You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in the ***[REDACTED]****. You should pay particular attention to the fact that our business is, to a significant extent, located in the PRC, and we are governed by a legal and regulatory environment which in some respects differs from that which prevails in other countries. Our business, financial condition or results of operations could be materially and adversely affected by any of the risks and uncertainties described below.*

This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this document. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. The trading prices of the Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO BUSINESS AND OPERATIONS OF OUR GROUP

We rely on a few major customers, and we have not entered into long-term cooperation agreements or service contracts with all of them. If any of our major customers ceases to use our services, or if there is any material default or delay in payment from any of them, our business, financial position and results of operation may be adversely affected

For the three years ended 31 December 2016, sales to our five largest customers accounted for approximately 69.7%, 78.8% and 77.3% of our total revenue, respectively, and the revenue generated from our single largest customer accounted for approximately 23.0%, 27.4% and 29.4% of our total revenue, respectively.

Furthermore, our Intra-Port Services had a total of only four customers, five customers and five customers respectively for the three years ended 31 December 2016, which accounted for 46.2%, 44.0% and 55.7% of our total revenue, respectively.

During the Track Record Period and up to the Latest Practicable Date, we in general did not enter into cooperation agreements or service agreements with a term exceeding three years with most of our customers, including our top five customers. We cannot assure you that we will be able to retain our existing customers or solicit new customers at current levels on similar terms or at all, or that they will continue to use our services. Any decrease in the purchases from our major customers or any other adverse change in our business relationship with such customers could have a material adverse effect on our business, financial condition and results of operations. Further, any significant changes in the operations or financial condition of our major customers, including but, not limited to, liquidity problems, changes in ownership and restructuring in respect of such customer(s) could cause us to limit or discontinue business with such customer(s), or require us to assume more credit risks relating to receivables from such customer(s), which could in turn have a material adverse effect on our business, financial condition and results of operations.

Our Group's overall performance also depends on the financial condition of our customers. We cannot assure you that material default or delay in payment from any of our major customers will not occur in the future. If the financial condition of any of our major customers should deteriorate or if any of our major customers were to become in any way unable to pay for the services provided by us, our business, financial condition and results of operations may be adversely affected.

One of our major customers in Intra-Port Services is controlled by the holding company of our major competitor

One of our major customers of our Intra-Port Services segment during the Track Record Period ("**Customer B**"), which was our second largest customer, third largest customer and second largest customer for the three years ended 31 December 2016, respectively, is a subsidiary owned as to approximately 60% by the holding company of our main competitor in the Intra-Port Services segment ("**Holding Company of Customer B**"). Customer B accounted for approximately 22.4%, 17.9% and 23.3% of our Group's revenue for the three years ended 31 December 2016, respectively. For the year ended 31 December 2016, the Holding Company of Customer B ranked the first in terms of revenue and market share for Intra-Port Services in Xiamen municipality (approximately RMB264.5 million in terms of revenue and 78.8% in terms of market share) and in Fujian province (RMB264.5 million in terms of revenue and 54.2% in terms of market share), while our Group ranked the second (RMB59.8 million in terms of revenue and 17.8% in terms of market share in Xiamen municipality) and the third (RMB59.8 million in terms of revenue and 12.2% in terms of market share in Fujian province). For details of our major customers and their respective contribution to our revenue and the competitive landscape of our Intra-Port Services segment, please refer to the sections headed "Business — Customers" and "Industry Overview — Competitive Analysis of Intra-Port Services Market in Fujian and Xiamen — Competitive Landscape" in this document respectively.

As of the Latest Practicable Date, we have had over 17 years of business relationship with Customer B (or its predecessor company) and we expect that our Group will continue to rely significantly on the revenue generated from our sales to Customer B. Due to the competitive landscape of the Intra-Port Services market in Xiamen and Fujian, we consider that competition with the Holding Company of Company B may intensify in future. If we fail to retain Customer B, or if, for reason of competition with the Holding Company of Customer B or any other reason, the Holding Company of Customer B should procure Customer B to stop engaging our services, we may not be able to find other customers for substitution in a timely manner and on similar terms, or at all. As a result, our business, financial position and operation results may be materially and adversely affected.

We may be subject to potential adverse consequences due to the defective title of a property that we are leasing in the PRC

Throughout the Track Record Period and up to the Latest Practicable Date, we have been leasing a parcel of container stacking yard of approximately 12,800 sq.m. in Haicang port area (the "**Leased Property**") from Landlord C. According to our Directors, the Leased Property has been mainly used as part of our container stacking yard for Reusable Solid Waste since 2011. As at the Latest Practicable Date, the landlord of the Leased Property (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, please refer to the section headed "Business — Properties — Properties with defective titles" in this document.

