THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Dragon Crown Group Holdings Limited, you should at once hand this Composite Document, together with the accompanying Form of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

GREAT RIVER SMARTER LOGISTICS (HONG KONG) LIMITED
(Incorporated in Hong Kong with limited liability)

Dragon Crown Group Holdings Limited
龍翔集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 935)

COMPOSITE OFFER AND RESPONSE DOCUMENT

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY

Financial adviser to the Offeror

CICC 中金公司

Financial adviser to the Company

CMBI 招銀国际

Independent Financial Adviser to the Independent Board Committee

HONESTUM 竑信國際有限公司 HONESTUM INTERNATIONAL LIMITED

Capitalised terms used on this cover page shall have the same meanings given to them in the section headed "Definitions" in this Composite Document.

A letter from CICC containing, among other things, the principal terms of the Offer is set out on pages 14 to 32 of this Composite Document. A letter from the Board is set out on pages 33 to 38 of this Composite Document. A letter from the Independent Board Committee to the Shareholders containing its recommendation in respect of the Offer is set out on pages 39 to 40 of this Composite Document. A letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer is set out on pages 41 to 60 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on 6 April 2022, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Important Notices" in this Composite Document, the section headed "Overseas Shareholders" in the letter from CICC in this Composite Document and Appendix I to this Composite Document before taking any action. It is the responsibility of each overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents, or filing and registration requirements, which may be required to comply with all necessary formalities or legal or regulatory requirements and payment of any transfer or other taxes, duties and other required payments payable by such Shareholder in each relevant jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

9 March 2022

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The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be jointly made by the Offeror and the Company as and when appropriate.

Unless otherwise expressly stated, references to times and dates in this Composite Document and the Form of Acceptance are to Hong Kong times and dates.

Despatch Date of this Composite Document and the accompanying Form of Acceptance and the commencement of the Offer *(Note 1)*	Wednesday, 9 March 2022
Latest date for acceptance of the Offer by the Ng IU Parties under the Ng Irrevocable Undertaking *(Note 2)* and by the Other IU Parties under the Other Irrevocable Undertakings *(Note 3)*	Saturday, 12 March 2022
First Closing Date *(Note 4)*	Wednesday, 6 April 2022
Latest time and date for acceptance of the Offer on the First Closing Date *(Note 4)*	4:00 p.m. on Wednesday, 6 April 2022
Announcement of the results of the Offer on the Stock Exchange's website and the Company's website on the First Closing Date	no later than 7:00 p.m. on Wednesday, 6 April 2022
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on the First Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) *(Notes 4 and 5)*	Tuesday, 19 April 2022
Latest time and date by which the Offer can become or be declared unconditional as to acceptances *(Note 6)*	Tuesday, 10 May 2022
Latest time and date by which the Offer can become or be declared unconditional in all respects *(Note 7)*	Tuesday, 31 May 2022

Notes:

1. The Offer is made on 9 March 2022, the date of this Composite Document, and is capable of acceptance on and from that date for the whole of the Offer Period.

2. Pursuant to the terms of the Ng Irrevocable Undertaking, the Ng IU Parties have irrevocably undertaken, jointly and severally, to Offeror Parent and the Offeror: (a) to accept the Offer in respect of the Ng IU Shares, being 893,342,000 Shares (representing approximately 73.19% of the issued share capital of the Company as at the Latest Practicable Date), at the Offer Price of HK$1.28 per Share, not later than three days after the Despatch Date and (b) not to withdraw such acceptance.

3. Pursuant to the terms of each of the Other Irrevocable Undertakings, each of the Other IU Parties has irrevocably undertaken to Offeror Parent and the Offeror: (a) to accept the Offer in respect of the Other IU Shares held by him, being 167,500,000 Shares in aggregate (representing approximately 13.72% of the issued share capital of the Company as at the Latest Practicable Date), at the Offer Price of HK$1.28 per Share, not later than three days after the Despatch Date and (b) not to withdraw such acceptance.

4. The latest time and date for acceptances to be lodged under the Offer are 4:00 p.m. on 6 April 2022, being a date no less than 21 days from the date of this Composite Document, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next Offer Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the Offer.

   Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant and who wish to accept the Offer should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures and any deadlines set by HKSCC Nominees Limited.

   As the Offer will, in addition to compliance with the Takeovers Code, also be made in the United States pursuant to the applicable U.S. tender offer rules, the Offer must remain open for at least 20 U.S. business days following the Despatch Date. Accordingly, if the Offer is declared unconditional in all respects on or before 23 March 2022, then the Offer Closing Date would be on (but no earlier than) the First Closing Date.

5. Remittances in respect of the consideration for the Shares tendered under the Offer, less seller's ad valorem stamp duty payable, will be despatched to those Shareholders validly accepting the Offer by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days of (i) the date of receipt of a complete and valid acceptance in respect of the Offer or (ii) the Offer Unconditional Date, whichever is the later.

6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the Offer will lapse on at 7:00 p.m. on 10 May 2022.

7. Except with the consent of the Executive, all Conditions must be fulfilled or the Offer must lapse within 21 days of the First Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later. If the Offer becomes or is declared unconditional in all respects, the Offer may not remain open for acceptance for more than four months from the Despatch Date, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition.

NOTICE TO U.S. HOLDERS OF SHARES

The Offer is being made for the securities of a company incorporated in the Cayman Islands with limited liability and is subject to Hong Kong disclosure and other procedure requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with HKFRS and/or Chinese Accounting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. In addition, U.S. holders of Shares should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style.

The Offer is being extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer is subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, Offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of Offeror Parent, the Offeror and the Company is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. In addition, most of the assets of the Offeror Parent Group and the Group are located outside the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty effecting service of process within the United States upon Offeror Parent, the Offeror or the Company or their respective officers or directors or compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at http://www.sfc.hk and the Stock Exchange at www.hkexnews.hk.

NOTICE TO OVERSEAS SHAREHOLDERS

The Offer is being made for the securities of a company incorporated in the Cayman Islands with limited liability and is subject to Hong Kong disclosure and other procedure requirements, which are different from those in other jurisdictions. The making of the Offer to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited from accepting the Offer or affected by the laws of the relevant jurisdictions which may apply to the Offer and it is the responsibility of each such Shareholder who wishes to accept or take any other action in relation to the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any issue, transfer or other taxes due from such Shareholder in such relevant jurisdictions.

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror, the Company and their respective advisers (including CICC) that all applicable laws and requirements have been complied with by such Shareholder and that the Offer can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

For further information, please refer to the section headed “Overseas Shareholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:

"acting in concert"	has the meaning given to it in the Takeovers Code
"associate(s)"	has the meaning given to it in the Takeovers Code
"Board"	the board of Directors
"Borrowing Entities"	members of the Group and joint ventures and controlled corporations of the Company
"Business Day"	any day on which the Stock Exchange is open for transaction of business
"BVI"	the British Virgin Islands
"Cayman Companies Act"	the Companies Act (2021 Revision) (as amended) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"CICC"	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in respect of the Offer. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Co-Investor"	東莞金控股權投資基金管理有限公司 (Dongguan Jinkong Equity Investment Fund Co., Ltd*), a company incorporated in the PRC with limited liability and the general partner of Jinlianchuan
"Company "	Dragon Crown Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 935)
"Composite Document"	this composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company in accordance with the Takeovers Code, as may be revised or supplemented as appropriate

"concert parties"	in respect of a person, persons acting in concert with such a person
"Conditions"	the conditions to the Offer, as set out in the section headed "Conditions to the Offer" in the letter from CICC in this Composite Document
"Conditions Long Stop Date"	in respect of Condition (a) (the acceptance condition), the date which is 60 calendar days after the posting of the Composite Document, and in respect of other Conditions, the date which is 21 days after the satisfaction of Condition (a), unless the date has been extended by the Offeror with the consent of the Executive
"Despatch Date"	9 March 2022, being the date of despatch of this Composite Document to the Shareholders as required by the Takeovers Code
"Director(s)"	director(s) of the Company
"Disinterested Share(s)"	all Shares other than those held by the Offeror and the Offeror Concert Parties (if any), being all the 1,220,628,000 Shares in issue
"Dongguan SASAC"	the State-owned Assets Supervision and Administration Commission of the Dongguan Municipal Government
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Extended Pre-Conditions Long Stop Date"	9 March 2022
"First Closing Date"	6 April 2022, or such later date as may be determined and announced by the Offeror in accordance with the Takeovers Code
"Form(s) of Acceptance"	the forms of acceptance and transfer in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries and "member of the Group" shall be construed accordingly
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board (comprising Mr. Lau Sik Yuen, Mr. Feng Jianping and Mr. Hou Xiaoming, being all the independent non-executive Directors) established for the purpose of advising the Shareholders in respect of the Offer pursuant to the requirements of the Takeovers Code
"Independent Financial Adviser"	Honestum International Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Offer
"Industrial Bank"	Industrial Bank Co., Ltd. Hong Kong Branch
"Industrial Bank Facility"	the loan facility granted by Industrial Bank in its capacity as lender to the Offeror to finance the Offer
"Irrevocable Undertakings"	the irrevocable undertakings dated 8 October 2021 given to Offeror Parent and the Offeror (including the Ng Irrevocable Undertaking and the Other Irrevocable Undertakings) as described in the section headed "The Irrevocable Undertakings" in the letter from CICC in this Composite document

"IU Shares"	the total of 1,060,842,000 Shares representing approximately 86.91% of the issued share capital of the Company as at the Latest Practicable Date, comprising (1) 125,354,000 Shares directly held by Mr. Ng, representing approximately 10.27% of the issued share capital of the Company as at the Latest Practicable Date; (2) 751,488,000 Shares directly held by Lirun, representing approximately 61.57% of the issued share capital of the Company as at the Latest Practicable Date; (3) 16,500,000 Shares directly held by Sure Port, representing approximately 1.35% of the issued share capital of the Company as at the Latest Practicable Date; (4) 117,040,000 Shares held by Mr. Ng Dan Ching, representing approximately 9.59% of the issued share capital of the Company as at the Latest Practicable Date; (5) 24,658,000 Shares held by Mr. Ting Yian Ann, representing approximately 2.02% of the issued share capital of the Company as at the Latest Practicable Date; (6) 16,712,000 Shares held by Mr. Chong Yat Chin, representing approximately 1.37% of the issued share capital of the Company as at the Latest Practicable Date; and (7) 9,090,000 Shares held by Mr. Patrick Ng Bee Soon, representing approximately 0.74% of the issued share capital of the Company as at the Latest Practicable Date
"Jinlianchuan"	東莞市金聯川創新產業投資合夥企業(有限合夥) (Dongguan Jinlianchuan Innovative Industry Investment Partnership (Limited Partnership)*), a limited liability partnership incorporated in the PRC which is held as to 69.999%, 0.001% and 30% by Dongguan Shangshiguanqi No. 2 Development Investment Partnership (Limited Partnership), Co-Investor and Offeror Parent respectively as at the Latest Practicable Date, with Co-Investor being its general partner
"Joint Announcement"	the joint announcement dated 8 October 2021 issued by the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code
"Key Financial Information"	the key financial information included in the Reconciliation Information comprising total assets, total liabilities, revenue and net profit
"Last Trading Day"	30 September 2021, being the last day on which the Shares were traded on the Stock Exchange prior to the publication of the Joint Announcement

"Latest Practicable Date"	4 March 2022, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
"Lirun"	Lirun Limited（力潤有限公司）, a company incorporated in the BVI with limited liability holding approximately 61.57% of the issued share capital of the Company as at the Latest Practicable Date, which is wholly owned by Mr. Ng
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MAR"	material asset restructuring pursuant to the MAR Measures
"MAR Measures"	the Administrative Measures for the Material Asset Restructuring for Listed Companies
"MAR Report"	the material asset restructuring report published by Offeror Parent on 20 January 2022 on the Shenzhen Stock Exchange pursuant to the MAR Measures
"Mr. Ng"	Mr. Ng Wai Man, the chairman and chief executive officer of the Company holding approximately 73.19% of the issued share capital of the Company as at the Latest Practicable Date (both directly by himself and indirectly through Lirun and Sure Port)
"Ng Irrevocable Undertaking"	the irrevocable undertaking dated 8 October 2021 given by Mr. Ng, Lirun and Sure Port to Offeror Parent and the Offeror as described in the section headed "The Irrevocable Undertakings" in the letter from CICC in this Composite Document
"Ng IU Parties"	Mr. Ng, Lirun and Sure Port
"Ng IU Shares"	the 893,342,000 Shares owned by Mr. Ng representing his entire interest in the Company and approximately 73.19% of the issued share capital of the Company as at the Latest Practicable Date, including 125,354,000 Shares held directly by himself and 751,488,000 Shares and 16,500,000 Shares held through Lirun and Sure Port (both 100% held by Mr. Ng) respectively

"Offer"	the conditional voluntary general cash offer by CICC on behalf of the Offeror to acquire all of the issued Shares in accordance with the terms and conditions set out in the Composite Document, and any subsequent revision or extension of such offer
"Offer Closing Date"	the First Closing Date or any subsequent offer closing date of the Offer as may be extended or revised in accordance with the Takeovers Code
"Offer Period"	has the meaning given to it under the Takeovers Code, being the period from the date of the Joint Announcement until the latest of: (1) the date when the Offer closes for acceptances (i.e. the Offer Closing Date); (2) the date when the Offer lapses; (3) the time when the Offeror announces that the Offer will not proceed; and (4) the date when an announcement is made of the withdrawal of the Offer
"Offer Price"	the price per Offer Share payable in cash by the Offeror on the terms of the Offer
"Offer Shares"	the Shares which are subject to the Offer
"Offer Unconditional Date"	the date on which the Offer becomes or is declared unconditional in all respects
"Offeror"	Great River Smarter Logistics (Hong Kong) Limited（宏川智慧物流（香港）有限公司）, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of Suzhou Great River and an indirect subsidiary of Offeror Parent
"Offeror Concert Parties"	parties acting in concert with the Offeror in relation to the Company, including but not limited to CICC (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), Suzhou Great River, Jinlianchuan, Offeror Parent and Co-Investor
"Offeror Parent"	廣東宏川智慧物流股份有限公司 (Guangdong Great River Smarter Logistics Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002930.SZ)
"Offeror Parent Group"	Offeror Parent and its subsidiaries

"Other Irrevocable Undertakings"	the irrevocable undertakings dated 8 October 2021 given by each of Mr. Ng Dan Ching, Mr. Ting Yian Ann, Mr. Chong Yat Chin and Mr. Patrick Ng Bee Soon respectively to Offeror Parent and the Offeror as described in the section headed "The Irrevocable Undertakings" in the letter from CICC in this Composite Document
"Other IU Parties"	Mr. Ng Dan Ching, Mr. Ting Yian Ann, Mr. Chong Yat Chin and Mr. Patrick Ng Bee Soon
"Other IU Shares"	the 167,500,000 Shares held in aggregate by Mr. Ng Dan Ching, Mr. Ting Yian Ann, Mr. Chong Yat Chin and Mr. Patrick Ng Bee Soon representing their entire interest in the Company and approximately 13.72% of the issued share capital of the Company as at the Latest Practicable Date, comprising 117,040,000, 24,658,000, 16,712,000 and 9,090,000 Shares held by Mr. Ng Dan Ching, Mr. Ting Yian Ann, Mr. Chong Yat Chin and Mr. Patrick Ng Bee Soon respectively
"Other Information"	other relevant information relating to the MAR of Offeror Parent pursuant to the MAR Measures and other PRC rules and regulations
"Pengxin Opinion"	the valuation assessment report issued by Shenzhen Pengxin Appraisal Limited on the MAR of Offeror Parent
"PRC"	the People's Republic of China (for the sole purpose of construing this Composite Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"PRC Audited Financial Statements"	the audited financial statements of the Company under Chinese Accounting Standards for the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021 including the unqualified opinion of a PRC qualified auditor engaged by Offeror Parent
"Pre-Conditions"	the pre-conditions to the making of the Offer, as set out in the section headed "Pre-Conditions to the Offer" in Part A of the Joint Announcement, all of which have been satisfied prior to the issue of this Composite Document

"Pre-Conditions Long Stop Date"	9 February 2022, being the date falling four months after the date of the Joint Announcement, or such later date as the Offeror and the Company may agree (which has now been extended to 9 March 2022, being the Extended Pre-Conditions Long Stop Date)
"Reconciliation Information"	the reconciliation statements prepared by the Company as set out in the section headed "Announcements published by Offeror Parent on the Shenzhen Stock Exchange, Reconciliation Information and Profit Forecast" in the letter from CICC in this Composite Document
"Registrar"	Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, being the branch share registrar and the transfer office of the Company in Hong Kong
"Relevant Authorities"	relevant governments, governmental and/or quasi-governmental bodies, statutory and/or regulatory bodies, courts or institutions
"Relevant Period"	the period commencing from 8 April 2021, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	holders of Shares entered in the register of members of the Company
"Shares"	ordinary shares of HK$0.10 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning given to it under the Listing Rules

"Subsidiary Shares"	issued shares of each of the following subsidiaries of the Company, namely (i) Edford Investments Ltd, (ii) Ocean Ahead Limited, (iii) Quick Response Holdings Limited, (iv) Sea Triumph Limited, (v) Ideal Huge Limited (浩宜有限公司), (vi) Dragon Bussan International Limited (龍翔物產有限公司), (vii) Dragon Crown Petrochemicals Terminal (Holdings) Limited (龍翔石化儲運（集團）有限公司), (viii) Overseas Hong Kong Investment Limited (海外香港投資有限公司)
"Sure Port"	Sure Port Investments Limited (港順投資有限公司), a company incorporated in the BVI with limited liability holding approximately 1.35% of the issued share capital of the Company as at the Latest Practicable Date, which is wholly owned by Mr. Ng
"Suzhou Great River"	蘇州市宏川智慧物流發展有限公司 (Suzhou Great River Smarter Logistics Development Co., Ltd.*), a company incorporated in the PRC which wholly owns the Offeror and is a subsidiary of Offeror Parent
"Takeovers Code"	the Code on Takeovers and Mergers in Hong Kong
"Unaudited Management Accounts"	the Group's unaudited management accounts for the nine months ended 30 September 2021 under accounting policies of the Group prepared by the Company
"Unaudited Net Profit"	the unaudited net profit of the Group for the nine months ended 30 September 2021 in the Unaudited Management Accounts
"United States or U.S."	the United States of America
"%"	per cent.

* *For identification purpose only*

9 March 2022

To the Shareholders,

Dear Sir or Madam,

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY

1. INTRODUCTION

On 8 October 2021, the Offeror and the Company jointly announced that CICC, on behalf of the Offeror, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a voluntary conditional general cash offer to acquire all of the issued Shares from the Shareholders at the Offer Price, being HK$1.28 per Share.

On 13 January 2022, the Offeror and the Company jointly announced that, due to more time being required by the Shenzhen Stock Exchange for the vetting of the material asset restructuring report in relation to the Offer, the Offeror and the Company have agreed to extend the Pre-Conditions Long Stop Date of 9 February 2022 to 9 March 2022 (the Extended Pre-Conditions Long Stop Date). The Despatch Date of this Composite Document was as a result extended with the consent of the Executive to not later than (i) the date which is 7 days following the satisfaction of the Pre-Conditions and (ii) 16 March 2022 (being the date which is 7 days following the Extended Pre-Conditions Long Stop Date), whichever is earlier.

On 4 March 2022, the Offeror and the Company jointly announced that the Pre-Conditions had been satisfied.

This letter forms part of this Composite Document and sets out information on the Offeror, the reasons for making the Offer and the intentions of the Offeror in relation to the Company. The terms of the Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Your attention is also drawn to the letter from the Board on pages 33 to 38, the letter from the Independent Board Committee on pages 39 to 40 and the letter from the Independent Financial Adviser on pages 41 to 60 of this Composite Document.

Terms defined in the Composite Document have the same meanings in this letter unless the context otherwise requires.

2. THE OFFER

The Offer Price is:

For each Offer Share . . . . HK$1.28 in cash

The Offer Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price.

If any dividend, other distribution or return of capital (whether in cash or in kind) is announced, declared, made or paid in respect of the Shares after the Despatch Date, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, other distribution or return of capital, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. As at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the Shares has been announced or declared which remains outstanding. The Company has confirmed that it does not intend to announce, declare, make or pay any dividend, other distribution or return of capital during the period commencing on the Despatch Date until the end of the Offer Period.

The Offer is made in compliance with the Takeovers Code. The Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the Offer Closing Date.

3. PRE-CONDITIONS TO THE OFFER

The making of the Offer was subject to the satisfaction of the Pre-Conditions. On 4 March 2022, the Offeror and the Company jointly announced that the Pre-Conditions had been satisfied.

4. CONDITIONS TO THE OFFER

The Offer is subject to the fulfilment of the following Conditions:

(a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time and/or date as the Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of Shares which is not less than 90% of the Offer Shares;

(b) the Shares remaining listed and traded on the Stock Exchange up to the Offer Closing Date (or, if earlier, the Offer Unconditional Date) save for any temporary suspension(s) or halt(s) of trading in the Shares and no indication being received on or before the Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either the Offer or anything done or caused by or on behalf of Offeror or the Offeror Concert Parties;

(c) no event having occurred or existing (including any law, order, action, proceeding, suit or investigation instituted or taken by the Relevant Authorities) which would make the Offer or the acquisition of any of the Shares void, unenforceable, illegal, impracticable or would prohibit implementation of the Offer or impose any material and adverse conditions or obligations with respect to the Offer;

(d) since 31 December 2020, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Offer);

(e) no Relevant Authorities in any jurisdiction having (i) taken or instituted any action, proceeding, suit, investigation or enquiry, or (ii) enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order, in each case that would make the Offer or the implementation of the Offer in accordance with its terms void, unenforceable or illegal or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms;

(f) all necessary consents in connection with the Offer and/or (in the event that the Offeror was to exercise the right to acquire compulsorily those Offer Shares not already owned or acquired by the Offeror under the Offer) the possible withdrawal of the listing of the Shares from the Stock Exchange which may be required under any existing contractual or other obligations of the Group, joint ventures and controlled corporations of the Company (excluding the debt facilities of the Borrowing Entities) having been obtained and remaining in effect; and

(g) no default occurring (or any event or circumstance occurring that, with the delivery of notice or passage of time, could become a default) under any of the debt facilities of the Borrowing Entities of an aggregate amount of 5% or more of the total cash consideration payable by the Offeror under the Offer and which is not caused by any change of control in the Company or the other Borrowing Entities pursuant to the Offer, and has not been irrevocably consented to or waived by the relevant lenders or remedied by the relevant Borrowing Entities before the expiry date of thirty days after the receipt of the applicable notice(s) or the period for the Conditions to be fulfilled under the Takeovers Code (whichever is earlier).

As at the Latest Practicable Date and based on information available to the Company, the Company is not currently aware of any applicable consents which are required under Condition (f).

The Conditions to the Offer may be waived, either in whole or in part, either generally or in respect of any particular matter, at the sole discretion of the Offeror save that Condition (a) may only be waived if valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time and/or date as the Offeror may decide and the Executive may approve) in respect of such number of Shares which would result in the Offeror and the Offeror Concert Parties collectively holding more than 50% of the voting rights in the Company. If any of the Conditions is not satisfied or waived (as applicable) on or before the Conditions Long Stop Date, the Offer will lapse, and Shareholders will be notified by a further announcement as soon as practicable thereafter.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any of the Conditions, other than Condition (a) which is an acceptance condition, as a basis for not proceeding with the Offer if the circumstances which give rise to the right to invoke any of the Conditions are of material significance to the Offeror in the context of the Offer.

In addition to the Conditions, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares acquired under the Offer are sold by such person or persons free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the Offer Closing Date.

Pursuant to Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for not less than 14 days after it becomes or is declared unconditional (whether as to acceptances or in all respects). Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

WARNING: Completion of the Offer is subject to the Conditions being fulfilled or waived (as applicable). The issue of this Composite Document does not in any way imply that the Offer will be completed. The Offer may or may not become unconditional and will lapse if it does not become unconditional. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

5. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of this Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer. (For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the Offer reaches such prescribed threshold under Section 88 of the Cayman Companies Act, acceptances by the Offeror Concert Parties will be included.)

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of this Composite Document amount to not less than 90% of the Disinterested Shares.

Pursuant to Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares pursuant to the Offer, the Offeror will privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror exercises such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Offer Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

6. LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in the public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

While it is the intention of the Offeror to privatise the Company, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed levels under the Cayman Companies Act and the requirements of Rule 2.11 of the Takeovers Code being satisfied. Upon the closing of the Offer, in the event that the Offeror is not able to effect the compulsory acquisition of the remaining Offer Shares but decides to waive Condition (a) as described above and proceeds to complete the Offer, the Shares will remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure sufficient public float exists in the Shares. In the event that the Offeror is not able to effect the compulsory acquisition of the remaining Offer Shares and decides not to waive Condition (a) as described above, the Offer will lapse and the Shares will remain listed on the Stock Exchange.

7. VALUE OF THE OFFER

The Offer Price of HK$1.28 per Offer Share under the Offer represents:

(a) a premium of approximately 1.59% over the closing price of HK$1.26 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a premium of approximately 8.47% over the closing price of HK$1.18 per Share as quoted on the Stock Exchange on the Last Trading Date;

(c) a premium of approximately 9.40% over the average closing price of approximately HK$1.17 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;

(d) a premium of approximately 20.75% over the average closing price of approximately HK$1.06 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;

(e) a premium of approximately 34.74% over the average closing price of approximately HK$0.95 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Date;

(f) a premium of approximately 36.17% over the audited consolidated net asset value per Share as at 31 December 2020 of approximately HK$0.94 (based on a total of 1,220,628,000 Shares in issue as at the Latest Practicable Date and the audited equity attributable to owners of the Company of HK$1,142,083,000 as at 31 December 2020, as disclosed in the annual report of the Company published on 16 April 2021); and

(g) a premium of approximately 34.74% over the unaudited consolidated net asset value per Share as at 30 June 2021 of approximately HK$0.95 (based on a total of 1,220,628,000 Shares in issue as at the Latest Practicable Date and the unaudited equity attributable to owners of the Company of HK$1,158,239,000 as at 30 June 2021, as disclosed in the interim results of the Company published on 26 August 2021).

Highest and lowest closing prices of the Shares

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK$1.26 per Share on 4 March 2022 and the lowest closing price of Shares as quoted on the Stock Exchange was HK$0.68 per Share on 12, 13, 14, 15 and 16 April 2021.

Total consideration under the Offer

As at the Latest Practicable Date, there are 1,220,628,000 Shares in issue. The Offer, based on the Offer Price of HK$1.28 per Offer Share, is currently valued at HK$1,562,403,840.

As at the Latest Practicable Date, the Company does not have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares and the Company has not entered into any agreement for the issue of such options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares.

Confirmation of financial resources

Assuming full acceptance of the Offer in respect of 1,220,628,000 Shares (being the entire issued share capital of the Company as at the Latest Practicable Date), the aggregate cash consideration payable by the Offeror under the Offer will amount to approximately HK$1,562,403,840.

As at the Latest Practicable Date, the funds required by the Offeror to satisfy the consideration payable under the Offer will be financed by external financing of the Offeror (in the form of the Industrial Bank Facility). The terms of the Industrial Bank Facility provides for charges over all the Shares and Subsidiary Shares to be granted to Industrial Bank after the completion of withdrawal of listing of the Shares from the Stock Exchange.

CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy its payment obligations on full acceptance of the Offer (including the buyer's ad valorem stamp duty payable) in accordance with its terms.

8. THE IRREVOCABLE UNDERTAKINGS

On 8 October 2021, Offeror Parent and the Offeror (1) entered into the Ng Irrevocable Undertaking with the Ng IU Parties and (2) received the Other Irrevocable Undertakings from the Other IU Parties to accept the Offer in respect of the IU Shares held by them. The 1,060,842,000 IU Shares held by the Ng IU Parties and the Other IU Parties represent approximately 86.91% of the issued share capital of the Company as at the Latest Practicable Date.

(a) Principal terms of the Ng Irrevocable Undertaking

Date: 8 October 2021

Parties: (1) Mr. Ng; (2) Lirun; (3) Sure Port; (4) Offeror Parent; and (5) the Offeror ((1) to (3) together as the "**Ng IU Parties**")

On 8 October 2021, the Ng IU Parties entered into an irrevocable undertaking pursuant to which the Ng IU Parties have irrevocably undertaken, jointly and severally, to Offeror Parent and the Offeror: (a) to accept the Offer in respect of the Ng IU Shares, being 893,342,000 Shares (representing approximately 73.19% of the issued share capital of the Company as at the Latest Practicable Date), at the Offer Price of HK$1.28 per Ng IU Share, not later than three days after the Despatch Date and (b) not to withdraw such acceptance.

Consideration

The Ng IU Parties have irrevocably undertaken to Offeror Parent and the Offeror that the Offer will be accepted by them in respect of their respective Ng IU Shares at the Offer Price of HK$1.28 per Ng IU Share.

