets of the Group amounted to approximately RMB172,707,000 (31 December 2022: approximately RMB129,044,000) and cash and cash equivalents as at 31 December 2023 amounted to approximately RMB49,794,000 (31 December 2022: approximately RMB28,220,000).

As at 31 December 2023, the Group did not have any bank loan (31 December 2022: bank loans totalled approximately RMB8,000,000).

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 2023, the Group had no capital commitment (31 December 2022: nil).

Capital Structure

For the year ended 31 December 2023, the Company's capital structure remained unchanged. The capital structure of the Group comprised 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 2023, the Group did not have any material acquisitions or disposals of subsidiaries.

Employees and Remuneration Policy

As at 31 December 2023, the Group employed 846 (31 December 2022: 929) 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 the shares of the Company on GEM were approximately HK\$40.2 million (the “**Net Proceeds**”). As disclosed in the Prospectus, the Company originally intended to use the Net Proceeds: (i) for 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 the Group’s business (the “**Investment in Container-related Handling Equipment**”); and (ii) for the development of empty container stacking yard (the “**Development for Empty Container Stacking Yard**”).

As disclosed in the Announcement of the Company dated 16 September 2021, an approximate amount of HK\$6.7 million of the Net Proceeds was fully utilised for the Investment in Container-related Handling Equipment; whereas an approximate amount of HK\$33.5 million, which were intended to be used for the Development for Empty Container Stacking Yard, was still unutilised as at 16 September 2021 as a result of the prolonged delay of authority approval in relation to the Group’s purchase of a suitable parcel of land for the Development for Empty Container Stacking Yard. To better utilise the Group’s resources, the Board resolved on 16 September 2021 to reallocate an amount of approximately HK\$18.0 million out of the unutilised amount for the development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC, and an amount of approximately HK\$15.5 million for the purchase of electric tractors (the “**First Change in Use of Proceeds**”).

With reference to the actual utilisation of the Use of Proceeds since the change in use of proceeds on 16 September 2021 and after considering that: (i) the development of intra-port ancillary services and intra-port container transportation services in Wuhan city, the PRC, may take longer than originally anticipated, and (ii) the greater demand of electric tractors, the Board has resolved on 29 July 2022, to further relocate all remaining unutilised Net Proceeds for the purchase of electric tractors (the “**Second Change in Use of Proceeds**”).

The table below sets forth the unutilised Net Proceeds as at 1 January 2023, the utilised Net Proceeds for the year, the unutilised Net Proceeds as at 31 December 2023, and the expected timeline for fully utilising the unutilised Net Proceeds.

Purposes	Unutilised	Utilised	Unutilised Net	Expected
	Net Proceeds as at 31 December 2022 and 1 January 2023 <i>HK\$' million</i> <i>(approximately)</i>	Net Proceeds for the year <i>HK\$' million</i> <i>(approximately)</i>	Proceeds as at 31 December 2023 <i>HK\$' million</i> <i>(approximately)</i>	timeline for fully utilising the unutilised Net Proceeds <i>(Note)</i>
Purchase of electric tractors	23.7	—	23.7	On or before 31 December 2025
Total:	<u>23.7</u>	<u>—</u>	<u>23.7</u>	

Note: The expected timeline for fully utilising the unutilised Net Proceeds is determined on the basis of the Group's best estimate of future market conditions, and is subject to change depending on the market conditions and developments at the relevant times.

Placing

On 16 January 2023, the Company entered into the placing agreement with a 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 up to 15 February 2023. The placing was completed on 3 February 2023 in accordance with the terms and conditions of the placing agreement. A total of 200,000,000 placing shares were allotted and issued to not less than six placees at the placing price of HK\$0.16 per placing share. The gross proceeds from the placing amounted to HK\$32,000,000, and the net proceeds arising from the placing amounted to approximately HK\$31,300,000. For details, please refer to the announcements issued by the Company on 16 January 2023 and 3 February 2023 respectively. For the year ended 31 December 2023, the net proceeds from the placing of HK\$31,300,000 has been fully applied, with approximately HK\$20.9 million to support the development of the supply chain operation business, approximately HK\$4.2 million for payment of the administrative expenses outside of the PRC and HK\$6.2 million for general working purpose of the Group.

Charges on the Group's Assets and Contingent Liabilities

As at 31 December 2023, the Group's lease liabilities arisen from the purchase of motor vehicles were secured by motor vehicles with carrying amounts of RMBnil (2022: RMB9,136,000) and bank loans of RMB8,000,000 are secured by bills receivables of RMB3,000,000 as at 31 December 2022.

As at 31 December 2023, the Group did not have any contingent liabilities.

CORPORATE GOVERNANCE

The Company has adopted and complied with all the codes provisions of the Corporate Governance Code (the “**CG Code**”) as set out in the Appendix 14 (now known as Appendix C1) to the Listing Rules for the year ended 31 December 2023.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities transacting by Directors of the listed issuers (the “**Model Code**”) Appendix 10 (now known as Appendix C3) 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 requirements under the Model Code for the year ended 31 December 2023.

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 2023 is proposed by the Board (2022: 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

There were no significant event which had material effect on the Group subsequent to the end of the reporting period of the Company and up to the date of this announcement.

AUDIT COMMITTEE

The Board has complied with the provisions of the CG Code and that the audit committee of the Company (the “**Audited Committee**”) was established on 13 February 2017. In 2023, 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 2023, 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 20 June 2024 at 3:00 p.m. A notice convening the AGM 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 17 June 2024 to 20 June 2024, 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, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road Hong Kong, not later than 4:30 p.m. on 14 June 2024.

REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR

The Group's audited financial statements for the year ended 31 December 2023 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.

The financial figures in this announcement of the Group's results for the year ended 31 December 2023 have been compared by the Group's auditor, Crowe (HK) CPA Limited ("Crowe"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by Crowe in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe on this results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange and the Company. The 2023 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 March 2024

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.