

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all of the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the [REDACTED].

There are risks associated with any investment in the [REDACTED]. Some of the particular risks associated with an investment in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary” in this document.

OVERVIEW OF OUR BUSINESS

We are a one-stop services provider of the Intra-Port Services and the Logistics Services.

Our Intra-Port Services consist of (i) intra-port ancillary services and (ii) intra-port container transportation services. We carry on our Intra-Port Services through Xiangxing Terminal in Haitian Port in the Dongdu port area, and Yuanhai Port and Tongda Port in the Haicang port area in Xiamen.

According to the F&S Report, we ranked the second and the third in terms of total revenue generated for the year ended 31 December 2016 in the Intra-Port Services market, with a market share of 17.8% and 12.2% in Xiamen and Fujian respectively; and Xiamen ranked the seventh and the fifteenth amongst the container ports in China and the world respectively in term of container throughput in 2016.

Our Logistics Services consist of (i) import and export agency services, with a special focus on the import of Reusable Solid Waste; and (ii) container road freight forwarding services in Xiamen and its economic hinterland. We carry on our Logistics Services through Xiangxing Logistics.

According to the F&S Report, we ranked the first in the import agency services market in respect of import of Reusable Solid Waste in terms of the total revenue generated for the year ended 31 December 2016, with a market share of approximately 18.6% and 15.7% in Xiamen and Fujian respectively.

For further details, please refer to the section headed “Business” in this document.

All our Group’s revenue was derived from the PRC. The table below sets forth the breakdown of our total revenue attributable to our principal business segments during the Track Record Period:

	For the year ended 31 December					
	2014		2015		2016	
	Amount RMB'000	Proportion %	Amount RMB'000	Proportion %	Amount RMB'000	Proportion %
Intra-port ancillary services	21,948	19.1	21,849	18.0	25,187	23.5
Intra-port container transportation services	31,095	27.1	31,555	26.0	34,608	32.2
Import and export agency services	49,326	43.0	54,303	44.7	34,259	31.9
Container road freight forwarding services	12,393	10.8	13,817	11.3	13,364	12.4
Total	114,762	100.0	121,524	100.0	107,418	100.0

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OUR OPERATION EFFICIENCY

The following table sets forth a summary of our utilisation rates for our Intra-Port Services and our Logistics Services for the periods indicated:

	Year ended 31 December		
	2014	2015	2016
	(%)	(%)	(%)
Intra-port ancillary services			
Haitian Port	29.3	24.2	26.2
Yuanhai Port	26.4	24.8	27.6
Tongda Port	N/A	36.6	47.0
Intra-port container transportation services			
Dongdu port area	32.5	28.4	29.9
Haicang port area	28.7	29.0	29.3
Import agency services			
Dongdu port area	54.1	40.8	32.1
Haicang port area	71.7	51.7	43.8
Container road freight forwarding services	73.6	81.9	83.9

For details, please refer to the section headed “Business — Our Operation Efficiency” in this document.

GROSS PROFIT MARGIN

The following table sets out our Group’s gross profit margin by business segments during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB’000		RMB’000		RMB’000	
Segments						
Intra-port ancillary services	6,477	29.5%	6,857	31.4%	9,988	39.7%
Intra-port container transportation services	9,052	29.1%	10,825	34.3%	13,066	37.8%
Import and export agency services	15,151	30.7%	9,947	18.3%	8,306	24.3%
Container road freight forwarding services	1,719	13.9%	3,071	22.2%	3,232	24.2%
Total	32,399	28.2%	30,700	25.3%	34,592	32.2%

For details, please refer to the section headed “Financial Information” in this document.