If the Offer becomes unconditional in all respects, Mr. Ng, Lirun and Sure Port will, pursuant to the Ng Irrevocable Undertaking, sell 893,342,000 Shares. The total consideration for such sale will accordingly be HK$1,143,477,760 (before deducting seller's ad valorem stamp duty).

Restrictive covenants

The Ng IU Parties have irrevocably undertaken, jointly and severally, to procure that between the date of the Ng Irrevocable Undertaking and the earlier of the date of completion of the sale of the Ng IU Shares to the Offeror under the Offer and the date when the Offer does not take effect, lapses or is withdrawn, the Company and other members of the Group, joint ventures and controlled corporations of the Company will not, without the consent in writing of Offeror Parent and the Offeror, incur expenditures not in line with previous practices.

The Ng IU Parties have also irrevocably undertaken, jointly and severally, not to directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in the Ng IU Shares before the earlier of the date of completion of the sale of the Ng IU Shares to the Offeror under the Offer and the date when the Offer does not take effect, lapses or is withdrawn.

Representations, warranties, undertakings and indemnities

The Ng IU Parties have represented, warranted and undertaken to Offeror Parent and the Offeror certain matters (including but not limited to the ownership of the Ng IU Shares, no material adverse change, accuracy of information of the Company, carrying on business in the ordinary and usual course in a consistent manner as carried on during the six months preceding the date of the Ng Irrevocable Undertaking and tax). The Ng IU Parties have also given indemnities (subject to certain limitations) to Offeror Parent and the Offeror in relation to breach of representations, warranties and undertakings under the Ng Irrevocable Undertaking which include payments for and operational conditions of certain construction projects of the Group and tax matters.

Termination

The Ng Irrevocable Undertaking will terminate and the parties' obligations thereunder will cease if the Offer does not take effect, lapses or is withdrawn in circumstances permitted under the Takeovers Code.

Reverse termination fee

Offeror Parent and the Offeror have agreed to pay to the Company a reverse termination fee of RMB50 million in the event that due to the fault (including but not limited to action, inaction or omission, but excluding circumstances beyond its control) of the Offeror, Offeror Parent or the ultimate controlling shareholder of Offeror Parent, the Pre-Conditions are not fulfilled by the Pre-Conditions Long Stop Date or the Offer is not made or does not close (excluding any of the following circumstances or causes: (i) any material breach of the representations, warranties, undertakings, consents and indemnities under the Ng Irrevocable Undertaking by the Ng IU Parties and (ii) the non-fulfilment of the Conditions)(the "**Event**"), such payment to be made within 14 days of such Event.

(b) Principal terms of the Other Irrevocable Undertakings with Mr. Ng Dan Ching, Mr. Ting Yian Ann, Mr. Chong Yat Chin and Mr. Patrick Ng Bee Soon

Irrevocable undertakings to accept the Offer in respect of the Other IU Shares

On 8 October 2021, Offeror Parent and the Offeror received an Irrevocable Undertaking from each of the Other IU Parties comprising:

(1) Mr. Ng Dan Ching, a Shareholder of the Company holding 117,040,000 Shares (representing approximately 9.59% of the issued share capital of the Company as at the Latest Practicable Date);

(2) Mr. Ting Yian Ann, ex-executive Director and former chief executive officer of the Company and a Shareholder of the Company holding 24,658,000 Shares (representing approximately 2.02% of the issued share capital of the Company as at the Latest Practicable Date);

(3) Mr. Chong Yat Chin, a current executive Director of the Company and a Shareholder of the Company holding 16,712,000 Shares (representing approximately 1.37% of the issued share capital of the Company as at the Latest Practicable Date); and

(4) Mr. Patrick Ng Bee Soon, a Shareholder of the Company holding 9,090,000 Shares (representing approximately 0.74% of the issued share capital of the Company as at the Latest Practicable Date),

pursuant to each of which undertaking each of the Other IU Parties has irrevocably undertaken to Offeror Parent and the Offeror: (a) to accept the Offer in respect of the Other IU Shares held by him, being 167,500,000 Shares in aggregate (representing approximately 13.72% of the issued share capital of the Company as at the Latest Practicable Date), at the Offer Price of HK$1.28 per Share, not later than three days after the Despatch Date and (b) not to withdraw such acceptance.

Consideration

The Other IU Parties have irrevocably undertaken to Offeror Parent and the Offeror that the Offer will be accepted by them in respect of their respective Other IU Shares at the Offer Price of HK$1.28 per Share.

If the Offer becomes unconditional in all respects, the Other IU Parties will, pursuant to the Other Irrevocable Undertakings, sell 167,500,000 Shares in aggregate under the Offer. The total consideration for such sale will accordingly be HK$214,400,000 in aggregate (before deducting seller's ad valorem stamp duty).

Restrictive covenants

Each of the Other IU Parties has also irrevocably undertaken not to directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in the relevant Other IU Shares before the earlier of the date of completion of the sale of such Other IU Shares to the Offeror under the Offer and the date when the Offer does not take effect, lapses or is withdrawn.

Representations, warranties, undertakings and indemnities

Each of the Other IU Parties has represented, warranted and undertaken to Offeror Parent and the Offeror in relation to the ownership of the Other IU Shares and other matters related to the acceptance of the Offer.

Termination

The Other Irrevocable Undertakings will terminate and the parties' obligations thereunder will cease if the Offer does not take effect, lapses or is withdrawn in circumstances permitted under the Takeovers Code.

As at the Latest Practicable Date, apart from the Irrevocable Undertakings, neither the Offeror nor any of the Offeror Concert Parties has received any indication or irrevocable commitment from any Shareholder to accept or reject the Offer.

9. INFORMATION ON THE OFFEROR, SUZHOU GREAT RIVER, OFFEROR PARENT, JINLIANCHUAN AND CO-INVESTOR

The Offeror is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of Suzhou Great River, a company incorporated in the PRC with limited liability.

As at the Latest Practicable Date, the entire issued share capital of Suzhou Great River is beneficially held as to 51% and 49% by Offeror Parent (through its wholly-owned subsidiary Taicang Power Shell Petrochemical Co., Ltd.) and Jinlianchuan, respectively.

Offeror Parent is a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange. Offeror Parent, a provider of innovative and integrated logistical services for petrochemical products, is principally engaged in providing integrated warehouse services as well as other related services to manufacturers, traders and end users of petrochemical product in and outside the PRC. Offeror Parent engages in five segments of businesses, being integrated storage tank services, integrated chemical warehouse services, transit and other services, logistics chain management services and other value-added services. The ultimate controlling shareholder of Offeror Parent is Mr. Lin Haichuan who holds approximately 54.70% of the issued shares of Offeror Parent as at the Latest Practicable Date.

Jinlianchuan is a limited liability partnership incorporated in the PRC which is held as to 69.999%, 0.001% and 30% by Dongguan Shangshiguanqi No.2 Development Investment Partnership (Limited Partnership), Co-Investor and Offeror Parent respectively as at the Latest Practicable Date, with Co-Investor being its general partner. Dongguan Shangshiguanqi No.2 Development Investment Partnership (Limited Partnership) is a limited liability partnership incorporated in the PRC which is held as to 97.9912%, 1.4699%, 0.49% and 0.049% by Dongguan Jinkong Capital Investment Co., Ltd*, Dongguan Trust Investment Co., Ltd., Dongguan Asset Management Co., Ltd* and Co-Investor respectively as at the Latest Practicable date, with Co-Investor being its general partner. Co-Investor is a company incorporated in the PRC with limited liability, which is indirectly wholly-owned by Dongguan SASAC.

10. REASONS AND BENEFITS OF THE OFFER

For the Offeror, Offeror Parent and the Company

The petrochemical logistics industry in the PRC has formed a regional competition pattern due to the scattered locations of terminals and ports with different environmental conditions. Ports with strong throughput and large-tonnage berths are essential to the market players. The Offer will allow Offeror Parent to acquire terminals located in the major hubs of the petrochemical industry in the PRC and help Offeror Parent strengthen its geographical presence and cement its position in the industry.

Due to the low liquidity in the trading of its Shares, the Company's current listing status on the Stock Exchange no longer serves as a sufficient source of funding for the Company's business and growth. The possible withdrawal of the listing (if applicable) will give Offeror Parent more flexibility to support the future business development of the Group through its onshore resources and A-share listing platform.

For the Shareholders

The Offer provides an attractive opportunity for the Shareholders to monetise their investment at a compelling premium to the prevailing market price of the Shares. The Offer Price of HK$1.28 per Share represents a premium of approximately 8.47% over the closing price of HK$1.18 per Share as quoted on the Stock Exchange on the Last Trading Date. The Offer Price also represents a premium of approximately 9.40%, 20.75% and 34.74% over the average closing prices of approximately HK$1.17, HK$1.06 and HK$0.95 per Share as quoted on the Stock Exchange for the 30, 60 and 120 trading days immediately prior to and including the Last Trading Date, respectively.

The average daily trading volume of the Shares for the six months up to and including the Last Trading Date was approximately 0.17 million Shares per day, representing only approximately 0.01% of the issued Shares as at the Latest Practicable Date. The relatively low trading liquidity of the Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Offer is intended to provide the Shareholders with an opportunity to realise their investment in the Company for cash at a compelling premium without any downward pressure on the Share price.

11. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

After completion of the Offer, it is the intention of the Offeror for the Group to maintain its existing principal businesses. As at the Latest Practicable Date, (i) the Offeror has no intention to discontinue the employment of any employees of the Company's PRC subsidiaries and joint ventures other than staff movements in the ordinary and usual course of business or due to personal performance or conduct issues; and (ii) the Offeror has no plan to introduce any major change to the business of the Company (including any redeployment of the fixed assets of the Company) other than in the ordinary and usual course of business. The Offeror will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to relist the Company in the PRC or on any other overseas stock exchanges.

12. PROPOSED CHANGE TO THE BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises three executive Directors, namely Mr. Ng Wai Man, Mr. Chong Yat Chin and Ms. Chan Wan Ming; and three independent non-executive Directors, namely Mr. Feng Jianping, Mr. Hou Xiaoming and Mr. Lau Sik Yuen.

It is intended that (i) Mr. Ng Wai Man, Mr. Chong Yat Chin and Ms. Chan Wan Ming will resign from the Board and cease to be executive Directors after close of the Offer; and (ii) Mr. Lin Haichuan, Mr. Huang Yuntao and Mr. Li Xiaoli will be nominated as new executive Directors after fulfilment or waiver of the Conditions (as applicable), with such proposed appointment subject to approval of the Board.

The biographical details of Mr. Lin Haichuan, Mr. Huang Yuntao and Mr. Li Xiaoli are set out below:

Lin Haichuan

Mr. Lin Haichuan, aged 49, graduated from Xiamen University*（廈門大學）in the PRC with a degree of Bachelor of International Finance in 1993. He further obtained a degree of Master of Business Administration from China Europe International Business School in 2009 and a degree of Doctor of Business Administration from City University of Hong Kong in 2016.

Mr. Lin is the chairman of Offeror Parent, and also currently holds a number of positions within the Offeror Parent group, including, amongst others, chairman of 江蘇大寶贏電商發展有限公司 (Jiangsu Dabaoying E-commerce Development Co., Ltd.*), 東莞市快易商業保理有限公司 (Dongguan Kuaiyi Commercial Factoring Co., Ltd.*) and 廣東綠川生態環境科技有限公司 (Guangdong Lvchuan Ecological Environment Technology Co., Ltd.*), general manager of Offeror Parent, and director of 東莞市宏川智慧物流發展有限公司 (Dongguan Hongchuan Smart Logistics Development Co., Ltd.*), 宏川實業發展(香港)有限公司 (Great River Industrial Development (Hong Kong) Limited), 廣東宏川集團有限公司 (Guangdong Hongchuan Group Co., Ltd.*), 東莞市宏川化工供應鏈有限公司 (Dongguan Hongchuan Chemical Supply Chain Co., Ltd.*), 廣東宏川能源有限公司 (Guangdong Hongchuan Energy Co., Ltd.*), 東莞市寶基房地產開發有限公司 (Dongguan Baoji Real Estate Development Co., Ltd.*), 廣東宏川加樂加車能終端服務有限公司 (Guangdong Hongchuan Jialejia Car Energy Terminal Service Co., Ltd.*), 東莞市宏川供應鏈有限公司 (Dongguan Hongchuan Supply Chain Co., Ltd.*) and 東莞市宏川加樂加新能源有限公司 (Dongguan Hongchuan Jialejia New Energy Co., Ltd.*).

Within the Offeror Parent group, Mr. Lin previously held the positions of general manager of 東莞市虎門化工貿易公司 (Dongguan Humen Chemical Trading Co. Ltd.*) and 東莞市宏川化工供應鏈有限公司 (Dongguan Hongchuan Chemical Supply Chain Co., Ltd.*).

Mr. Lin currently is a committee member of Dongguan CPPCC Standing Committee, the deputy chairman of Dongguan Municipal Committee of China Democratic League and the chairman of Dongguan Listed Companies Association. He was previously a committee member of Maoming CPPCC Standing Committee, the founding chairman of Dongguan Maoming Chamber of Commerce and the deputy chairman of Dongguan Federation of Industry and Commerce.

Mr. Lin was awarded honours such as Model Worker of Guangdong Province, May 1st Labour Medal of Guangdong Province, Global Outstanding Dongguan Merchant, Outstanding Innovative Entrepreneurs of China, Outstanding Entrepreneur of Dongguan City and Democratic League Advanced Individual for Poverty Alleviation.

Mr. Huang Yuntao

Mr. Huang Yuntao, aged 52, graduated from South China University of Technology*（華南理工大學）(formerly known as South China Engineering College*（華南工學院）) with a degree of Bachelor of Organic Chemical Engineering in 1991. He further obtained a degree of Master of Business Administration from South China University of Technology* in 2005 and a degree of Doctor of Business Administration from City University of Hong Kong in 2016.

Mr. Huang is a senior deputy general manager of Offeror Parent, and he also currently holds a number of positions within the Offeror Parent group, including, amongst others, chairman of 常州宏川石化倉儲有限公司 (Changzhou Hongchuan Petrochemical Storage Co., Ltd.*); general manager of 太倉陽鴻石化有限公司 (Taicang Yanghong Petrochemical Co. Ltd.*), 太倉宏川智慧公路港綜合服務有限公司 (Taicang Hongchuan Intelligent Highway Port Integrated Service Co., Ltd.*), 蘇州市宏川智慧物流發展有限公司 (Suzhou Hongchuan Smart Logistics Development Co., Ltd.*) and 常熟宏智倉儲有限公司 (Changshu Hongzhi Warehousing Co., Ltd.*); and director of Offeror Parent, 太倉陽鴻石化有限公司 (Taicang Yanghong Petrochemical Co. Ltd.*), 太倉宏川智慧公路港綜合服務有限公司 (Taicang Hongchuan Intelligent Highway Port Integrated Service Co., Ltd.*), 常熟宏川石化倉儲有限公司 (Changshu Hongchuan Petrochemical Storage Co., Ltd.*), 宏川智慧物流發展（香港）有限公司 (Hongchuan Smart Logistics Development (Hong Kong) Co., Ltd.*), 江蘇長江石油化工有限公司 (Jiangsu Changjiang Petrochemical Co., Ltd.*), 常熟宏智倉儲有限公司 (Changshu Hongzhi Warehousing Co., Ltd.*), 江蘇金聯宏網絡科技有限公司 (Jiangsu Jinlianhong Network Technology Co., Ltd.*), 蘇州市宏川智慧物流發展有限公司 (Suzhou Hongchuan Smart Logistics Development Co., Ltd.*) and 常熟宏川萬創倉儲物流有限公司 (Changshu Hongchuan Wanchuang Warehousing and Logistics Co., Ltd.*).

Mr. Huang previously held the positions of deputy general manager of 東莞三江港口儲罐有限公司 (Dongguan Sanjiang Port Storage Tank Company Limited*), 廣東宏川集團有限公司 (Guangdong Hongchuan Group Company Limited*) and 廣東宏川實業發展有限公司 (Guangdong Hongchuan Industrial Development Company Limited*); and senior deputy general manager of 廣東宏川實業發展有限公司 (Guangdong Hongchuan Industrial Development Company Limited*) within the Offeror Parent group.

Mr. Huang currently is a member of Taicang CPPCC standing committee and the president of Taicang Port Chamber of Commerce.

Mr. Huang was awarded the honour of Suzhou City Model Worker.

Mr. Li Xiaoli

Mr. Li Xiaoli, aged 44, graduated from Hubei University*（湖北大學）with a degree of Bachelor of Accounting in 1999. He also obtained a degree of Master of Business Administration from Lanzhou University*（蘭州大學）in 2014. He is a certified public accountant, registered tax agent and a qualified auditor in the PRC.

Mr. Li is a senior deputy general manager and chief financial officer of Offeror Parent, and also currently holds a number of positions within the Offeror Parent group, including, amongst others, general manager of Offeror Parent's finance centre and 東莞市宏川智慧物流發展有限公司 (Dongguan Hongchuan Smart Logistics Development Co., Ltd.*); chairman of 東莞三江港口儲罐有限公司 (Dongguan Sanjiang Port Storage Tank Co., Ltd.*); and director of 東莞市宏川化工倉儲有限公司 (Dongguan Hongchuan Chemical Storage Co., Ltd.*), 東莞市宏元化工倉儲有限公司 (Dongguan Hongyuan Chemical Storage Co., Ltd.*), 江蘇長江石油化工有限公司 (Jiangsu Changjiang Petrochemical Co., Ltd.*), and 常熟宏川萬創倉儲物流有限公司 (Changshu Hongchuan Wanchuang Warehousing and Logistics Co., Ltd.*).

Within the Offeror Parent group, Mr. Li previously held the positions of deputy manager and general manager of the finance department of 廣東宏川集團有限公司 (Guangdong Hongchuan Group Co., Ltd.*).

Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules, and further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

13. GENERAL MATTERS RELATING TO THE OFFER

Effect of accepting the Offer

By validly accepting the Offer, each Shareholder will sell to the Offeror their tendered Offer Shares free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the Offer Closing Date.

Hong Kong stamp duty, taxation and independent advice

Seller's ad valorem stamp duty at the rate of 0.13% of (i) the value of the consideration arising on acceptances of the Offer payable by the Offeror or (ii) if higher, the market value of the Offer Shares will be payable by the Shareholders who accept the Offer. The relevant amount of stamp duty payable by the Shareholders who accept the Offer will be deducted from the consideration payable to them under the Offer.

The Offeror will bear buyer's ad valorem stamp duty in respect of acceptances of the Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares in respect of which the Offer is accepted.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Company, CICC, the Independent Financial Adviser and the Registrar and their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

If you are an overseas Shareholder, please see the important information in the section headed "Overseas Shareholders" in Appendix I to this Composite Document.

Settlement of consideration

Settlement of the consideration under the Offer will be made as soon as possible, but in any event within seven Business Days of (i) the date of receipt of a complete and valid acceptance in respect of the Offer or (ii) the Offer Unconditional Date, whichever is the later.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who validly accepts the Offer will be rounded up to the nearest cent.

For further information, please refer to the section headed "Settlement of the Offer" in Appendix I to this Composite Document.

Interests in Shares and derivatives

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties do not hold any Shares.

As at the Latest Practicable Date, the authorised share capital of the Company is HK$400,000,000 divided into 4,000,000,000 Shares and the issued share capital of the Company is HK$122,062,800 divided into 1,220,628,000 Shares.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date:

Name of direct Shareholders	Number of Shares	Approximate percentage of the issued share capital as at the Latest Practicable Date
Lirun	751,488,000	61.57%
Mr. Ng	125,354,000	10.27% *(Note 1)*
Sure Port	16,500,000	1.35%
Mr. Ng Dan Ching	117,040,000	9.59%
Mr. Ting Yian Ann	24,658,000	2.02%
Mr. Chong Yat Chin	16,712,000	1.37%
Mr. Patrick Ng Bee Soon	9,090,000	0.74%
Total number of IU Shares	1,060,842,000	86.91%
Other Shareholders	159,786,000	13.09%
Total number of Shares	1,220,628,000	100%

Note:

1. As at the Latest Practicable Date, Mr. Ng owns approximately 73.19% of the issued share capital of the Company (held both directly by himself and indirectly through Lirun and Sure Port, which are wholly owned by him).

Save as aforementioned, as at the Latest Practicable Date:

(a) there was no existing holding of voting rights and rights over Shares which is owned, controlled or directed by the Offeror or any of the Offeror Concert Parties;

(b) there was no existing holding of voting rights and rights over Shares in respect of which the Offeror or any of the Offeror Concert Parties holds convertible securities, warrants or options;

(c) there was no outstanding derivative in respect of securities in the Company entered into by the Offeror or any of the Offeror Concert Parties;

(d) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares and which might be material to the Offer;

(e) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a Pre-Condition or a Condition; and

(f) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any of the Offeror Concert Parties has borrowed or lent.

As at the Latest Practicable Date, the Offeror and the Company are not aware of any understanding, arrangement or agreement which has been determined to constitute a special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

14. ANNOUNCEMENTS PUBLISHED BY OFFEROR PARENT ON THE SHENZHEN STOCK EXCHANGE, RECONCILIATION INFORMATION AND PROFIT FORECAST

On 20 January 2022, the Offeror and the Company jointly announced that in compliance with the MAR Measures and other PRC rules and regulations relating to the MAR of Offeror Parent, Offeror Parent published on the Shenzhen Stock Exchange on 20 January 2022: (i) the Pengxin Opinion; (ii) the MAR Report; (iii) the PRC Audited Financial Statements; and (iv) the Other Information. The full text of the Pengxin Opinion, an extract of the relevant parts of the MAR Report and Other Information containing material information with Takeovers Code implications and the full text of the PRC Audited Financial Statements were appended to such joint announcement. The original full text of the Pengxin Opinion, the MAR Report, the PRC Audited Financial Statements and the Other Information were published in Chinese on the website of the Shenzhen Stock Exchange (www.szse.cn) on 20 January 2022.

The PRC Audited Financial Statements are appended to this Composite Document as Appendix IV, which contain financial information of the Company prepared under Chinese Accounting Standards and are issued and published on the Shenzhen Stock Exchange in connection with the MAR for the purpose of compliance with the MAR Measures. To enable a better understanding of such information by the Shareholders and potential investors in Hong Kong:

(a) the Company has prepared the Reconciliation Information comprising: (i) for the two years ended 31 December 2019 and 2020, a reconciliation statement of the Key Financial Information between the audited accounts of the Company prepared under HKFRS in the annual reports of the Company and the PRC Audited Financial Statements prepared under Chinese Accounting Standards for the respective years; and (ii) for the nine months ended 30 September 2021, a reconciliation statement of the Key Financial Information between the Unaudited Management Accounts and the PRC Audited Financial Statements prepared under Chinese Accounting Standards for the period. The Reconciliation Information is appended to this Composite Document as Appendix V; and

(b) as the Unaudited Net Profit constitutes a profit forecast under Rule 10 of the Takeovers Code, it is reported on in accordance with Rule 10.4 of the Takeovers Code in the section headed “Unaudited Financial Information of the Group for the Nine Months Ended 30 September 2021” in Appendix II to this Composite

Document. The respective letters from the Independent Financial Adviser and the auditors of the Company in this respect are appended to this Composite Document as Appendices VI and VII respectively.

15. ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Advisor" as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, and which forms part of, this Composite Document.

Yours faithfully,
For and on behalf of
China International Capital Corporation Hong Kong Securities Limited
David Ching
Executive Director

Dragon Crown Group Holdings Limited
龍翔集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 935)

Executive Directors:
Mr. NG Wai Man *(Chairman and Chief Executive Officer)*
Mr. CHONG Yat Chin
Ms. CHAN Wan Ming

Independent Non-executive Directors:
Mr. LAU Sik Yuen
Mr. FENG Jianping
Mr. HOU Xiaoming

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Unit No. 3, 18th Floor
Convention Plaza
Office Tower
No. 1 Harbour Road
Hong Kong

9 March 2022

To the Shareholders

Dear Sir or Madam,

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY

1. INTRODUCTION

Reference is made to the Joint Announcement dated 8 October 2021 issued by the Offeror and the Company announcing that CICC, on behalf of the Offeror, firmly intended, subject to the satisfaction of the Pre-Conditions, to make a voluntary conditional general cash offer to acquire all of the issued Shares from the Shareholders at the Offer Price, being HK$1.28 per Share.

On 13 January 2022, the Offeror and the Company jointly announced that due to regulatory development of the Shenzhen Stock Exchange, the Offeror and the Company have agreed to the extension of the Despatch Date of this Composite Document to not later than

(i) the date which is 7 days following the satisfaction of the Pre-Conditions and (ii) 16 March 2022 (being the date which is 7 days following the Extended Pre-Conditions Long Stop Date), whichever is earlier.

On 4 March 2022, the Offeror and the Company jointly announced that the Pre-Conditions had been satisfied.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the Group, the Offeror and the Offer; (ii) a letter from CICC containing, among other things, details of the Offer; (iii) a letter from the Independent Board Committee containing its recommendations to the Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Board Committee in relation to the Offer.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has established the Independent Board Committee, comprising Mr. LAU Sik Yuen, Mr. FENG Jianping and Mr. HOU Xiaoming, being all the independent non-executive Directors, to make a recommendation to the Shareholders as to whether the Offer is fair and reasonable and as to its acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee are all non-executive Directors who have no direct or indirect interest in the Offer other than their interest in the Shares (if any).

Honestum International Limited, with the approval of the Independent Board Committee, has been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and as to whether the terms of the Offer are fair and reasonable and as to its acceptance.

3. THE OFFER

As disclosed in the "Letter from CICC" in this Composite Document, CICC is making the Offer on behalf of the Offeror. The Offer is being extended to all Shareholders. The Offer Price is:

For each Offer Share .... HK$1.28 in cash

It is stated in the "Letter from CICC" in this Composite Document that if any dividend, other distribution or return of capital (whether in cash or in kind) is announced, declared, made or paid in respect of the Shares after the Despatch Date, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, other distribution or return of capital, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. As at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the

Shares has been announced or declared which remains outstanding. The Company has confirmed that it does not intend to announce, declare, make or pay any dividend, other distribution or return of capital during the period commencing on the Despatch Date until the end of the Offer Period.

Further details of the Offer can be found in the "Letter from CICC" in and "Appendix I – Further Terms of the Offer" to this Composite Document and the accompanying Form of Acceptance, which together set out the terms and conditions of the Offer and certain related information.

4. CONDITIONS TO THE OFFER

Your attention is drawn to the section headed "Conditions to the Offer" in the "Letter from CICC" in this Composite Document which sets out the Conditions to the Offer.

5. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of this Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer. (For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the Offer reaches such prescribed threshold under Section 88 of the Cayman Companies Act, acceptances by the Offeror Concert Parties will be included.)

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of this Composite Document amount to not less than 90% of the Disinterested Shares.

Intention of the Offeror to privatise the Company

Subject to the satisfaction of the above requirements under the Cayman Companies Act and the Takeovers Code, the Company understands that it is the intention of the Offeror to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Offer Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

The Offeror's ability to exercise the right of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed levels under the Cayman Companies Act and the requirements of Rule 2.11 of the Takeovers Code being satisfied.

6. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Your attention is drawn to the section headed "Intentions of the Offeror with regard to the Group" in the "Letter from CICC" in this Composite Document which sets out the intentions of the Offeror regarding the Group. The Board has noted such intentions. The Board is of the view that the Offeror's intentions in relation to the Group and its employees would not have a material impact on the existing businesses of the Group.

7. PROPOSED CHANGE TO THE BOARD COMPOSITION

Your attention is drawn to the section headed "Proposed Change to the Board Composition" in the "Letter from CICC" in this Composite Document.

It is intended that (i) Mr. Ng Wai Man, Mr. Chong Yat Chin and Ms. Chan Wan Ming will resign from the Board and cease to be executive Directors after close of the Offer; and (ii) Mr. Lin Haichuan, Mr. Huang Yuntao and Mr. Li Xiaoli will be nominated as new executive Directors after fulfilment or waiver of the Conditions (as applicable), with such proposed appointment subject to approval of the Board.

Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules, and further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

8. PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed "Listing Status of the Company" in the "Letter from CICC" as set out in this Composite Document.

9. REASONS FOR AND BENEFITS OF THE OFFER

Your attention is drawn to the section headed "Reasons and Benefits of the Offer" in the "Letter from CICC" in this Composite Document which sets out the reasons and benefits of the Offer to the Offeror, Offeror Parent, the Company and the Shareholders.

10. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information of the Offeror, Suzhou Great River, Offeror Parent, Jinlianchuan and Co-Investor" in the "Letter from CICC" and the general information of the Offeror set out in "Appendix III – General Information" to this Composite Document for information on the Offeror.

11. INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange with the stock code 935. The Group is principally engaged in the provision of storage and handling services for liquid petrochemicals.

Your attention is also drawn to further information of the Group set out in "Appendix II – Financial Information of the Group" and "Appendix III – General Information" to this Composite Document.