We cannot assure you that the competent land authority will not change its stance and take a view contrary to our PRC Legal Advisers' opinion. If we are forced to relocate from the Leased Property in the future as a result of such defective title, we would have to immediately seek an alternative container stacking yard and incur relocation costs, which our Directors estimate would amount to approximately RMB100,000 to RMB200,000. In the event that we fail to implement our measures described under the section headed "Business — Properties — Properties with defective titles — relocation" in this document, there may be some disruption to our business and our financial condition and results of operations may be adversely affected.

Unexpected fluctuations in the price of diesel fuel or disruption to our supply of diesel fuel may adversely affect our business operation and performance

A substantial part of the costs of our services is incurred in our purchases of diesel fuel. During the Track Record Period, our costs incurred for diesel fuel amounted to approximately RMB12.8 million, RMB8.8 million and RMB8.2 million, which constituted 24.6%, 14.9% and 20.5% of the total procurement costs of our Group for the three years ended 31 December 2016, respectively. During the Track Record Period, our diesel fuel price per litre fluctuated from the highest of RMB7.14 to the lowest of RMB5.11 in 2014, from the highest of RMB5.15 to the lowest of RMB4.10 in 2015, and from the highest of RMB5.64 to the lowest of RMB4.02 in 2016.

The supply of diesel fuel is crucial to our daily business operations. Any increase in the price of diesel fuel purchased by us will correspondingly increase our business cost. As the price of diesel fuel is highly correlated with the price of international oil and is affected by worldwide demand and supply, we are unable to secure from our supplier a long-term supply contract with a fixed price of diesel fuel. In the absence of such fixed price long-term contract, we may be exposed to the risks of unexpected price fluctuations or shortages or interruptions in our diesel fuel supply. We cannot assure you that the supply of diesel fuel to us will continue on similar terms and at similar prices. If we fail to source diesel fuel from alternative suppliers on comparable terms in a timely manner, we may have to procure diesel fuel at a higher price and consequently, our business, prospects, financial condition and results of operation may be materially and adversely affected.

As there is no exclusivity clause in the master agreements entered into with our customers, our existing and potential customers may divert their business to our current and future competitors

There is no exclusivity clause in the master agreements entered into with our customers. Some of our current or future competitors who attract similar types of customers may have greater and broader operational experience than us. There is no assurance that our existing customers will not divert their business to our current and future competitors when they provide services comparable or superior to those we provide or at prices which are more competitive than ours. If for any reason, any or all of our major customers cease to use our services, the results of our operations and future prospects may be adversely or materially affected.

The future success of our Group depends on our Group's ability to manage its operations efficiently and to achieve business growth

The sustained growth of our Group depends on various factors, which could either be within or beyond the control of our Group, including, but not limited to, our Group's ability to maintain, expand or develop our business relationships with our customers and expand our operating capacity on a timely and reasonable basis and also our ability to adjust and optimise the organisation of our operation. Other factors include, but are not limited to, our ability to achieve efficient operations to cope with the potential growth in the business segments in which we engage, our ability to recruit, train and retain qualified staff to manage and operate our business, our ability to explore new markets and run new businesses, cyclical or seasonal factors affecting the container and bulk/general cargo shipping, container and bulk/general cargo port operation, Reusable Solid Waste importation and import-export agency businesses in Xiamen and the PRC, our Group's ability to implement an effective corporate governance policy and our Group's ability to continuously improve our operational management and financial reporting systems. We cannot assure you that the business growth of our Group may be maintained in the future. In addition, business growth will place higher demands on our Group's management and operation. If we are not able to manage our business growth efficiently and effectively, our business, financial conditions and results of operation may be adversely affected.

The land used for our existing container stacking yards is leased from third parties. There is no guarantee that our Group can renew the rental agreements concerning the relevant parcel of lands in the Haicang port area at the current competitive terms and rental expenses. Any unfavourable adjustment to the term of rental agreements and increase of rental expenses upon renewal of rental agreements of our Group may adversely affect our business operation and financial position

The land and buildings used by our Group for our existing container stacking yards are all leased from Independent Third Parties. The term of the leases ranges from 6 years to 14.5 years, respectively. For details of our leased properties, please refer to the section headed "Business — Properties" in this document. If, for any reason, our leases cannot be renewed, the adjustment in rental cost cannot be agreed upon or if the our leases are terminated pre-maturely, there can be no assurance that we will be able to identify suitable premises for our container stacking yards on similar terms of our existing leases. Any failure to successfully secure the renewal of leases with similar terms on a timely basis may materially and adversely affect our business, financial condition, results of operations and our business development plans.