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NUMBER OF CONTAINERS AND BULK/GENERAL CARGO HANDLED

The following table sets out the number of containers and bulk/general cargo handled by the Group for our principal business segments during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
Segments			
Intra-port ancillary services			
1. Haitian Port (TEU)	951,520	787,796	835,015
2. Yuanhai Port (TEU)	1,031,266	966,208	1,075,910
3. Tongda Port (tonnes) (<i>Note</i>)	N/A	1,462,788	1,879,035
Intra-port container transportation services			
1. Dongdu port area (TEU)	1,055,716	925,220	973,708
2. Haicang port area (TEU)	1,119,133	1,132,147	1,144,368
Import and export agency services (per container)			
1. Waste paper import agency services	7,911	12,494	9,193
2. Scrap plastic import agency services	3,311	2,299	3,656
3. Scrap metal import agency services	1,292	696	478
4. Export agency services	386	246	94
Container road freight forwarding services (per container)	21,679	20,485	18,172

Note: We only started providing intra-port ancillary services in relation to assisting in bulk/general cargo handling at Tongda Port in the Haicang port area in 2015.

For details, please refer to the section headed “Financial Information” in this document.

AVERAGE SERVICE FEES CHARGED FOR OUR SERVICES

The following table sets forth the average service fees charged for our different types of services during the Track Record Period:

	For the year ended 31 December					
	2014		2015		2016	
	Average service fee	Revenue	Average service fee	Revenue	Average service fee	Revenue
	RMB	RMB ('000)	RMB	RMB ('000)	RMB	RMB ('000)
Intra-port ancillary services						
1. Haitian Port (<i>Note 1</i>)	12.4	11,769.3	11.1	8,759.9	11.8	10,092.1
2. Yuanhai Port (<i>Note 1</i>)	9.9	10,178.8	9.7	9,399.3	9.9	10,645.9
3. Tongda Port (<i>Note 2</i>)	N/A	N/A	2.5	3,689.9	2.4	4,449.0
Intra-port container transportation services						
1. Dongdu port area (<i>Note 1</i>)	14.1	14,893.2	14.3	13,268.2	15.7	15,287.5
2. Haicang port area (<i>Note 1</i>)	14.5	16,202.1	16.2	18,287.1	16.9	19,320.8
Import and export agency services (<i>Note 3</i>)						
1. Waste paper import agency services	3,130.3	24,763.7	3,164.7	39,539.3	1,869.9	17,190.3
2. Scrap plastic import agency services	4,096.8	13,564.4	4,142.3	9,523.0	3,833.3	14,014.4
3. Scrap metal import agency services	6,759.5	8,733.3	5,767.8	4,014.4	5,222.0	2,469.1
4. Export agency services	5,867.3	2,264.8	4,984.6	1,226.2	5,938.2	558.2
Container road freight forwarding services (<i>Note 3</i>)	571.6	12,392.7	674.5	13,816.9	735.4	13,363.5

Note 1: The average service fee is calculated on the basis of per TEU.

Note 2: The average service fee is calculated on the basis of per tonne. We only commenced the provision of intra-port ancillary services in Tongda Port in 2015.

Note 3: The average service fee is calculated on the basis of per container.

For details, please refer to the section headed “Financial Information” in this document.

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BUSINESS DEVELOPMENT AND MILESTONES

The table below sets out the milestones in respect of the business development of our Group:

Year	Milestones
1999	<ul style="list-style-type: none">• Establishment of Xiangxing Group
2000	<ul style="list-style-type: none">• Provision of services in Haitian Port (berth number 12) in the Dongdu port area of Xiamen
2002	<ul style="list-style-type: none">• Establishment of Xiangxing Logistics
2005	<ul style="list-style-type: none">• Provision of import agency services in respect of Reusable Solid Waste
2006	<ul style="list-style-type: none">• Establishment of Xiangxing Terminal
2011	<ul style="list-style-type: none">• Provision of services in Yuanhai Port (berth numbers 14 to 17) in the Haicang port area of Xiamen
2015	<ul style="list-style-type: none">• Provision of services in Tongda Port (berth number 13) in the Haicang port area of Xiamen• Establishment of our Company

For details of the major developments milestones, please refer to the section headed “History, Reorganisation and Corporate Structure” in this document.

COMPETITIVE STRENGTHS

We believe that our success and potential for future growth are attributable to, among other things, the following competitive strengths:

- our Group ranked the second in the Intra-Port Services market in Xiamen, which was the seventh and the fifteenth amongst the container ports in China and the world respectively in 2016;
- our Group is one of the major import agency services providers with a special focus on Reusable Solid Waste in Xiamen and Fujian;
- we have established long-standing business relationships with certain of our major customers; and
- we have an experienced management team.

