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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 22 September 2015 in preparation for the [REDACTED] and is the holding company of our Group after the Reorganisation, which focuses its business on port services and logistics industry in Xiamen.

### BUSINESS HISTORY AND DEVELOPMENT

The business history of our Group can be traced back to 1999 when Xiangxing Group was founded by Mr. Cheng together with Mr. Lin whose capital contribution of RMB75,000 made into Xiangxing Group on behalf of Mr. Cheng. After operating Xiangxing Group and developing his business network for more than three years, Mr. Cheng founded Xiangxing Logistics in 2002 through Xiangxing Group with Tong’an Shunfa and Huida Yuntong which held their respective equity interests of 18.0% and 5.2% in Xiangxing Logistics on behalf of Mr. Cheng (as orally agreed by Tong’an Shunfa, Huida Yuntong and Mr. Cheng). In its early years, the business of Xiangxing Logistics included agency services for shipping such as customs clearance. With the establishment of Xiangxing Terminal by Mr. Cheng through his privately owned Xiangxing Group in 2006, our Group’s business scope was expanded to cover intra-port container transportation services and intra-port ancillary services including berthage arrangement and moorage, assistance in handling containers and trucking services, between berthages and stacking yards. For further details of our Group’s business, please refer to the section headed “Business” in this document.

Upon the incorporation of Xiangxing Logistics and Xiangxing Terminal in 2002 and 2006 respectively, our Group’s businesses were transferred to Xiangxing Logistics and Xiangxing Terminal, following which the business nature of Xiangxing Group became that of the investment holding company of Minhaixing Engineering and Zhongxinwang Investment, both of which conducted business unrelated to our Group’s businesses and were thus excluded from our Group. For details of the excluded companies, please refer to the paragraph headed “Relationship with Our Controlling Shareholders — Excluded Businesses” in this document.

Throughout the years, our Group has been operated under the motto of “Integrity lays foundation. Quality yields transcendence” (“誠信立足、品質致遠”) to meet customers’ demands and to gain market recognition. For details of the honours and awards received by our Group, please refer to the table under “Business — Honours and Awards” in this document.

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

### HISTORY OF MEMBERS OF OUR GROUP

#### Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 22 September 2015 under the name of “XiangXing International Holding Limited 象興國際控股有限公司”.

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As part of the Reorganisation, our Company became the holding company of our Group. Please refer to the paragraphs headed “A. Further Information about Our Company — 4. Changes in the share capital of our Company” in Appendix IV to this document for details of changes in the share capital of our Company for the two (2) years immediately preceding the date of this document and the paragraphs headed “Reorganisation” of this section for details of the Reorganisation. A summary of the corporate history of the subsidiaries of our Group (all of which are private companies) is set out below:

### **Our subsidiaries**

#### *Glamor Profit*

On 30 September 2015, Glamor Profit was incorporated in BVI as a limited liability company and was authorised to issue a maximum of 10,000 ordinary shares with a par value of HK\$1.00 each.

On 30 September 2015, Glamor Profit allotted and issued 10,000 shares, representing its then entire issued share capital, to our Company and the share price was fully paid at par.

On 23 May 2016, Glamor Profit increased its authorised number of shares from 10,000 shares to 20,000 shares of HK\$1.00 each. On 25 May 2016, Glamor Profit issued and allotted 10,000 fully paid shares of HK\$1.00 each to our Company as a consideration for the capitalisation of a loan of HK\$17,650,000 advanced by our Company to Glamor Profit which on-lent the same amount to YouGuo Enterprise for the purpose of financing its acquisition of the entire equity interests in Xiangxing Logistics. Upon the said allotment of shares, the authorised and issued number of shares of Glamor Profit were increased to 20,000 shares of HK\$1.00 each.

Following its incorporation, the principal business of Glamor Profit was investment holding.

#### *YouGuo Enterprise*

On 13 August 2015, YouGuo Enterprise was incorporated in Hong Kong as a limited liability company with share capital of HK\$100 divided into 100 shares of HK\$1.00 each and the nominee subscriber subscribed for the 100 subscriber shares at HK\$1.00 each.

On 14 October 2015, Glamor Profit acquired 100 shares from the nominee shareholder at a purchase price of HK\$1.00 each.

On 25 May 2016, YouGuo Enterprise issued and allotted 100 fully paid shares at HK\$1.00 each to Glamor Profit for the purpose of capitalising a loan in the sum of HK\$17,650,000 made by Glamor Profit to YouGuo Enterprise for the latter’s acquisition of the equity interest in Xiangxing Logistics. Upon the said allotment of shares, the share capital of YouGuo was increased to HK\$17,650,100 divided into 200 shares.

Following its incorporation, the principal business of YouGuo Enterprise was investment holding.

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### *Hui An*

On 14 September 2015, Hui An was incorporated in BVI as a limited liability company and is authorised to issue a maximum of 10,000 ordinary shares with a par value of HK\$1.00 each.

On 14 September 2015, Hui An allotted and issued 10,000 shares, representing its then entire issued share capital, to Mr. Gong and the share price was fully paid at par.

On 23 May 2016, Hui An increased its authorised number of shares from 10,000 shares to 20,000 shares of HK\$1.00 each. On 25 May 2016, Hui An issued and allotted 10,000 fully paid shares of HK\$1 each to Mr. Gong for the purpose of capitalising a loan in the sum of HK\$5,109,854.31 made by Mr. Gong to Hui An for making advance of the corresponding amount to Ocean Profits to acquire the equity interest in Xiangxing Logistics. Upon the said allotment of shares, the authorised and issued number of shares were increased to 20,000 shares of HK\$1.00 each.

Following its incorporation, the principal business of Hui An was investment holding.

### *Ocean Profits*

On 10 September 2015, Ocean Profits was incorporated in Hong Kong as a limited liability company with share capital of HK\$100 divided into 100 shares of HK\$1.00 each and the nominee shareholder subscribed for the 100 subscriber shares at HK\$1.00 each.

On 21 September 2015, Hui An acquired 100 shares from the nominee shareholder at a purchase price at HK\$1.00 each.