Further, our Directors consider that the current terms of the rental agreements concerning the parcel of lands in Haicang port area are favourable to our Group. The rental expenses of such properties are lower than the pre-existing market rental rates of constructed lands in the Haicang port area. We believe that the market rental rates would further increase in view of the growth potential of the PRC's international trade. According to Frost & Sullivan, considering the land development cost by the PRC government, the standard land price of Xiamen's industrial land is likely to rise further and realize a CAGR of approximately 3% to 5% from 2016 to 2021 and the rental costs in Xiamen are likely to rise further accordingly. However, there is no guarantee that our Group can renew the rental agreements concerning the relevant parcel of lands in the Haicang port area at the current competitive terms and rental expenses.

Any unfavourable adjustment to the term of rental agreements and increase of rental expenses upon renewal of our rental agreements of our Group may adversely affect our business operations and financial position. For details of our leased properties, please refer to the section headed "Business — Properties" of this document.

We may not be able to maintain our profit margins and our past revenue and profit margins may not be indicative of our performance

For the three years ended 31 December 2016, our revenue amounted to approximately RMB114,762,000, RMB121,524,000 and RMB107,418,000 respectively, and we recorded a gross profit margin of approximately 28.23%, 25.26% and 32.20%, respectively. For further information on our gross profit margin and revenue, please refer to the sections headed "Financial Information — Gross profit and gross profit margin" and "Financial Information — Revenue" in this document. All our business segments are largely affected by factors, such as market competition, global and local economic conditions, international trade and domestic trade, cargo and container throughputs of the Xiamen port area, logistics demand in Fujian, laws, regulations and policies in relation to the terminal operation industry and Reusable Solid Waste, market demand for our services in general, fuel prices and other costs of sale. Considering that the business performance of our Group is sensitive to these factors, our Group may suffer lower profit margins or even a loss due to a material change to any of the above factors. Besides, the historical financial information of our Group mentioned herein and in this document is an analysis of our past performance only and may not necessarily reflect our financial performance in the future, which will depend on our capability to secure our business performance and to control our costs. As such, there can be no assurance that our Group will continue to be profitable or be able to maintain positive profit margins in the future.

Uncertainty in global economic conditions and, in particular, economic conditions of our hinterland could materially and adversely affect our business, financial condition and results of operations

Our operation and performance may be adversely impacted by a deterioration in global economic conditions. The economic conditions in North America, Europe and other regions deteriorated recently. China also experienced a slowdown of its economic growth as a result of a deterioration in global economic conditions. The current economic environment continues to be uncertain. These conditions may make it difficult for our customers to accurately plan their future business activities and could cause our customers to decide to reduce their business volume or even to terminate their relationships with us. Furthermore, during challenging economic times, our customers may face issues gaining timely access to sufficient credit, which could reduce their demand for our services. We cannot predict the timing, magnitude or duration of any future economic slowdown or subsequent economic recovery, globally, or in the PRC. These and other economic factors could have a material adverse effect on our business, financial condition and results of operations.

Recently, China's economic growth has slowed down. According to the National Bureau of Statistics of China, the growth rate of China's GDP between 2014 and 2015 decreased by approximately 1.7%. Should China's economic growth further slow down, either as a result of global or domestic factors, demand in China for goods may further decline, as may the demand for our services, which could in turn materially and adversely affect our business operations.

In addition, changes in the economic conditions of our hinterland could have a material adverse impact on our results of operations and financial condition. The Xiamen port area is located in east Fujian province, which is the intersection of China's southeastern and southern regions. The hinterland regions served by our ports include most of the provinces in south, southeast and southwest of China. Adverse changes to the economic conditions of these regions, or to the industries that significantly support the economies of these regions, could have a material and adverse effect on the throughput of Xiamen port, in particular the terminal to which we provide our services, and, consequently, our business operations.

Increasing competition from other existing port operators may adversely affect our Group's business growth and financial conditions

The customers of the Intra-Port Services of our Group face competition from operators of other terminals in Xiamen and the surrounding areas which have port facilities, such as Quanzhou, Zhangzhou and Fuzhou. Currently, the customers of our Group's Intra-Port Services compete with the port in Quanzhou in relation to the domestic container loading and unloading business, the terminals in Zhangzhou in relation to the bulk/general cargo loading and unloading business, and the terminals in Fuzhou and Kaohsiung in relation to the international container loading and unloading business. The dilution of our customers' respective market shares as a result of competition from other terminal operators may adversely affect their business and consequently their demand for our services.

We may not have sufficient insurance coverage against potential operational risks

Our business operations involve operational risks and risks of occupational hazards that may lead to damage to, or destruction of, our properties or facilities, environmental damage, personal injuries and fatalities and legal expenses. As at the Latest Practicable Date, we have insurance coverage with respect to certain properties and assets, third-party liabilities, vehicles, and transportation. Please refer to the sections headed "Business — Insurance" and "Business — Work Safety" in this document for further details. However, our business and results of operations may be materially and adversely affected by any potential claims that are not sufficiently covered by insurance as such insurance is either not available or not available on commercially reasonable terms.