12. ADDITIONAL INFORMATION

You are advised to read the "Letter from CICC" in and "Appendix I – Further Terms of the Offer" to this Composite Document and the accompanying Form of Acceptance for information relating to the Offer and the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

13. RECOMMENDATIONS

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned, and accordingly it recommends the Independent Board Committee to recommend the Shareholders to accept the Offer. The Independent Board Committee, having been so advised, considers the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned, and accordingly, recommends the Shareholders to accept the Offer.

Shareholders, in particular those who intend to accept the Offer, are reminded to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the acceptance period of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Conditions being satisfied. Accordingly, the Offer may or may not become unconditional.

The full text of the letter from the Independent Board Committee addressed to the Shareholders is set out on pages 39 to 40 of this Composite Document. The full text of the letter from the Independent Financial Adviser addressed to the Shareholders is set out on pages 41 to 60 of this Composite Document. You are advised to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offer.

Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer.

Yours faithfully,
For and on behalf of the Board
Dragon Crown Group Holdings Limited
Ng Wai Man
Chairman and Chief Executive Officer

Dragon Crown Group Holdings Limited
龍翔集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 935)

9 March 2022

To the Shareholders

Dear Sir/Madam,

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY

1. INTRODUCTION

Reference is made to the Joint Announcement dated 8 October 2021 issued by the Offeror and the Company announcing that CICC, on behalf of the Offeror, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a voluntary conditional general cash offer to acquire all of the issued Shares from the Shareholders at the Offer Price, being HK$1.28 per Share.

We have been appointed by the Board of the Company to form the Independent Board Committee to make recommendations to you as to whether, in our opinion, the terms and conditions of the Offer are fair and reasonable so far as the Shareholders are concerned and as to acceptance of the Offer.

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Shareholders.

Honestum International Limited has been appointed, with our approval, as the Independent Financial Adviser to advise and make recommendations to us as to the terms and conditions of the Offer and as to acceptance of the Offer. The details of its advice and recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the "Letter from the Independent Financial Adviser" set out in the Composite Document.

We also wish to draw your attention to the "Letter from CICC", the "Letter from the Board", and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance.

2. RECOMMENDATIONS

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned, and accordingly it recommends the Independent Board Committee to recommend the Shareholders to accept the Offer. The Independent Board Committee, having been so advised, considers the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned, and accordingly, recommends the Shareholders to accept the Offer.

Shareholders, in particular those who intend to accept the Offer, are reminded to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the acceptance period of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Conditions being satisfied. Accordingly, the Offer may or may not become unconditional.

Notwithstanding our recommendations, Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
The Independent Board Committee of
Dragon Crown Group Holdings Limited
Mr. LAU Sik Yuen **Mr. FENG Jianping** **Mr. HOU Xiaoming**

The following is the full text of a letter of advice from Honestum International Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

HONESTUM
竑信國際有限公司
HONESTUM INTERNATIONAL LIMITED

9 March 2022

To the Independent Board Committee of Dragon Crown Group Holdings Limited

Dear Sirs,

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN THE COMPANY

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the composite document dated 9 March 2022 jointly issued by the Company and the Offeror to the Shareholders (the "**Composite Document**"), of which this letter forms part. Terms used herein have the same meanings as those defined in the Composite Document unless otherwise stated.

On 8 October 2021, the Offeror and the Company jointly announced that CICC, on behalf of the Offeror, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a voluntary conditional general cash offer to acquire all of the issued Shares from the Shareholders at the Offer Price, being HK$1.28 per Share.

The Independent Board Committee, comprising Mr. Lau Sik Yuen, Mr. Feng Jianping and Mr. Hou Xiaoming, being all the independent non-executive Directors, who have no direct or indirect interest in the Offer other than their interest in the Shares (if any), has been established by the Company to advise the Shareholders on whether the Offer is fair and reasonable and as to the acceptance of the Offer. With our appointment as the Independent Financial Adviser approved by the Independent Board Committee, our role is to advise the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Shareholders are concerned, and whether the Shareholders should accept the Offer.

INDEPENDENCE

We are not associated or connected with the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them.

In the last two years prior to the commencement of the Offer Period, there was no engagement or connection between the Group, the Offeror or their respective controlling shareholders or concert parties on the one hand and us on the other hand. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them.

Accordingly, pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, we are considered eligible to give independent advice to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided by the Directors and the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group.

The directors of the Offeror and Offeror Parent have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement in the Composite Document misleading. The Directors jointly and severally accept full responsibility for the accuracy of information contained in the Composite Document (other than any information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the directors of the Offeror and Offeror Parent) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statements in this Composite Document misleading.

The Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries and associates.

We have not considered the taxation implications on the Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Shareholders as a result of the Offer. In particular, the Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advice on tax matters.

PRINCIPAL TERMS OF THE OFFER

Pursuant to the Composite Document, the Offer is being made by CICC, for and on behalf of the Offeror, on the following basis:

For each Offer Share . . . . HK$1.28 in cash

The Offer Price will not be increased, and the Offeror does not reserve the right to do so.

It is stated in the "Letter from CICC" in the Composite Document that if any dividend, other distribution or return of capital (whether in cash or in kind) is announced, declared, made or paid in respect of the Shares after the Despatch Date, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, other distribution or return of capital, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced ("**Dividend Adjustment**"). As at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the Shares has been announced or declared which remain outstanding. The Company has confirmed that it does not intend to announce, declare, make or pay any dividend, other distribution or return of capital during the period commencing on the Despatch Date until the end of the Offer Period.

As at the Latest Practicable Date, the Company has 1,220,628,000 Shares in issue. Assuming there is no change to the issued share capital of the Company as at the Latest Practicable Date and no Dividend Adjustment is made, on the basis of the Offer Price of HK$1.28 per Offer Share, the total issued share capital of the Company is valued at HK$1,562,403,840.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Financial information of the Group

The Group is principally engaged in the provision of storage and handling services for liquid petrochemicals. It operates a total of three terminals that are located in Nanjing, Ningbo and Weifang. The table below sets forth a summary of the consolidated financial information of the Group for the six months ended 30 June 2021 as extracted from the interim results for the six months ended 30 June 2021 ("**2021 Interim Results**"), and three years ended 31 December 2020 as extracted from the annual report for the year ended 31 December 2020 ("**2020 Annual Report**") and the annual report for the year ended 31 December 2019 ("**2019 Annual Report**") of the Company:

	For the year ended 31 December			For the six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	262,941	229,849	238,148	122,461	130,956
Gross profit	143,872	113,228	124,044	67,888	74,343
Profit for the year/ period	76,150	45,455	91,742	43,970	44,687

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
Property, plant and equipment	526,215	474,184	469,867	453,121
Investments in joint ventures	473,710	486,695	525,089	530,213
Total assets	1,341,448	1,339,931	1,434,120	1,418,972
Total liabilities	237,540	263,923	242,200	205,500
Net assets	1,103,908	1,076,008	1,191,920	1,213,472

Revenue

The revenue of the Group decreased from approximately HK$262.9 million for the year ended 31 December 2018 ("**FY2018**") to approximately HK$229.8 million for the year ended 31 December 2019 ("**FY2019**"), which was mainly attributable to the decrease in demand for the handling of ethylene, methanol and acetic acid from the Group's largest customer, namely Celanese Corporation (NYSE: CE) ("**Celanese**"), which is a world leading producer of acetyl products. The revenue of the Group increased to approximately HK$238.1 million or increased slightly by 3.6% for the year ended 31 December 2020 ("**FY2020**"), which was mainly due to the increase in demand from the Group's largest customer, namely Celanese, in respect of the handling of methanol and acetic acid. The major products handled by the Group including methanol, ethylene and acetic acid are chemical raw materials for daily products with a broad coverage of usage, including but not limited to plastics, paints, car parts, fabrics, and construction materials. Given that the liquid petrochemicals handled by the Group are applicable to various daily consumer products in the markets, the Group's management are of the view that the demand of the liquid petrochemical products remained relatively stable during the COVID-19 pandemic.

The revenue of the Group increased from approximately HK$122.5 million for the six months ended 30 June 2020 ("**1H2020**") to approximately HK$131.0 million for the six months ended 30 June 2021 ("**1H2021**"), which was mainly attributable to the appreciation of Renminbi, which was the major operating currency of the Group, during the 1H2021.

Gross profit

The gross profit of the Group decreased from approximately HK$143.9 million for FY2018 to approximately HK$113.2 million for FY2019 and increased to approximately HK$124.0 million for FY2020, which was mainly in line with the fluctuation in revenue as mentioned above.

The gross profit of the Group increased from approximately HK$67.9 million for 1H2020 to approximately HK$74.3 million for 1H2021, which was mainly attributable to the increase in revenue as a result of the appreciation of Renminbi during the 1H2021.

Profit for the year/period

The profit of the Group decreased from approximately HK$76.2 million in FY2018 to approximately HK$45.5 million in FY2019, which was mainly attributable to (i) the decrease in revenue as mentioned above; and (ii) the decrease in gross profit margin from 54.8% approximately to approximately 49.3% due to the fact that a major portion of the Group's cost of services provided were fixed costs and a decrease in revenue would lower the gross profit margin accordingly.

The profit of the Group increased from approximately HK$45.5 million for FY2019 to approximately HK$91.7 million in FY2020, which was mainly attributable to (a) the increase in revenue as mentioned above; (b) the increase in other income mainly due to net foreign exchange gains recorded in FY2020 of approximately HK$12.6 million; (c) the share of profits of joint ventures of approximately HK$12.6 million in FY2020, as compared to share of losses of joint ventures of approximately HK$2.1 million in FY2019; and (d) the decrease in administrative expenses of approximately HK$8.6 million mainly due to the net foreign exchange losses recorded in FY2019 amounted to approximately HK$2.5 million and various administrative costs reduction under COVID-19 pandemic in FY2020.

The profit of the Group remained relatively stable at approximately HK$44.0 million and HK$44.7 million for 1H2020 and 1H2021, respectively.

Investments in joint ventures

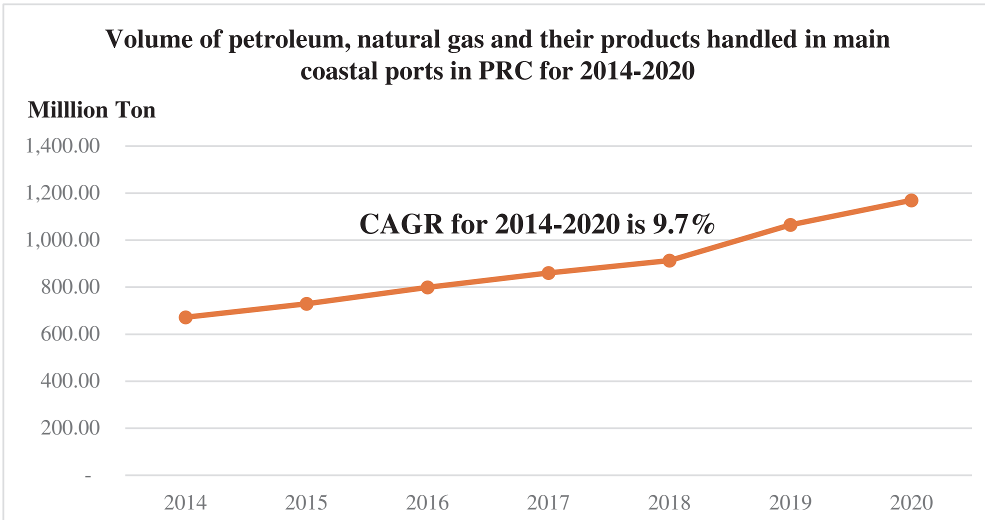
The investments in joint ventures mainly represents the investment in three joint ventures. Among these three joint ventures, Weifang Sime Darby Liquid Terminal Co., Ltd. ("**WSDL**") is considered a material joint venture of the Group and is engaged in terminal storage and the handling of liquid petrochemicals in the PRC. The investments in joint ventures gradually increased from approximately HK$473.7 million as at 31 December 2018 to approximately HK$530.2 as at 30 June 2021, except for 31 December 2020. The higher increment of approximately HK$38.4 million in investments in joint ventures as at 31 December 2020 as compared to the figure in prior year end, was mainly due to the increment of the Group's shares of net assets of WSDL (excluding goodwill) of approximately HK$25.8 million. Such increment of nets assets of WSDL as at 31 December 2020 was mainly due to (i) the record of net profit for WSDL as compared to net loss in prior year and (ii) the appreciation of Renminbi.

Net assets

The net assets of the Group decreased from approximately HK$1,103.9 million as at 31 December 2018 to approximately HK$1,076.0 million as at 31 December 2019, which was mainly due to dividend declared offsetting by the profit accumulated in FY2019. The net assets of the Group increased to approximately HK$1,191.9 million as at 31 December 2020 and further increased to approximately HK$1,213.5 million as at 30 June 2021, which was mainly due to the profit after taxation generated during the respective year/period offsetting by the divided declared.

2. Industry overview and outlook of the Group

The Group is principally engaged in the provision of storage and handling services for liquid petrochemicals in the PRC. According to the data available from 國家統計局 (The National Bureau of Statistics*), the annual volume of petroleum, natural gas and their products handled in main coastal ports in PRC from 2014 to 2020 are as below:



Source: 國家統計局 (The National Bureau of Statistics)*

As shown in the table above, the annual volume of petroleum, natural gas and their products handled in main coastal ports in PRC increased from approximately 672 million tons in 2014 to approximately 1,170 million tons in 2020, representing a compound annual growth rate ("**CAGR**") of approximately 9.7%.

The Group operates a total of three terminals that are located in Nanjing, Ningbo and Weifang. According to the 2020 Annual Report, during FY2020, the throughput volume of liquid petrochemical products at the Group's Nanjing, Ningbo, and Weifang terminals reached 1,515,000 metric tonnes, 397,000 metric tonnes, and 5,282,000 metric tonnes, respectively (2019: 1,529,000 metric tonnes, 379,000 metric tonnes, and 4,877,000 metric tonnes, respectively), with a combined throughput volume of 7,194,000 metric tonnes (FY2019: 6,785,000 metric tonnes).

The Group's main source of revenue and profits come from its flagship terminal, located in the Nanjing Jiangbei New Materials High-tech Park (formerly known as Nanjing Chemical Industry Park). In FY2020, the Group's largest customer, Celanese, a world leading producer of acetyl products, also located in the same high-tech park, contributed approximately HK$205.0 million (FY2019: HK$198.7 million) to the Group's revenue, equivalent to approximately 86.1% (FY2019: 86.5%) of its total revenue during the year. The Group's Nanjing business operations continue to contribute stable revenue derived from established, long-term customer relationships. Additionally, during FY2020, Nanjing Dragon Crown Liquid Chemical Terminal Company Limited ("**Nanjing Dragon Crown**"), an indirect subsidiary of the Company), entered a new 10-year service contract (the "**Phase II**

Contract") with Celanese (Nanjing) Chemical Company Limited ("**Celanese Nanjing**"), a subsidiary of Celanese and a world class producer of acetic acid, vinyl acetate monomer, acetic anhydride, and other chemical products, for the continuous provision of bulk terminal, storage, and other related services for various liquid chemical products to Celanese Nanjing in Nanjing with a contract term until 2032, which created a stable revenue stream to the Group. However, pursuant to the Phase II Contract, the new annual fixed fees of the terminal storage service charges, which will take effect seamlessly in 2022 and 2023 after the respective expiration of the previous contracts entered into between Nanjing Dragon Crown and Celanese Nanjing (the "**Phase I Contract**"), are lower than those in the Phase I Contract. The Group had been charging the service fees to Celanese Nanjing according to Phase I Contract up to the Latest Practicable Date. Despite the above and apart from the annual fixed fee under the Phase II Contract, the revenue of the Group would also depend on various factors including but not limited to (a) the actual throughput volume of Celanese Nanjing; (b) the Group's business with other existing customers; (c) the Group's new contracts with new customers; (d) the changes in the market demand for the terminal and storage of liquid chemical services; and (e) the synergy effect post the Offer transaction.

On the other hand, the Group is committed to accelerating the expansion of its terminal in Weifang in order to achieve further breakthroughs in its storage capacity. While Phases I and II of the terminal in Weifang have commenced operation, the Group is continuously refining and optimising the completion progress of Phase III of the terminal in Weifang in accordance with the Group's business needs to boost its comprehensive capabilities and enhance its influence in the region.

Considering that (i) the Group had entered the Phase II Contract with its top customer in FY2020 but with a less favourable terms as mentioned above; (ii) the Group achieved a slight growth in revenue and gross profit during FY2020 and a mild growth in revenue and gross profit during 1H2021 when the outbreak of COVID-19 pandemic negatively affected the global economy; (iii) the future opening of Phase III of the terminal in Weifang would grant the opportunity to the Group to capture regional business and satisfy the market demand in North-eastern China and North-eastern Asia; and (iv) the relevant market data showed a stable growth of the industry from 2014 to 2020 with a CAGR of approximately 9.7%, we are of the view that the industry outlook of the Group remains positive and stable, but uncertainties exist for the future performance of the Group due to the less favourable terms of the Phase II Contract.

3. Background information of the Offeror

The Offeror is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of Suzhou Great River, a company incorporated in the PRC with limited liability. As at the Latest Practicable Date, the entire issued share capital of Suzhou Great River is beneficially held as to 51% and 49% by Offeror Parent (through its wholly-owned subsidiary Taicang Power Shell Petrochemical Co., Ltd.) and Jinlianchuan, respectively.

Offeror Parent is a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange. Offeror Parent, a provider of innovative and integrated logistical services for petrochemical products, is principally engaged in providing integrated warehouse services as well as other related services to manufacturers, traders and end users of petrochemical product in and outside the PRC. Offeror Parent engages in five segments of businesses, being integrated storage tank services, integrated chemical warehouse services, transit and other services, logistics chain management services and other value-added services. The ultimate controlling shareholder of Offeror Parent is Mr. Lin Haichuan who holds approximately 54.70% of the issued shares of Offeror Parent as at the Latest Practicable Date. According to the 2020 annual report of the Offeror Parent, Mr. Lin Haichuan, aged 49, graduated from Xiamen University in the PRC with a degree of Bachelor of International Finance in 1993. He further obtained a degree of Master of Business Administration from China Europe International Business School in 2009 and a degree of Doctor of Business Administration from City University of Hong Kong in 2016. He was a committee member of 茂名市政協委員會 (Maoming CPPCC Standing Committee*), the founding chairman of 東莞市茂名商會 (Dongguan Maoming Chamber of Commerce*) and the chairman of 東莞市安全生產協會 (Dongguan Security Production Association*). He is currently a committee member of 東莞市政協委員會 (Dongguan CPPCC Standing Committee*) and the chairman of 東莞市上市公司協會 (Dongguan Listed Companies Association*).

Jinlianchuan is a limited liability partnership incorporated in the PRC which is held as to 69.999%, 0.001% and 30% by Dongguan Shangshiguanqi No.2 Development Investment Partnership (Limited Partnership), Co-Investor and Offeror Parent respectively as at the Latest Practicable Date, with Co-Investor being its general partner. Dongguan Shangshiguanqi No.2 Development Investment Partnership (Limited Partnership) is a limited liability partnership incorporated in the PRC which is held as to 97.9912%, 1.4699%, 0.49% and 0.049% by Dongguan Jinkong Capital Investment Co., Ltd*, Dongguan Trust Investment Co., Ltd., Dongguan Asset Management Co., Ltd* and Co-Investor respectively as at the Latest Practicable Date, with Co-Investor being its general partner. Co-Investor is a company incorporated in the PRC with limited liability, which is indirectly wholly-owned by Dongguan SASAC.

Given that the Offeror Parent Group mainly engages in provision of logistical services for petrochemical products, of which the Group's business forms part of its value chain, the Offer may lead to a synergy effect between the Group and the Offeror Parent Group. In addition, as set out in the "Letter from CICC" in the Composite Document, due to the low liquidity in the trading of its Shares, details of which are further discussed under section headed "6b. Liquidity of Shares" below, it is considered that the Company's current listing status on the Stock Exchange no longer serves as a sufficient source of funding for the Company's business and growth, and that the possible privatization of the Company (if applicable), details of which are further discussed under section headed "4. Intention of the Offeror and possible compulsory acquisition and withdrawal of listing of Shares" below, will give the Offeror Parent more flexibility to support the future business development of the Group through the Offeror Parent's onshore resources and A-share listing platform. As such, given the background of the Offer Parent Group, it is considered that the Offer and the possible privatisation is beneficial to the Group in the long run. However, considering the factors and analysis set out under sections 5 to 7 below of this letter, we are of the view that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned and that the Shareholders should accept the Offer.

4. Intention of the Offeror and possible compulsory acquisition and withdrawal of listing of Shares

As disclosed in the "Letter from CICC" in the Composite Document, it is the intention of the Offeror for the Group to maintain its existing principal businesses following the completion of the Offer. As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employees of the Company's PRC subsidiaries and joint ventures other than staff movements in the ordinary and usual course of business or due to personal performance or conduct issues. The Offeror will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to relist the Company in the PRC or on any other overseas stock exchanges.

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer. (For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the Offer reaches such prescribed threshold under Section 88 of the Cayman Companies Act, acceptances by the Offeror Concert Parties will be included.)

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

Subject to the satisfaction of the above requirements under the Cayman Companies Act and the Takeovers Code, it is the intention of the Offeror to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

As set out in the "Letter from CICC" in the Composite Document, the Ng IU Parties and the Other IU Parties have undertaken to the Offeror Parent and the Offeror to accept the Offer in respect of the 1,060,842,000 IU Shares, representing approximately 86.91% of the issued share capital of the Company, held by them in aggregate as at the Latest Practicable Date. As mentioned above, it is the intention of the Offeror to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. Given that the number of the IU Shares as at the Latest Practicable Date is approximately 86.91% of the issued share capital of the Company, which is closed to 90%, in the event that the Offeror receives valid acceptances of the Offer Shares of not less than 90% of the issued share capital of the Company, for the Shareholders who do not accept the Offer, their Shares would be compulsorily acquired subsequently according to the intention of the Offeror as mentioned above. Taking into account the above and the analysis set out under sections 5 to 7 below, we are of the view that the Offer represents an exit opportunity by receiving immediate cash proceeds from a reasonable Offer Price, the amount of which can then be deployed towards other investments.

5. Offer Price comparison

The Offer Price of HK$1.28 per Offer Share (without taking into account the effect of any dividend adjustment) represents:

(i) a premium of approximately 1.59% over the closing price of the Shares of approximately HK$1.26 per Share as quoted on the Stock Exchange on 4 March 2022, being the Latest Practicable Date;

(ii) a premium of approximately 8.47% over the closing price of the Shares of HK$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 9.40% over the average closing price of approximately HK$1.17 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

(iv) a premium of approximately 20.75% over the average closing price of approximately HK$1.06 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;

(v) a premium of approximately 34.74% over the average closing price of approximately HK$0.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;

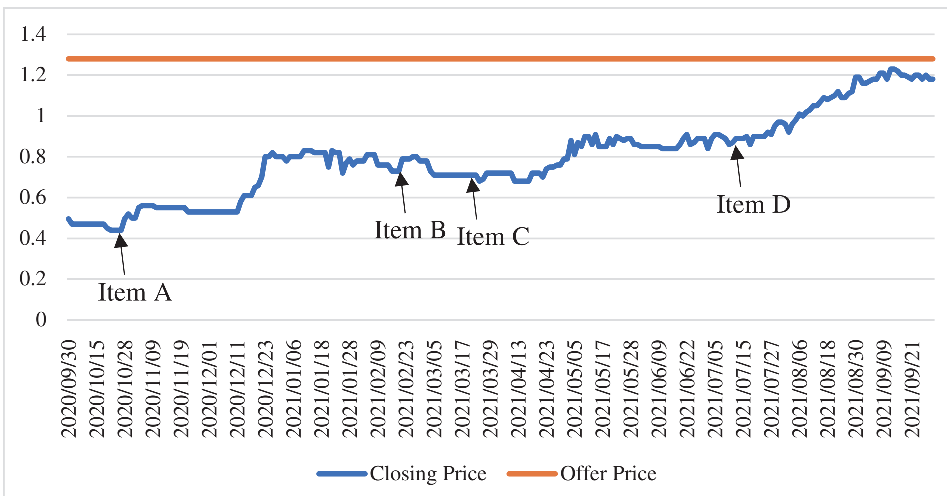
(vi) a premium of approximately 36.17% over the audited consolidated net asset value per Share as at 31 December 2020 of approximately HK$0.94 (based on a total of 1,220,628,000 Shares in issue as at the Latest Practicable Date and the audited equity attributable to owners of the Company of HK$1,142,083,000 as at 31 December 2020, as disclosed in the annual report of the Company published on 16 April 2021); and

(vii) a premium of approximately 34.74% over the unaudited consolidated net asset value per Share as at 30 June 2021 of approximately HK$0.95 (based on a total of 1,220,628,000 Shares in issue as at the Latest Practicable Date and the unaudited equity attributable to owners of the Company of HK$1,158,239,000 as at 30 June 2021, as disclosed in the interim results of the Company published on 26 August 2021).

6. Trading performance of the Shares

a) Performance of historical Share price

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 30 September 2020, the date which is one year prior to the Last Trading Day, up to and including the Last Trading Day (the "**Review Period**"), which we consider to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares.



Source: the website of the Stock Exchange

Item	**Date**	**Announcement**
A	28 October 2020	Voluntary announcement – entering into the 10-year terminal and storage services contract
B	24 February 2021	Positive profit alert announcement
C	25 March 2021	Annual results announcement for the year ended 31 December 2020
D	9 July 2021	Announcement of disclosable transaction (extension of repayment date of shareholder loans)

During the Review Period, the closing price of the Shares fluctuated in a range of between HK$0.44 and HK$1.23, with an average daily closing price of the Shares of approximately HK$0.80. The closing Share prices were in a generally increasing trend, from HK$0.44 per Share on 21 October 2020 to HK$1.23 per Share on 13 September 2021. However, the closing price of the Shares was below the Offer Price at all times during the Review Period.

We noted the following key events during the Review Period: (i) the release of voluntary announcement of the Company on 28 October 2020 regarding entering into the 10-year terminal and storage services contract with its major customer; (ii) the release of positive profit alert announcement on 24 February 2021 in relation to the annual results of the Company for the year ended 31 December 2020 and (iii) the release of annual results announcement of the Company for the year ended 31 December 2020 on 25 March 2021. The increasing trend of the closing Share prices during the Review Period may be the market reaction resulted from (i) the release of voluntary announcement of the Company on 28 October 2020 regarding entering into the 10-year terminal and storage services contract with its major customer; and (ii) the release of positive profit alert announcement and annual result announcement on 24 February 2021 and 25 March 2021 respectively in relation to the significant increase in profit of approximately 102% for FY2020 as compared to prior year.

After the annual result announcement on 25 March 2021 and up to the Last Trading Day, the price of the Shares has been on an upward trend. We are not aware, and the Management also confirmed that they are not aware, of any reason that had affected the performance of the Shares since end of March 2021 up to the Last Trading Day. The closing price of the Shares on the Last Trading Day was HK$1.18 per Share. The price of the Shares closed at HK$1.2 on 11 October 2021 (the trading date immediately after the release of the Announcement). Since then and up to the Latest Practicable Date, the closing price of the Shares ranged between HK$1.19 and HK$1.26, suggesting that the closing price is being principally affected by the Offer Price. However, Shareholders should note that there is no assurance that the Share price will remain at the current level if the Offer lapse.

b) Liquidity of Shares

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to (i) the total number of issued Shares; and (ii) total number of issued Shares held by public Shareholders:

Period	**Number of trading days**	**Total trading volume of the Shares** *(Number of Shares)*	**Average daily trading volume of the Shares** *(Number of Shares)*	**Percentage of average daily trading volume to total number of issued Shares as at the end of the month/period** *(Approximate %)* *Note 1*	**Percentage of average daily trading volume to total number of issued Shares held by public Shareholders as at the end of the month/period** *(Approximate %)* *Note 2*
Sep 2020	1	nil	nil	nil	nil
Oct 2020	18	240,000	13,333	0.0011	0.0043
Nov 2020	21	172,000	8,190	0.0007	0.0026
Dec 2020	22	2,978,000	135,364	0.0111	0.0436
Jan 2021	20	1,232,000	61,600	0.0050	0.0198
Feb 2021	18	1,368,000	76,000	0.0062	0.0245
Mar 2021	23	616,000	26,783	0.0022	0.0086
Apr 2021	19	972,000	51,158	0.0042	0.0165
May 2021	20	2,180,000	109,000	0.0089	0.0351
Jun 2021	21	738,000	35,143	0.0029	0.0113
Jul 2021	21	2,550,000	121,429	0.0099	0.0391
Aug 2021	22	4,028,000	183,091	0.0150	0.0590
Sep 2021 (Up to the Last Trading Day)	21	11,014,000	524,476	0.0430	0.1689

Source: the website of the Stock Exchange

Notes:

(1) The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.

(2) The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders (excluding the Shares held by Mr. Ng, Lirun, Sure Port and Mr. Chong Yat Chin).

As seen in the table above, the average daily trading liquidity of the Shares was low during the Review Period, ranging from nil to approximately 0.043% of the Group's total issued share capital, and nil to approximately 0.1689% of the Shares held in public. Such liquidity would suggest that any sale of large number of Shares on the market over a short period of time may be difficult without exerting downward pressure on the price of the Shares.