For details, please refer to the section headed “Business — Our Competitive Strengths” in this document.

BUSINESS OBJECTIVE AND STRATEGIES

Our overall business objective is to increase our market share, enhance service quality and attract more customers. To achieve this goal, we intend to pursue the following principal strategies:

- establish our own empty container stacking yard to expand the scope of our services to our existing customers and to widen our customer base;
- investing in container-related equipment to replace the relevant existing equipment which are operating beyond their estimated life span and to assist in the expansion of our business;
- enhancement of our operational efficiency and quality of our services; and
- strengthening relationships with our customers to achieve mutual development.

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Our proposed business plan

Our Directors consider that there will be sufficient demand for our proposed empty container stacking yard due to the demand-supply gap of empty container storage in the Haicang port area, according to the F&S Report. Our Directors believe that, by operating our own empty container stacking yard, we would be able to:

- bring about a horizontal expansion of our business which will facilitate the development of new customers for our Intra-Port Services and will complement our existing range of services.
- bring about economies of scale since shipping companies are already aware of us. As the operation of an empty container stacking yard, in the view of our Directors, is similar to and consistent with our existing businesses, our Directors believe that we would have no difficulty in handling daily operations.
- avoid fluctuations in rental expenses and reduce the risk of relocation that would occur if the relevant land was leased rather than owned by us.

Our Directors also consider that it is more advantageous to own a parcel of land to establish an empty container stacking yard as:

- in the long term, it is more economical to purchase than to rent a parcel of land; and
- the standard land price of Xiamen’s industrial land increased by 45% in 2016 for the first time in the last 10 years. According to Frost & Sullivan, the standard land price of Xiamen’s industrial land is likely to rise further, and rental expenses are likely to rise further accordingly.

Our Directors’ estimation of expenses in respect of the establishment of an empty container stacking yard is approximately RMB35.4 million, which include fees for acquisition of land, construction, equipment and installation. Our Directors’ estimation of the breakeven period in respect of our planned empty container stacking yard is expected to be approximately one year and the payback period in respect of our land acquisition cost and initial setup costs is expected to take approximately eight years.

For details, please refer to the section headed “Business — Business Strategies” in this document.

OUR CUSTOMERS AND SUPPLIERS

Customers

Our customers mainly comprise container port operators, a general/bulk cargo port operator in Xiamen, an empty container stacking yard operator and Reusable Solid Waste importers.

We have developed business relationships with our major customers in the provision of Intra-Port Services and Logistics Services. We have had business relationships with our major customers for periods of time ranging from 2–17 years as at the Latest Practicable Date.

For the three years ended 31 December 2016:

- the aggregate revenue attributable to our five largest customers accounted for approximately 69.7%, 78.8% and 77.3% of our total revenue for the corresponding period respectively;
- the aggregate revenue attributable to our largest customer accounted for approximately 23.0%, 27.4 % and 29.4% of our total revenue for the corresponding period respectively; and
- Customer B accounted for approximately RMB25.7 million or 22.4%, RMB21.7 million or 17.9% and RMB25.1 million or 23.3% of our total revenue for the corresponding period respectively.

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Our pricing policy takes into account various factors and some of the material factors when negotiating with our customers which include: (i) type of services required; (ii) prevailing market rates offered by other intra-port or logistics service providers; (iii) cost analysis taking into account potential increases in wages, cost of fuel or fees for any third party service provider and the rentals; and (iv) complexity and difficulty of the services required.

For details, please refer to the paragraphs headed “Customers” and “Pricing Policies and Payment” in the section headed “Business” in this document.

Suppliers/Service Providers

Our suppliers include mainly suppliers of diesel fuel, domestic disinfection and sterilisation service providers, and subcontractors for Logistics Services. We have developed close business relationships with our principal suppliers. Our major suppliers have had business relationships with us for periods of time ranging from 2–17 years as at the Latest Practicable Date.