We cannot guarantee that the occurrence of, and the consequences resulting from, any aforementioned risk or hazard can be covered adequately, or at all, by our insurance policies. If our insurance coverage does not cover adequately any loss or compensation payments that we are forced to make, our financial condition may be adversely affected. Moreover, no assurance can be given that insurance to cover the risks to which our activities will be subject will continue to be available at acceptable terms to us or at all.

We may face labour shortages and increases in labour costs, which may materially and adversely affect our growth and results of operations

Substantial aspects of our port operations are labour-intensive. We rely on our workers' skills to deliver quality services. For instance, our intra-port ancillary services require our workers to assist in the handling of the loading and unloading of containers within limited timeframes to meet the schedules of the shipping companies. Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified and skilled employees. Further, our Group's planned operational expansion may strain our management and financial resources. We may be required to recruit more key personnel in the future in order to manage the expected growth of our Group's operations. If we face labour shortages or significant increases in labour costs as a result of changes to labour laws and regulations, higher employee turnover rates, increases in wages or other employee benefit costs, our operating costs could increase and our results of operations may be materially and adversely affected.

If our skilled workers were to be poached by existing or new market competitors, or cease to be involved in our Group in the future, and we were unable to engage suitable replacements in a timely manner, our operation, profitability and prospects may be adversely affected. There can be no assurance that we will be able to retain our skilled workers so that they do not move to other companies in the future. In the event that we were to lose our valuable workers, our business prospects, financial condition and results of operations may be adversely affected.

We may incur costs to defend, settle and resolve any potential labour disputes which could materially and adversely affect our business, financial conditions and results of operations

We are subject to the risk of labour disputes and adverse employee relations. In recent years, there have been incidents of labour disruption in the PRC. If such disputes or incidents do occur, relevant governmental authorities may impose fines against us, or we may incur costs in order to settle and resolve the labour disputes. These potential disputes and adverse employee relations could also result in work stoppages, disrupt our operation, harm our reputation and divert our management's attention, which could materially and adversely affect our business, financial condition and results of operations.

Our success significantly relies on key management personnel and our ability to attract and retain additional qualified management

The effective operation of our business depends largely upon the experience, abilities and continuing efforts of our Directors and the senior management of our Group. If we were to lose any of our Directors and the senior management of our Group and not be able to replace them on a timely basis, or if we were to fail to attract and/or retain additional key personnel, our business may be disrupted and the efficiency of our operation may be adversely affected.

The intra-port and logistics industries are subject to seasonality

The factors influencing the demand for and supply of Intra-Port Services and Logistics Services and capacity, such as the nature, timing and degree of changes in industry conditions are unpredictable and are beyond our Group's control.

Our Directors consider that the shipping volume in Xiamen Port usually decreases immediately during major public holidays such as Chinese New Year, Christmas and the National Day of the PRC, which may in turn affect the revenue and profit of our Group.

The factors that influence the demand for Intra-Port Services and Logistics Services include:

- developments in global and regional trade;

- changes in production levels, particularly by key producers in the raw materials and other industries;

- changes in waterborne and other transportation patterns, including changes in the distances that cargoes are transported;

- changes in the regulatory regimes governing vessels and shipping; and

- transportation costs, including fuel prices.

There can be no assurance that our Group's performance will not be affected by seasonal fluctuations in the future. Moreover, as some of the operation costs of our Group are fixed in nature, our Group may not be able to make any necessary short-term adjustments. As a result, the results of operations of our Group may fluctuate significantly and comparisons of our Group's operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and may not be relied upon as indications of the overall performance of our Group.

We face risks related to natural disasters, political instability, health epidemics and other outbreaks of contagious diseases such as avian flu, SARS, H1N1 flu, Ebola fever and Middle East Respiratory Syndrome

The outbreak of any severe communicable disease such as avian flu, SARS, H1N1 flu, Ebola fever and Middle East Respiratory Syndrome, if uncontrolled, could have an adverse effect on the overall business sentiment and environment, which in turn may have an adverse impact on domestic consumption and, possibly, on GDP growth of the PRC. For instance, in 2014, the outbreak of Ebola fever in West Africa received considerable worldwide media attention. In 2015, there was an outbreak of Middle East Respiratory Syndrome in South Korea. Our Directors confirm that our Group did not suffer adverse impact in respect of our operations and financial conditions from the outbreak of Ebola fever and Middle East Respiratory Syndrome during the Track Record Period. However, we cannot guarantee that we will be free from any outbreak of natural disasters or severe communicable disease in the PRC or worldwide that may adversely affect our financial condition and operation. Further, as most of our revenue is derived from our operation in the PRC, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC may materially and adversely affect our financial condition, results of operations and future growth.