On 25 May 2016, Ocean Profits issued and allotted 100 fully paid shares at HK\$1.00 each to Hui An for the purpose of capitalising a loan in the sum of HK\$5,109,854.31 made by Hui An to Ocean Profits for the latter's acquisition of the equity interest in Xiangxing Logistics. Upon the said allotment of shares, the share capital of Ocean Profits was increased to HK\$5,109,954.31 divided into 200 shares.

Following its incorporation, the principal business of Ocean Profit was investment holding.

### *Yu Hong*

On 14 September 2015, Yu Hong was incorporated in BVI as a limited liability company and is authorised to issue a maximum of 10,000 ordinary shares with a par value of HK\$1.00 each.

On 14 September 2015, Yu Hong allotted and issued 10,000 shares, representing its then entire issued share capital, to Mr. Chen and the share price was fully paid at par.

On 23 May 2016, Yu Hong increased its authorised number of shares from 10,000 shares to 20,000 shares of HK\$1.00 each. On 25 May 2016, Yu Hong issued and allotted 10,000 fully paid shares of HK\$1.00 each to Mr. Chen for the purpose of capitalising a loan in the sum of

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HK\$2,555,023.65 made by Mr. Chen to Yu Hong for making advance of the corresponding amount to QingQi Capital to acquire the equity interest in Xiangxing Logistics. Upon the said allotment of shares, the authorised and issued number of shares of Yu Hong were increased to 20,000 shares of HK\$1.00 each.

Following its incorporation, the principal business of Yu Hong was investment holding.

### *QingQi Capital*

On 13 August 2015, QingQi Capital was incorporated in Hong Kong as a limited liability company with share capital of HK\$100 divided into 100 shares of HK\$1.00 each and the nominee shareholder subscribed for the 100 subscriber shares at HK\$1.00 each.

On 21 September 2015, Yu Hong acquired 100 shares from the nominee shareholder at a purchase price at HK\$1.00 each.

On 25 May 2016, QingQi Capital issued and allotted 100 fully paid shares at HK\$1.00 each to Yu Hong for the purpose of capitalising a loan in the sum of HK\$2,555,023.65 made by Yu Hong to QingQi Capital for the latter's acquisition of the equity interest in Xiangxing Logistics. Upon the said allotment of shares, the issued share capital of QingQi Capital was increased to HK\$2,555,123.65 divided into 200 shares.

Following its incorporation, the principal business of QingQi Capital was investment holding.

### *Xiangxing Logistics*

On 9 September 2002, Xiangxing Logistics was established as a limited company in the PRC with an operation term ended 8 September 2012. The registered capital was RMB5.0 million, in which the Xiangxing Group held 76.8% equity interest by way of contribution of cash as to RMB20,000 and fixed asset as to RMB3.82 million. The remaining equity interest of Xiangxing Logistics was held by Tong'an Shunfa and Huida Yuntong on trust for Mr. Cheng as to 18% and 5.2% respectively (as orally agreed by Tong'an Shunfa, Huida Yuntong and Mr. Cheng). Pursuant to the declarations made by Tong'an Shunfa, Huida Yuntong, and Mr. Cheng, Tong'an Shunfa acquired 18% equity interest in Xiangxing Logistics by way of cash contribution of RMB0.9 million received from Mr. Cheng and Huida Yuntong acquired 5.2% equity interest in Xiangxing Logistics by way of cash contribution of RMB0.26 million received from Mr. Cheng to facilitate fullest possible satisfaction of the then relevant PRC regulatory requirement imposed on applicants in respect of international freight forwarding agency operation. As confirmed by our PRC Legal Advisers, the said oral entrustment arrangements, although they were not made in written form, did not violate the prohibitive provisions under the then existing PRC laws and regulations, and therefore was legal and effective.

On 15 December 2006, Tong'an Shunfa and Huida Yuntong signed the 廈門象興國際物流服務有限公司股權轉讓協議 (*Equity Transfer Agreement of Xiamen Xiangxing International Logistics Service Co., Ltd.*) with Xiangxing Group and Xingxiang Import & Export respectively, pursuant to which, it was agreed that Tong'an Shunfa (acting on the directions of Mr. Cheng) shall transfer the 18% equity interest in Xiangxing Logistics that it held on behalf of Mr. Cheng to Xiangxing Group (which is controlled by Mr. Cheng) at RMB0.9 million and Huida Yuntong (acting on the directions

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of Mr. Cheng) shall transfer the 5.2% equity interest in Xiangxing Logistics that it held on behalf of Mr. Cheng to Xingxiang Import & Export (who held the said equity interest on behalf of Mr. Cheng pursuant to a shareholding entrustment agreement (股權代持協議) dated 14 December 2006) at RMB0.26 million. Upon the equity transfers, Xiangxing Group (on behalf of Mr. Cheng) and Xingxiang Import & Export (on behalf of Mr. Cheng) held 94.8% and 5.2% equity interest in Xiangxing Logistics respectively. On 25 December 2006, Xiangxing Logistics completed the corresponding industrial and commercial alteration registration procedures in respect of the equity transfers.

On 27 December 2006, Tong’an Shunfa received a sum of RMB0.9 million, being the consideration under the said transfer, from Xiangxing Group and returned the same amount to Mr. Cheng on the same day. As regards Huida Yuntong on 28 December 2006, it received the sum of RMB0.26 million, being the consideration under the above transfer, from Xingxiang Import & Export and returned the same amount to Mr. Cheng on the same day. As confirmed by our PRC Legal Advisers, the said transfer was legal and effective.

On 11 January 2010, Xiangxing Logistics obtained the new 企業法人營業執照 (*Corporate Legal Person’s Business Licence*) with an operation term expiring on 8 September 2022.

On 2 February 2015, Xingxiang Import & Export signed the 廈門象興國際物流服務有限公司股權轉讓協議 (*Equity Transfer Agreement of Xiamen Xiangxing International Logistics Service Co., Ltd.*) with Mr. Cheng, pursuant to which, it was agreed that Xingxiang Import & Export shall transfer its 5.2% equity interest held on behalf of Mr. Cheng in Xiangxing Logistics to Mr. Cheng at RMB0.26 million. Upon the equity transfer, Xiangxing Group and Mr. Cheng held 94.8% and 5.2% equity interest in Xiangxing Logistics respectively. On 15 February 2015, Xiangxing Logistics completed the corresponding industrial and commercial alteration registration procedures in respect of the equity transfer.