For the three years ended 31 December 2016:

- the costs incurred in respect of our five largest suppliers accounted for approximately 57.8%, 61.9% and 65.7% of our total purchase costs incurred respectively; and
- the costs incurred in respect of our largest supplier accounted for approximately 24.3%, 24.1% and 22.7% of our total purchase costs incurred respectively.

For details, please refer to the paragraphs headed “Suppliers/Service Providers” and “Subcontracting Arrangement” in the section headed “Business” in this document.

SHAREHOLDERS’ INFORMATION

Our Controlling Shareholders are Glory Fame and Mr. Cheng. Glory Fame principally engages in investment holding and is wholly-owned by Mr. Cheng. For the background of Mr. Cheng, please refer to the section headed “Directors, Senior Management and Staff” in this document. Please refer to the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this document for details of the shareholding structure among the Controlling Shareholders.

For further details of our Controlling Shareholders and the companies excluded from our Group, please refer to the section headed “Relationship with our Controlling Shareholders” in this document.

[REDACTED] INVESTORS

Pursuant to the 股權轉讓協議 (Equity Transfer Agreement, “**ST (Chen) Agreement**”) dated 29 September 2015 entered into between Ms. XD Cheng and QingQi Capital (a then indirect wholly-owned company of Mr. Chen), QingQi Capital acquired 10% equity interest in Xiangxing Logistics from Ms. XD Cheng (who held the said equity interest on behalf of Mr. Cheng) at a consideration of RMB2,088,050 based on the appraised net asset value as at 31 July 2015 of Xiangxing Logistics.

On 4 July 2016, Bright Reverence entered into the Agreement for the Sale and Purchase of the shares in our Company with Great Ploy (“**BR Disposal Agreement (GP)**”), pursuant to which Great Ploy acquired 1,500,000 Shares in our Company at a consideration of RMB4,125,000. The relevant transfer contemplated under the BR Disposal Agreement (GP) took place on 11 July 2016.

As a result of the acquisition of the Shares of our Company by Great Ploy from Bright Reverence, our Company was indirectly held by Mr. Chen (through Great Ploy) as to 25%.

For further details, please refer to the section headed “History, Reorganisation and Corporate Structure — [REDACTED] Investment” in this document.

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KEY OPERATIONAL AND FINANCIAL DATA

The table below sets forth a summary of the consolidated results of our Group during the Track Record Period, which have been extracted from, and should be read in conjunction with, the accountants’ report set out in Appendix I to this document.

Consolidated statements of comprehensive income

	Year ended 31 December					
	2014		2015		2016	
	RMB’000	% of Revenue	RMB’000	% of Revenue	RMB’000	% of Revenue
Revenue	114,762	100.0	121,524	100.0	107,418	100.0
Gross profit	32,399	28.2	30,700	25.3	34,592	32.2
Profit before taxation	19,432	16.9	14,811	12.2	10,249	9.5
Profit for the year	14,453	12.6	10,423	8.6	5,188	4.8
Profit for the year (excluding [REDACTED] expenses)	14,453	12.6	12,417	10.2	13,186	12.3

Our revenue increased from approximately RMB114.8 million for the year ended 31 December 2014 to approximately RMB121.5 million for the year ended 31 December 2015, which was primarily due to (i) the increase in the income generated from Liansheng Logistics and (ii) the increase in demand for our long distance container road freight forwarding services for the year ended 31 December 2015. We recorded a decrease in our revenue of approximately RMB14.1 million from approximately RMB121.5 million for the year ended 31 December 2015 to approximately RMB107.4 million for the year ended 31 December 2016, which was primarily due to (i) the cessation of business relationship with Customer F in the first half of 2016; (ii) the decrease in the services provided by our Group to Sigma Metals; and (iii) the decrease in the demurrage charges incurred for services provided to Liansheng Logistics for the late return of the containers to the shipping companies. For the two years ended 31 December 2015, our net profit amounted to approximately RMB14.5 million and RMB10.4 million respectively and the decrease was primarily due to the decrease in our gross profit margin, the increase in other operating expenses, the increase in administrative expenses, and the [REDACTED] expenses incurred during the year ended 31 December 2015; and for the year ended 31 December 2016, our net profit amounted to approximately RMB5.2 million. The decrease in our net profit for this period was primarily due to the [REDACTED] expenses of approximately RMB[REDACTED] recognised during the year ended 31 December 2016.