In addition, if our employees and people in the neighbouring local areas were to be affected by a severe communicable disease, we may suffer adverse impact to our local labour supply, and we may be required to institute measures to prevent the spread of the disease, which may materially and adversely affect or disrupt our operation, resulting in an adverse effect on our results of operations. The spread of any severe communicable disease in Hong Kong or the PRC may also affect the operations of our customers and suppliers, which in turn, may have a potentially adverse effect on our financial condition and results of operations.

Any unfavourable market volatility or failure to execute our business strategies concerning our proposed business expansion of empty container stacking yard operation may adversely affect our Shareholders' investment return, our return on equity ratio, our valuation, business operations, financial conditions and prospects

It is one of our business strategies to establish our own empty container stacking yard to expand the scope of our services to our existing customers and to widen our customer base, and to help diversify our business and reduce our reliance on our existing major customers. For further details of our proposed operation of empty container stacking yard, please refer to the sections headed "Business — Business Strategies" and "Future Plans and **[REDACTED]** — Implementation Plans" of this document.

The performance of our proposed empty container stacking yard operation is subject to the execution of our business strategies, existing and future market conditions. However, we cannot assure you that the market conditions and market demand will always be favourable, or that we could successfully execute our business strategies relating to the proposed business expansion, or that our proposed empty container stacking yard will be able to maintain a competitive occupancy rate, or that our Group could successfully maintain and achieve economies of scale following the proposed business expansion. Accordingly, if we fail to execute our business strategies or if we fail to achieve the expected occupancy rate, or if our proposed empty container stacking yard operation is affected by any unfavourable market volatility, our Shareholders' investment return, our return on equity ratio, our valuation, business operations, financial conditions and prospects may be adversely affected.

The proposed acquisition of any land, construction, installation and equipment for the purpose of our proposed empty container stacking yard operation will result in increase in depreciation expenses, and will be subject to possible depreciation in the capital value, which may cause adverse impact to our operating results and financial position

It is among our business strategies to acquire land, construction, civil engineering, water and electrical installation, and equipment for our proposed business expansion. For further details of the proposed operation of empty container stacking yard, please refer to the paragraphs under the sections headed "Business — Business Strategies" and "Future Plans and **[REDACTED]** — Implementation Plans" of this document.

With the intended acquisition of land, installation and equipment, it is expected that additional depreciation expenses will be incurred. Please refer to the section headed "Business — Business Strategies" for details concerning the estimated depreciation rate and amount. Such increase in depreciation expenses and the possible depreciation in the capital value may adversely affect our financial performance and operating results.

Any shortage of local labour supply or unexpected raise of labour cost may adversely affect our business operations and financial performance

We intend to recruit not less than 30 persons for the proposed business expansion. For further details, please refer to the section headed "Business — Business Strategies" in this document. However, if we fail to effectively manage our labour cost as a result of unforeseeable increase(s) in labour cost and shortage of local labour supply, our business operations and financial performance may be materially and adversely affected.

We may incur net cash outflow from our operating activities following [REDACTED]

We cannot assure you that we will not experience net cash outflow from our operating activities following the **[REDACTED]**. For further information, please refer to the section headed "Financial Information — Net cash generated from or used in operating activities" in this document. In the event that we are unable to generate sufficient cash flows from our operations to finance our future development, the performance and prospects of our Group as well as our ability to implement our business plans will be adversely affected.

Our Group had experienced net current liabilities as at 31 December 2015

We recorded net current liabilities in the amount of approximately RMB5.5 million as at 31 December 2015. For further information, please refer to the section headed "Financial Information — Our Net Current Liabilities Position as at 31 December 2015 Improved to Net Current Assets as at 31 December 2016" in this document.

We cannot assure you that we will be able to maintain our net current assets position in the future and our business operations may be adversely affected if we are in net current liability position.

As at the Latest Practicable Date, we have no unutilised banking facilities

As at the Latest Practicable Date, our Directors confirm that there were no unutilized banking facilities held by our Group. It is possible that we would require additional financing to meet our financial needs and obligations. However, if we fail to obtain such additional financing, we may be in default of our payment obligations and may not be able to operate our business as planned or meet our capital expenditure requirements. As a result, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO THE INDUSTRIES IN WHICH WE OPERATE

The imposition or increase in the level of trade barriers, restrictions on exports or imports or trade disputes with principal trading partners of the PRC may adversely affect the business of our Group

Developed countries may impose tariffs or non-tariff barriers to restrict the flow of imported products into their local markets. Such trade barriers or any trade disputes with the principal trading partners of the PRC may hinder international trade and the volume of shipments to the ports where we provide our services which may in turn adversely affect the business of our Group.

A significant decrease in the demand for Reusable Solid Waste within the PRC may have a material adverse effect on our business operations and financial position

Our import and export agency services business focuses on Reusable Solid Waste and hence depends on the demand for Reusable Solid Waste which, to our Directors' knowledge, is cyclical in nature and directly correlates with the demand in the PRC and in the provinces in which we operate. For the three years ended 31 December 2016, revenue from our import agency services in respect of Reusable Solid Waste business accounted for 41.0%, 43.7% and 31.4% of our total revenue, respectively.