On 16 July 2015, Xiangxing Group signed the 廈門象興國際物流服務有限公司股權轉讓協議 (*Equity Transfer Agreement of Xiamen Xiangxing International Logistics Service Co., Ltd.*) with Mr. Cheng and Ms. XD Cheng respectively, pursuant to which, it was agreed that Xiangxing Group shall transfer its 84.8% equity interest in Xiangxing Logistics to Mr. Cheng at RMB4.24 million (based on the then registered capital of Xiangxing Logistics) and its 10% equity interest in Xiangxing Logistics to Ms. XD Cheng (who held the same on behalf of Mr. Cheng pursuant to a shareholding entrustment agreement (股權代持協議) dated 15 July 2015) at RMB0.5 million (based on the then registered capital of Xiangxing Logistics). On the same date, a resolution was passed by way of poll at the general meeting of Xiangxing Logistics to increase the registered capital of Xiangxing Logistics to RMB20 million. The additional registered capital of RMB13.5 million and RMB1.5 million was contributed in cash by Mr. Cheng and Ms. XD Cheng on behalf of Mr. Cheng, respectively. The payments under the said equity transfers were settled in July 2015 and the legal procedure of such equity transfers was completed on 23 July 2015. Upon the equity transfer and capital increase, the registered capital of Xiangxing Logistics was changed to RMB20 million. Mr. Cheng and Ms. XD Cheng, on behalf of Mr. Cheng, held 90% and 10% equity interest in Xiangxing Logistics, respectively. On 23 July 2015, Xiangxing Logistics completed the

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corresponding industrial and commercial alteration registration procedures in respect of the aforesaid changes. On 23 July 2015, Xiangxing Logistics renewed its business licence with an operation term expiring on 8 September 2052.

As confirmed by Mr. Cheng, the entrustment arrangement made was part of a family arrangement of Mr. Cheng. We are advised by our PRC Legal Advisers that the said entrustment arrangement between Mr. Cheng and Ms. XD Cheng did not violate the then existing PRC laws and regulations and therefore was legal and effective. By a written instruction dated 28 September 2015, Mr. Cheng instructed Ms. XD Cheng to transfer the 10% equity interest in Xiangxing Logistics to QingQi Capital at a consideration of RMB2,088,050.

On 29 September 2015, Mr. Cheng and Ms. XD Cheng signed the *股權轉讓協議 (Equity Transfer Agreement)* with Ocean Profits and QingQi Capital respectively, pursuant to which, it was agreed that Mr. Cheng shall transfer his 20% equity interest in Xiangxing Logistics to Ocean Profits at RMB4.1761 million and Ms. XD Cheng shall transfer the 10% equity interest in Xiangxing Logistics that she held on behalf of Mr. Cheng to QingQi Capital at RMB2.08805 million. The transfer prices of the equity transfers were based on an independent valuation of the net assets of Xiangxing Logistics (the base date was 31 July 2015). Upon the equity transfer, Xiangxing Logistics became a Chinese-foreign equity joint venture enterprise and was held by Mr. Cheng, Ocean Profits and QingQi Capital as to 70%, 20% and 10%, respectively. On 8 October 2015, Xiamen Municipal Bureau of Commerce approved the above mentioned equity transfers through the *廈門市商務局關於同意外資併購廈門象興國際物流服務有限公司的批覆 (Official Reply of Xiamen Municipal Bureau of Commerce on Approval of Foreign Mergers and Acquisitions of Xiamen Xiangxing International Logistics Service Co., Ltd.)* and approved the aggregate investment amount of RMB40 million and the registered capital of RMB20 million of Xiangxing Logistics. On 8 October 2015, the People’s Government of Xiamen City issued the *中華人民共和國外商投資企業批准證書 (商外資廈外資字[2015]0332號) (Approval Certificate For Foreign-invested Enterprises of the People’s Republic of China)* (Shang Wai Zi Xia Wai Zi Zi No. [2015] 0332). Therefore, the said equity transfers were legally completed and settled on 8 October 2015. On 19 October 2015, Xiangxing Logistics completed the corresponding industrial and commercial alteration registration procedures in respect of the above mentioned changes.

As advised by our PRC Legal Advisers, the acquisitions of an aggregate of 30% equity interest in Xiangxing Logistics by Ocean Profits and QingQi Capital, approved by competent authorities and whose necessary legal procedures had been fulfilled, were in compliance with the PRC laws and the *關於外國投資者併購境內企業的規定 (Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors in the PRC)* (promulgated on 8 August 2006 by six ministries including Ministry of Commerce and amended on 22 June 2009, hereafter the “Rules on Merger and Acquisition”) and were legal and effective.

On 18 November 2015, Mr. Cheng, Ocean Profits, QingQi Capital and YouGuo Enterprise signed the *股權轉讓協議 (Equity Transfer Agreement)*, pursuant to which, it was agreed that Mr. Cheng shall transfer his 70% equity interest in Xiangxing Logistics to YouGuo Enterprise at RMB14.61635 million based on the appraised net asset value as at 31 July 2015 of Xiangxing

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Logistics. Upon the equity transfer, Xiangxing Logistics became a WFOE and was held by YouGuo Enterprise, Ocean Profits and QingQi Capital as to 70%, 20% and 10%, respectively. On 26 November 2015, Xiangxing Logistics completed the corresponding industrial and commercial alteration registration procedures in respect of the above mentioned matters.