In light of the low trading liquidity of the Shares during the Review Period, the Offer provides an assured opportunity for the Shareholders to realise their investment in the Company for cash immediately in one go at a fixed price. Given the low trading liquidity of the Shares in general, if the Shareholders intend to dispose of a significant shareholding in the Company within a short timeframe, it is possible that a downward pressure would be exerted on the market price of the Shares. In such circumstance, the Offer may present an alternative exit for the Shareholders with significant shareholding in the Company to realise their investment in the Company. However, should the market price of the Shares exceed the Offer Price during the Offer Period, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, Shareholders may consider selling their Shares in the open market if such disposal will not result in a downward pressure on the market prices of the Shares and therefore a substantial loss in value.

7. Industry comparables

The Group is principally engaged in the provision of storage and handling services for liquid petrochemicals. It operates a total of three terminals that are located in Nanjing, Ningbo and Weifang.

In performing our comparable analysis, we have considered various commonly used benchmark ratios for valuation of companies such as price-to-earnings ratio ("**P/E Ratio**") and price-to-books ratio ("**P/B Ratio**").

Considering that (a) the Group has been generating net profit during FY2018, FY2019, FY2020 and 1H2021; and (b) the Group held sufficient tangible assets as it maintained significant value of property, plant and machinery of over HK$400 million (representing over 30% of the Group's total assets) as at 31 December 2018, 2019 and 2020, and 30 June 2021, we consider that the P/E ratio and P/B ratio (collectively, the "**Ratios**") are more appropriate in assessing the valuation of the Shares.

Selection criteria

We have formulated the following criteria in selecting the Comparable Companies: (a) they are mainly engaged in provision of storage and handling services for liquid petrochemicals through operating of terminals in the PRC; (b) they are listed on the Main Board of the Stock Exchange; and (c) they had a market capitalisation between HK$1 billion and HK$5 billion that is similar to that of the Group with reference to the Group's theoretical market capitalisation of approximately HK$1.6 billion, which is calculated based on the Offer Price with reference to the total number of issued Shares of the Company as at the Latest Practicable Date. Based on the above selection criteria, we noted that there are no other listed companies on the Stock Exchange that is mainly engaged in provision of storage and handling services for liquid petrochemicals through operating of terminals in the PRC. To obtain a representative sample of comparable scale for meaningful analysis, the criteria (a) mentioned above was revised to (a) for companies mainly engaging in port or terminal operation in PRC with more than half of the revenue generating from such business. Given the similarity in business nature of operating port/terminal operation in PRC, we are of the view that the revised criteria (a) provide a reference point when assessing the fairness and reasonableness of the Offer Price.

In addition, given the number of Comparable Companies is limited, notwithstanding the range of the market capitalisation of other companies which fulfil the revised selection criteria (a) and (b) is wide, we have decided to extend our selection criteria to include all companies with different market capitalisation that satisfy the revised selection criteria (a) and (b) above for comparison purpose. Based on such selection criteria, we have identified an exhaustive list of 8 companies (the "**Comparable Companies**"). Although the Comparable Companies exhibit differences in market capitalisation as compared with the Group, the above comparison is meant to cover a list of Comparable Companies listed on the Stock Exchange and form a reasonable sample size to reflect the value of comparable companies in a similar industry. We are thus of the view that the results of such comparison have reference value when assessing the fairness and reasonableness of the Offer Price.

The following table set out a summary of the Ratios of the Comparable Companies:

	Stock code	Companies	Market Capitalisation on the Last Trading Date *(Note 1)* *HK$ million*	P/E Ratio *(Note 2)* *times*	P/B Ratio *(Note 3)* *times*
1	144.HK	China Merchants Port Holdings Company Limited,	50,008	9.14	0.57
2	1732.HK	Xiangxing International Holding Limited	230	13.31	1.39
3	2880.HK	Liaoning Port Co Ltd	17,194	10.55	0.41
4	3369.HK	Qinhuangdao Port Co., Ltd.	7,431	6.16	0.41
5	3382.HK	Tianjin Port Development Holdings Limited	4,003	6.31	0.30
6	6117.HK	Rizhao Port Jurong Co Ltd	963	5.31	0.36
7	6119.HK	Tian Yuan Group Holdings Limited	231	9.24	0.62
8	6198.HK	Qingdao Port International Co., Ltd.	26,419	5.75	0.67
			Maximum	13.31	1.39
			Minimum	5.31	0.30
			Average	8.22	0.59
			Median	7.72	0.49
	935.HK	The Company	1,562.4 *(Note 4)*	18.63	1.37

Source: *the website of the Stock Exchange and the latest annual results of each of the Comparable Companies*

Note 1: The market capitalisations of the Comparable Companies are calculated based on the closing price of the respective shares as at the Last Trading Day with reference to the total number of issued shares of the respective Comparable Companies as at the Last Trading Day as set out in the published monthly return.

Note 2: The P/E Ratios of the Comparable Companies are calculated based on the closing price of the respective shares as at the Last Trading Day divided by the basic earnings per share for the respective latest financial year as disclosed in the respective latest annual results. For illustration purpose only, the exchange rate used, where applicable, is HK$1 = RMB0.83306.

Note 3: The P/B Ratios of the respective Comparable Companies is calculated based on the closing price of the respective shares as at the Last Trading Day divided by the latest audited net asset value per share, which is calculated based on the latest audited net asset value attributable to the owners divided by the number of shares issued of the respective Comparable Companies as at the Last Trading Day as set out in the published monthly return. For illustration purpose only, the exchange rate used, where applicable, is HK$1 = RMB0.83306.

Note 4: The theoretical market capitalisation of the Company is calculated based on the Offer Price with reference to the total number of issued Shares of the Company as at the Latest Practicable Date.

As shown in the table above, the P/E Ratios of the Comparable Companies ranged from approximately 5.31 to 13.31 with an average and median of approximately 8.22 and 7.72, respectively. As such, the P/E Ratio of the Company is higher than the range, the average and the median of the P/E Ratios of the Comparable Companies.

In respect of the P/B Ratios of the Comparable Companies, it ranged from approximately 0.30 to 1.39 with an average and median of approximately 0.59 and 0.49, respectively. As such, the P/B Ratios of the Company is within the range and higher than the average and the median of the P/B Ratios of the Comparable Companies.

8. Privatisation comparables

We have compiled and considered a list of 25 successful privatisation proposals of companies listed on the Main Board of the Stock Exchange announced since the starting day of the Review Period and up to the Latest Practicable Date, which have been approved by disinterested shareholders or declared unconditional and involve a cash consideration only (the "**Privatisation Precedents**"). In our view, the Privatisation Precedents represent an exhaustive list that we were able to identify from the website of the Stock Exchange, based on the above selection criteria.

In order to ascertain whether the Privatisation Precedents provide a meaningful comparison analysis on the Offer Price, we took into consideration whether the Privatisation Precedents satisfied all of the following criteria: (i) the scale and market capitalisation are comparable to the Company; (ii) operating in the same business segment as the Company therefore have similar market fundamentals and prospects; and (iii) were conducted within a time frame of similar economic and financial market cycles as the Offer. We are of the view that the abovementioned criteria should be considered in totality when determining whether the shortlisted comparables are suitable for meaningful comparison analysis.

We noted that the Privatisation Precedents involved companies with different principal activities from various industries, for example, ranging from manufacturing and sales of products, property investment and development, banking and related financial services to operation and management of hotel chains business. We noted that none of the Privatisation Precedents were mainly engaged in provision of storage and handling services for liquid petrochemicals through operating of terminals in the PRC. The scale and market capitalisation of the companies under the Privatisation Precedents also varied vastly, hence the risk premiums afforded by market would also differ. These aforementioned Privatisation Precedents therefore have different market fundamentals and prospects at the prevailing time, and were likely valued by the market in a different manner.

Having taken into account all the criteria in their totality, we are of the view no comparable company from the Privatisation Precedents qualifies for meaningful comparison analysis. Hence, we are of the view that comparison analysis with the Privatisation Precedents is not meaningful. Instead, we consider the information and analysis in the sections 1 to 7 above, including the market comparable analysis, to be more relevant.

RECOMMENDATION

Despite the Group has been continuously making profit since its listing on the Main Board of the Stock Exchange in June 2011, and the industry outlook of the Group shall remain positive and stable as discussed under section headed "2. Industry overview and outlook of the Group" above, having considered the factors and reasons set out in this letter, in particular,

(i) the less favourable terms of the Phase II Contract with the Group's largest customer casts uncertainty on the Group's future performance as discussed under section headed "2. Industry overview and outlook of the Group" above;

(ii) in the event that the Offeror receives valid acceptances of the Offer Shares of not less than 90% of the issued share capital of the Company, for the Shareholders who do not accept the Offer, their Shares would be compulsorily acquired subsequently according to the intention of the Offeror to privatise the Company as discussed under section headed "4. Intention of the Offeror and possible compulsory acquisition and withdrawal of listing of Shares" above. On this basis, the Offer represents an exit opportunity by receiving immediate cash proceeds, the amount of which can then be deployed towards other investments;

(iii) the Offer Price of HK$1.28 represents a premium of approximately 34.74% over the unaudited consolidated net asset value per Share as at 30 June 2021 as set out under section headed "5. Offer Price comparison'' above;

(iv) the Offer Price represents premiums over the prevailing market prices of the Shares, in particular, the Offer Price has been at all times higher than the closing price per Share during the Review Period and up to the Latest Practicable Date as analysed under section headed "6a. Performance of historical Share price'' above;

(v) in general, the trading volume of the Shares has been thin historically as evidenced by the average daily trading volume of the Shares during the Review Period as analysed under section headed "6b. Liquidity of Shares'' above, and that the Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing a downward impact on the Share price level at the relevant time. On this basis, the Offer presents an opportunity for the Shareholders to dispose of their shareholdings in one go at the Offer Price of HK$1.28 each and redeploy the cash received from accepting the Offer into other investment opportunities;

(vi) the Offer Price is considered fair and reasonable from the industry comparable analysis perspective as the P/E Ratio of the Company is higher than the range, the average and the median of the P/E Ratios of the Comparable Companies as analysed under section headed "7. Industry comparables'' above; and

(vii) the Offer Price is considered fair and reasonable from the industry comparable analysis perspective as the P/B Ratio of the Company is within the range and higher than the average and the median of the P/B Ratios of the Comparable Companies as analysed under section headed "7. Industry comparables'' above,

we consider the terms of the Offer to be fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to accept the Offer.

Shareholders, in particular those who intend to accept the Offer, are reminded to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the acceptance period of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Conditions being satisfied. Accordingly, the Offer may or may not become unconditional.

Further, as set out in the Letter from CICC, pursuant to Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares pursuant to the Offer, the Offeror will privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror exercises such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

The Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Honestum International Limited
Christine Chung — *Managing Director*
Jacky Chu — *Associate Director*

Note: Ms. Christine Chung is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry. Mr. Jacky Chu is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 8 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

(a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "**Dragon Crown Offer**" on the envelope, as soon as possible and in any event so as to reach the Registrar no later than 4:00 p.m. (Hong Kong time) on 6 April 2022, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in respect of all or part of your Shares, you must either:

   (i) lodge the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar in an envelope marked "**Dragon Crown Offer**"; or

   (ii) arrange for the Shares to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked "**Dragon Crown Offer**"; or

(iii) if your Shares have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) on the time needed for the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the accompanying Form of Acceptance should nevertheless be completed, signed and delivered in an envelope marked "**Dragon Crown Offer**" to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you subsequently find such document(s) or if it/they subsequently become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar. The Offeror shall have absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s) and you wish to accept the Offer, you should nevertheless complete and sign the accompanying Form of Acceptance and deliver it in an envelope marked "**Dragon Crown Offer**" to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to CICC and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar, on your behalf, the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar and to authorise and instruct the

Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the accompanying Form of Acceptance.

(f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar no later than 4:00 p.m. (Hong Kong time) on 6 April 2022, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, the Form of Acceptance must be accompanied by appropriate documentary evidence of authority (for example, a copy of the grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar.

(g) If the Offer is invalid, withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post at your own risk the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares tendered for acceptance together with the duly cancelled Form of Acceptance to the relevant Shareholder(s).

(h) No acknowledgement of receipt for any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(i) The address of the Registrar is Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the duly completed Form of Acceptance must be received by the Registrar no later than 4:00 p.m. (Hong Kong time) on 6 April 2022, being the First Closing Date.

(b) If the Offer is extended or revised, the announcement of such extension will state the next Offer Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offer will open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to those Shareholders who have not accepted the Offer.

(c) If, during the course of the Offer, the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date.

(d) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer, and subject to the consent of the Executive.

(e) If the First Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the "First Closing Date" shall, except where the context otherwise requires, be deemed to refer to the subsequent Offer Closing Date.

(f) There is no obligation to extend the Offer if the Conditions are not satisfied by the First Closing Date or any subsequent Offer Closing Date.

3. SETTLEMENT OF THE OFFER

(a) Provided that the Form of Acceptance and relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Registrar by not later than 4:00 p.m. on the First Closing Date being the latest time for acceptance of the Offer (or such later time and/or date as the Offeror may decide and announce with the consent of the Executive) and the Offer has become or been declared unconditional in all respects, a cheque for the amount due to the Shareholders validly accepting the Offer in respect of the Shares tendered by them under the Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the Shareholders validly accepting the Offer to the addresses specified on the Form of Acceptance by ordinary post at their own risk as soon as possible but in any event within seven Business Days following the later of the Offer Unconditional Date and the date on which all the relevant documents are received by the Registrar to render such acceptance in respect of the Offer complete and valid.

(b) No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who validly accepts the Offer will be rounded up to the nearest cent.

(c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

(d) Settlement of the consideration to which a Shareholder is entitled under the Offer will be implemented in full accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their respective nominees.

5. ANNOUNCEMENTS

By 6:00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror and the Company will jointly publish an announcement to be posted on the Stock Exchange's website by 7:00 p.m. (Hong Kong time) on the First Closing Date stating whether the Offer has been revised or extended (in which case either the next Offer Closing Date must be stated or a statement made that the Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code), or has expired or has become or been declared unconditional (and, in such case, whether as to acceptances or in all respects).

The results announcement will state the total number of Shares and the rights over Shares:

(a) for which acceptances of the Offer have been received;

(b) held, controlled or directed by the Offeror or the Offeror Concert Parties before the Offer Period; and

(c) acquired or agreed to be acquired during the Offer Period by the Offeror or the Offeror Concert Parties.

The announcement shall also (i) specify the percentages of the issued share capital of the Company and the percentages of voting rights represented by these numbers of Shares; and (ii) include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or the Offeror Concert Parties has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

If the Offeror, the Offeror Concert Parties or the Offeror's advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the website of the Stock Exchange and made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances.

(b) If the Offeror is unable to comply with the requirements set out paragraph 5 of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Shareholders who tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Shareholder(s).

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

7. POSTING

All documents and remittances to be sent to Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders' addresses as they appear in the register of members of the Company or, in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company. None of the Company, the Offeror, Offeror Parent, CICC, the Independent Financial Adviser and the Registrar or any of their respective directors or agents or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

8. OVERSEAS SHAREHOLDERS

(a) The Offer is being made for the securities of a company incorporated in the Cayman Islands with limited liability and is subject to Hong Kong disclosure and other procedure requirements, which are different from those in other jurisdictions. The making of the Offer to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited from accepting the Offer or affected by the laws of the relevant jurisdictions which may apply to the Offer and it is the responsibility of each such Shareholder who wishes to accept or take any other action in relation to the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any issue, transfer or other taxes due from such Shareholder in such relevant jurisdictions.

(b) Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror, the Company and their respective advisers (including CICC) that all applicable laws and requirements have been complied with by such Shareholder and that the Offer can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

(c) Notice to U.S. holders of Shares

The Offer is being made for the securities of a company incorporated in the Cayman Islands with limited liability and is subject to Hong Kong disclosure and other procedure requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with HKFRS and/or Chinese Accounting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. In addition, U.S. holders of Shares should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style.

The Offer is being extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer is subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, Offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of Offeror Parent, the Offeror and the Company is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. In addition, most of the assets of the Offeror Parent Group and the Group are located outside the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty effecting service of process within the United States upon Offeror Parent, the Offeror or the Company or their respective officers or directors or compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at http://www.sfc.hk and the Stock Exchange at www.hkexnews.hk.

9. STAMP DUTY

Seller's ad valorem stamp duty at the rate of 0.13% of (i) the value of the consideration arising on acceptance of the Offer payable by the Offeror or (ii) if higher, the market value of the Offer Shares will be payable by the Shareholders who accept the Offer. The relevant amount of stamp duty payable by the Shareholders who accept the Offer will be deducted from the consideration payable to them under the Offer.

The Offeror will bear buyer's ad valorem stamp duty in respect of acceptances of the Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares in respect of which the Offer is accepted.

10. TAX IMPLICATIONS

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, Offeror Parent, the Company, CICC, the Independent Financial Adviser and the Registrar and their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

11. GENERAL

(a) All communications, notices, Forms of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and neither the Company, the Offeror, Offeror Parent, CICC, the Independent Financial Adviser and the Registrar nor any of their respective directors or agents or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, CICC or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

(f) Acceptance of the Offer by any person will constitute a representation and warranty by such person to the Offeror that the Shares acquired under the Offer are sold free from all liens, charges, encumbrances, pre-emptive rights and any other third party rights of any nature and together with all rights and benefits attaching to them or subsequently becoming attached to them, including the right to any dividends, other distributions and return of capital, if any, announced, declared, made or paid after the Offer Closing Date.

(g) The settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

(h) Any Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes, duties and other required payments payable in each relevant jurisdiction due by such persons.

(i) Acceptance of the Offer by any nominee will be deemed to constitute a representation and warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.

(j) In making their decision, the Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, Offeror Parent, the Company, CICC or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

(k) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

(l) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, none of the terms of the Offer or any terms contained in this Composite Document will be enforceable, under the Contracts (Rights of Third Parties) Ordinance Cap. 623, by any person other than the Offeror and the accepting Shareholders.

12. INTERPRETATION

(a) A reference in this Composite Document to a Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.

(b) A reference in this Composite Document and the Form of Acceptance to the Offer shall include any extension and/or revision thereof.

(c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

(d) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2018, 2019 and 2020 as extracted from the respective audited consolidated financial statements of the Group as set forth in the Company's 2019 and 2020 annual reports, as well as the unaudited financial results of the Group for the six months ended 30 June 2020 and 2021 as extracted from the respective consolidated financial statements as set forth in the Company's 2020 and 2021 interim report:

	Year ended 31 December 2018 HK$'000 (Audited)	Year ended 31 December 2019 HK$'000 (Audited)	Year ended 31 December 2020 HK$'000 (Audited)	Six months ended 30 June 2020 HK$'000 (Unaudited)	Six months ended 30 June 2021 HK$'000 (Unaudited)
REVENUE	262,491	229,849	238,148	122,461	130,956
Cost of services provided	(118,619)	(116,621)	(114,104)	(54,573)	(56,613)
Gross profit	143,872	113,228	124,044	67,888	74,343
Other income	20,023	16,476	30,959	8,866	12,277
Gain on disposal of financial assets at fair Value through profit or loss	5,502	–	–	–	–
Administrative expenses	(50,896)	(46,149)	(37,576)	(21,072)	(20,200)
Finance costs	(7,184)	(8,735)	(6,242)	(3,888)	(2,013)
Share of profits and losses of:					
Associate	(369)	(379)	(304)	(219)	(236)
Joint ventures	1,449	(2,086)	12,585	9,421	(1,364)
PROFIT BEFORE TAX	112,397	72,355	123,466	60,996	62,807
Income tax	(36,247)	(26,900)	(31,724)	(17,026)	(18,120)
PROFIT FOR THE YEAR/PERIOD	76,150	45,455	91,742	43,970	44,687
Attributable to:					
Owners of the Company	66,930	38,787	83,916	39,460	39,936
Non-controlling interests	9,220	6,668	7,826	4,510	4,751
	76,150	45,455	91,742	43,970	44,687
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD					
Attributable to:					
Owners of the Company	8,726	19,979	145,448	19,398	52,775
Non-controlling interests	6,706	5,856	10,638	3,504	5,396
	15,432	25,835	156,086	22,902	58,171

	Year ended 31 December 2018 HK$'000 (Audited)	Year ended 31 December 2019 HK$'000 (Audited)	Year ended 31 December 2020 HK$'000 (Audited)	Six months ended 30 June 2020 HK$'000 (Unaudited)	Six months ended 30 June 2021 HK$'000 (Unaudited)
Dividends declared to Shareholders	48,825	30,516	58,590	21,971	21,971
Earnings per Share attributable to owners of the Company					
– Basic and diluted *(HK cents)*	5.48	3.18	6.87	3.23	3.27
Dividend per Share for the year/period *(HK cents)*	4.0	2.5	4.8	1.8	1.8

Except as disclosed in the above summary of the audited consolidated financial results, there were no items of income or expenses which are material in the consolidated financial statements of the Group in any of the years ended 31 December 2018, 2019 and 2020 and in the six months ended 30 June 2021.

There was no modified opinion, emphasis of matter, or material uncertainty related to going concern contained in the auditors' report of the Group issued by Ernst & Young for any of the years ended 31 December 2018, 2019 and 2020.

2. UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

The following is a summary of the Key Financial Information as extracted from the Unaudited Management Account. Your attention is drawn to the fact that the unaudited financial information of the Group for the nine months ended 30 September 2021 (including the Key Financial Information of the same disclosed herein) has not been subject to an independent audit. Accordingly, it does not constitute the audited financial statements of the Group prepared in accordance with HKFRS. As the Unaudited Net Profit constitutes a profit forecast under Rule 10 of the Takeovers Code, it is reported on in accordance with Rule 10.4 of the Takeovers Code. The respective letters from the Independent Financial Adviser and the auditors of the Company in this respect are appended to this Composite Document as Appendices VI and VII respectively.

	Nine months ended 30 September 2021 *HK$'000* *(Unaudited)*
Total assets	1,434,221
Total liabilities	236,390
Revenue	189,537
Net profit	54,237

The Key Financial Information as extracted from the Unaudited Management Account as referred to above, including the Unaudited Net Profit, has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2020.

3. INFORMATION INCORPORATED BY REFERENCE

Additional financial information of the Group as at and for the year ended 31 December 2020 and for the six months ended 30 June 2021 has been published in the reports as follows:

(a) The consolidated statement of profit or loss of the Group for the year ended 31 December 2020 is shown in the annual report of the Company for the year ended 31 December 2020 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9721190-0.PDF), on page 66.

(b) The consolidated statement of comprehensive income of the Group for the year ended 31 December 2020 is shown in the annual report of the Company for the year ended 31 December 2020 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9721190-0.PDF), on page 67.

(c) The consolidated statement of financial position of the Group as at 31 December 2020 is shown in the annual report of the Company for the year ended 31 December 2020 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9721190-0.PDF), from pages 68 to 69.

(d) The consolidated statement of changes in equity for the Group for the year ended 31 December 2020 is shown in the annual report of the Company for the year ended 31 December 2020 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9721190-0.PDF), from pages 70 to 71.

(e) The consolidated statement of cash flows of the Group for the year ended 31 December 2020 is shown in the annual report of the Company for the year ended 31 December 2020 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9721190-0.PDF), from pages 72 to 73.

(f) The condensed consolidated interim statement of profit or loss of the Group for the six months ended 30 June 2021 is shown in the interim report of the Company for the six months ended 30 June 2021 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9937731-0.PDF), on page 20.

(g) The condensed consolidated interim statement of comprehensive income of the Group for the six months ended 30 June 2021 is shown in the interim report of the Company for the six months ended 30 June 2021 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9937731-0.PDF), on page 21.

(h) The condensed consolidated interim statement of financial position of the Group as at 30 June 2021 is shown in the interim report of the Company for the six months ended 30 June 2021 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9937731-0.PDF), from pages 22 to 23.

(i) The condensed consolidated interim statement of changes in equity for the Group for the six months ended 30 June 2021 is shown in the interim report of the Company for the six months ended 30 June 2021 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9937731-0.PDF), from page 24 to 25.

(j) The condensed consolidated interim statement of cash flows of the Group for the six months ended 30 June 2021 is shown in the interim report of the Company for the six months ended 30 June 2021 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9937731-0.PDF), on page 26.

4. INDEBTEDNESS, CONTINGENCIES AND COMMITMENTS

As at 31 December 2021:

(a) the Group had interest-bearing bank and other borrowings of approximately HK$112,509,000, comprising lease liabilities of HK$12,884,000 and unsecured bank loans of HK$99,625,000; and

(b) the Group had capital commitment of HK$4,871,000.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at 31 December 2021 (being the latest practicable date for the purpose of this indebtedness statement), the Group had no bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

5. MATERIAL CHANGES

The Directors confirm that, as at the Latest Practicable Date, save as disclosed below, there were no material changes in the financial or trading position or outlook of the Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

(i) As disclosed in the announcement of the Company dated 9 July 2021 that Overseas Hong Kong Investment Limited（海外香港投資有限公司）(“**OHKIL**”, an indirect wholly-owned subsidiary of the Company) entered into supplemental agreements with Weifang Sime Darby Liquid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）(“**WSDL**”, a company established and registered in the PRC with limited liability and is 50% owned by the Group) in respect of the extension of the respective repayment date under the shareholder loan agreements which were previously entered into by OHKIL as lender and WSDL as borrower in 2016, 2017 and 2019 with an aggregate outstanding principal amount of RMB143.06 million to 31 December 2028. Further details are set out in the announcement of the Company dated 9 July 2021.

(ii) As disclosed in the announcement of the Company dated 14 December 2021 that OHKIL entered into a loan agreement with WSDL, pursuant to which OHKIL has agreed to further advance a loan of US$9.42 million (equivalent to approximately RMB59.94 million) at an interest rate of 6% per annum which shall be repayable on or before 14 December 2026. Further details are set out in the announcement of the Company dated 14 December 2021. Owing to such new loan made to WSDL, the Company’s investments in joint ventures as at 31 December 2021 will increase and its cash and cash equivalents as at 31 December 2021 will decease as compared to the respective figures shown in the Group’s audited consolidated financial statements as of 31 December 2020.

(iii) As disclosed in the announcement of the Company dated 28 October 2020 that Nanjing Dragon Crown Liquid Chemical Terminal Company Limited（南京龍翔液體化工儲運碼頭有限公司）(“**Nanjing Dragon Crown**”, an indirect subsidiary of the Company) has entered into a new terminal and storage services contract (the “**Phase II Contract**”) with Celanese (Nanjing) Chemical Company Limited（塞拉尼斯（南京）化工有限公司）(“**Celanese Nanjing**”), in relation to the continuous provision of bulk terminal, storage and other related services for various liquid chemical products to Celanese Nanjing in Nanjing, the PRC with a contract term until 2032. Pursuant to the Phase II Contract, the new annual fixed fees of the terminal storage service charges, which will take effect seamlessly in 2022 and 2023 after the respective expiration of the previous contracts entered into between Nanjing Dragon Crown and Celanese Nanjing (“**Phase I Contract**”), are lower than those in the Phase I Contract. The Group had been charging the service fees (including the annual fixed fees) to Celanese Nanjing in accordance with the terms and conditions under the Phase I Contract up to the Latest Practicable Date.

(iv) WSDL, a 50% owned joint venture of the Group, has made a provision of RMB13.5 million in its management accounts for the nine months ended 30 September 2021 in relation to a pending litigation brought against WSDL as the respondent regarding certain maritime disputes involving a damage amount of approximately RMB18.3 million. The impact of the provision to the Group of RMB6.8 million has been accounted for in the Unaudited Management Accounts and the PRC Audited Financial Statements for the nine months ended 30 September 2021.

(v) The Group has incurred (1) increased staff costs due to the Group's business operation, and (2) increased professional fees owing to the Offer.

6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies (and accompanying notes) which are of major relevance for the interpretation of the financial statements of the Group are set out in the following documents issued by the Company:

(a) the interim report of the Company for the six months ended 30 June 2021 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9937731-0.PDF) from page 28 onwards;

(b) the annual report of the Company for the year ended 31 December 2020 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9721190-0.PDF), from page 92 onwards;

(c) the annual report of the Company for the year ended 31 December 2019 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/9239130-0.PDF) from page 90 onwards; and

(d) the annual report of the Company for the year ended 31 December 2018 published on the website of the Company (http://iis.quamnet.com/media/IRAnnouncement/935/EN_US/003463545-0.PDF) from page 87 onwards.

7. CHANGES IN ACCOUNTING POLICY

Save as disclosed below, there was no change in the Group's accounting policy during the years ended 31 December 2018, 2019 and 2020 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

7.1 New standard effective on 1 January 2019

HKFRS 16 *Leases* replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases-Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for buildings and structures. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for elective exemption for leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognizes depreciation of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets of HK$34,305,000 that were reclassified from prepaid land lease payments.