Consolidated statements of financial position

	As at 31 December		
	2014	2015	2016
	RMB’000	RMB’000	RMB’000
Current assets	40,446	36,941	32,117
Non-current assets	12,639	19,704	17,612
Current liabilities	18,156	42,435	15,914
Non-current liabilities	N/A	N/A	N/A
Net current assets/(liabilities)	22,290	(5,494)	16,203
Net assets	34,929	14,210	33,815

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Consolidated statements of cash flows

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Cash flow from operating activities before changes in working capital	22,592	17,602	13,589
Net cash generated from operating activities	29,305	21,875	3,029
Net cash used in investing activities	(2,459)	(9,791)	(1,248)
Net cash used in financing activities	(16,990)	(18,233)	—
Net increase/(decrease) in cash and cash equivalents	9,856	(6,149)	1,781
Effect of foreign exchange rate changes, net	—	(95)	(200)
Cash and cash equivalents at the beginning of the year	3,415	13,271	7,027
Cash and cash equivalents at the end of the year	13,271	7,027	8,608

For further details, please see the section headed “Financial Information” in this document.

SELECTED KEY FINANCIAL RATIOS

The table below sets forth a summary of the key financial ratios of our Group during the Track Record Period:

	At 31 December		
	2014	2015	2016
Profitability			
Gross profit margin	28.2%	25.3%	32.2%
Net profit margin	12.6%	8.6%	4.8%
Return on equity	41.4%	73.4%	15.3%
Return on total assets	27.2%	18.4%	10.4%
Liquidity			
Current ratio	2.2	0.9	2.0
Quick ratio	2.2	0.9	2.0
Capital adequacy ratios			
Gearing ratio	21.7%	216.2%	13.7%
Debt to equity ratio	N/A	167.0%	N/A
Interest coverage ratio	20.6	219.9	N/A

Our net profit margin decreased from 12.6% for the year ended 31 December 2014 to 8.6% for the year ended 31 December 2015, which was primarily due to the decrease in the gross profit margin, the increase in other operating expenses, the increase in administrative expenses, and the [REDACTED] expenses incurred during the year ended 31 December 2015. Our net profit margin decreased to 4.8% for the year ended 31 December 2016, which was primarily due to the [REDACTED] expenses incurred during the year. Our net profit margin before the [REDACTED] expenses for the three years ended 31 December 2016 comprised 12.6%, 10.2% and 12.3%, respectively. For further details, please see the section headed “Financial Information” in this document.

The increase in our gearing ratio from the year ended 31 December 2014 to the year ended 31 December 2015 was primarily due to (i) the declaration of dividend by our Group of approximately RMB28.3 million, which resulted in the decrease in equity and the increase in amounts due to related companies; and (ii) the Reorganisation which resulted in the increase in the amount due to a holding company and amount due to a Director. Our gearing ratio decreased to 13.7% for the year ended 31

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December 2016 due to (i) the decrease in the amount due to a holding company as a result of capitalisation of the Shareholders’ loan; and (ii) the settlement of dividend payables to the related companies. For further details, please see the section headed “Financial Information” in this document.

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly consist of the aggregate [REDACTED] commissions and fees paid to the Sole Sponsor, the Stock Exchange [REDACTED] fee, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the [REDACTED] and the [REDACTED]. The total amount of [REDACTED] expenses and commissions which are payable by us are estimated to be approximately RMB[REDACTED] in aggregate. Our Directors confirm that there are, and will be, no additional [REDACTED] expenses paid and/or to be paid other than those paid/to be paid by the Group.