According to the *自由貿易試驗區外商投資備案管理辦法（試行）* (*Administrative Measures for Approval and Record-filing of Foreign Investment Projects in the Pilot Free Trade Zone (Trial)*) (issued by the Ministry of Commerce on 8 April 2015 and implemented upon 30 days after issue, and abolished as of 8 October 2016 when *外商投資企業設立及變更備案管理暫行辦法* (*Interim Measures for the Record-filing Administration of the Establishment and Change of FIEs*) was implemented, hereafter known as the “Measures”), for foreign investors whose investments in the pilot free trade zone fall outside the scope of the *自由貿易試驗區外商投資准入特別管理措施（負面清單）* (*Special Management Measures for Market Entry of Foreign Investment in the Pilot Free Trade Zone (Negative List)*) (hereafter known as the “Negative List”), the Measures are applicable to the archival filing formalities of changes or transfers of the equity interest in corresponding foreign invested enterprises. As confirmed by our PRC Legal Advisers, for a foreign invested enterprise established in Xiamen area of China (Fujian) Pilot Free Trade Zone and whose investment did not fall under the scope of special management measures under the Negative List, the archival filing formalities of the equity acquisition could be conducted in accordance with the Measures. Our Directors confirm that Xiangxing Logistics completed the corresponding archival filing formalities on 16 November 2015. As advised by our PRC Legal Advisers, the equity acquisition was in compliance with the PRC laws and was legal and effective. Our PRC Legal Advisers further confirm that, as a domestic resident individual, Mr. Cheng has completed the relevant procedure of offshore investment foreign exchange registration under Circular No. 37.

Xiangxing Logistics principally engages in the business of Logistics Services. For the detailed description of the business of Xiangxing Logistics, please refer to the “Business” section of this document.

### **Compliance and approval**

As advised by our PRC Legal Advisers, the establishment of Xiangxing Logistics and each of the aforesaid industrial and commercial alteration registration procedures were in compliance with the relevant requirements of the PRC laws and approved by competent authorities. Industrial and commercial registrations were conducted and necessary legal procedures were fulfilled, therefore the establishment of Xiangxing Logistics and related registration procedures were legal and effective.

#### *Xiangxing Terminal*

On 30 September 2006, Xiangxing Terminal was established as a limited company in the PRC with an operation term from 30 September 2006 to 29 September 2026. The registered capital was RMB3 million and was wholly owned by Xiangxing Group.

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On 1 February 2008, shareholders of Xiangxing Terminal agreed to increase the registered capital of Xiangxing Terminal to RMB3.6 million with the additional registered capital being contributed by Xiangxing Logistics in cash. Upon capital increase, Xiangxing Group and Xiangxing Logistics held 83.3% and 16.7% of the equity interest in Xiangxing Terminal, respectively. Xiangxing Terminal completed industrial and commercial alteration registration procedures in respect of the matters on 28 February 2008.

On 23 July 2015, Xiangxing Group signed the *廈門象興碼頭服務有限公司股權轉讓協議 (Equity Transfer Agreement of Xiamen Xiangxing Terminal Service Co., Ltd.)* with Xiangxing Logistics, pursuant to which, it was agreed that Xiangxing Group shall transfer its 83.3% equity interest in Xiangxing Terminal to Xiangxing Logistics at RMB3.0 million. On the same date, shareholder of Xiangxing Terminal decided to increase the registered capital of Xiangxing Terminal to RMB5.0 million. The additional registered capital was contributed by Xiangxing Logistics in cash. Upon the equity transfer and capital increase, Xiangxing Terminal was 100% held by Xiangxing Logistics. On 29 July 2015, Xiangxing Terminal completed the corresponding industrial and commercial alteration registration procedures in respect of the equity transfer and capital increase.

Xiangxing Terminal principally engages in the business of Intra-Port Services. For the detailed description of the business of Xiangxing Terminal, please refer to the “Business” section of this document.

### Compliance and Approval

As advised by our PRC Legal Advisers, the establishment of Xiangxing Terminal and each of the aforesaid industrial and commercial alteration registration procedures were in compliance with relevant requirements of the PRC laws. Industrial and commercial registrations were conducted and necessary legal proceedings were fulfilled, therefore the establishment of Xiangxing Terminal and related registration procedures were legal and effective.

### [REDACTED] INVESTMENT

#### Investment by Mr. Chen

Mr. Chen, aged 46, a Macau citizen, is a businessman who has more than 10 years experience in the waste paper trading industry and ran a waste paper trading business in Hong Kong during the period between 2007 and 2009. In 2005, Mr. Chen became acquainted with Mr. Cheng through his business network. Save for his shareholdings in our Company as [REDACTED] investor as disclosed in this document, Mr. Chen does not have any relationship with our Company or the Connected Persons of our Company.

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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.

Since Yu Hong did not maintain its own bank account in Hong Kong, Mr. Chen, as the director and ultimate controller of QingQi Capital, injected a sum of HK\$2,555,023 being the Hong Kong dollar equivalent of RMB2,088,050 into QingQi Capital on behalf of Yu Hong. Under this arrangement, the said sum was first lent by Mr. Chen to Yu Hong, which then lent the same to QingQi Capital to enable the latter to acquire the 10% shareholding in Xiangxing Logistics from Ms. XD Cheng. The said loan outstanding from Mr. Chen to Yu Hong, together with the on-lent loan of the corresponding amount from Yu Hong to QingQi Capital, was capitalised by way of allotment of shares on 25 May 2016 and no loan was owing to Mr. Chen from Yu Hong nor QingQi Capital after the said allotment.

Further, pursuant to the Agreement for the Sale and Purchase of the Entire Issued Share Capital of Yu Hong Venture Limited (譽弘創投有限公司) dated 23 May 2016 (“**SP (Chen) Agreement**”) entered into between our Company and Mr. Chen, Mr. Chen agreed to sell and our Company agreed to purchase all the shares in Yu Hong in order that our Company acquired 10% equity interest in Xiangxing Logistics through Yu Hong and QingQi Capital. In consideration for such sale by Mr. Chen, our Company agreed to issue and allot 1,000,000 Shares in our Company credited as fully paid to Great Ploy upon Mr. Chen’s direction (representing, in aggregate, 10% of the entire issued share capital of our Company). Upon such allotment of shares in our Company to Great Ploy, Mr. Chen continued to maintain his 10% interest in Xiangxing Logistics and Xiangxing Terminal indirectly.

Our Directors confirm that Mr. Chen is not entitled to any special rights or privileges under the ST (Chen) Agreement and SP (Chen) Agreement or otherwise in connection with his investment in Xiangxing Logistics through Yu Hong and QingQi Capital.