The Group has used the following elective practical expedient when applying HKFRS 16 at 1 January 2019:

– Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase/ Decrease *HK$'000*
Assets	
Increase in right-of-use assets	39,917
Decrease in prepaid land lease payments	(33,347)
Decrease in prepayments, deposits and other receivables	(958)
Increase in total assets	5,612
Liabilities	
Increase in interest-bearing bank and other borrowings and increase in total liabilities	5,612
Reserves	
Change in retained profits	–

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	18,335
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(12,395)
	5,940
Weighted average incremental borrowing rate as at 1 January 2019	3.73%
Discounted operating lease commitments and lease liabilities as at 1 January 2019	5,612

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror, Offeror Parent and the Group.

The information contained in this Composite Document relating to the Group has been supplied by the Company. As at the date of this Composite Document, the Directors are Mr. Ng Wai Man, Mr. Chong Yat Chin and Ms. Chan Wan Ming as executive Directors and Mr. Feng Jianping, Mr. Hou Xiaoming and Mr. Lau Sik Yuen as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror and Offeror Parent) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

The information contained in this Composite Document relating to the Offeror has been supplied by the Offeror. As at the date of this Composite Document, the sole director of the Offeror is Mr. Huang Yuntao. The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

The information contained in this Composite Document relating to Offeror Parent has been supplied by Offeror Parent. As at the date of this Composite Document, the directors of Offeror Parent are Mr. Lin Haichuan, Mr. Lin Nantong, Mr. Huang Yuntao, Mr. Gan Yi, Mr. Qiu Xiaohua, Mr. Wang Kaitian and Mr. Guo Leiming. The directors of Offeror Parent jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK$400,000,000 comprising 4,000,000,000 Shares, and the issued and paid-up share capital of the Company was HK$122,062,800 comprising 1,220,628,000 Shares in issue. All of the Shares ranked pari passu in all respects as regards right to capital, dividends and voting.

The Company had not issued any Shares since 31 December 2020 (being the date on which the latest published audited financial statements of the Group were made up).

There were no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Shares or securities which carry voting rights affecting the Shares.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	**Closing price per Share** *HK$*
2021	
30 April	0.79
31 May	0.86
30 June	0.84
31 July	0.97
31 August	1.19
30 September, being the Last Trading Day	1.18
29 October	1.20
30 November	1.21
31 December	1.21
2022	
31 January	1.22
28 February	1.25
4 March, being the Latest Practicable Date	1.26

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$1.26 per Share on 4 March 2022; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.68 per Share on 12, 13, 14, 15 and 16 April 2021.

4. DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror

(a) For the purpose of paragraph 4 in this Appendix III to this Composite Document, "interested" has the same meaning as ascribed to that term in Part XV of the SFO. As at the Latest Practicable Date, the Offeror did not hold any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(b) As at the Latest Practicable Date, the sole director of the Offeror was not interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(c) As at the Latest Practicable Date, none of the Offeror Concert Parties owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(d) As at the Latest Practicable Date, other than the shareholdings of the Ng IU Parties and the Other IU Parties in the Company which are subject to the Irrevocable Undertakings, no person who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had, prior to the Despatch Date, irrevocably committed themselves to accept or reject the Offer.

(e) As at the Latest Practicable Date, other than the shareholdings of the Ng IU Parties and the Other IU Parties in the Company which are subject to the Irrevocable Undertakings, no person with whom the Offeror or any of the Offeror Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(f) As at the Latest Practicable Date, none of the Offeror or the Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold.

(g) As at the Latest Practicable Date, none of the Offeror, its sole director or the Offeror Concert Parties had dealt for value in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

(h) As at the Latest Practicable Date, save as disclosed below, no person who had prior to the Despatch Date irrevocably committed themselves to accept or reject the Offer or with whom the Offeror or any of the Offeror Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period:

Name of Shareholder	Nature of securities	Date	Purchase / Sale	Number of Shares	Average price per Share (HK$)
Mr. Ting Yian Ann	Shares of the Company	12 April 2021	Sale	182,000	0.68
		26 April 2021	Sale	10,000	0.74
		28 April 2021	Sale	90,000	0.76
		30 April 2021	Sale	100,000	0.79
		1 May 2021	Sale	40,000	0.82
		10 May 2021	Sale	60,000	0.87
		11 May 2021	Sale	80,000	0.90
		27 July 2021	Sale	20,000	0.94
		3 August 2021	Purchase	20,000	0.94
		17 August 2021	Purchase	6,000	1.10
			Purchase	8,000	1.09
		20 August 2021	Sale	30,000	1.10
		27 August 2021	Purchase	6,000	1.12
		30 August 2021	Sale	20,000	1.16
		7 September 2021	Sale	200,000	1.18
		8 September 2021	Sale	30,000	1.20
		9 September 2021	Sale	100,000	1.23
		10 September 2021	Sale	2,000	1.24
			Sale	100,000	1.22
		13 September 2021	Sale	80,000	1.23
		14 September 2021	Sale	220,000	1.23

The Company

(a) As at the Latest Practicable Date, each of the following Directors held a long position in respect of the Shares, the particulars of which are as follows:

Name of Director	Capacity/Nature of interest	Number of Shares interested or held	Total number of Shares interested or held	Approximate percentage of interest in the issued Shares (*note 1*)
Mr. Ng (*note 2*)	Beneficial owner	125,354,000	893,342,000	73.19%
	Interest of controlled corporations	767,988,000		
Mr. Chong Yat Chin	Beneficial owner	16,712,000	16,712,000	1.37%
Ms. Chan Wan Ming	Beneficial owner	184,000	184,000	0.01%

Notes:

1. The percentage represents the total number of the Shares and the number of underlying Shares interested divided by the number of issued Shares of 1,220,628,000 as at the Latest Practicable Date.

2. Mr. Ng is the beneficial owner of all the issued share capital of Lirun and Sure Port and therefore is deemed to be interested in a total of 767,988,000 Shares of the Company held by Lirun and Sure Port.

(b) Except as disclosed in the section headed "Disclosure of Interests – The Company" above in this Appendix III, as at the Latest Practicable Date:

(i) the Company did not own any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror.

(ii) none of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror.

(iii) none of the Directors was interested in any Shares, securities which carry voting rights in the Company, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company.

(iv) no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code, or person who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

(v) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of "acting in concert" under the Takeovers Code, or who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of "associate" under the Takeovers Code, owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

(vi) none of the non-exempt discretionary fund managers connected with the Company owned, controlled, or managed any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

(vii) neither the Company nor any of the Directors had borrowed or lent any Shares or shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the Shares or shares of the Offeror.

(viii) each Director of the Company (to the extent that he/she is a Shareholder) had indicated his/her intention to accept the Offer.

(ix) save for entering into the Irrevocable Undertakings by Mr. Ng and Mr. Chong Yat Chin (among others), during the Relevant Period, none of the Directors dealt for value in any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company.

(x) during the Relevant Period, neither the Company nor any of the Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror.

(xi) during the Relevant Period, no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert", or person who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

(xii) during the Relevant Period, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of "acting in concert" under the Takeovers Code, or person who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of "associate" under the Takeovers Code, dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

(xiii) during the Relevant Period, none of the non-exempt discretionary fund managers connected with the Company dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

5. OTHER ARRANGEMENTS AND CONFIRMATIONS RELATING TO THE OFFER

As at the Latest Practicable Date:

(a) save for the Irrevocable Undertakings, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company;

(b) no benefit was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;

(c) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it may or may not invoke or seek to invoke a Condition;

(d) save for the Irrevocable Undertakings, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any of the Offeror Concert Parties, on the one hand, and any Directors, recent directors of the Company, Shareholders or recent Shareholders of the Company, on the other hand, having any connection with or dependence upon the Offer;

(e) save for the Irrevocable Undertakings entered into by Mr. Ng and Mr. Chong Yat Chin (among others), there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offeror or otherwise connected with the Offer;

(f) save for the Irrevocable Undertakings entered into by Mr. Ng and Mr. Chong Yat Chin (among others), there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest;

(g) the terms of the Industrial Bank Facility provides for charges over all the Shares and Subsidiary Shares to be granted to Industrial Bank after the completion of withdrawal of listing of the Shares from the Stock Exchange. Other than stated above, there was no agreement, arrangement or understanding that the Offer Shares acquired in pursuance to the Offer would be transferred, charged or pledged to any other persons.

6. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies (i) which are fixed term contracts with more than 12 months to run irrespective of notice period; (ii) which (including both continuous and fixed term contracts) have been entered into or amended during the Relevant Period; or (iii) which are continuous contracts with a notice period of 12 months or more.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, (i) none of the members of the Group was engaged in any litigation, arbitration, or claim of material importance; and (ii) no litigation, arbitration, or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, the Group did not enter into any material contract (not being contracts entered into in the ordinary course of business) during the period beginning on 8 October 2019 (i.e. two years before the commencement of the Offer Period) up to and including the Latest Practicable Date:

(a) a shareholder's loan agreement dated 14 December 2021 entered into between Overseas Hong Kong Investment Limited（海外香港投資有限公司）("**OHKIL**", an indirect wholly-owned subsidiary of the Company) as lender and Weifang Sime Darby Liquid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）("**WSDL**", a company established and registered in the PRC with limited liability and is 50% owned by the Group) as borrower in respect of the provision of shareholder loan of US$9.42 million as announced by the Company on 14 December 2021; and

(b) three supplemental agreements all dated 9 July 2021 entered in to between OHKIL and WSDL in respect of the extension of the respective repayment date under the loan agreements which were previously entered into by OHKIL as lender and WSDL as borrower in 2016, 2017 and 2018 with an aggregate outstanding principal amount of RMB143.06 million to 31 December 2028 as announced by the Company on 9 July 2021.

9. EXPERT AND CONSENT

The following are the qualifications of the experts who have been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

Name	Qualification
CICC	the financial adviser to the Offeror in respect of the Offer, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Honestum International Limited	the Independent Financial Adviser, a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified public accountants

Each of CICC, Honestum International Limited and Ernst & Young has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion and/or references to its name and logo in the form and context in which they are included.

10. MISCELLANEOUS

(a) The registered address of the Offeror is Unit A 8/F, Eton Building, 288 Des Voeux Road Central, Hong Kong.

(b) CICC is making the Offer for and on behalf of the Offeror. The principal place of business of CICC is at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

(c) The Offeror is a wholly-owned subsidiary of Suzhou Great River and an indirect subsidiary of Offeror Parent, who is the principal party acting in concert with the Offeror under the Takeovers Code.

(d) The registered office of Offeror Parent is at 3rd Floor, Sanjianggongsi Xingzheng Building, South Bank of Danshui River Mouth, Lisha Island, Shatian Town, Dongguan, the PRC.

(e) As at the Latest Practicable Date, the ultimate controlling shareholder of the Offeror and Offeror Parent is Mr. Lin Haichuan.

(f) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at http://www.sfc.hk; (ii) on the website of the Company at www.dragoncrown.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the principal place of business of the Company in Hong Kong at Unit No. 3, 18th Floor, Convention Plaza, Office Tower, No. 1 Harbour Road, from the date of this Composite Document until the end of the Offer Period:

(a) the memorandum and articles of association of the Company;

(b) the memorandum of association and articles of association of the Offeror;

(c) the annual reports of the Company for the two financial years ended 31 December 2020 and 31 December 2019 respectively;

(d) the interim report of the Company for the six months ended 30 June 2021;

(e) the letter from CICC dated 9 March 2022, the text of which is set out on pages 14 to 32 of this Composite Document;

(f) the letter from the Board dated 9 March 2022 to the Shareholders, the text of which is set out on pages 33 to 38 of this Composite Document;

(g) the letter from the Independent Board Committee dated 9 March 2022 to the Shareholders, the text of which is set out on pages 39 to 40 of this Composite Document;

(h) the letter from the Independent Financial Adviser dated 9 March 2022 to the Independent Board Committee, the text of which is set out on pages 41 to 60 of this Composite Document;

(i) the report from the Independent Financial Adviser on the Unaudited Net Profit, the text of which is set out in Appendix VI to this Composite Document;

(j) the report from the auditors of the Company on the Unaudited Net Profit, the text of which is set out in Appendix VII to this Composite Document;

(k) the assurance report from the auditors of the Company on the Reconciliation Information, the text of which is set out in Appendix VIII to this Composite Document;

(l) the material contracts referred to in paragraph 8 of this Appendix III;

(m) the written consents referred to in paragraph 9 of this Appendix III;

(n) the Irrevocable Undertakings;

(o) the Pengxin Opinion;

(p) the MAR Report;

(q) the PRC Audited Financial Statements, the text of which is set out in Appendix IV to this Composite Document; and

(r) the independent financial adviser report for MAR of Offeror Parent.

Disclaimer: Shareholders and potential investors should note the PRC Audited Financial Statements (including the auditor's report and the audited financial statements) are prepared in accordance with the Chinese Accounting Standards and issued and published on the Shenzhen Stock Exchange in connection with the MAR for the purpose of compliance with the MAR Measures only. Please refer to the website of the Shenzhen Stock Exchange (www.szse.cn) for the full text of the PRC Audited Financial Statements. The PRC Audited Financial Statements are in Chinese language and the English translation below is for reference only. In case of any discrepancy, the Chinese version shall always prevail.

Dragon Crown Group Holdings Limited
CONSOLIDATED BALANCE SHEET
30 September 2021, 31 December 2020, and 31 December 2019

Unit: RMB

	Note V	**30 September 2021**	**31 December 2020**	**31 December 2019**
Assets				
Current assets				
Cash and bank balances	*1*	199,713,609	242,843,041	217,412,613
Held-for-trading financial assets	*2*	60,000,000	–	–
Bills receivable	*3*	2,135,000	3,986,371	1,417,992
Accounts receivable	*4*	20,723,440	22,616,407	27,640,141
Prepayments	*5*	2,462,795	2,454,029	6,256,868
Other receivables	*6*	4,684,604	31,989,028	24,720,915
Inventories	*7*	2,547,184	2,673,563	2,812,746
Total current assets		292,266,632	306,562,439	280,261,275
Non-current assets				
Long-term receivables	*8*	143,060,000	143,060,000	143,060,000
Long-term equity investments	*9*	306,486,964	314,663,193	307,545,543
Fixed assets	*10*	367,065,203	385,027,842	422,184,726
Construction in progress	*11*	3,310,705	10,438,933	967,352
Right-of-use assets	*12*	887,603	–	–
Intangible assets	*13*	27,959,908	28,553,066	29,343,944
Goodwill	*14*	1,002,237	1,019,116	1,081,979
Long-term prepaid expenses	*15*	–	178,062	756,667
Deferred tax assets	*16*	5,134,286	5,711,893	6,482,036
Other non-current assets	*17*	38,457,421	282,688	2,291,500
Total non-current assets		893,364,327	888,934,793	913,713,747
TOTAL ASSETS		1,185,630,959	1,195,497,232	1,193,975,022

Unit: RMB

	Note V	30 September 2021	31 December 2020	31 December 2019
Liabilities and shareholders' equity				
Current liabilities				
Advances from customers	18	–	–	4,156,447
Contract liabilities	19	3,403,887	4,219,001	–
Salaries and welfares payable	20	2,770,968	3,432,248	2,431,609
Taxes payable	21	5,670,019	6,849,765	6,576,261
Other payables	22	36,111,632	8,620,490	14,339,299
Non-current liabilities due within one year	23	121,376,180	60,485,071	46,673,905
Total current liabilities		169,332,686	83,606,575	74,177,521
Non-current liabilities				
Long-term borrowings	24	–	83,887,673	130,967,281
Lease liabilities	25	71,146	–	–
Deferred tax liabilities	16	6,067,328	3,885,832	3,033,979
Other non-current liabilities	18, 19	17,456,572	19,928,659	23,655,860
Total non-current liabilities		23,595,046	107,702,164	157,657,120
Total liabilities		192,927,732	191,308,739	231,834,641
Shareholders' equity				
Share capital	26	101,875,951	101,875,951	101,875,951
Capital reserves	27	487,965,351	487,965,351	487,965,351
Other comprehensive income	28	19,040,586	20,449,643	24,429,256
Surplus reserve	29	14,814,948	14,814,948	14,121,773
Retained profits	31	328,482,660	337,199,472	293,385,866
Total equity attributable to the shareholders of the Company		952,179,496	962,305,365	921,778,197
Non-controlling interests		40,523,731	41,883,128	40,362,184
Total shareholders' equity		992,703,227	1,004,188,493	962,140,381
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,185,630,959	1,195,497,232	1,193,975,022

Dragon Crown Group Holdings Limited
CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Unit: RMB

	Note V	**January-September 2021**	**2020**	**2019**
Operating revenue	*32*	159,707,336	214,352,998	205,109,741
Less: Operating costs	*32*	72,871,726	101,597,466	102,808,847
Taxes and surcharges	*33*	1,829,379	2,361,806	2,601,384
Administrative expenses	*34*	25,718,217	31,067,975	34,129,197
Finance costs	*35*	(10,091,587)	(18,221,250)	(2,870,029)
Including: Interest expenses		2,120,953	5,301,004	7,492,410
Interest income		9,168,106	12,315,663	12,584,361
Add: Other income	*36*	524,293	1,780,159	312,119
Investment (losses)/gains	*37*	(3,591,896)	11,454,450	(2,052,212)
Including: (losses)/gains from investments in an associate and joint ventures	*37*	(3,831,707)	11,239,837	(2,052,212)
Operating profit		66,311,998	110,781,610	66,700,249
Add: Non-operating income	*38*	150,745	122,401	100
Less: Non-operating expenses	*39*	270,663	759,371	2,728,319
Total profit		66,192,080	110,144,640	63,972,030
Less: Income tax	*41*	20,761,084	28,214,159	23,702,790
Net profit		45,430,996	81,930,481	40,269,240
Classified by the continuity of operations				
Net profit from continuing operations		45,430,996	81,930,481	40,269,240
Classified by ownership				
Net profit attributable to shareholders of the Company		40,100,169	74,970,629	34,394,471
Net profit attributable to non-controlling interests		5,330,827	6,959,852	5,874,769

Unit: RMB

	Note V	**January-September 2021**	**2020**	**2019**
Other comprehensive losses, net of tax	*28*	(1,409,057)	(3,979,613)	(508,006)
Other comprehensive losses attributable to shareholders of the Company, net of tax		(1,409,057)	(3,979,613)	(508,006)
Other comprehensive loss to be reclassified to profit or loss				
Translation differences on translation of foreign currency financial statements	*28*	(1,409,057)	(3,979,613)	(508,006)
Total comprehensive income		44,021,939	77,950,868	39,761,234
Including:				
Total comprehensive income attributable to shareholders of the Company		38,691,112	70,991,016	33,886,465
Total comprehensive income attributable to non-controlling interests		5,330,827	6,959,852	5,874,769
Earnings per share				
Basic earnings per share	*42*	0.03	0.06	0.03
Diluted earnings per share	*42*	0.03	0.06	0.03

Dragon Crown Group Holdings Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Period from January to September 2021

Unit: RMB

	Equity attributable to shareholders of the Company								
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserve	Retained profits	Sub-total	Non-controlling interests	Total shareholders' equity
I. Balance at the beginning of the period	101,875,951	487,965,351	20,449,643	–	14,814,948	337,199,472	962,305,365	41,883,128	1,004,188,493
II. Changes during the period									
(I) Total comprehensive income	–	–	(1,409,057)	–	–	40,100,169	38,691,112	5,330,827	44,021,939
(II) Profit appropriation									
1. Distribution to shareholders	–	–	–	–	–	(48,816,981)	(48,816,981)	(6,690,224)	(55,507,205)
(III) Special reserves									
1. Appropriation during the period	–	–	–	2,374,277	–	–	2,374,277	263,516	2,637,793
2. Application during the period	–	–	–	(2,374,277)	–	–	(2,374,277)	(263,516)	(2,637,793)
III. Balance at the end of the period	101,875,951	487,965,351	19,040,586	–	14,814,948	328,482,660	952,179,496	40,523,731	992,703,227

2020

Unit: RMB

	Equity attributable to shareholders of the Company								
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserve	Retained profits	Sub-total	Non-controlling interests	Total shareholders' equity
I. Balance at the beginning of the year	101,875,951	487,965,351	24,429,256	–	14,121,773	293,385,866	921,778,197	40,362,184	962,140,381
II. Changes during the year									
(I) Total comprehensive income	–	–	(3,979,613)	–	–	74,970,629	70,991,016	6,959,852	77,950,868
(II) Profit appropriation									
1. Profit appropriation to surplus reserve	–	–	–	–	693,175	(760,736)	(67,561)	67,561	–
2. Distribution to shareholders	–	–	–	–	–	(30,396,287)	(30,396,287)	(5,506,469)	(35,902,756)
(III) Special reserves									
1. Appropriation during the year	–	–	–	3,105,166	–	–	3,105,166	344,635	3,449,801
2. Application during the year	–	–	–	(3,105,166)	–	–	(3,105,166)	(344,635)	(3,449,801)
III. Balance at the end of the year	101,875,951	487,965,351	20,449,643	–	14,814,948	337,199,472	962,305,365	41,883,128	1,004,188,493

2019

Unit: RMB

	Equity attributable to shareholders of the Company								
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserve	Retained profits	Sub-total	Non-controlling interests	Total shareholders' equity
I. Balance at the beginning of the year	101,875,951	487,965,351	24,937,262	–	13,529,178	297,283,436	925,591,178	44,109,697	969,700,875
II. Changes during the year									
(I) Total comprehensive income	–	–	(508,006)	–	–	34,394,471	33,886,465	5,874,769	39,761,234
(II) Profit appropriation									
1. Profit appropriation to surplus reserve	–	–	–	–	592,595	(648,213)	(55,618)	55,618	–
2. Distribution to shareholders	–	–	–	–	–	(37,643,828)	(37,643,828)	(9,677,900)	(47,321,728)
(III) Special reserves									
1. Appropriation during the year	–	–	–	3,445,787	–	–	3,445,787	382,440	3,828,227
2. Application during the year	–	–	–	(3,445,787)	–	–	(3,445,787)	(382,440)	(3,828,227)
III. Balance at the end of the year	101,875,951	487,965,351	24,429,256	–	14,121,773	293,385,866	921,778,197	40,362,184	962,140,381

Dragon Crown Group Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Unit: RMB

	Note V	**Period from January to September 2021**	**2020**	**2019**
I. Cash flows from operating activities				
Cash received from sale of goods and rendering of services		160,290,852	213,143,706	215,654,934
Tax rebate received		524,293	696,211	266,020
Cash received relating to other operating activities	*43*	150,745	1,206,349	46,199
Sub-total of cash inflows from operating activities		160,965,890	215,046,266	215,967,153
Cash paid for goods and services		29,746,820	49,667,942	45,557,720
Cash paid to and on behalf of employees		24,781,475	28,223,359	28,472,948
Cash paid for taxes		21,083,152	28,776,729	27,875,056
Cash paid for other operating activities	*43*	7,696,684	9,784,215	13,631,380
Sub-total of cash outflows from operating activities		83,308,131	116,452,245	115,537,104
Net cash flows from operating activities		77,657,759	98,594,021	100,430,049

Unit: RMB

	Note V	Period from January to September 2021	2020	2019
II. Cash flows from investing activities				
Cash received from sale of investments		100,000,000	30,000,000	5,000,000
Cash received from investment gain		4,334,644	9,233,935	13,397,884
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		726,400	80,197	235,634
Sub-total of cash inflows from investing activities		105,061,044	39,314,132	18,633,518
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		10,396,685	15,519,122	8,560,393
Cash paid for investments		160,000,000	30,000,000	30,000,000
Sub-total of cash outflows from investing activities		170,396,685	45,519,122	38,560,393
Net cash flows used in investing activities		(65,335,641)	(6,204,990)	(19,926,875)

Unit: RMB

	Note V	Period from January to September 2021	2020	2019
III. Cash flows from financing activities				
Cash received from borrowings		–	–	44,056,745
Sub-total of cash inflows from financing activities		–	–	44,056,745
Cash paid for repayment of borrowings		22,552,002	24,123,977	23,790,642
Cash payments for distribution of dividends, profits or interest expenses		32,659,926	41,321,879	54,774,615
Including: Dividends paid to non-controlling interests by subsidiaries		–	5,506,470	9,677,902
Other cash paid in relation to financing activities	*43*	642,852	–	–
Sub-total of cash outflows from financing activities		55,854,780	65,445,856	78,565,257
Net cash flows used in financing activities		(55,854,780)	(65,445,856)	(34,508,512)
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		403,230	(1,512,747)	237,722
V. Net (decrease)/increase in cash and cash equivalents	*44*	(43,129,432)	25,430,428	46,232,384
Add: cash and cash equivalents at beginning of period/year		242,843,041	217,412,613	171,180,229
VI. Net balance of cash and cash equivalents at the end of period/year	*44*	199,713,609	242,843,041	217,412,613

Dragon Crown Group Holdings Limited
BALANCE SHEET
30 September 2021, 31 December 2020 and 31 December 2019

Unit: RMB

	Note XIII	**30 September 2021**	**31 December 2020**	**31 December 2019**
Assets				
Current assets				
Cash and bank balances		87,012,493	116,170,479	123,907,007
Prepayments		202,708	401,438	361,035
Other receivables		6,711	119,726	207,143
Total current assets		87,221,912	116,691,643	124,475,185
Non-current assets				
Long-term equity investments		643	654	695
Long-term receivables	*1*	612,672,401	655,753,081	674,631,816
Total non-current assets		612,673,044	655,753,735	674,632,511
TOTAL ASSETS		699,894,956	772,445,378	799,107,696
Liabilities and shareholders' equity				
Current liabilities				
Other payables		20,543,482	1,331,698	1,532,158
Non-current liabilities due within one year		120,543,990	60,485,071	46,673,905
Total current liabilities		141,087,472	61,816,769	48,206,063
Non-current liabilities				
Long-term borrowings		–	83,887,673	130,967,281
Total non-current liabilities		–	83,887,673	130,967,281
Total liabilities		141,087,472	145,704,442	179,173,344

Unit: RMB

	Note XIII	30 September 2021	31 December 2020	31 December 2019
Shareholders' equity				
Share capital		101,875,951	101,875,951	101,875,951
Capital reserves		470,038,973	470,038,973	470,038,973
Other comprehensive (loss)/ income		(17,997,960)	(7,972,871)	30,452,642
Retained profits		4,890,520	62,798,883	17,566,786
Total shareholders' equity		558,807,484	626,740,936	619,934,352
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		699,894,956	772,445,378	799,107,696

Dragon Crown Group Holdings Limited
INCOME STATEMENT
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Unit: RMB

	January-September 2021	2020	2019
Operating revenue	–	–	–
Less: Administrative expenses	9,984,208	13,357,094	15,467,466
Finance costs	(892,826)	(49,156)	6,359,295
Including: Interest expenses	2,076,858	5,301,004	7,492,410
Interest income	1,334,103	1,879,072	2,993,610
Add: Investment gains	–	88,936,322	–
Operating (loss)/profit	(9,091,382)	75,628,384	(21,826,761)
Total (loss)/profit	(9,091,382)	75,628,384	(21,826,761)
Net (loss)/profit	(9,091,382)	75,628,384	(21,826,761)
Classified by the continuity of operations			
Net (loss)/profit from continuing operations	(9,091,382)	75,628,384	(21,826,761)

Unit: RMB

	January-September 2021	2020	2019
Other comprehensive (loss)/income, net of tax	(10,025,089)	(38,425,513)	10,965,256
Other comprehensive (loss)/income to be reclassified to profit or loss			
Translation differences on translation of foreign currency financial statements	(10,025,089)	(38,425,513)	10,965,256
Total comprehensive (loss)/income	(19,116,471)	37,202,871	(10,861,505)

Dragon Crown Group Holdings Limited
STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Period from January to September 2021

Unit: RMB

	Period from January to September 2021				
	Share capital	**Capital reserve**	**Other comprehensive loss**	**Retained profits**	**Total shareholders' equity**
I. Opening balance of the period	101,875,951	470,038,973	(7,972,871)	62,798,883	626,740,936
II. Changes during the period					
(I) Total comprehensive loss	–	–	(10,025,089)	(9,091,382)	(19,116,471)
(II) Profit appropriation					
1. Distribution to shareholders	–	–	–	(48,816,981)	(48,816,981)
III. Balance at the end of the period	101,875,951	470,038,973	(17,997,960)	4,890,520	558,807,484

2020

Unit: RMB

	2020				
	Share capital	**Capital reserve**	**Other comprehensive income/(loss)**	**Retained profits**	**Total shareholders' equity**
I. Balance at the beginning of the year	101,875,951	470,038,973	30,452,642	17,566,786	619,934,352
II. Changes during the year					
(I) Total comprehensive income	–	–	(38,425,513)	75,628,384	37,202,871
(II) Profit appropriation					
1. Distribution to shareholders	–	–	–	(30,396,287)	(30,396,287)
III. Balance at the end of the year	101,875,951	470,038,973	(7,972,871)	62,798,883	626,740,936

2019

Unit: RMB

	2019				
	Share capital	**Capital reserves**	**Other comprehensive income**	**Retained profits**	**Total shareholders' equity**
I. Balance at the beginning of the year	101,875,951	470,038,973	19,487,386	77,037,375	668,439,685
II. Changes during the year					
(I) Total comprehensive loss	–	–	10,965,256	(21,826,761)	(10,861,505)
(II) Profit appropriation					
1. Distribution to shareholders	–	–	–	(37,643,828)	(37,643,828)
III. Balance at the end of the year	101,875,951	470,038,973	30,452,642	17,566,786	619,934,352

Dragon Crown Group Holdings Limited
CASH FLOW STATEMENT
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Unit: RMB

	Period from January to September 2021	2020	2019
I. Cash flows from operating activities			
Cash received from other operating activities	311,745	87,417	3,938
Sub-total of cash inflows	311,745	87,417	3,938
Cash paid for other operating activities	2,599,185	11,519,641	4,164,569
Sub-total of cash outflows from operating activities	2,599,185	11,519,641	4,164,569
Net cash flows used in operating activities	(2,287,440)	(11,432,224)	(4,160,631)
II. Cash flows from investing activities			
Cash received from investment gain	27,382,137	66,149,622	46,293,998
Sub-total of cash inflows from investing activities	27,382,137	66,149,622	46,293,998
Net cash flows from investing activities	27,382,137	66,149,622	46,293,998

Unit: RMB

	Period from January to September 2021	2020	2019
III. Cash flows from financing activities			
Cash received from borrowings	–	–	44,056,745
Sub-total of cash inflows from financing activities	–	–	44,056,745
Cash paid for repayment of borrowings	22,552,002	24,123,977	23,790,642
Cash payments for distribution of dividends, profits or interest expenses	32,659,926	35,815,409	45,096,713
Sub-total of cash outflows from financing activities	55,211,928	59,939,386	68,887,355
Net cash flows used in financing activities	(55,211,928)	(59,939,386)	(24,830,610)
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	959,245	(2,514,540)	233,575
V. Net (decrease)/increase in cash and cash equivalents	(29,157,986)	(7,736,528)	17,536,332
Add: cash and cash equivalents at beginning of period/year	116,170,479	123,907,007	106,370,675
VI. Net balance of cash and cash equivalents at the end of period/year	87,012,493	116,170,479	123,907,007

Dragon Crown Group Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 30 September 2021, and the years of 2020 and 2019

Unit: RMB

I. Corporate information

Dragon Crown Group Holdings Limited (the "Company") was incorporated on 16 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company completed its initial public offering on the Main Board of the Hong Kong Stock Exchange on 10 June 2011. The Company offered 1,109,662,000 shares when listing in June 2011 and completed a new share placement of 110,966,200 shares in September 2016. The placement shares were issued under the general mandate. As of 31 December 2019, 31 December 2020 and 30 September 2021, the Company has a total of 1,220,628,000 issued shares.