The consumption demand for Reuseable Solid Waste is also sensitive to economic fluctuations and market uncertainties and is closely controlled and monitored by the PRC government through policymaking. We cannot guarantee that the consumption level will continue to grow. Revenue from the import agency business may be adversely affected if the growth of the economy of the PRC slows down or enters into recession. Moreover, demand for our services may be reduced if the local economy in Fujian province experiences a significant downturn or if the local government significantly reduces spending on initiatives to stimulate consumption. Further, we expect that some potential customers (which may include our existing customers) of our proposed empty stacking yard operation are reusable waste importers/exporters. As such, any significant decrease in the demand for Reusable Solid Waste could potentially result in unfavourable impact on our financial position and results of operation.

Our Intra-Port Services and Logistics Services may be subject to competition from new market entrants

The gross profit margin of our Group for the three years ended 31 December 2016 comprised 28.2%, 25.3% and 32.2%, respectively. Foreign investment in the Intra-Port Services and Logistics Services industry in the PRC has been increasing both in scale and frequency, and a series of mergers and acquisition activities launched by overseas investors are under rapid progress. Consequently, new enterprises may, with the support of foreign capital, enter into the Intra-Port Services and the Logistics Services market. The occurrence of such competition may make it difficult for our Group to retain our clients and our income, business and future prospect may be materially and adversely affected. Since the PRC Government has not raised a particularly high barrier for market entrants, if new investors, having acquired all necessary licences to operate, enter the market, it is possible that this competition will drive down the profit margin of the industry, thereby affecting our business, financial position and prospects.

Our Intra-Port Services and Logistics Services may be subject to unforeseeable and unfavourable re-positioning of port area, and adjustment or re-direction of shipping routes affecting Dongdu port area and Haicang port area

The utilisation rate of our Intra-Port Services in Haitian Port for the year ended 31 December 2015 and that of our import agency services in Dongdu port area and Haicang port area for the two years ended 31 December 2016 decreased. Our Directors considered that the decrease in the utilisation rate of our Intra-Port Services in Haitian Port was due to repositioning of the Haicang port area and Dongdu port area and also the adjustment and re-direction of ocean-going shipping lines from Dongdu port area to the Haicang port area. Our Directors consider that the decrease in the utilisation rate of our import agency services was due to low domestic demand for Reusable Solid Waste during the Track Record Period. For further information, please refer to paragraph headed "Business — Our Operation Efficiency" of this document.

We cannot rule out that the PRC Government or relevant authorities in Xiamen may unexpectedly announce a further re-positioning of port areas in Xiamen in the future, or that there will be unforeseeable and frequent adjustment or re-direction of shipping routes between the Dongdu port area and the Haicang port area, which may be unfavourable to our Group's business and thereby have a material adverse effect on our business operation, financial positions and prospects.

RISKS RELATING TO THE PRC

The PRC's economic, political and social conditions, as well as government policies, could affect the business of our Group

All of our Group's assets and businesses are located in the PRC and our Group derives all its revenue from its operations in the PRC. Accordingly, our Group's results of operations and prospects are, to a significant degree, subject to the economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate and foreign exchange control.

While the PRC economy has experienced significant growth over the past decade, growth has been uneven, both geographically and among various sectors of the economy. The PRC Government has implemented various measures to guide the allocation of resources. While some of these measures may have benefited the overall economy of the PRC, they may have a negative effect on us. For example, our financial results may be adversely affected by changes in tax regulations that are applicable to us.

Our Directors believe that the policies and regulations currently in force such as the preferential taxation policy for logistic enterprises operating in specific investment zones will continue to serve the purpose of the "One Belt and One Road" initiative. However, we cannot guarantee that the PRC government will be able to successfully complete such initiative or that the PRC government will not impose amendments to these advantageous policies and regulations in response to any change of the PRC's economic, social and political conditions, such as its relations with the member states of the "Silk Road" project. In the event of any removal or amendment of the preferential policies and regulations not in the favour of our business prospect, our Group's business development may be materially and adversely affected.

Any changes to the laws, regulations and/or government policies governing the Intra-Port Services and the Logistics Services industry in the PRC may have a material adverse effect on our business and operations

Any changes to laws, regulations and policies governing the Intra-Port Services and the Logistics Services industry in the PRC may have a material adverse effect on our Group's business and operations. The MOT and other relevant government departments currently formulate port dues and charges chargeable by port operators. Exports or imports of cargo must undergo customs and excise, quarantine procedures and government inspection. The administration and changes of these laws or procedures may adversely affect the efficiency of the operations of our Group.