On 4 July 2016, Bright Reverence entered into the Agreement for the Sale and Purchase of the shares in XiangXing International Holding Limited 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. Upon the said share transfer, Mr. Chen’s shareholding in our Company through Great Ploy has been increased to 25%.

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Details of the acquisition by Mr. Chen through Great Ploy pursuant to the ST (Chen) Agreement, the SP (Chen) Agreement and the BR Disposal Agreement (GP) are as follows:

Name of investor	:	Mr. Chen (through his control over Great Ploy)
Amount of shareholding in our Company acquired by the investor under ST (Chen) Agreement, SP (Chen) Agreement, and BR Disposal Agreement (GP)	:	[REDACTED]%
Total consideration	:	RMB[REDACTED]
Last payment date	:	11 July 2016
Number of shares in our Company acquired by the investor upon completion of the [REDACTED]	:	[REDACTED]
Effective cost per share (taking into account the [REDACTED])	:	RMB[REDACTED] (approximately HK\$[REDACTED])
Discount to the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]	:	approximately [REDACTED]%
Reasons of the [REDACTED] investment	:	Mr. Chen decided to invest in our Group because he was attracted by the long-term development potential of the industry in which we are operating and the progressing operating performance of our Group.

The Shares held by Mr. Chen through Great Ploy are subject to a lock-up period of six months after the [REDACTED] and are not considered as part of the public float for the purpose of Rule 11.23 of the GEM Listing Rules.

Our Directors confirm that the ST (Chen) Agreement, SP (Chen) Agreement and BR Disposal Agreement (GP) with Mr. Chen were entered into on normal commercial terms.

Based on the review of the relevant agreements, the Sole Sponsor has determined that the terms of the [REDACTED] investment by Mr. Chen are in compliance with (i) the Interim Guidance on the Pre IPO Investments issued by the Stock Exchange on 13 October 2010; (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and (iii) the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012.

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### Investment by Mr. Gong

Pursuant to a 股權轉讓協議 (Equity Transfer Agreement, “**ST (Gong) Agreement**”) dated 29 September 2015 entered into between Mr. Cheng and Ocean Profits (a then indirect wholly-owned company of Mr. Gong), Ocean Profits acquired 20% equity interest in Xiangxing Logistics from Mr. Cheng at a consideration of RMB4,176,100 based on the appraised net asset value as at 31 July 2015 of Xiangxing Logistics.

Since Hui An did not maintain its own bank account in Hong Kong, Mr. Gong, as the director and ultimate controller of Ocean Profits, injected a sum of HK\$5,109,854 being the Hong Kong dollar equivalent of RMB4,176,100 into Ocean Profits on behalf of Hui An. Under this arrangement, the said sum was first lent by Mr. Gong to Hui An, which then lent the same to Ocean Profits to enable the latter to acquire the shareholdings in Xiangxing Logistics. The said loan outstanding from Mr. Gong to Hui An, together with the on-lent loan of the corresponding amount from Hui An to Ocean Profits, had been capitalised by way of allotment of shares on 25 May 2016 and no outstanding loan was owing to Mr. Gong from Hui An nor Ocean Profits after the said allotment.

Pursuant to the Agreement for the Sale and Purchase of the Entire Issued Share Capital of Hui An Investment Limited (暉安投資有限公司) dated 23 May 2016 (“**SP (Gong) Agreement**”) entered into between our Company and Mr. Gong, Mr. Gong agreed to sell and our Company agreed to purchase all the shares in Hui An in order that our Company acquired 20% equity interest in Xiangxing Logistics through Hui An and Ocean Profits. In consideration for such sale by Mr. Gong, our Company agreed to issue and allot 2,000,000 Shares in our Company credited as fully paid to Bright Reverence upon Mr. Gong’s direction (representing, in aggregate, 20% of the entire issued share capital of our Company). Upon such allotment of shares in our Company to Bright Reverence, Mr. Gong continued to maintain his 20% interest in Xiangxing Logistics and Xiangxing Terminal indirectly.

Our Directors confirm that Mr. Gong is not entitled to any special rights or privileges under the ST (Gong) Agreement and the SP (Gong) Agreement or otherwise in connection with his investment in Xiangxing Logistics through Hui An and Ocean Profits.

Our Directors confirmed that the ST (Gong) Agreement and the SP (Gong) Agreement with Mr. Gong were entered into on normal commercial terms.

Based on the review of the relevant agreements, the Sole Sponsor has determined that the terms of the [REDACTED] investment by Mr. Gong are in compliance with (i) the Interim Guidance on [REDACTED] Investments issued by the Stock Exchange on 13 October 2010; (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and (iii) the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012.

However, as described in the paragraph headed “[REDACTED] Investment — Investment by Mr. Chen” and “Acquisition of Shares by Glory Fame and Great Ploy” in this section, Mr. Gong decided to dispose of his entire shareholdings in our Company held through Bright Reverence to Glory Fame and Great Ploy by entering into the BR Disposal Agreement (GP) and BR Disposal Agreement (GF) (as defined below) on 4 July 2016. As confirmed by Mr. Gong to our Company and the Sole Sponsor, such share disposal was owing to his own personal financial difficulty in

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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light of anticipated bankruptcy petition proceedings in Hong Kong affecting him. Other than his aforesaid financial condition, there are no other reasons which should be brought to the attention of the Stock Exchange, the Sole Sponsor and the Company regarding Mr. Gong’s share disposal, as confirmed by Mr. Gong to our Company and the Sole Sponsor.