The Company and its subsidiaries (the "Group") is one of the integrated service providers in China in storage and handling of liquid petrochemicals with 3 liquid petrochemical terminals in Nanjing, Ningbo and Weifang. Its specific businesses include loading and discharging of liquid chemical products at the Group's terminals, storage of liquid chemical products at the Group's tank farm and delivery of such products by utilising the Group's dedicated pipelines and other basic terminal infrastructure.

The ultimate holding company of the Company is Lirun Limited, which is a company incorporated in British Virgin Islands with limited liability.

The consolidation scope of consolidated financial statements is determined on the basis of control. There is no change in the scope of consolidation during the reporting period.

These financial statements were approved by the board of directors of the Group on 10 January 2022.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

These financial statements are solely for the purpose of the application documents to be filed with the Shenzhen Stock Exchange in relation to the proposed general offer by Guangdong Great River Smarter Logistics Co., Ltd. to acquire all the shares of Dragon Crown Group Holdings Limited only, and shall not be used for other purposes.

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently by the Ministry of Finance (the "MOF") (collectively referred to as "Chinese Accounting Standards").

The financial statements are presented on a going concern basis. In preparing these financial statements, all the assets (other than certain financial instruments) are carried at historical cost. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting policies and accounting estimates are formulated based on the actual characteristics of production and operation. These are reflected in the provision for bad debts in respect of account receivables, inventory valuation method, depreciation of fixed assets and recognition and measurement of revenue.

1. Statement of compliance with Chinese Accounting Standards

The financial statements present, fairly and fully, the financial position of the Company and the Group as at 31 December 2019, 31 December 2020 and 30 September 2021 and the results of operations and the cash flows for the years of 2019 and 2020 and the nine months ended 30 September 2021 in accordance with Chinese Accounting Standards.

2. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

The functional currency of the Company is Hong Kong dollar. The currency used by the Group in preparing the financial statements is Renminbi. The amounts in the financial statements were denominated in Renminbi, unless otherwise stated.

The subsidiaries, joint ventures and an associate of the Group may determine their own functional currencies based on the major economic environment in which they operate the business. In preparation of financial statements, their functional currencies shall be translated into Renminbi.

4. Business combination

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not involving entities under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date refers to the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination not involving entities under common control at their fair values on the acquisition date.

The excess of the fair value of the sum of the consideration paid (or fair value of equities securities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the fair value of the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or fair value of equities securities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or fair value of equities securities issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or fair value of equities securities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognised in profit or loss.

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity that is controlled by the Company.

In preparation of consolidated financial statements, the Company shall make adjustments to the financial statements of the subsidiary based on its own accounting policies when the accounting policies of a subsidiary is different from that of the Company. The Company shall make adjustments to the accounting period of the subsidiary based on its own accounting period when the accounting period of a subsidiary is different from that of the Company. All intra-group assets, liabilities, interests, income, expenses and cash flow are eliminated in full on consolidation.

Where the amount of losses of a subsidiary attributable to the non-controlling interests in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group gains control, till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

6. Classification of joint arrangements

Joint arrangements are in the form of joint operation or jointly-controlled enterprise. A joint operation is a joint arrangement under which the joint venture parties are entitled to assets and undertake liabilities under the arrangement. A jointly-controlled enterprise is a joint arrangement under which the joint venture parties are only entitled to the net assets under such arrangement.

The joint venture jointly controlled by the Group and other joint venture parties uses the Group's Articles of Association as the basis for determining it as a joint venture.

7. Cash and cash equivalents

Cash comprises cash on hand and demand deposits; cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

8. Foreign currency operations and foreign currency translation

Transactions in foreign currencies are translated into the reporting currency accordingly.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying to the foreign currency amount the spot exchange rate prevailing at the end of transaction month. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary items translation are taken to profit or loss in the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing an the end of transaction month, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognized in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than "retained profits" are translated using the spot exchange rate at the date of transactions; revenue and expense items in the income statement are translated using the average exchange rate for the period during which the transactions occur. The resulting foreign currency exchange differences in the financial statement are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss for the current period. If the disposal only involves a portion of a particular foreign operation, the amount is recognized on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instrument

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's account and balance sheet) when:

(1) the rights to receive cash flows from the financial asset have expired; or

(2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

A regular way purchases or sales of financial assets are recognised and derecognised, as applicable, using trade date accounting. A regular way purchase or sale of financial assets represents a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

Classification and measurement of financial assets

Financial assets of the Group are initially classified into financial assets at fair value through profit or loss and financial assets at amortised cost based on the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are measured at fair value on initial recognition. However, if accounts receivable or bills receivable arising from sales of merchandises or provision of services does not include significant financing components or does not consider financing components not exceeding one year, it shall initially be recognized as the transaction price.

Underlying fee of financial assets at fair value through profit or loss are directly recognised in profit or loss, while those of other classifications are attributed to the acquisition of financial assets.

Subsequent measurement of financial assets are based on their classification:

Debt instrument investment at amortised cost

Financial assets are classified into financial assets at amortised cost when both of the following conditions are satisfied: The business model is to collect contractual cash flows; the cash flows on specific date are solely payments of principal and interest on the principal amount outstanding according to the agreement of the financial assets. Their interest income is recognised using the effective interest rate method. Gains or losses arising from derecognition, modification or impairment are recognised in profit or loss.

Financial assets at fair value through profit or loss

Other than the financial assets at amortised cost and the financial assets at fair value through other comprehensive income mentioned above, financial assets are classified into financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value and the gain or loss arising from a change in the fair value will be recognised in profit or loss.

Classification and measurement of financial liabilities

Financial liabilities of the Group are classified as other financial liabilities on initial recognition. Underlying fee of other financial liabilities are included in the initial recognition amounts.

Subsequent measurement of financial liabilities is based on their classification:

Other financial liabilities

Such financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

The Group recognises a loss for impairment of financial assets at amortised cost based on their expected credit loss.

For receivable without significant financing components, the Group uses the simplified approach to calculate the credit impairment loss, based on lifetime expected credit loss.

Other than the financial assets using simplified approach, the Group evaluates whether the credit risk has significantly increases since the initial recognition at each balance sheet date. When credit risk has not increased significantly since the initial recognition, the financial instruments are included in Stage I. The Group calculates impairment allowance at an amount equivalent to the expected credit loss of the financial instruments for the next 12 months and recognises the interest income by using the carrying amount and effective interest rate. When credit risk has increased significantly since the initial recognition, but have no objective evidence of impairment, the financial instruments are included in Stage II. The Group calculates the impairment allowance at an amount equivalent to the expected credit loss over the lifetime of the financial instruments and recognises the interest income by using carrying amount and effective interest rate. If the financial assets have objective evidence of impairment, the financial instruments are included in Stage III. The Group calculates the impairment allowance at an amount equivalent to the expected credit loss over the lifetime of the financial instruments and recognises the interest income by using amortised cost and effective interest rate.

The Group assesses the expected credit loss of financial instruments individually and collectively. The Group considers the nature of credit risks of different customers, and assesses the expected credit loss of receivables and other receivables based on aging portfolio of overdue debts.

The disclosure related to the criterion for whether the credit risk has increased significantly, the definition of the impaired financial assets and the hypothesis of the measurement of expected credit loss refers to Note VII.3.

When the Group no longer reasonably expects to collect all or part of the contractual cash flows, the Group writes down the carrying amount of the financial assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

Transfer of financial assets

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

10. Inventories

Inventories include raw materials and spare parts reserved for sale or consumption in production operation.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of processing and other costs. The actual cost of raw materials transferred out is assigned by specific identification method.

The Groups adopts perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for impairment of inventories is recognized in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist, so that the net realisable value is higher than its carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. When making provision for impairment loss, for the cost of inventories not recoverable due to damage or obsolescence or for the reason that the selling prices are lower than costs, impairment loss shall be made at the end of the period if the net realisable value of individual inventory item is lower than its carrying amount. The carrying amount of inventories will be credited into profit or loss in full to write-off at one time if such inventories are rotten and deteriorated, have expired with no transfer value, are no longer required in production and without use value and transfer value.

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and an associate.

Long-term equity investments are initially measured at its initial investment cost when acquired. For a long-term equity investment acquired through business combination involving enterprises under common control, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the ultimate controlling party's consolidated financial statements on the date of combination. The difference between initial investment cost and the carrying amount of the consolidated consideration is adjusted to capital reserve (if the balance of capital reserve is not sufficient to absorb the difference, any excess shall be adjusted to retained profits). For other comprehensive income before the combination date, the same basis as direct disposal of the related assets or liabilities of the investee is adopted when the investment is disposed of. Shareholders' equity recognised as a result of changes in shareholders' equity other than net profit or loss, other comprehensive income and profits distribution of the investee is transferred to profit or loss for the period when the investment is disposed of. Among which, after the disposal, the long-term equity investments will still be carried forward in proportion, and if it is converted into financial instruments after the disposal, it will be carried forward in full. For a long-term equity investment acquired through business combination not involving enterprises under common control, the combination cost is taken as the initial investment cost (if the business combination not involving enterprises under common control is realised step by step through multiple transactions, the initial investment cost will be the sum of the carrying amount of the equity investment held by the acquire prior to the acquisition date and the new investment cost on the acquisition date). The combination cost includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the issued equity securities. For other comprehensive income held before the acquisition date and recognised as a result of the adoption of the equity method, the same basis as direct disposal of the related assets or liabilities of the invest is adopted when the investments are disposed of. Shareholders' equity recognised as a result of changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to the profit or loss for the period when the investment is disposed of. Among which, after the disposal, the long-term equity investments will still be transferred in proportion, and if it is converted into financial instruments after the disposal, it will be transferred in full. In addition to the long-term equity investments acquired by the long-term investment formed by business combination, the initial investment cost is determined according to the following methods: if acquired by cash payment, the actual purchase price and the expenses, taxes and other required expenditures directly related to the long-term equity investment will be taken as the initial investment cost; if acquired through issuing equity securities, the fair value of the issued equity instruments will be taken as the initial investment cost.

The long-term equity investments that the Group can exercise control over the investee is accounted for using the cost method in the Group's individual financial statements. Control refers to having the power to the investee to enjoy variable returns by participating in the relevant activities of the investee and having the ability to use the power of the investee to influence the amount of returns.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment shall be adjusted. The cash dividends or profits declared by the Investee are recognised as investment gain for the current period.

When the Group has joint control or significant influence over the investee, the long-term equity investments shall be accounted for using the equity method. Joint control is the contractually agreed sharing of control over an arrangement, and exists only when the decision making about the relevant activities requires the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, it will be classified as the initial investment cost of the long-term equity investment. Where the initial investment cost of the long-term investment is less than the Group's share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognised in profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, after a long-term equity investment is acquired, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment gain or loss and other comprehensive income for the period, respectively, and adjusts the carrying amount of the long-term equity investment. When recognizing the share of the net profit or loss of the investee to be entitled, based on the fair value of the investee's identifiable assets at the time of acquiring the investment, in accordance with the Group's accounting policies and accounting periods, the Group will offset the profits or losses arising from internal transactions between an associate and joint ventures to calculate the portion attributable to the investor in proportion to be enjoyed (but if the losses of internal transaction are asset impairment losses, they shall be fully recognised). The net profit of the investee is recognised after the adjustment, except that the assets that are invested or sold constitute businesses. The portion to be enjoyed shall be calculated according to the profit or cash dividend declared to be distributed by the investee, and the carrying amount of the long-term equity investment shall be reduced accordingly. The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. For changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee, the carrying amount of long-term equity investment shall be adjusted and recognised in shareholders' equity.

For disposal of a long-term equity investment, the difference between the carrying amount and the actual price is recognised in profit or loss for the current period. For long-term equity investments under the equity method, if the equity method is adopted due to the termination of the disposal, other comprehensive income related to the original equity method is accounted for on the same basis as the investee's directly disposes of the related assets or liabilities. Shareholders' equity recognised as a result of changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is all transferred to profit or loss for the period; under the equity method, other comprehensive income related to the original equity method is accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities, and is transferred to the profit or loss for the period in proportion. Shareholders' equity recognised as a result of changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to the profit or loss for the current period according to the corresponding proportion.

12. Fixed assets

A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such subsequent expenditures shall be recognised in profit or loss for the current period in which they are incurred.

Fixed assets are initially measured at cost. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

Depreciation of fixed assets is provided on the straight-line basis over their useful life. The estimated useful lives, estimated residual value and annual depreciation rates of fixed assets are as follows:

	Useful life	Estimated net residual value	Annual depreciation rate
Buildings and structures	5-30years	5%	3%-19%
Means of transportation vehicles	5years	5%	19%
Office and electronic equipment	5years	5%	19%

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method applied at least once at each year-end, and make adjustments when necessary.

13. Construction in progress

Construction in progress is recognised based on the actual construction expenditures incurred. It includes all types of expenditures necessary to be incurred during the construction period, capitalised borrowing costs on related borrowings before the asset is ready for intended use, and other relevant expenditures.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

14. Borrowing costs

Borrowing costs refer to interest and other related costs arising from the Group's borrowing. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised when such costs full the conditions of capitalisation, whereas other borrowing costs are recorded in profit or loss for the period. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantially long period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

(1) Expenditures for the asset have been incurred;

(2) Borrowing costs have been incurred; and

(3) Activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred shall be recognised in profit or loss for the current period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

(1) for specific borrowings, the borrowing costs eligible for capitalisation are the actual interest costs incurred during the current period deducted by any temporary interest or investment gain;

(2) for general borrowings, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the excess amounts of cumulative expenditures on the asset over the weighted average of cumulative expenditures on the asset of specific borrowings multiplying the weight average rate of general borrowings.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months except the necessary procedures for the assets to get ready for their intended use or sale. The borrowing costs incurred during the suspension period shall be recognised as expenses in profit or loss for the current period until the acquisition, construction or production of the asset is resumed.

15. Right-of-use assets (applicable from 1 January 2021)

The Group's right-of-use assets include buildings and structures and leased land.

On the commencement date of the lease term, the Group recognises its right to use the leased assets over the lease term as right-of-use assets, the amount of which includes: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease term less any lease incentives already received; any initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the leased asset, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease. The Group depreciates the right-of-use assets by using the straight-line method. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group shall depreciate the leased assets over the remaining useful life. If it is not reasonable to determine that the ownership of the leased assets can be obtained at the expiry of the lease term, the Group shall depreciate the leased assets over the lease term or the remaining useful life of the leased assets, whichever is shorter.

The Group shall remeasure lease liabilities according to the present value of the changed lease payments and adjust the book value of the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets is reduced to zero, yet there is still a further reduction in the measurement of the lease liabilities, the Group recognises any remaining amount of the remeasurement in profit or loss for the current period.

16. Intangible assets

Intangible assets are recognised only when it is probable that the economic benefits associated with the asset will flow into the Group and the costs can be measured reliably. Intangible assets are measured initially at cost.

The useful life of the intangible assets shall be determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of each category of intangible assets are as follows:

	Useful life
Land use rights	50 years

Land use rights obtained by the Group are usually accounted for as intangible assets.

Intangible assets with finite useful lives are amortised over their useful lives using the straight-line method. The Group reviews the useful lives and the amortisation method for intangible assets with finite useful lives at least once at each year-end, and makes adjustments when necessary.

17. Impairment of assets

The Group determines the impairment of assets other than inventories, deferred income taxes and financial assets based on the following methods:

The Group assesses at the balance sheet date whether there is any indication that the assets may be impaired. If any indication exists that such assets may be impaired, the Group estimates the recoverable amount of the asset and performs impairment tests.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is difficult to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group shall be based on whether major cash inflows generated by the asset group are independent from the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount by the Group. The reduced amount is recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing for goodwill, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is difficult to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination and is not larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups including goodwill for impairment, if there is indication of impairment, the Group shall first test the asset group or the set of asset groups excluding goodwill for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including goodwill for impairment. The carrying amount of the related asset group or set of asset group is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, an impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups and then, the carrying amount of other assets (excluding goodwill) within the asset group or set of asset groups pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognised, it shall not be reversed in subsequent accounting periods.

18. Long-term prepayments

Long-term prepayments are amortised on the straight-line basis. The amortisation period is as follows:

	Amortisation period
Renovation and overhaul	5 years

19. Employee benefits

Employee compensation includes short-term compensation, post-employment benefits and termination benefits provided in various forms of consideration other than share-based payment given by the Group in exchange for service rendered by employees or compensations for the termination of employment relationship. The benefits that the Group provides to the spouse, children and dependents of the employees, the late employees' family and other beneficiaries also shall be deemed as employee benefits.

Short-term remuneration

During an accounting period when employees render services, short-term remuneration actually incurred are recognised as a liability, and charged to profit or loss or in related costs of assets for the current period.

Post-employment benefits (defined contribution plan)

The Group's employees participate in the pension insurance and unemployment insurance administered by the local government in Mainland China or the mandatory provident fund system administered by the HKSAR government according to their place of work, and the relevant expenditure is recognised, when incurred, in the costs of the relevant assets or profit or loss of the current period.

Termination benefits

The Group recognises a liability for employee remuneration arising from termination benefits, and charged to profit or loss at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits unilaterally due to proposed termination of employment or proposal for rundown; and when the entity recognises costs or expenses for restructuring that related to the payment of termination benefits.

20. Lease liabilities (applicable from 1 January 2021)

On the commencement date of the lease term, the Group recognises the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group used the lessee's incremental borrowing rate as the discount rate because the interest rate implicit in the lease is not readily determinable. The Group calculates interest expenses of lease liabilities in each period of the lease term based on the constant periodic interest rate and recognises the interest expenses in profit or loss for the current period, except for those that are stipulated to be recognised in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, except for those that are stipulated to be recognised in related asset costs.

After the commencement date of the lease term, in the event of change in the actual fixed payment amount, change in the amount expected to be payable under a residual value guaranteed, change in the index or ratio used to determine the lease payment, or change in the assessment results or actual exercise rights of the call option, renewal option or termination option, the Group re-measures the lease liability based on the present value of the changed lease payments.

21. Provisions

Except for contingent consideration and contingent liabilities assumed in business combinations involving enterprises not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

(1) the obligation is a present obligation assumed by the Group;

(2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and

(3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with a comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimation.

22. Revenue from contracts with customers (applicable from 1 January 2020)

The Group recognises revenue when a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Acquiring control of the goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits therefrom.

Service agreement

The service agreement entered into between the Group and its customers usually includes performance obligations such as terminal storage and handling, berthage, mooring and unmooring services for liquid chemicals. Customers simultaneously receive and consume the benefits provided by the Group, the revenue is recognised as the performance obligation performed within a certain period of time on a straight-line basis over contract terms, or alternatively, use an input method, i.e. recognising the revenue based on the performance progress, based on the proportion of the throughput volume incurred relative to the service rendered by the Group.

Rental income

Rental income under an operating lease are recognised on a straight-line basis in each period over the lease term.

Variable consideration

When the amount of the contract includes a variable amount, the contract amount is the amount that the Group is expected to be entitled to receive in exchange for the goods or services transferred to the customer. The Group determines the variable consideration based on the expected or the most probable value. However, the transaction price including variable considerations should not exceed the amount accumulatively recognised which is not likely to be significantly reversed when the uncertainty disappears.

Significant financing component

If the contract includes significant financing component, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when control of the goods or services is obtained by the customer. By discounting the nominal amount of the contract consideration to the discount rate of the current selling price of the goods or services, the difference between the transaction price determined and the contract consideration of the contract committed shall be amortised within the contract period using effective interest rate method. If the Group expects that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

23. Revenue (applicable for 2019)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably, and that the following conditions are satisfied.

Revenue from rendering of services

At the balance sheet date, where the outcome of a transaction involving the rendering of services can be estimated reliably, the percentage of completion method shall be used to recognise revenue from rendering of services., otherwise revenues are recognised to the extent of the costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably means that it also satisfies the following conditions: the amount of income can be reliably measured; the relevant economic benefits are likely to flow to the Group; the progress of completion of the transaction can be reliably determined; and the costs incurred and the costs to be incurred in the transaction can be reliably measured. The Group's revenues mainly include terminal storage and handling, berthage, mooring and unmooring services for liquid chemicals. The revenues for rendering terminal storage and handling, berthage, mooring and unmooring services for liquid chemicals are recognised (1) on a straight-line basis over the period stipulated in the contract terms; or (2) according to the progress of completion of the transaction based on the proportion of the throughput volume incurred relative to the service rendered by the Group. The total amount of revenue from rendering of services shall be determined in accordance with the contract or agreed price received or receivable from the party receiving the services, except that the contract or agreed price received or receivable is unfair.

Rental income

Rental income under an operating lease are recognised on a straight-line basis in each period over the lease term. Contingent rents are recognised in profit or loss in the period in which they actually arise.

24. Contract liabilities (applicable from 1 January 2020)

Customer payments received by the Group before performance of obligations are presented in the balance sheet as contract liabilities.

Contract liabilities

Contract liabilities are the obligation to transfer goods or services to customers at a price received or receivable, such as amounts that the business has received prior to the transfer of promised goods or services.

25. Government grants

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at the nominal amount.

Government documents stipulate that if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognised as the government grants related to assets. If the government documents are unclear, they should be judged on the basis of the basic conditions necessary for obtaining such grants, if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognised as the government grants related to assets, and the others should be recognised as income-related government grants.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

Government grants related to assets are recognised as deferred income and evenly distributed in profit or loss over the useful period of related assets in a reasonable and systematic way. Government grants measured at their nominal amounts shall be recognised immediately in profit or loss for the current period. If the relevant assets are sold, transferred, disposed of or ruined before their useful life ends, the undistributed relevant deferred income shall be transferred to the gain from asset disposal for the current period.

26. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income tax expense or income in profit or loss for the current period, except for the adjusted goodwill resulting from a business combination or those relating to a transaction or event which is included directly in shareholders' equity, they are included in the shareholder's equity.

Current income tax liabilities or assets for the current and prior periods are measured at the amount of income tax expected to be paid or recovered according to the requirements of tax laws.

For temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and tax bases, and temporary differences between the carrying amounts and the tax bases of items which have not been recognised as assets and liabilities but the tax bases of which can be determined for tax purposes, deferred taxes are provided using the liability method of the balance sheet.

A deferred tax liability is recognised for all taxable temporary differences, except:

(1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) the transaction is not a business combination; and (ii) at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss.

(2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

(1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit or deductible loss is affected.

(2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures that satisfy all of the following conditions simultaneously, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available for deducting against the deductible temporary differences in the future.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences of the manner by which the Group expects to recover the assets or settle the liabilities at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable to obtain sufficient taxable profit in future periods to deduct the income of deferred income tax assets. Deferred tax assets which have not been recognised are reassessed at the balance sheet date and are recognised to the extent that it is probable to have sufficient taxable profit available to deduct all or part of the deferred tax asset to be recovered.

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed in the net amount after offsetting: the Group has a legal right to settle current tax assets and income tax liabilities on a net basis; the deferred income tax assets and deferred income tax liabilities are related to the income tax payable by the same tax payer to the same taxation authority or related to different tax payers, but during the period when each of the significant deferred income tax assets and deferred income tax liabilities is reversed, the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

27. Leases (applicable from 1 January 2021)

Recognition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange of consideration. To determine whether the right to control the use of identified assets within a certain period of time under a contract has been transferred, the Group assesses whether a client in the contract has the right to use almost all of the economic benefits arising from the use of the identified assets during the period of use, and has the right to dominate the use of identified assets during this period of use.

The lease term is the period during which the Group has the right to use the leased asset and is irrevocable. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease, and reasonably determine that the option will be exercised. The lease term also includes the period covered by the option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset but reasonably determine that the option will not be exercised. The lease term includes the period covered by the option to terminate the lease. In the event of a major event or change within the Group's controllable scope, and affecting whether the Group reasonably determines that the option will be exercised, the Group reassesses whether it reasonably determines that it will exercise the option to renew the lease, call option or not to exercise the option to terminate the lease.

As a lessee

For the general accounting treatment of the Group as a lessee, please refer to Note III. 15 and Note III. 20.

Modification of lease

Modification of lease is the modification of lease scope, lease consideration, and lease term beyond the original contract terms, including the addition or termination of the rights of use of one or more leased assets, and the extension or shortening of the lease period stipulated in the contract.

If the modification of lease happens and meets the following conditions, the Group will conduct accounting treatment for the modification of lease as a separate lease:

(1) the modification of lease expands the scope of lease by increasing the rights of use of one or more leased assets;

(2) the increased consideration and the individual price of the expanded part of lease are equivalent after adjustment is made in accordance with the contract situation.

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall redetermine the lease term on the effective date of modification of lease and discount the modified lease payments using the revised discount rate, in order to remeasure the lease liabilities. When calculating the present value of the lease payments after modification, the Group adopts the interest rate contained in the lease for the remaining lease periods as the discount rate; if the lease interest rate contained in the lease for the remaining lease periods cannot be readily determined, the Group's incremental borrowing increase shall then be used as the discount rate on the effective date of modification of lease.

In view of the consequences of the above adjustment of the lease liabilities, the Group conducts accounting treatment based on each of the following cases accordingly:

(1) if the modification of lease results in a narrower scope of lease or a shorter lease term, the Group reduces the book value of the right-of-use assets to reflect the partial or complete termination of the lease. The Group recognises the gain or loss relevant to the partial or complete termination of the leases in the profit or loss;

(2) for other modification of lease, the Group adjusts the book value of the right-of-use assets accordingly.

Short-term leases and low-value asset leases

On the commencement date of the lease term, the Group shall recognise leases with a lease term of less than 12 months and not including a call option as a short-term lease. The Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Group subleases or expects to sublease the leased assets, the original leases shall not be recognised as low-value asset lease. The Group chooses not to recognise short-term leases and low-value asset leases as right-of-use assets and lease liabilities. During each period over the lease term, short-term leases and low-value asset leases shall be recognised in the related asset cost or current profit and loss on a straight-line basis.

As a lessor

On the commencement date of the lease term, all leases with risks and rewards incident to the ownership of the leased assets are substantially transferred into finance leases, and all other leases are operating leases.

As the lessor of an operating lease

Rental income under an operating lease is recognised in profit or loss on a straight-line basis in each period over the lease term. Variable lease payments that are not included in lease receipts are included in profit or loss in the period in which they actually arise.

28. Leases (applicable for 2019 and 2020)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset, and all other leases are operating leases.