We incurred approximately RMB[REDACTED] of [REDACTED] expenses during the Track Record Period, of which approximately RMB[REDACTED] was recorded as prepayment and approximately RMB[REDACTED] was charged as expenses to our consolidated statements of comprehensive income for the year ended 31 December 2015; approximately RMB[REDACTED] was recorded as prepayment and approximately RMB[REDACTED] was charged as expenses to our consolidated statements of comprehensive income for the year ended 31 December 2016. Prior to the [REDACTED], we expect to further charge approximately RMB[REDACTED] of the estimated [REDACTED] expenses to our consolidated statements of comprehensive income and to record approximately RMB[REDACTED] of the estimated [REDACTED] expenses as prepayment. Our [REDACTED] expenses are subject to adjustment based on the actual amount incurred or to be incurred. Expenses in relation to the [REDACTED] are non-recurring in nature but, on the basis of the above, we expect that these expenses will materially affect our Group’s financial performance and results of operations for the year ending 31 December 2017.

NET CURRENT LIABILITIES AS AT 31 DECEMBER 2015 WAS IMPROVED TO NET CURRENT ASSETS AS AT 31 DECEMBER 2016

We recorded net current liabilities in the amount of approximately RMB5.5 million as at 31 December 2015. Our Directors confirm that our net current liabilities as at 31 December 2015 were mainly attributable to (i) the declaration of dividend by our Group of approximately RMB28.3 million during the year ended 31 December 2015 which resulted in a decrease in cash and cash equivalent of approximately RMB15.4 million, the increase in the amounts due to related companies of approximately RMB12.1 million, and the increase in amounts due to a Director of approximately RMB749,000; (ii) the increase in the amount due to a holding company as a result of the Reorganisation of approximately RMB14.8 million; and (iii) the amounts due to a related party as a result of paying in advance of [REDACTED] expenses for our Group by our related party of approximately RMB[REDACTED]. Our net current liabilities position of approximately RMB5.5 million as at 31 December 2015 was improved to net current assets of RMB16.2 million as at 31 December 2016. Our Company issued and allotted Shares to Glory Fame thereby capitalising the amount due to a holding company of approximately RMB14.8 million and that resulted in our net current assets position as at 31 December 2016.

FUTURE PLANS AND [REDACTED]

Based on the [REDACTED] of approximately HK\$[REDACTED] per [REDACTED], being the mid-point of the proposed [REDACTED] range of HK\$[REDACTED] [REDACTED] to HK\$[REDACTED] per [REDACTED], the [REDACTED] to our Company for the issue of the [REDACTED], after deducting [REDACTED] fees and estimated total expenses in the aggregate amount of approximately HK\$[REDACTED] paid and payable by our Company, in connection thereto, are estimated to be approximately HK\$[REDACTED]. We intend to apply such [REDACTED] from the [REDACTED] as follows:

- approximately HK\$[REDACTED] million (representing approximately [REDACTED]% of the [REDACTED]) will be applied for the development of our own empty container stacking yard in Xiamen; and

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- approximately HK\$[REDACTED] (representing approximately [REDACTED]% of the [REDACTED]) will be applied 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 our business.

For details, please refer to the section headed “Future Plans and [REDACTED]” in this document.

DIVIDENDS

During each of the three years ended 31 December 2016, we declared dividends of approximately nil, RMB28.3 million and nil, respectively, to the shareholders of Xiangxing Terminal and Xiangxing Logistics at the time. No other dividends were declared or paid by us during the Track Record Period and up to the Latest Practicable Date.

Our Company currently does not have any fixed dividend policy and does not have any pre-determined dividend ratio. Dividends may be paid out by way of cash or by other means that the Directors consider appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depend on a number of factors, including the Group’s results of operations, financial condition, the payment by the Group’s subsidiaries of cash dividends to the Group, and other factors that the Board may deem relevant.

Out of the total declared dividend of approximately RMB28.3 million for the year ended 31 December 2015, approximately RMB15.4 million was settled by cash. The remaining amount of approximately RMB12.9 million had not been paid by our Group during the year ended 31 December 2015. Such dividend payables resulted in the increase in the amounts due to related companies of approximately RMB12.1 million and amount due to a Director of approximately RMB749,000 as at 31 December 2015 and such amounts were settled as at 31 December 2016.

For further information, please refer to the paragraph headed “Dividends Policy” in the section headed “Financial Information” in this document.