Details of the acquisition by Mr. Gong through Bright Reverence pursuant to ST (Gong) Agreement and SP (Gong) Agreement are as follows:

Name of investor	:	Mr. Gong (through his control over Bright Reverence)
Amount of shareholding in our Company acquired by the investor under ST (Gong) Agreement and SP (Gong) Agreement	:	[REDACTED]% (before the BR Disposal Agreement (GP) and BR Disposal Agreement (GF))
Total consideration	:	RMB[REDACTED]
Last payment date	:	2 November 2015
Number of shares in our Company acquired by the investor under ST (Gong) Agreement and SP (Gong) Agreement	:	[REDACTED] (before the BR Disposal Agreement (GP) and BR Disposal Agreement (GF))
Effective cost per share	:	RMB[REDACTED] (approximately HK\$[REDACTED])
Reasons of the [REDACTED] investment	:	Mr. Gong decided to invest in our Group because he was satisfied with the progressing operating performance of our Group.
Number of shares in our Company acquired by the investor upon completion of the [REDACTED] assuming no share disposal was made by Mr. Gong	:	[REDACTED]
Effective cost per share (taking into account the [REDACTED] assuming no share disposal was made by Mr. Gong	:	RMB[REDACTED] (approximately HK\$[REDACTED])

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Discount to the mid-point of the : approximately [REDACTED]%  
indicative [REDACTED] range of  
HK\$[REDACTED] to  
HK\$[REDACTED] assuming no share  
disposal was made by Mr. Gong

### REORGANISATION

In preparation for the [REDACTED], members of our Group have undergone certain restructuring steps including:

- (1) the acquisition of equity interest in Xiangxing Group from Mr. Lin by Ms. XQ Cheng acting on the instruction of Mr. Cheng;
- (2) the acquisition of equity interest in Xiangxing Logistics by Mr. Cheng from Xingxiang Import & Export;
- (3) the acquisition of equity interest in Xiangxing Logistics from Xiangxing Group by Mr. Cheng and Ms. XD Cheng acting on the instruction of Mr. Cheng;
- (4) the acquisition of equity interest in Xiangxing Terminal by Xiangxing Logistics from Xiangxing Group;
- (5) the incorporation of Hui An, Yu Hong, Ocean Profits, and QingQi Capital;
- (6) the incorporation of YouGuo Enterprise, Glamor Profit, our Company, and Glory Fame;
- (7) the acquisition of equity interest in Xiangxing Logistics by Ocean Profits from Mr. Cheng;
- (8) the acquisition of equity interest in Xiangxing Logistics by QingQi Capital from Ms. XD Cheng;
- (9) the acquisition of equity interest in Xiangxing Logistics by YouGuo Enterprise from Mr. Cheng;
- (10) the capitalisation of shareholders' loans owing to Glory Fame, our Company, Glamor Profit, YouGuo Enterprise, Hui An, Ocean Profits, Yu Hong, and QingQi Capital;
- (11) the acquisition of equity interest in Hui An by our Company from Mr. Gong;
- (12) the acquisition of equity interest in Yu Hong by our Company from Mr. Chen;
- (13) the incorporation of Bright Reverence and Great Ploy;
- (14) the allotment of shares by our Company to Bright Reverence on the direction of Mr. Gong;

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## **HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

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- (15) the allotment of shares by our Company to Great Ploy on the direction of Mr. Chen;
- (16) the acquisition of the Shares of our Company by Glory Fame from Bright Reverence; and
- (17) the acquisition of the Shares of our Company by Great Ploy from Bright Reverence.

### **SUBDIVISION OF SHARES AND INCREASE OF AUTHORISED SHARE CAPITAL**

In contemplation of the [REDACTED], on 23 May 2016, our Company subdivided every share of the Company of HK\$1.00 each into 100 shares of HK\$0.01 each so that our Company’s authorised share capital became HK\$10,000 divided into 1,000,000 shares of HK\$0.01 each. After the subdivision, the authorised share capital of our Company was increased from HK\$10,000 divided into 1,000,000 shares of a par value of HK\$0.01 each to HK\$300,000 divided into 30,000,000 shares of HK\$0.01 each by the creation of an additional 29,000,000 shares, pursuant to the written resolutions of our shareholder passed on 23 May 2016.

On 13 February 2017, our Company’s authorised share capital was further increased from HK\$300,000 divided into 30,000,000 shares of a par value of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 shares of HK\$0.01 each by the creation of an additional 3,970,000,000 shares, pursuant to the written resolutions of our Shareholders passed on 13 February 2017.

### **ACQUISITION OF HUI AN AND YU HONG BY OUR COMPANY**

On 23 May 2016, our Company entered into two sale and purchase agreements with Mr. Gong and Mr. Chen respectively, pursuant to which Mr. Gong and Mr. Chen agreed to transfer their entire shareholdings in Hui An and Yu Hong to our Company, to the effect that (i) our Company became the holding company of our Group and (ii) Xiangxing Logistics and Xiangxing Terminal became the indirect wholly-owned companies of our Company. In consideration for Mr. Gong’s and Mr. Chen’s transfer of interests in Hui An and Yu Hong, our Company agreed to allot 2,000,000 shares and 1,000,000 shares to Mr. Gong and Mr. Chen respectively, such that the ownership and control over our Group among Mr. Cheng, Mr. Gong, and Mr. Chen remained in the proportion of 7:2:1.

On 25 May 2016, Mr. Gong and Mr. Chen transferred their entire shareholdings in Hui An and Yu Hong to our Company in consideration of our Company allotting and issuing 2,000,000 credited as fully paid shares to Bright Reverence and 1,000,000 shares to Great Ploy respectively at the respective directions of Mr. Gong and Mr. Chen.

Our Directors confirm that the change of shareholdings in Xiangxing Logistics and Xiangxing Terminal, under the Reorganisation, had obtained all necessary approval(s) from the relevant government authority in the PRC and would not require any approval or permit from any relevant government authority in the Cayman Islands.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### CAPITALISATION OF SHAREHOLDERS’ LOANS OWING TO GLORY FAME

On 25 May 2016, our Company allotted and issued 6,000,000 fully paid Shares to Glory Fame for the purpose of capitalising a loan in the sum of HK\$17,650,000 (equivalent to approximately RMB14,767,000) made by Glory Fame to our Company for making an advance of the corresponding amount to Glamor Profit so that the latter could lend the same to YouGuo Enterprise to acquire the equity interest in Xiangxing Logistics.