Further, we operate our business pursuant to approvals and licences granted by various PRC government authorities. If such approvals or licences were revoked or suspended as a result of any changes in laws, regulations or government policies, the business and operations of our Group may be materially and adversely affected.

The PRC legal system is still evolving and there are inherent uncertainties as to interpretation and implementation of laws, which could limit legal protections available to us

Our operating subsidiaries, Xiangxing Terminal and Xiangxing Logistics, were incorporated in the PRC, and substantially all of our business is operated in the PRC. These entities and operations must therefore comply with the applicable PRC laws. The PRC legal system is based on written statutes and various administrative regulations and policy decrees. Prior court decisions or rulings may be cited for reference in courts and administrative proceedings but have limited precedential value. Since the 1970s, the PRC government has been committed to developing and refining its legal system and has achieved significant progress in its laws and regulations governing economic matters such as shareholders' rights, foreign investment, company organisation and management, business, taxation and trade. However, PRC laws and regulations are still evolving, and because of the limited number and non-binding nature of published cases, there exist uncertainties about the interpretation and implementation of PRC laws and regulations. Depending on the government authority or how an application or case is presented to such authority, we may receive less favourable interpretations of laws and regulations than our competitors, or we may receive interpretations that are inconsistent with our interpretations. These uncertainties may impede our ability to enforce the contracts we have entered into with our clients, suppliers and other business partners. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the conflicts of local regulations and national laws. These uncertainties may limit legal protections available to us. In addition, any litigation in the PRC may be protracted, thus resulting in substantial costs and diversion of resources and management time, thereby having a material adverse effect on our business, prospects, financial condition and results of operations.

Future fluctuations in Renminbi and government control of currency conversion may affect our operations and our ability to pay dividends

A substantial portion of our revenue and most of our expenditure are denominated in Renminbi, which is not a freely convertible currency. The PRC government imposes controls over the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE or its local branch, provided that we satisfy certain procedural requirements. However, capital account transactions must be approved by or registered with SAFE or its local branch. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to fund our business activities that are conducted in foreign currencies. In addition, if the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders, which would adversely affect the value of your investment.

We may be deemed a PRC resident enterprise under the EIT Law of the PRC and be subject to PRC taxation on our global income. The PRC resident enterprise classification could also result in unfavourable tax consequences to our non-PRC resident enterprise shareholders

On 16 March 2007, the NPC promulgated 中華人民共和國企業所得稅法 (the EIT Law of the PRC) ("**EIT Law**"), which was effective as of 1 January 2008 and amended on 24 February 2017. Under the EIT Law, an enterprise set up in accordance with the law of the foreign country (region) whose actual administration institution are located in the PRC is considered to be a "resident enterprise", and will be subject to a uniform 25% EIT rate on its global income. On 6 December 2007, the State Council issued 中華人民共和國企業所得稅法實施條例 (the Regulation on the Implementation of EIT Law), effective as at 1 January 2008, which defines the term actual administration institution as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". In April 2009, the SAT published 國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知 (the Notice of the SAT on Issues Relevant to Foreign-registered Chinese-invested Holding Enterprises Determined as Resident Enterprises in Accordance with Actual Management Organization Standard) which was revised in 2013, and further specified certain criteria for the determination of what constitutes actual administration institution for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise controlled by a PRC enterprise will be deemed to have its actual administration institution located in China and as a result be considered a PRC resident enterprise. These criteria includes the following: (i) whether the enterprise's day-to-day operational management is primarily exercised in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China.

Although there have been no official implementation rules regarding the determination of the actual administration institution for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves), it is uncertain the tax authority will make its decision by reference to the rules for foreign enterprises controlled by PRC companies, or the SAT will issue specific implementation rules regarding the determination of the actual administration institution for foreign enterprises which are not controlled by PRC enterprises, which both may consider us as a PRC resident enterprise. As substantially all of our management team members currently reside in the PRC and may remain in the PRC in the future, we cannot give any assurance that we will not be considered a "resident enterprise" under the EIT Law, and not be subject to the EIT rate of 25% on our global income, which may have a material effect on our business, results of operations and financial position.

In addition, under the EIT Law and its relevant regulations, an EIT rate of 10% is applicable to dividends payable by a PRC resident enterprise to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or if established, to the relevant dividends that are in fact not associated with such establishment or place of business in the PRC, to the extent that such dividends are sourced within the PRC. Such applicable tax rate on dividend income may be reduced if the PRC government has entered into tax treaties regarding the withholding arrangement with certain countries and jurisdictions. Pursuant to 內地和香港特別行政區關於對所得避免雙重徵稅和防止漏稅的安排 (the Arrangement between the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income) and 國家稅務局關於執行稅收協定股息條款有關問題的通知 (the Circular of the SAT on Relevant Issues Relating to the Implementation of Dividend Clauses in Tax Treaties), withholding tax at a rate of not more than 5% applies to dividends paid by a PRC resident enterprise to a Hong Kong tax resident, provided that the recipient, as a qualified beneficial owner, is a company that directly holds at least 25% of the capital of the PRC resident enterprise at all times within the 12-month period immediately prior to distribution of the dividends.