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalisation of our Shares (<i>Note</i>)	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted consolidated net tangible assets per Share (<i>Note</i>)	HK[REDACTED]	HK[REDACTED]

Notes:

- (1) The calculation of market capitalisation is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] and the [REDACTED].
- (2) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after the adjustments as referred to under the paragraph headed “Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” in Appendix II to this document and on the basis of [REDACTED] Shares in issue at the respective [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per Share immediately after completion of the [REDACTED] and the [REDACTED].
- (3) For the purpose of this unaudited pro forma adjusted net tangible assets statement, HK\$ are converted in Renminbi at the rate of HK\$1.00 to RMB0.88917.

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RISK FACTORS

Our business is subject to a number of risks and uncertainties, including the following major risks:

- we rely on a few major customers;
- one of our major customers in Intra-Port Services is controlled by the holding company of our major competitor;
- we may be subject to potential adverse consequences due to the defective title of a property that we are leasing in the PRC; and
- unexpected fluctuations in the price of diesel fuel or disruption to our supply of diesel fuel may adversely affect our business operation and performance.

As different investors may have different interpretations and standards for determining the materiality of a risk, you should read the entire section headed “Risk Factors” in this document carefully before you decide to invest in the [REDACTED]. You should not place any reliance on any information contained in press articles, research analysts’ reports or other media regarding us and the [REDACTED], which may not be consistent with the information contained in this document.

PROPERTIES WITH DEFECTIVE TITLES

Throughout the Track Record Period and up to the Latest Practicable Date, we have been leasing the Leased Property, which has been mainly used as part of our container stacking yard for Reusable Solid Waste, from Landlord C. As at the Latest Practicable Date, the Head Landlord who leased the Leased Property to Landlord C and allowed Landlord C to sublet it, has not obtained the land use right certificate for the Leased Property. As advised by our PRC Legal Advisers, the Head Landlord is entitled to grant a lease in respect of the Leased Property and we are able to continue using the Leased Property during the lease period specified in our lease with Landlord C. For details of the defective title of the Leased Property and the risk involved, please refer to the sections headed “Business — Properties — Properties with defective titles” and “Risk Factors — Risks relating to business and operations of our Group” in this document.

NON-COMPLIANCE

During the Track Record Period, our Group failed to comply with certain applicable laws and regulations. As advised by our PRC Legal Advisers, except for the non-compliance incidents disclosed in this document, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

For details of the non-compliance incidents, please refer to the section headed “Business — Non-compliance” in this document.

LEGAL PROCEEDINGS/LITIGATION

Up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against the Group or any of our Directors which could have a material and adverse effect on the Group’s financial condition or results of operations.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the date of this document, we have continued to focus on developing our business in the Intra-Port Services and the Logistics Services. Our Directors confirm that our Intra-Port Services and Logistics Services remained relatively stable and that our Group did not make any significant change to our pricing policy after the Track Record Period and up to the date of this document. Our Directors further confirm that the average service fees charged by the Group remained relatively stable. As at the date of this document, there has been no material adverse change in the general economic and market conditions in our Intra-Port Services and Logistics Services that has affected or would affect our Group’s business operations or financial condition materially and adversely. Our business model has also remained stable.

SUMMARY

Based on our unaudited financial information for the four months ended 30 April 2017, our total revenue, gross profit and gross profit margin comprised approximately RMB46.0 million, RMB13.8 million and 30.1% respectively. The average service fee for the four months ended 30 April 2017 remained steady as compared with that for the year ended 31 December 2016. In respect of operation volume for the four months ended 30 April 2017, our Group handled approximately 667,000 TEUs and approximately 696,000 tonnes for our intra-port ancillary services, approximately 715,000 TEUs for our intra-port container transportation services, approximately 5,000 containers for our import and export agency services and approximately 8,000 containers for our container road freight forwarding services.

Our Group’s unaudited revenue, gross profit and gross profit margin for the four months ended 30 April 2017, are extracted from our Group’s unaudited consolidated financial statements for the four months ended 30 April 2017 prepared by our Directors in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which were reviewed by the Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

Our Directors confirm that, subsequent to the Track Record Period and up to the date of this document, there has been no material adverse change in our financial or trading position or prospects and that no event has occurred that would materially and adversely affect the financial information set forth in the Accountants’ Report set out in Appendix I to this document.