As the lessee of an operating lease

Rental expense under an operating lease is included in the cost of the underlying asset or profit or loss on a straight-line basis in each period over the lease term.

As the lessor of an operating lease

Rental income under an operating lease is recognised in profit or loss on a straight-line basis in each period over the lease term. Contingent rents are recognised in profit or loss in the period in which they actually arise.

29. Production safety expenses

The Group provides and uses production safety expenses in accordance with the relevant requirements and pursuant to the relevant provisions of the "Administrative Measures for the Provision and Use of Enterprise Work Safety Funds" (Cai Qi [2012] No. 16) of the Ministry of Finance and the State Administration of Work Safety. The Group provides production safety expenses for the tank fields based on the actual operating revenue in last year, which are provided monthly in a regressive basis in accordance with the following standards:

1) Provision of 4% for operating income of RMB10 million and below;

2) Provision of 2% for operating income of RMB10 million to RMB100 million (inclusive);

3) Provision of 0.5% for operating income of RMB100 million to RMB1,000 million (inclusive);

4) Provision of 0.2% for operating income above RMB1,000 million.

Production safety expenses for terminals are provided monthly based on the actual operating revenue in last year in accordance with the following standards:

1) Provision of 1% for general cargo transportation business;

2) Provision of 1.5% for passenger transportation business, pipeline transportation and special cargo transportation such as dangerous goods.

Production safety expenses are included in the cost of relevant products or the current profit and loss and simultaneously credited in "special reserve" account when provided. When using the production safety expenses provided in accordance with the required scope, the amount will be debited directly from the special reserve if it is related to expenditure. If it is for forming fixed assets, the expenditure incurred will be debited from the "construction-in-progress" item. When the status of the safety project is ready for intended use, the costs of such safety project should be recognised as fixed assets. Meanwhile, special reserve will be offset by the cost for forming the fixed assets and the same amount will be recognised as accumulated depreciation. No depreciation will be charged for the fixed assets in the subsequent periods.

30. Profit distribution

The Company's cash dividends are recognised as liabilities upon approval by the general meeting.

31. Fair value measurement

The Group measures receivables for financing at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the most advantageous market for the asset or liability when a principal market is absent. The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each balance sheet date.

32. Related parties

Connected transactions refer to the transfer of resources or obligations between the Company or its subsidiaries, and a related person of the Company. Related person includes related legal person (or other organization) and related natural person.

A legal person (or other organization) is a related legal person (or other organization) of the Company if it has one of the following:

(1) A legal person (or other organization) that directly or indirectly controls the Company;

(2) Legal persons (or other organizations) other than the Company and its subsidiaries, which are directly or indirectly controlled by the legal persons (or other organization) referred to in the preceding paragraph;

(3) Legal persons (or other organizations) other than the Company and its subsidiaries that are directly or indirectly controlled by related natural person, or with related natural person as their director or senior management personnel;

(4) Legal persons (or other organizations), and persons acting in concert with them, holding more than 5% of the Company's shares;

(5) Any of the above circumstances within the past 12 months or within the next 12 months under the relevant agreement and arrangement;

(6) Any other legal person (or other organization) having a special relationship with the Company that may cause or has caused the Company to be biased in favour its interests, as determined by the CSRC, the stock exchange or the Company in accordance with the principle of substance over form.

A natural person is a related natural person of the Company if he/she:

(1) A natural person who directly or indirectly holds more than 5% of the Company's shares;

(2) Directors, supervisors and senior management of the Company;

(3) Directors, supervisors and senior management of legal persons directly or indirectly controlling the Company;

(4) Family members who are closely related to the persons mentioned in (1) and (2) above, including spouses, parents, children who have reached the age of 18 and their spouses, siblings and their spouses, parents and siblings of spouses, and parents of spouses of children;

(5) The existence of one of the above circumstances within the past 12 months or within the next 12 months under the relevant agreement and arrangement;

(6) Any other natural person who has a special relationship with the Company that may cause or has caused the Company to be biased in favour of his or her interests, as determined by the CSRC, the stock exchange or the Company in accordance with the principle of substance over form.

33. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgements, estimations and assumption that affect the reported amounts and disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

Determining the amount of income tax to be provided requires management to exercise significant judgment in the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and determines the amount of income tax to be provided. The tax treatment of these transactions is regularly reviewed and all changes in tax policy are taken into account.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Expected credit losses on accounts receivable

The group uses the expected credit loss model to assess the expected credit loss on accounts receivable. The expected credit loss rate is determined based on days past due for groupings of various customers that have similar credit risk characteristics (i.e. by customer type). The expected credit loss model is based on observable historical default rates and is adjusted for forward-looking information. As at each balance sheet date, the Group updates the historical default rate and analyses changes in forward-looking factors.

Assessing the correlation between historical default rates and future economic conditions to expected credit losses involves significant accounting estimates. Expected credit losses are highly sensitive to changes in the environment and future economic conditions. The Group's historical experience with credit losses and projected future economic conditions may not be representative of actual future defaults by customers. The assessment of the expected credit losses from the Group's accounts receivable is detailed in Notes V.4 to the financial statements.

Impairment of non-current assets

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets as at the balance sheet date. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

34. Changes in accounting policies

The New Standard on Financial Instruments

In 2017, the Ministry of Finance announced the revised "Accounting Standard for Business Enterprises No. 22 – Recognition and measurement for financial instruments", "Accounting Standard for Business Enterprises No. 23 – Transfer of financial assets", "Accounting Standard for Business Enterprises No. 24 – Hedging" and "Accounting Standard for Business Enterprises No. 37 – Presentation of financial instruments" (the "New Financial Instruments Standard"). The Group began to implement the accounting treatment to the above new financial instruments from 1 January 2019. According to the convergence rules, the information for the comparative period will not be adjusted and retained profits or other comprehensive income as at the beginning of 2019 will be retrospectively adjusted since the difference between the implementation of the new standards and the current standards on the first day.

The New Standard on Financial Instruments has changed the classification and measurement of financial assets, affirming three major categories of measurement, namely at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Such categorization takes into account the entity's own business model and the characteristics of the contract cashflow of its financial assets. An investment in equity instruments is required to be measured at fair value through profit or loss with the irrevocable option at inception to be measured at fair value through other comprehensive income for equity instruments not held for trading.

The New Standard on Financial Instruments requires the measurement of impairment of financial assets be changed from the "incurred loss model" to the "expected credit loss model", which is applicable to financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts.

As at 1 January 2019, other financial assets classified as loans and receivables under the old financial instruments standard were reclassified to financial assets measured at amortised cost at their original carrying amounts by the Group. At the same time, the implementation of the new financial instruments standard has no significant impact on the classification and measurement of financial liabilities.

On the first adoption date, the compared results of financial assets classified and measured in accordance with the original and revised standard for recognition and measurement of financial instruments are as follows:

Consolidated balance sheet of the Group

	Pre-amended standards of recognition and measurement for financial instruments		**Revised standards of recognition and measurement for financial instruments**	
	Measurement category	**Book value**	**Measurement category**	**Book value**
Cash and bank balances	Amortised cost (Loans and receivables)	171,180,229	Amortised cost	171,180,229
Bills receivable	Amortised cost (Loans and receivables)	1,631,453	Amortised cost	1,631,453
Accounts receivable	Amortised cost (Loans and receivables)	42,304,397	Amortised cost	42,304,397
Other receivables	Amortised cost (Loans and receivables)	21,425,121	Amortised cost	21,425,121
Long-term receivables	Amortised cost (Loans and receivables)	118,060,000	Amortised cost	118,060,000

Balance sheet of the Company

	Pre-amended standards of recognition and measurement for financial instruments		**Revised standards of recognition and measurement for financial instruments**	
	Measurement category	**Book value**	**Measurement category**	**Book value**
Cash and bank balances	Amortised cost (Loans and receivables)	106,370,675	Amortised cost	106,370,675
Other receivables	Amortised cost (Loans and receivables)	133,910	Amortised cost	133,910
Long-term receivables	Amortised cost (Loans and receivables)	716,972,283	Amortised cost	716,972,283

New Revenue Standard

In 2017, the Ministry of Finance issued the revised "Accounting Standard for Business Enterprises No.14 – Revenue" (the "New Revenue Standard"). The Group began to implement the accounting treatment according to the newly revised New Revenue Standard from 1 January 2020. According to the convergence rules, the information for the comparable period will not be adjusted and undistributed profit or other comprehensive income will be retrospectively adjusted by the difference between the implementation of the new standards on the first day and the current standards.

The New Revenue Standard establishes a new revenue recognition model for regulating revenue generated from contracts with customers. According to the New Revenue Standard, the way in which the revenue is recognized should reflect the mode in which the entity transfers goods or services to customers. The amount of revenue should reflect the amount of consideration that the entity is expected to receive due to the transfer of such goods and services to the customers. At the same time, the New Revenue Standard also regulates the judgments and estimates required for each aspect of revenue recognition.

Based on the review of the sales contracts that have not been completed on 31 December 2019, the Group considered that the adoption of a simplified treatment has no significant impact on its financial statements. It is mainly because the revenue recognised upon the transfer of risks and rewards is synchronized with the performance of the obligations in sales contract and a sale contract of the Group generally involves only one performance obligation.

The impacts of implementing the New Revenue Standard on the balance sheet items dated 1 January 2020 were as follows:

Consolidated Balance Sheet of the Group

	Implementing the New Revenue Standard	**Implementing the original standard**	**Impact**
Contractual liabilities	4,156,447	–	4,156,447
Advance from customers	–	4,156,447	(4,156,447)

New lease standard

In 2018, the Ministry of Finance issued the revised "Accounting Standard for Business Enterprises No. 21 – Leasing" (the "New Lease Standard") which adopts the single model similar to that used for the current accounting treatment for finance lease and requires the lessee to recognize right-of-use asset and lease liability for all leases other than short-term and low-value assets leases and recognize depreciation and interest expenses, respectively. The Group began to implement the accounting treatment according to the newly revised lease standard from 1 January 2021. According to the convergence rules, the information for the comparable period will not be adjusted and retained profits at the beginning of 2021 will be retrospectively adjusted based on the difference between the New Lease Standard and the current lease standard on the first day of implementation:

(1) For operating leases subsisting prior to the date of initial application, the Group measures lease liabilities based on the present value of the remaining lease payment discounted using incremental borrowing rate, for all leases at an amount equal to the lease liability, necessary adjustments are made based on lease prepayments to measures right-of-use assets;

(2) The Group carried out impairment test for right-of-use assets and applied corresponding accounting treatment in accordance with Note III. 17.

The Group adopts simplified treatment for operating leases in which the lease assets are low-value assets or operating leases completed within 12 months before the date of initial application, without recognizing the right-of-use assets and lease liabilities.

For outstanding minimum lease payments for significant operating leases disclosed in the 2020 financial statements, based on the incremental borrowing rate of the Group as the lessee on 1 January 2021, the Group adjusted the difference between the discounted present value of the outstanding minimum lease payments and the lease liabilities included in the balance sheet on 1 January 2021 as follows:

Minimum lease payments for significant operating leases as at 31 December 2020	12,980,760
Less: Lease payments under simplified treatment	11,409,344
Including: Leases with a remaining term of less than 12 months	11,409,344
	1,571,416
Weighted average at incremental borrowing rate	4.75%
Present value of operating lease payments as at 1 January 2021	1,502,096
Lease liabilities as at 1 January 2021 (including lease liabilities due within one year)	1,502,096

The impact of the implementation of the new lease standard on the consolidated balance sheet items on 1 January 2021 is as follows:

Consolidated balance sheet

	As stated	Presumed value under the original standard	Impact
Right-of-use assets	1,502,096	–	1,502,096
Non-current liabilities due within one year	61,288,193	60,485,071	803,122
Lease liabilities	698,974	–	698,974

Impact of application of the New Lease Standard on the financial statements for the nine months ended 30 September 2021 is as follows:

Consolidated balance sheet

	As stated	Presumed value under the original standard	Impact
Right-of-use assets	887,603	–	887,603
Non-current liabilities due within one year	121,367,180	120,534,990	832,190
Lease liabilities	71,146	–	71,146

Consolidated income statement

	As stated	Presumed value under the original standard	Impact
Administrative expenses	25,718,217	25,746,576	(28,359)
Finance costs	(10,091,587)	(10,135,679)	44,092

In addition, beginning from the date of initial application, the Group included the cash paid for repayment of the principal and interest on lease liabilities on the statement of cash flows as cash outflow from financing activities, and continued to include lease payments paid for short-term and low-value assets leases under simplified treatment as cash outflow from operating activities.

The retrospective adjustments due to the above changes of accounting policy have the following major impact:

The Group

	Before the change of accounting policy Balance at the end of 2020	After the change of accounting policy Opening balance for 2021	Change of accounting policy Impact of the New Lease Standard
Right-of-use assets	–	1,502,096	1,502,096
Non-current liabilities due within one year	60,485,071	61,288,193	803,122
Lease liabilities	–	698,974	698,974

IV. TAXATION

1. Main taxes and tax rates

The main taxes and tax rates of the Group are as follows:

Tax	Tax determination basis	Tax rate
Value-added tax	Taxable income	Output tax of domestic sales at the tax rate of 6%, property rental income at the tax rate of 5%
Urban maintenance and construction tax	Turnover taxes paid	7%
Educational surcharge	Turnover taxes paid	3%
Local educational surcharge	Turnover taxes paid	2%
Corporate income tax	Taxable income	25%
Profits tax	Hong Kong taxable income	8.5%, 16.5%
Urban land use tax	Actual area of land used	RMB3 per square meter

2. Tax preferential

According to Schedule 8B of the Inland Revenue Ordinance of Hong Kong, Two-tier Rates of Profits Tax Regime – Corporations, under the two-tiered profits tax rates regime, the profits tax rate for the first $2 million of taxable profits will be lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance) for corporations and 7.5% (half of the standard rate) for unincorporated businesses (mostly partnerships and sole proprietorships). Taxable profits above HKD2 million will continue to be subject to the rate of 16.5% for corporations and standard rate of 15% for unincorporated businesses. Ocean Access Investments Limited, a subsidiary of the Group, is a company that qualifies for the two-tiered profits tax rates regime. The subsidiary is taxed at a rate of 8.25% on taxable income up to HKD2 million and at a rate of 16.5% on taxable income in excess of HKD2 million.

According to Cai Shui [2017] No. 33 and Cai Shui [2020] No. 16, from 1 January 2017 to 31 December 2022, the urban land use tax shall be reduced by 50% of the applicable tax rate of the respective land class for the land owned (including self-use and leased) by logistics enterprises for bulk commodity warehousing and storage facilities. Nanjing Dragon Crown Liquid Chemical Terminal Company Limited, a subsidiary of the Company, will be subject to the above-mentioned preferential tax rate for urban land use tax for the years of 2019 and 2020 and the period from January to September 2021.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	30 September 2021	31 December 2020	31 December 2019
Cash	–	8,515	29,263
Bank deposit	199,713,609	242,834,526	217,383,350
	199,713,609	242,843,041	217,412,613

As at 30 September 2021, the Group's overseas currency deposits amounted to RMB80,671,716, HKD106,177,137 (equivalent to RMB87,924,095) and USD622,052 (equivalent to RMB4,017,896). As at 31 December 2020, the Group's overseas currency deposits amounted to RMB179,843,311, HKD38,001,741 (equivalent to RMB31,998,771) and USD622,047 (equivalent to RMB4,085,542); as at 31 December 2019, the Group's overseas currency deposits amounted to RMB166,721,912, HKD27,733,629 (equivalent to RMB24,793,160) and USD630,012 (equivalent to RMB4,393,074).

Current bank deposits earn interest income based on current deposit interest rate. The period for short-term time deposits varies from 1 days to 3 months. The short-term time deposits, subject to the Group's cash needs, earn interest income based on corresponding time deposits interest rate.

2. Held-for-trading financial assets

	30 September 2021	31 December 2020	31 December 2019
Financial assets at fair value through profit and loss			
Wealth management products	60,000,000	–	–

As at 30 September 2021, the held-for-trading financial assets represent the investment wealth management products purchased by the Group from Bank of Communications Co., Ltd.

3. Bills receivable

	30 September 2021	31 December 2020	31 December 2019
Bank acceptance bills	2,135,000	3,986,371	1,417,992

As at 30 September 2021, 31 December 2020 and 31 December 2019, the Group's bills receivable are all bank acceptance and the bills are not pledged and no provision for bad debts is required.

Bills receivable that have been endorsed or discounted but not yet due at the balance sheet date are as follows:

	30 September 2021	
	Derecognition	Not yet derecognition
Bank acceptance bills	117,653	1,635,000

As at 31 December 2020 and 31 December 2019, the Group had no endorsed or discounted bills receivable.

4. Accounts receivable

The Group's customers were normally entitled to credit periods, except for new customers who are normally required to pay in advance. The credit period for accounts receivable was normally 30 days, which can be extended to 60 days for major customers. Accounts receivable were interest-free.

Aging analysis of accounts receivable was as follows:

	30 September 2021	31 December 2020	31 December 2019
Within 1 year	20,723,440	22,616,407	27,640,141

The Group had no pledged accounts receivable as at 30 September 2021, 31 December 2020 and 31 December 2019.

The Group uses an expected credit loss model to assess the impairment of accounts receivable to calculate expected credit losses. The Group classifies its accounts receivable into portfolios based on credit risk characteristics and calculates the expected credit loss rate based on the days past due of customers on a portfolio basis. When estimating expected credit losses, the management takes into account all reasonable and substantiated information including the default risk-weighted average results, the time value of money, historical information available up to the date of this report and the expected macroeconomic environment. Accounts receivable are normally written off if they are overdue for more than one year and no enforcement action can be taken. As at 30 September 2021, 31 December 2020 and 31 December 2019, the Group assesses that the expected credit loss rate on accounts receivable is low and no provision for expected credit losses on accounts receivable is required.

5. Prepayments

Aging analysis of prepayments was as follows:

	30 September 2021		31 December 2020		31 December 2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year	2,394,343	97	2,385,577	97	6,180,711	99
1 to 2 years	–	–	–	–	28,200	–
2 to 3 years	–	–	20,495	1	–	–
Over 3 years	68,452	3	47,957	2	47,957	1
	2,462,795	100	2,454,029	100	6,256,868	100

Top five accounts of prepayments as at 30 September 2021 were as follows:

	Balance at the end of the period	As a percentage of total amounts of prepayments *(%)*
Nanjing Zunke Machinery Industry Co., Ltd.	317,500	13
Shenzhen Qinghui Environmental Technology Co., Ltd.	258,000	11
Shanghai Dapan International Trade Co., Ltd.	250,645	10
Nanjing Yalan Connection Electrical Equipment Co., Ltd.	208,700	8
Buke Hade Compressor (Shanghai) Co., Ltd.	182,576	7
	1,217,421	49

Top five accounts of prepayments as at 31 December 2020 were as follows:

	Balance at the end of the year	As a percentage of total amounts of prepayments *(%)*
Ping An Property & Casualty Insurance Company of China, Ltd. (Anhui Branch)	515,300	21
Jiangsu Dibang Construction Engineering Co., Ltd.	514,866	21
Nanjing Zhongzhide Mechanical and Electrical Equipment Co., Ltd.	225,000	9
The Stock Exchange of Hong Kong Limited	166,723	7
Marsh (Hong Kong) Limited	88,067	4
	1,509,956	62

Top five accounts of prepayments as at 31 December 2019 were as follows:

	Balance at the end of the year	As a percentage of total amounts of prepayments *(%)*
China National Air Separation Engineering Co., Ltd.	2,958,250	47
Ping An Property & Casualty Insurance Company of China, Ltd. (Hefei Central Branch)	543,495	9
Jiangsu Guoheng Safety Evaluation Consulting Service Co., Ltd.	475,000	8
Nanjing Yangtze River Management Office	462,773	7
Nanjing Riverside Resources Ecological Science Research Institute Co., Ltd.	291,465	5
	4,730,983	76

6. Other receivables

	30 September 2021	31 December 2020	31 December 2019
Interests receivables	58,044	31,404,114	24,180,968
Dividends receivables	4,077,461	–	–
Other receivables	549,099	584,914	539,947
	4,684,604	31,989,028	24,720,915

Interests receivables

	30 September 2021	31 December 2020	31 December 2019
Interests receivables on bank deposits	58,044	192,093	237,902
Interest receivable from a joint venture	–	31,212,021	23,943,066
	58,044	31,404,114	24,180,968

Other receivables mainly comprise deposits and interest receivable from Weifang Sime Darby Liguid Terminal Co., Ltd., a joint venture of the Company. Interest receivable is repayable on demand.

Aging analysis of other receivables was as follows:

	30 September 2021	31 December 2020	31 December 2019
Within 1 year	46,705	110,747	210,126
1 to 2 years	40,000	165,000	305,219
2 to 3 years	438,269	286,573	–
Over 3 years	24,125	22,594	24,602
	549,099	584,914	539,947

Other receivables analysed by nature were as follows:

	30 September 2021	31 December 2020	31 December 2019
Deposits	443,394	447,999	470,653
Reserves	34,000	91,866	9,168
Others	71,705	45,049	60,126
	549,099	584,914	539,947

There was no recent history of default and past due amounts for the financial assets included in the above balances. As at 30 September 2021, 31 December 2020 and 31 December 2019, the Group estimates that the expected credit loss rate on other receivables is low and no provision for expected credit losses has been made on other receivables.

Top five accounts of other receivables as at 30 September 2021 were as follows:

	Balance at the end of the period	As a percentage of the total amount of other receivables (%)	Nature	Aging
Dragon Crown Investments Limited	273,269	50	Deposits	2-3 years
Shanghai Donghu Hotel	150,000	27	Deposits	2-3 years
Sinopec Marketing Co., Ltd. (Jiangsu Nanjing Petroleum Branch)	45,000	8	Others	Within 1 year/ 1-2 years/2-3 years
Chen Peng	30,000	6	Reserves	1-2 years
Jiangsu Expressway Network Operation Management Co., Ltd.	23,028	4	Others	Within 1 year
	521,297	95		

Top five accounts of other receivables as at 31 December 2020 were as follows:

	Balance at the end of the year	As a percentage of the total amount of other receivables (%)	Nature	Aging
Dragon Crown Investments Limited	277,871	48	Deposits	2 to 3 years
Shanghai Donghu Hotel	150,000	26	Deposits	1-2 years
Lin Xi	54,698	9	Reserves	Within 1 year/Over 3 years
Chen Peng	30,000	5	Reserves	Within 1 year
Sinopec Marketing Co., Ltd.(Jiangsu Nanjing Petroleum Branch)	25,000	4	Others	Within 1 year/ 1-2 years
	537,569	92		

Top five accounts of other receivables as at 31 December 2019 were as follows:

	Balance at the end of the year	As a percentage of the total amount of other receivables (%)	Nature	Aging
Dragon Crown Investments Limited	295,012	54	Deposits	1-2 years
Shanghai Donghu Hotel	150,000	28	Deposits	Within 1 year
Nanjing Suning Engineering Consulting Co., Ltd.	25,000	5	Others	Within 1 year
Jiangsu Expressway Network Operation Management Co., Ltd.	20,126	4	Others	Within 1 year
Sinopec Marketing Co., Ltd. (Jiangsu Nanjing Petroleum Branch)	15,000	3	Others	Within 1 year
	505,138	94		

7. Inventories

	30 September 2021		
	Book balance	Provision for impairment	Carrying value
Spare parts	2,547,184	–	2,547,184

	31 December 2020		
	Book balance	Provision for impairment	Carrying value
Raw materials	133,472	–	133,472
Spare parts	2,540,091	–	2,540,091
	2,673,563	–	2,673,563

	31 December 2019		
	Book balance	Provision for impairment	Carrying value
Raw materials	133,472	–	133,472
Spare parts	2,679,274	–	2,679,274
	2,812,746	–	2,812,746

8. Long-term receivables

	30 September 2021, 31 December 2020 and 31 December 2019 Book balance	Provision for bad debts	Carrying value
Interest from loan to a joint venture	143,060,000	–	143,060,000

As at 30 September 2021, 31 December 2020 and 31 December 2019, the bearing-interest loans of RMB122,000,000 and RMB21,060,000 provided by the Group to Weifang Sime Darby Liguid Terminal Co., Ltd., a joint venture, were carried at 6% and 6.4% per annum, respectively. Such shareholder loans are unsecured with a term of five years under the original agreement, of which the loans of RMB61,060,000, RMB52,000,000 and RMB30,000,000 are due on 14 July 2021, 14 July 2022 and 18 December 2023 respectively. The Group and Weifang Sime Darby Liguid Terminal Co., Ltd. entered into a supplemental agreement on 9 July 2021 to extend all of the above borrowings to 31 December 2028. The management of the Company considers that these loans are part of the Group's net investment in the joint venture and are not expected to be repaid within twelve months after the end of each reporting period and no impairment provision is required for long-term receivables as at 30 September 2021 and 31 December 2020 and 2019.

9. Long-term equity investments

Period from January to September 2021

	Balance at the beginning of the period	Changes during the period: Profit or loss on investments under the equity method	Changes during the period: Declaration of cash dividends	Changes during the period: Other changes in equity	Carrying value at the end of the period	Shareholding at the beginning of the period *(%)*	Shareholding at the end of the period *(%)*
Joint ventures							
Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd#	16,248,822	2,608,110	(3,310,142)	(57,832)	15,488,958	60	60
Ningbo Xinxiang Liquid Chemical Store Co. Ltd#	5,819,169	701,829	(981,922)	–	5,539,076	60	60
Weifang Sime Darby Liquid Terminal Co., Ltd.#	277,452,810	(6,848,607)	–	–	270,604,203	50	50
An associate							
Tianjin Tianlong Liquid Chemicals Storage and Transportation Co., Ltd*	15,142,392	(293,039)	–	5,374	14,854,727	65	65
	314,663,193	(3,831,707)	(4,292,064)	(52,458)	306,486,964		

2020

	Balance at the beginning of the year	Changes during the year: Profit or loss on investments under the equity method	Changes during the year: Declaration of cash dividends	Changes during the year: Other equity changes	Carrying value at the end of the year	Shareholding at the beginning of the year (%)	Shareholding at the end of the year (%)
Joint ventures							
Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd#	16,115,667	3,460,948	(3,112,398)	(215,395)	16,248,822	60	60
Ningbo Xinxiang Liquid Chemical Store Co. Ltd#	5,622,089	1,011,488	(814,408)	–	5,819,169	60	60
Weifang Sime Darby Liquid Terminal Co., Ltd.#	270,414,872	7,037,938	–	–	277,452,810	50	50
An associate							
Tianjin Tianlong Liquid Chemicals Storage and Transportation Co., Ltd*	15,392,915	(270,537)	–	20,014	15,142,392	65	65
	307,545,543	11,239,837	(3,926,806)	(195,381)	314,663,193		

2019

	Balance at the beginning of the year (%)	Changes during the year: Profit or loss on investments under the equity method (%)	Changes during the year: Declaration of cash dividends	Changes during the year: Other equity changes	Carrying value at the end of the year	Shareholding at the beginning of the year	Shareholding at the end of the year
Joint ventures							
Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd#	15,209,292	3,308,961	(2,467,066)	64,480	16,115,667	60	60
Ningbo Xinxiang Liquid Chemical Store Co. Ltd#	6,627,536	779,789	(1,785,236)	–	5,622,089	60	60
Weifang Sime Darby Liquid Terminal Co., Ltd.#	276,221,856	(5,806,984)	–	–	270,414,872	50	50
An associate							
Tianjin Tianlong Liquid Chemicals Storage and Transportation Co., Ltd*	15,732,884	(333,978)	–	(5,991)	15,392,915	65	65
	313,791,568	(2,052,212)	(4,252,302)	58,489	307,545,543		

* In accordance with the Articles of Association, the Group has significant influence over the enterprise but no single control.

\# In accordance with the Articles of Association, the Group has joint control over these enterprises with other joint venture parties.

As at 30 September 2021, 31 December 2020 and 31 December 2019, no provision for impairment of long-term equity investments is required by the Group.