If we are deemed to be a PRC resident enterprise, dividends payable by us to our non-PRC resident enterprise investors may become subject to PRC withholding tax. In such case, it may adversely affect the non-PRC resident enterprise shareholders' investment return and the value of investment in us.

Instability of the relationship across the Taiwan Straits may adversely affect the business of our Group

Xiamen is located on the west side of the Taiwan Straits, facing Taiwan and the Peng Hu Islands. All the existing berths and areas at which our Group provides services are situated in Xiamen. In view of the geographical proximity between Xiamen and Taiwan, in the event of instability of the relationship across the Taiwan Straits, the business and results of operations of our Group may be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Share may be volatile

Prior to the **[REDACTED]**, there was no public market for our Shares. The **[REDACTED]** will be determined between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company which may differ significantly from the market price for the Shares following the **[REDACTED]**. Our Group has applied for the **[REDACTED]** of and permission to deal in its Shares on GEM. However, even if approved, being **[REDACTED]** on GEM does not guarantee that an active trading market for its Shares will develop following the **[REDACTED]** or that its Shares will always be listed and traded on GEM. Our Group cannot assure potential investors that an active trading market will develop or be maintained following the completion of the **[REDACTED]**, or that the market price of its Shares will not decline below the **[REDACTED]**.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in its revenue, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for its products and services or fluctuations in market prices for comparable companies could cause the market price of its Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which its Shares will trade.

In addition, shares of other comparable companies listed on GEM have experienced substantial price volatility in the past, and it is likely that from time to time, the Shares will be subject to changes in price that may not be directly related to its financial or business performance.

Investors for our Shares will experience immediate dilution and would experience further dilution if our Group issues additional Shares in the future

The investors of the **[REDACTED]** will experience an immediate dilution as the **[REDACTED]** is higher than the net tangible asset value per Share. The pro forma net tangible asset value per Share is HK**[REDACTED]** based on the **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the proposed **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per Share.

Our Group may need to raise additional funds in the future to finance expansion of or new developments relating to its existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the **[REDACTED]**.

Any disposal by the Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the **[REDACTED]**. The Group cannot predict the effect, if any, of any future sales of the Shares by any of the Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the market price of the Shares. Sales of a substantial number of Shares by any of the Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

The Controlling Shareholders have undertaken that any disposal of the Shares held by them will be subject to constraints for an additional 24 months in addition to the requirement under the GEM Listing Rules. There is no assurance that such undertaking will not be waived and such waiver can be granted without recommendations of the independent committee of the Board and/or the approval of the independent Shareholders

In addition to the undertakings to the Stock Exchange pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** that for a further 24 months commencing on the date immediately following the expiry of the period undertaken pursuant to Rule 13.16A(1) of the GEM Listing Rules, they will not, and procure that the relevant registered holder(s) will not, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any encumbrances in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such encumbrances, he/it would either individually or together cease to be a Controlling Shareholder.

Such undertaking can be waived as agreed between the Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** without recommendations of the independent committee of the Board comprising independent non-executive Directors and/or the approval of the independent Shareholders. Should the undertaking be waived, there is no assurance that the Controlling Shareholders will not dispose of their Shares. Sale of Shares in the public market by the Controlling Shareholders or any market perception that their sale of shares might occur, could adversely affect the market price of the Shares. For details of the undertaking, please refer to the section headed "**[REDACTED]**" in this document.

RISKS RELATING TO STATEMENTS IN THIS DOCUMENT

The industry statistics and forward-looking information contained in this document may not be accurate, reliable or fair

Statistical and other information relating to the PRC and our industry contained in the section headed "Industry Overview" in this document have been compiled partly from various publicly available PRC official government publications as well as industry report we commissioned from independent industry adviser. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality of such source materials. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. Neither the **[REDACTED]** nor any of their affiliates or advisers, nor we or any of our affiliates or advisers have verified the accuracy of the information contained in such sources. We make no representation as to the accuracy of the information contained in such sources, which may not be consistent with other information compiled within or outside the PRC. Accordingly, the industry information and statistics contained herein may not be accurate and should not be unduly relied upon for your investment in our Company or otherwise.

This document contains certain forward-looking statements and information relating to us and the subsidiaries comprising our Group that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "anticipate", "believe", "could", "estimate", "expect", "going forward", "future", "prospective", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known or unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the industries and markets in which we operate;
- our strategy, plans, objectives and goals;
- general economic conditions;

- changes to regulatory and operating conditions in the industries and markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed "Financial Information" in this document with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.