### ACQUISITION OF SHARES BY GLORY FAME AND GREAT PLOY

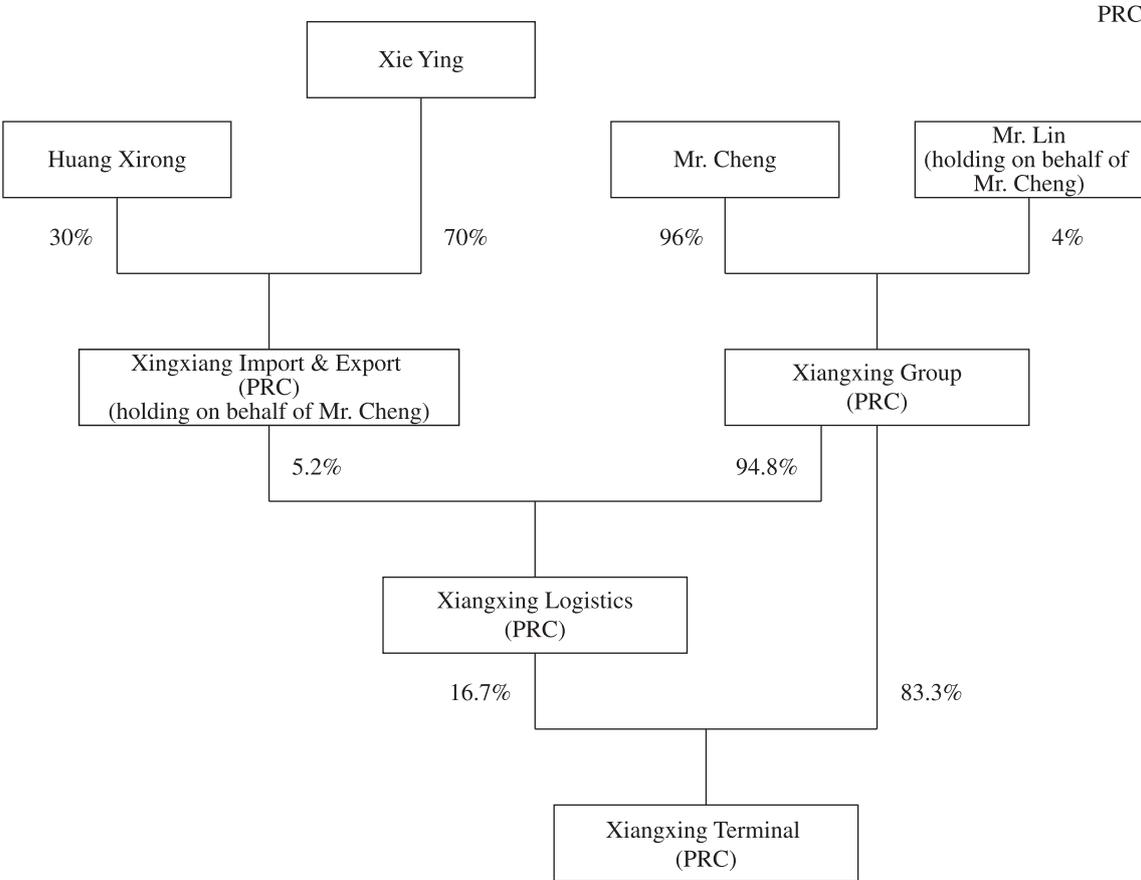
On 4 July 2016, in addition to the BR Disposal Agreement (GP) mentioned under the paragraph headed “[REDACTED] Investment — Investment by Mr. Chen” above, Bright Reverence also entered into an agreement for the sale and purchase of the shares in our Company with Glory Fame (“**BR Disposal Agreement (GF)**”), pursuant to which Glory Fame acquired 500,000 shares in our Company at a consideration of RMB1,375,000 from Bright Reverence. The relevant transfer contemplated under the BR Disposal Agreement (GF) also took place on 11 July 2016.

As a result of the acquisition of shares of our Company by Glory Fame and Great Ploy from Bright Reverence, our Company was indirectly held by Mr. Cheng (through Glory Fame) and Mr. Chen (through Great Ploy) as to 75% and 25% respectively.

**HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

**Shareholding and corporate structure prior to the Reorganisation**

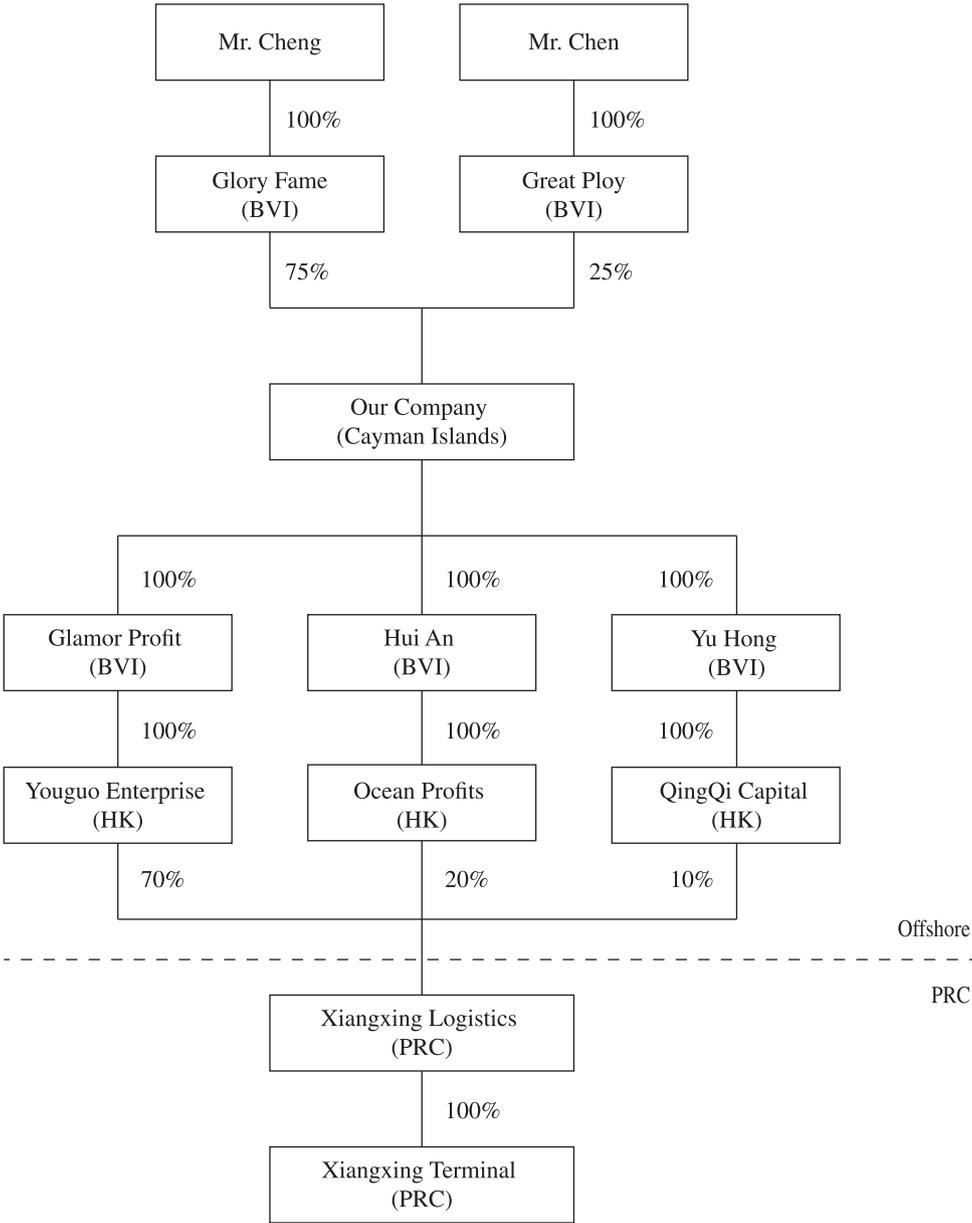
The shareholding and corporate structures in respect of our Group immediately prior to the Reorganisation are set out below:



**HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

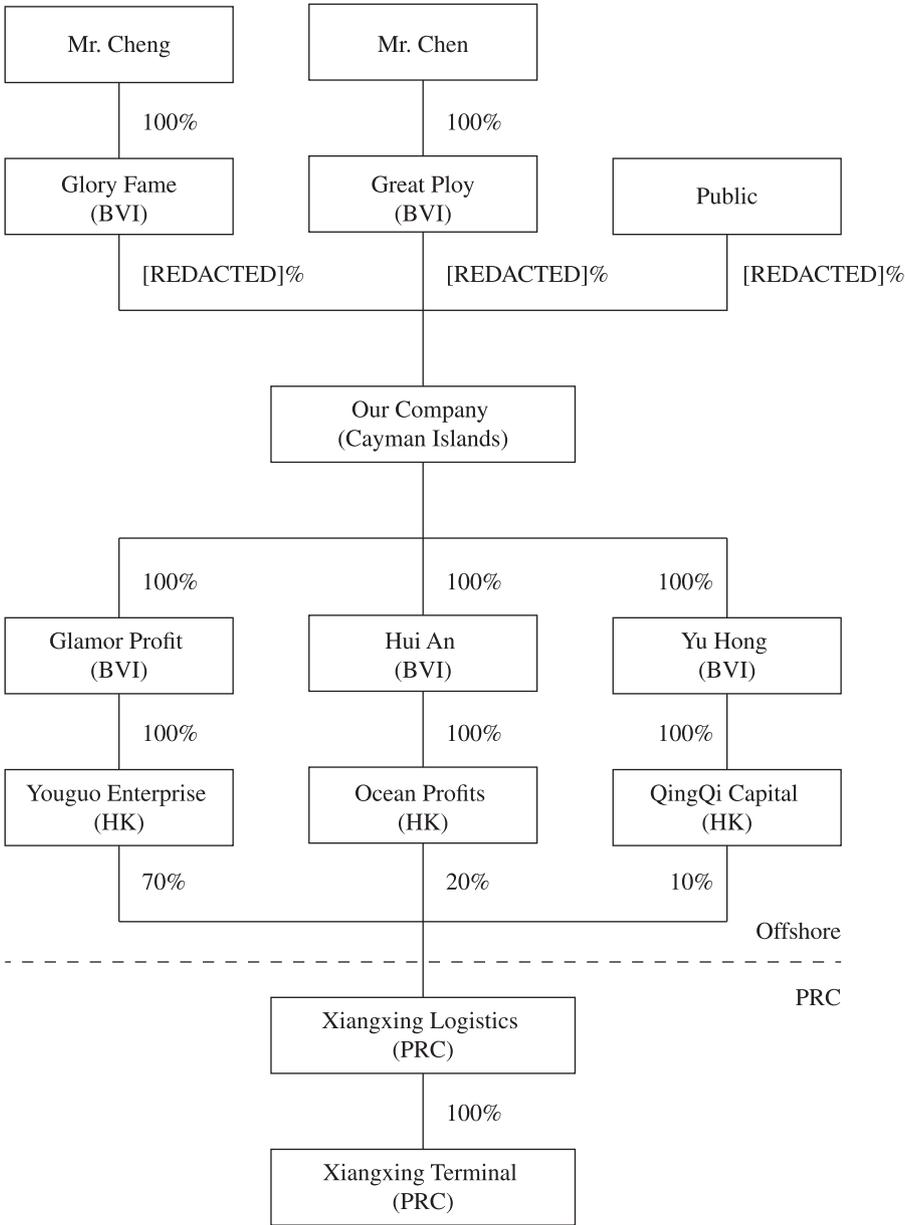
**Shareholding and corporate structures after the Reorganisation and immediately prior to the [REDACTED] and [REDACTED]**

The shareholding and corporate structures of our Group after the Reorganisation and immediately prior to the [REDACTED] and [REDACTED] are set out below:



**HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

Shareholding and corporate structures immediately following the completion of the [REDACTED] and [REDACTED]



**[REDACTED] AND [REDACTED]**

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], our Directors are authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for allotment and issue to Glory Fame and Great Ploy.

## **HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

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Conditional upon the grant of the approval for the [REDACTED] of and permission to deal in the Shares on the GEM, our Company will [REDACTED] [REDACTED] [REDACTED], representing 25% of total issued share capital of our Company (as enlarged by the Shares offered under the [REDACTED] and the Shares issued under the [REDACTED]), for subscription by the public in Hong Kong.