10. Fixed Assets

Period from January to September 2021

Original price	**Buildings and structures**	**Transportation equipment**	**Office and electronic equipment**	**Total**
Balance at the beginning of the period	845,420,970	3,750,306	1,308,618	850,479,894
Acquisition	4,294,958	–	163,096	4,458,054
Transfer from construction in progress	11,526,072	–	–	11,526,072
Disposal or scrap	(3,395,111)	–	–	(3,395,111)
Translation differences on foreign currency statements	–	–	(3,314)	(3,314)
Balance at the end of the period	857,846,889	3,750,306	1,468,400	863,065,595
Accumulated depreciation				
Balance at the beginning of the period	460,819,783	3,474,790	1,157,479	465,452,052
Accrual	32,799,072	111,356	39,135	32,949,563
Disposal or scrap	(2,398,851)	–	–	(2,398,851)
Translation differences on foreign currency statements	–	–	(2,372)	(2,372)
Balance at the end of the period	491,220,004	3,586,146	1,194,242	496,000,392
Carrying value				
At the end of the period	366,626,885	164,160	274,158	367,065,203
At the beginning of the period	384,601,187	275,516	151,139	385,027,842

2020

Original price	**Buildings and structures**	**Transportation equipment**	**Office and electronic equipment**	**Total**
Balance at the beginning of the year	839,677,145	4,086,251	1,212,488	844,975,884
Acquisition	5,340,066	–	108,450	5,448,516
Transfer from construction in progress	2,607,838	–	–	2,607,838
Disposal or scrap	(2,204,079)	(335,945)	–	(2,540,024)
Translation differences on foreign currency statements	–	–	(12,320)	(12,320)
Balance at the end of the year	845,420,970	3,750,306	1,308,618	850,479,894
Accumulated depreciation				
Balance at the beginning of the year	418,019,980	3,645,464	1,125,714	422,791,158
Accrual	44,368,177	148,474	39,998	44,556,649
Disposal or scrap	(1,568,374)	(319,148)	–	(1,887,522)
Translation differences on foreign currency statements	–	–	(8,233)	(8,233)
Balance at the end of the year	460,819,783	3,474,790	1,157,479	465,452,052
Carrying value				
At the end of the year	384,601,187	275,516	151,139	385,027,842
At the beginning of the year	421,657,165	440,787	86,774	422,184,726

2019

Original price	**Buildings and structures**	**Transportation equipment**	**Office and electronic equipment**	**Total**
Balance at the beginning of the year	835,905,473	4,086,251	1,425,451	841,417,175
Acquisition	4,245,786	–	9,030	4,254,816
Transfer from construction in progress	6,594,424	–	–	6,594,424
Disposal or scrap	(7,068,538)	–	(226,293)	(7,294,831)
Translation differences on foreign currency statements	–	–	4,300	4,300
Balance at the end of the year	839,677,145	4,086,251	1,212,488	844,975,884
Accumulated depreciation				
Balance at the beginning of the year	378,011,002	3,428,766	1,293,640	382,733,408
Accrual	44,138,479	216,698	55,880	44,411,057
Disposal or scrap	(4,129,501)	–	(226,293)	(4,355,794)
Translation differences on foreign currency statements	–	–	2,487	2,487
Balance at the end of the year	418,019,980	3,645,464	1,125,714	422,791,158
Carrying value				
At the end of the year	421,657,165	440,787	86,774	422,184,726
At the beginning of the year	457,894,471	657,485	131,811	458,683,767

The fixed assets with outstanding certificates of title are as follows:

	Carrying value			
	30 September 2021	**31 December 2020**	**31 December 2019**	**Reason for not obtaining the title certificate**
Buildings and Structures	669,646	617,906	657,291	Relevant legal procedures have not been timely prepared

11. Construction in progress

Changes in construction in progress during the period from January to September 2021 are as follows:

	Budget	Balance at the beginning of the period	Increase during the period	Transfer to fixed assets during the period	Balance at the end of the period	Funding sources	Proportion of project investment in budget (%)	Project progress (%)
Hazardous chemicals warehouse	3,500,000	1,023,570	2,020,330	–	3,043,900	Owned	87	87
VOC gas treatment project	7,140,000	8,156,589	1,540,178	(9,696,767)	–	Owned	136	100
Safety information platform	1,600,000	1,140,162	179,246	(1,319,408)	–	Owned	82	100
Plant-wide fire-fighting pipe network rehabilitation	4,000,000	94,340	–	–	94,340	Owned	2	2
Explosion-proof monitoring towers	–	–	509,897	(509,897)	–	Owned	–	100
Water balance system	400,000	–	148,193	–	148,193	Owned	–	37
Sulphuric acid project	16,000,000	24,272	–	–	24,272	Owned	–	–
	32,640,000	10,438,933	4,397,844	(11,526,072)	3,310,705			

Changes in construction in progress in 2020 are as follows:

	Budget	Balance at the beginning of the year	Increase during the year	Transfer to fixed assets during the year	Balance at the end of the year	Funding sources	Proportion of project investment in budget (%)	Project progress (%)
Hazardous chemicals warehouse	3,500,000	757,156	266,414	–	1,023,570	Owned	29	29
VOC gas treatment project	7,140,000	152,296	8,004,293	–	8,156,589	Owned	114	85
Safety information platform	1,600,000	33,628	1,106,534	–	1,140,162	Owned	71	80
Diesel pump project	1,500,000	–	1,478,416	(1,478,416)	–	Owned	99	100
Distributed control system expansion	–	–	698,678	(698,678)	–	Owned	–	100
Expansion of the detection and alarm system for flammable and toxic gases	–	–	430,744	(430,744)	–	Owned	–	100
Plant-wide fire-fighting pipe network rehabilitation	4,000,000	–	94,340	–	94,340	Owned	2	2
Sulphuric acid project	16,000,000	24,272	–	–	24,272	Owned	–	–
	33,740,000	967,352	12,079,419	(2,607,838)	10,438,933			

Changes in construction in progress in 2019 are as follows:

	Budget	Balance at the beginning of the year	Increase during the year	Transfer to fixed assets during the year	Balance at the end of the year	Funding sources	Proportion of project investment in budget (%)	Project progress (%)
Hazardous chemicals warehouse	3,500,000	581,428	175,728	–	757,156	Owned	22	22
VOC gas treatment project	7,140,000	152,296	–	–	152,296	Owned	2	2
Tank farm SIS system	–	688,098	254,034	(942,132)	–	Owned	–	100
GDS system	–	454,376	125,401	(579,777)	–	Owned	–	100
900# filter project	–	–	232,042	(232,042)	–	Owned	–	100
VAM return pump project	–	–	142,111	(142,111)	–	Owned	–	100
1# floor scale upgrade	–	–	176,250	(176,250)	–	Owned	–	100
Pressure stabilizer item	–	–	302,235	(302,235)	–	Owned	–	100
Loading dock exhaust treatment project	4,600,000	–	4,219,877	(4,219,877)	–	Owned	92	100
Safety information platform	1,600,000	–	33,628	–	33,628	Owned	2	2
Sulphuric acid project	16,000,000	–	24,272	–	24,272	Owned	–	–
	32,840,000	1,876,198	5,685,578	(6,594,424)	967,352			

As at 30 September 2021, 31 December 2020 and 31 December 2019, no interest was capitalised on the Group's construction in progress.

12. Right-of-use assets

Period from January to September 2021

	Buildings and Structures
Costs	
Balance at the beginning and the end of the period	1,502,096
Accumulated depreciation	
Balance at the beginning of the period	–
Accrual	614,493
Balance at the end of the period	614,493
Carrying value	
At the end of the period	887,603
At the beginning of the period	1,502,096

13. Intangible assets

Period from January to September 2021

	Land use rights
Original price	
Balance at the beginning and the end of the period	39,543,885
Accumulated depreciation	
Balance at the beginning of the period	10,990,819
Accrual	593,158
Balance at the end of the period	11,583,977
Carrying value	
At the end of the period	27,959,908
At the beginning of the period	28,553,066

2020

	Land use rights
Original price	
Balance at the beginning and end of the year	39,543,885
Accumulated depreciation	
Balance at the beginning of the year	10,199,941
Accrual	790,878
Balance at the end of the year	10,990,819
Carrying value	
At the end of the year	28,553,066
At the beginning of the year	29,343,944

2019

	Land use rights
Original price	
Balance at the beginning and end of the year	39,543,885
Accumulated depreciation	
Balance at the beginning of the year	9,409,063
Accrual	790,878
Balance at the end of the year	10,199,941
Carrying value	
At the end of the year	29,343,944
At the beginning of the year	30,134,822

14. Goodwill

	30 September 2021	31 December 2020	31 December 2019
Cost and net carrying value at the beginning of the period/year and the end of the period/year	1,002,237	1,019,116	1,081,979

On 27 September 2010, the Group acquired the remaining 40% equity interest in Dragon Bussan International Ltd, an associate in which the Group previously held a 60% stake, to form goodwill.

Goodwill impairment test

The goodwill acquired through business combination is attributed to a group of assets for terminal storage and handling of liquid chemicals, the recoverable amount of which has been determined at the discounted present value of the cash flow projections, which are based on the five-year financial budget approved by management. The discount rates applied to cash flow projections for the period from January to September 2021 and the years of 2020 and 2019 are 7.8%, 7.8% and 8.1% respectively and the cash flows over five-year period are projected using an inflation rate of 5%.

The following illustrates the key assumptions made by the management in determining cash flow forecasts for the goodwill impairment test:

Discount rates – The discount rates before tax reflect the specific risks of related asset group or portfolio of asset groups.

Inflation rate – The inflation rate used represents the rate of increase in the general price level in the PRC over a year and is used to forecast changes in revenue and costs since the budget base period.

15. Long-term prepaid expenses

Period from January to September 2021

	Balance at the beginning of the period	Amortization for the period	Balance at the end of the period
Phase I of ethylene overhaul	178,062	178,062	–

2020

	Balance at the beginning of the year	Amortization for the year	Balance at the end of the year
Office renovation	151,253	151,253	–
Phase I of ethylene overhaul	605,414	427,352	178,062
	756,667	578,605	178,062

2019

	Balance at the beginning of the year	Amortization for the year	Balance at the end of the year
Ethylene central control decoration fee	270,000	270,000	–
Office renovation	378,134	226,881	151,253
Phase I of ethylene overhaul	1,032,764	427,350	605,414
	1,680,898	924,231	756,667

16. Deferred tax assets/liabilities

Deferred income tax assets and deferred income tax liabilities that have not been offset:

	30 September 2021 Deductible temporary differences	31 December 2020 Deferred income tax assets	31 December 2019 Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets						
Difference in timing of revenue recognition	20,537,144	5,134,286	22,847,572	5,711,893	25,928,144	6,482,036

	30 September 2021 Taxable temporary differences	31 December 2020 Deferred income tax liabilities	31 December 2019 Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Deferred income tax liabilities						
Income tax withheld on distributable dividends for subsidiaries and joint ventures	121,346,564	6,067,328	77,716,640	3,885,832	60,679,582	3,033,979

Deductible temporary differences and deductible losses on unrecognized deferred income tax assets are as follows:

	30 September 2021	31 December 2020	31 December 2019
Deductible losses	165,083,605	154,814,755	141,450,434

For the above deductible losses incurred by the Group in Hong Kong, under the relevant Hong Kong profits tax regulations, losses incurred in one tax year may be carried forward and used to offset profits in subsequent years indefinitely. No provision for deferred income tax assets has been made as management believes that the Company is unlikely to obtain sufficient taxable income in future periods to offset the benefit of deferred tax assets arising from such losses.

17. Other non-current assets

	30 September 2021	31 December 2020	31 December 2019
Prepayment of long-term assets	1,823,475	282,688	2,291,500
Interest receivable	36,633,946	–	–
	38,457,421	282,688	2,291,500

Interest receivable represents interest on borrowings from Weifang Sime Darby Liguid Terminal Co., Ltd,, a joint venture of the Company. On 9 July 2021, the Group entered into a supplemental agreement with Weifang Sime Darby Liguid Terminal Co., Ltd. to extend the entire borrowings to 31 December 2028. The management of the Company considers that the interest on the borrowings is not expected to be recovered within 12 months after 30 September 2021 and therefore it is classified as other non-current assets.

18. Advances from customers/other non-current liabilities

	31 December 2019
Advances from customers	
Advance receipts-current portion	4,156,447
Other non-current liabilities	
Advance receipts-non-current portion	23,655,860

As at 31 December 2019, significant advance receipts (other non-current liabilities) aged over one year are shown below:

	Amount of advance receipts	Reasons not carried forward
Celanese (Nanjing) Chemical Company Limited	23,655,860	Advance receipts that have not reached the prescribed amortisation period for recognition of income

19. Contract liabilities/other non-current liabilities

	30 September 2021	31 December 2020
Contract liabilities		
Advance receipts-current portion	3,403,887	4,219,001
Other non-current liabilities		
Advance receipts-non-current portion	17,456,572	19,928,659

Contractual liabilities represent amounts received in advance from customers before the Group fulfills its contractual obligations. Revenue relating to the contract will be recognised as the Group fulfills its obligations. Generally, for the current portion of contract liabilities, the Group will fulfill its contractual obligations and recognize revenue within 12 months of receipt of advance payment from the customer; for the non-current portion of contract liabilities, the Group will amortise and recognize revenue over the life of future contracts with customers.

As at 30 September 2021, significant advance receipts (other non-current liabilities) aged over one year are shown below:

	Amount of advance receipts	Reasons not carried forward
Celanese (Nanjing) Chemical Company Limited	17,456,572	Advance receipts that have not reached the prescribed amortisation period for recognition of income

As at 31 December 2020, significant advance receipts (other non-current liabilities) aged over one year are shown below:

	Amount of advance receipts	Reasons not carried forward
Celanese (Nanjing) Chemical Company Limited	19,928,659	Advance receipts that have not reached the prescribed amortisation period for recognition of income

20. Salaries and welfares payable

Period from January to September 2021

	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Short-term remuneration	3,421,723	22,515,511	23,176,141	2,761,093
Post-employment benefits (defined contribution plan)	10,525	1,436,852	1,437,502	9,875
Resignation benefits	–	167,832	167,832	–
	3,432,248	24,120,195	24,781,475	2,770,968

2020

	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Short-term remuneration	2,421,596	28,958,518	27,958,391	3,421,723
Post-employment benefits (defined contribution plan)	10,013	265,480	264,968	10,525
	2,431,609	29,223,998	28,223,359	3,432,248

2019

	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Short-term remuneration	966,968	28,168,837	26,714,209	2,421,596
Post-employment benefits (defined contribution plan)	10,363	1,758,389	1,758,739	10,013
	977,331	29,927,226	28,472,948	2,431,609

Short-term remuneration are analysed as follows:

Period from January to September 2021

	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Wages, bonuses, allowances and subsidies	3,421,723	18,989,683	19,650,313	2,761,093
Employee benefits	–	1,464,798	1,464,798	–
Social security fee	–	811,406	811,406	–
Including: Medical insurance premium	–	714,889	714,889	–
Work injury insurance premium	–	42,813	42,813	–
Maternity insurance	–	53,704	53,704	–
Housing fund	–	1,050,228	1,050,228	–
Labor union funding and employee education funding	–	199,396	199,396	–
	3,421,723	22,515,511	23,176,141	2,761,093

2020

	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Wages, bonuses, allowances and subsidies	2,421,596	24,927,155	23,927,028	3,421,723
Employee benefits	–	1,688,408	1,688,408	–
Social security fee	–	788,172	788,172	–
Including: Medical insurance premium	–	708,392	708,392	–
Work injury insurance premium	–	663	663	–
Maternity insurance	–	79,117	79,117	–
Housing fund	–	1,254,055	1,254,055	–
Labor union funding and employee education funding	–	300,728	300,728	–
	2,421,596	28,958,518	27,958,391	3,421,723

2019

	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Wages, bonuses, allowances and subsidies	966,968	23,883,241	22,428,613	2,421,596
Employee benefits	–	1,914,628	1,914,628	–
Social security fee	–	925,099	925,099	–
Including: Medical insurance premium	–	842,064	842,064	–
Work injury insurance premium	–	8,185	8,185	–
Maternity insurance	–	74,850	74,850	–
Housing fund	–	1,078,055	1,078,055	–
Labor union funding and employee education funding	–	367,814	367,814	–
	966,968	28,168,837	26,714,209	2,421,596

Defined contribution plans are analysed as follows:

Period from January to September 2021

	Balance at the beginning of the period	Increase for the period	Decrease for the period	Balance at the end of the period
Pension insurance	–	1,306,113	1,306,113	–
Mandatory provident funds	10,525	89,901	90,551	9,875
Unemployment insurance	–	40,838	40,838	–
	10,525	1,436,852	1,437,502	9,875

2020

	Balance at the beginning of the year	Increase for the year	Decrease for the year	Balance at the end of the year
Pension insurance	–	132,515	132,515	–
Mandatory provident funds	10,013	128,824	128,312	10,525
Unemployment insurance	–	4,141	4,141	–
	10,013	265,480	264,968	10,525

2019

	Balance at the beginning of the year	Increase for the year	Decrease for the year	Balance at the end of the year
Pension insurance	–	1,587,100	1,587,100	–
Mandatory provident funds	10,363	124,526	124,876	10,013
Unemployment insurance	–	46,763	46,763	–
	10,363	1,758,389	1,758,739	10,013

21. Taxes payable

	30 September 2021	31 December 2020	31 December 2019
Corporate income tax	5,257,905	6,471,447	6,322,165
Individual income tax	–	–	758
Value-added tax	353,430	321,799	225,535
Stamp duty	19,247	20,758	20,602
City maintenance and construction tax	23,603	21,177	4,140
Education supplementary tax	10,095	9,054	1,752
Local education supplementary tax	5,739	5,530	1,309
	5,670,019	6,849,765	6,576,261

22. Other payables

	30 September 2021	31 December 2020	31 December 2019
Other payables	11,227,218	8,620,490	14,339,299
Dividends payable	24,884,414	–	–
	36,111,632	8,620,490	14,339,299

Other payables

	30 September 2021	31 December 2020	31 December 2019
Accruals of operating costs	3,161,496	6,041,713	9,482,875
Facility maintenance costs	3,090,168	329,709	364,200
Accruals of audit fees	2,335,208	1,246,211	1,323,082
Construction costs	1,635,000	–	–
Anti-corrosion and insulation costs	329,040	13,288	1,590,085
Deposits and guarantees	288,308	232,670	258,163
Quality deposit	281,594	553,062	935,480
Others	106,404	203,837	385,414
	11,227,218	8,620,490	14,339,299

23. Non-current liabilities due within one year

	30 September 2021	31 December 2020	31 December 2019
Long-term borrowings due within one year	120,543,990	60,485,071	46,673,905
Lease liabilities due within one year	832,190	–	–
	121,376,180	60,485,071	46,673,905

24. Long-term borrowings

	30 September 2021	31 December 2020	31 December 2019
Credit borrowings	120,543,990	144,372,744	177,641,186
Less: Long-term borrowings due within one year	120,543,990	60,485,071	46,673,905
	–	83,887,673	130,967,281

As at 30 September 2021, 31 December 2020 and 31 December 2019, the closing balances of long-term borrowings (including the long-term borrowings due within one year) amounted to RMB120,543,990, RMB144,372,744 and RMB177,641,186, respectively, all of which were borrowed by the Company from Bank of China (Hong Kong) Limited and Hang Seng Bank Limited in the form of credit facilities, of which the interest rate of Bank of China (Hong Kong) Limited's credit facilities per annum is HKIBOR + 1.4% and the interest rate of Hang Seng Bank Limited's credit facilities per annum is HKIBOR + 1.9%.

The above borrowings are unsecured and without guarantors.

25. Lease liabilities

	30 September 2021
Lease of buildings and structures	903,336
Less: Lease liabilities due within one year	832,190
	71,146

26. Share capital

	30 September 2021	31 December 2020	31 December 2019
Authorised:			
4,000,000,000 ordinary shares of HKD0.10 each	HKD400,000,000	HKD400,000,000	HKD400,000,000
Issued and fully paid:			
1,220,628,000 ordinary shares of HKD0.10 each	HKD122,062,800	HKD122,062,800	HKD122,062,800

As at 30 September 2021, 31 December 2020 and 31 December 2019, the issued and fully paid share capital of the Company was equivalent to RMB101,875,951.

27. Capital reserve

As at 30 September 2021, 31 December 2020 and 31 December 2019

	Opening/ closing balance of the period/ year
Share premium	470,038,973
Others	17,926,378
	487,965,351

28. Other comprehensive income

Cumulative balance of other comprehensive income attributable to the shareholders of the Company in the consolidated balance sheet:

	1 January 2021	Changes	30 September 2021
Exchange differences from translation of financial statements	20,449,643	(1,409,057)	19,040,586

	1 January 2020	Changes	31 December 2020
Exchange differences from translation of financial statements	24,429,256	(3,979,613)	20,449,643

	1 January 2019	Changes	31 December 2019
Exchange differences from translation of financial statements	24,937,262	(508,006)	24,429,256

Current amount of other comprehensive income:

Period from January to September 2021

	Amount before and after tax	Attributable to shareholders of the Company	Attributable to non-controlling interests
Exchange differences from translation of financial statements to be reclassified to profit or loss as other comprehensive income	(1,409,057)	(1,409,057)	–

2020

	Amount before and after tax	Attributable to shareholders of the Company	Attributable to non-controlling interests
Exchange differences from translation of financial statements to be reclassified to profit or loss as other comprehensive income	(3,979,613)	(3,979,613)	–

2019

	Amount before and after tax	Attributable to shareholders of the Company	Attributable to non-controlling interests
Exchange differences from translation of financial statements to be reclassified to profit or loss as other comprehensive income	(508,006)	(508,006)	–

29. Surplus reserve

Period from January to September 2021

	Balance at the beginning of the period	Increase for the period	Balance at the end of the period
Statutory surplus reserve	2,973,268	–	2,973,268
Discretionary surplus reserve	11,841,680	–	11,841,680
	14,814,948	–	14,814,948

2020

	Balance at the beginning of the year	Increase for the year	Balance at the end of the year
Statutory surplus reserve	2,973,268	–	2,973,268
Discretionary surplus reserve	11,148,505	693,175	11,841,680
	14,121,773	693,175	14,814,948

2019

	Balance at the beginning of the year	Increase for the year	Balance at the end of the year
Statutory surplus reserve	2,973,268	–	2,973,268
Discretionary surplus reserve	10,555,910	592,595	11,148,505
	13,529,178	592,595	14,121,773

In accordance with the requirements of the Company Law and the Articles of Association, a subsidiary of the Company incorporated in Mainland China shall appropriate 10% of its net profit to statutory surplus reserve. If the accumulated amount of statutory surplus reserves is more than 50% of the registered capital, no further appropriation need to be made.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserves. Upon approval, discretionary surplus reserves can be used to make up for losses of the prior years or to increase the share capital.

30. Special reserves

	Period from January to September 2021	2020	2019
Safety production expenses			
Opening balance for the period/year	–	–	–
Amount appropriated during the period/year	2,637,793	3,449,801	3,828,227
Amount utilised during the period/year	(2,637,793)	(3,449,801)	(3,828,227)
Closing balance for the period/year	–	–	–

31. Retained profits

	Period from January to September 2021	2020	2019
Retained profits at the beginning of the period/year	337,199,472	293,385,866	297,283,436
Net profit attributable to shareholders of the Company	40,100,169	74,970,629	34,394,471
Less: Appropriation to surplus reserve	–	760,736	648,213
Distribution of dividends	48,816,981	30,396,287	37,643,828
Retained profits at the end of the period/year	328,482,660	337,199,472	293,385,866

32. Operating revenue and costs

	Period from January to September 2021		2020		2019	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
Principal operating activities	158,414,886	72,772,210	212,498,125	101,555,680	203,502,645	102,717,724
Other operating activities	1,292,450	99,516	1,854,873	41,786	1,607,096	91,123
	159,707,336	72,871,726	214,352,998	101,597,466	205,109,741	102,808,847

Operating revenue is set out as follows:

	Period from January to September 2021	2020	2019
Terminal storage services	88,150,888	118,674,936	117,530,847
Handling services	70,263,998	93,823,189	85,971,798
Others	1,292,450	1,854,873	1,607,096
	159,707,336	214,352,998	205,109,741

	Period from January to September 2021	2020
Revenue from contracts with customers	159,189,606	213,593,677
Rental income	517,730	759,321
	159,707,336	214,352,998

Disaggregation of revenue from contracts with customers is as follows:

Geographical information

	Period from January to September 2021	2020
Mainland China	159,189,606	213,593,677

All revenue of the Group is recognized over a period of time.

Revenue recognised in the current period/year included in the carrying value of the contractual liability at the beginning of the period/year is as follows:

	Period from January to September 2021	2020
Revenue from contracts with customers	3,221,345	4,156,447

The information related to the performance obligations of the Group is as follows:

The Group's revenue from its principal activities is derived from the Group's provision of integrated warehousing services, logistics chain management services and transshipments and other services for liquid chemicals and oil products to its customers. The Group satisfies a performance obligation over a period of time primarily on the basis that the customer obtains and consumes the economic benefits of the Group's performance at the same time as the Group's fulfillment of its performance obligations.

The estimated time for the total transaction price allocated to the year-end outstanding (or partially unfulfilled) performance obligations to be recognised as revenue is as follows:

	Period from January to September 2021	2020
With 1 year	3,403,887	4,219,001
More than 1 year	17,456,572	19,928,659
	20,860,459	24,147,660

33. Taxes and surcharges

	Period from January to September 2021	2020	2019
Land use tax	486,363	632,019	629,770
Environmental protection tax	351,644	388,270	372,182
Property tax	303,187	378,750	376,364
City maintenance and construction tax	273,919	388,745	520,292
Stamp duty	187,466	253,862	237,959
Education supplementary tax	117,394	166,605	222,982
Local education supplementary tax	77,777	110,423	146,974
Vehicle usage tax	7,380	10,800	10,800
Others	24,249	32,332	84,061
Total	1,829,379	2,361,806	2,601,384

34. Administrative expenses

	Period from January to September 2021	2020	2019
Labour costs	15,441,533	19,237,166	19,478,907
Intermediary agency fees	3,413,849	2,723,493	3,730,252
Rental expenses	1,237,294	2,618,075	2,574,087
Depreciation and amortization charges	1,173,328	908,733	1,066,478
Business entertainment expenses	850,241	1,308,830	1,711,407
Office and travel expenses	908,597	976,360	1,874,811
Landscaping expenses	410,205	155,855	273,891
Communication costs	260,770	386,927	348,842
Others	2,022,400	2,752,536	3,070,522
	25,718,217	31,067,975	34,129,197

35. Finance costs

	Period from January to September 2021	2020	2019
Interest expenses	2,120,953	5,301,004	7,492,410
Less: Interest income	9,168,106	12,315,663	12,584,361
Exchange (profits)/losses	(3,058,487)	(11,230,879)	2,199,271
Bank charges	14,053	24,288	22,651
	(10,091,587)	(18,221,250)	(2,870,029)

The details of the interest income are listed as follows:

	Period from January to September 2021	2020	2019
Interest on bank deposits	2,673,242	3,609,055	3,671,837
Interest accrued on borrowings to a joint venture	6,494,864	8,706,608	8,912,524
	9,168,106	12,315,663	12,584,361

36. Other income

	Period from January to September 2021	2020	2019
Government grants related to ordinary activities	–	1,046,774	46,099
Input value-added tax surplus deduction	523,221	696,211	266,020
VAT reduction or exemption	1.072	–	–
Others	–	37,174	–
	524,293	1,780,159	312,119

Government grants related to ordinary activities are as follows:

Item	2020	Asset/income related
Grants for emergency exercise services	583,019	Income related
Wage subsidies under the Employment Support Scheme from the Anti-epidemic Fund	430,896	Income related
2020 environmental pollution liability insurance premium subsidies	25,700	Income related
2020 green insurance subsidies of Jiangbei New Area	6,400	Income related
Employment subsidies	759	Income related
	1,046,774	

Item	2019	Asset/income related
Employment subsidies	46,099	Income related

37. Investment (losses)/gains

	Period from January to September 2021	2020	2019
Investment (losses)/gains from investments in joint ventures under the equity method	(3,538,668)	11,510,374	(1,718,234)
Investment losses from investments in an associate under the equity method	(293,039)	(270,537)	(333,978)
Investment gains from disposal of held-for-trading financial assets	239,811	214,613	–
	(3,591,896)	11,454,450	(2,052,212)

38. Non-operating income

	Period from January to September 2021	2020	2019
Compensation	150,646	120,000	–
Others	99	2,401	100
	150,745	122,401	100

Amount included in non-recurring profit or loss for the period/year:

	Period from January to September 2021	2020	2019
Compensation	150,646	120,000	–
Others	99	2,401	100
	150,745	122,401	100

39. Non-operating expenses

	Period from January to September 2021	2020	2019
Penalty and overdue fine	803	168,000	24,916
Net loss on retirement of fixed assets	269,860	572,305	2,703,403
Others	–	19,066	–
	270,663	759,371	2,728,319

Amount included in non-recurring profit or loss for the period/year:

	Period from January to September 2021	2020	2019
Penalty and overdue fine	803	168,000	24,916
Net loss on retirement of fixed assets	269,860	572,305	2,703,403
Others	–	19,066	–
	270,663	759,371	2,728,319

40. Expenses by nature

Supplementary information on the Group's operating costs and administrative expenses by nature is as follows:

	Period from January to September 2021	2020	2019
Depreciation and amortization	34,335,276	45,926,132	46,126,166
Wages	24,120,195	29,223,998	29,927,226
Maintenance and renovation costs	3,521,763	9,660,021	11,507,066
Rental expenses	8,585,636	12,415,865	12,371,877
Material consumption costs	9,130,251	12,465,061	11,720,744
Intermediary agency fees	3,413,849	2,723,493	3,730,252
Fire safety expenses	2,140,595	3,421,149	2,181,324
Environmental protection expenses	2,468,738	2,708,848	2,739,193
Property insurance costs	1,272,392	1,776,893	1,996,621
Office and travelling expenses	978,707	1,035,655	1,940,185
Business entertainment expenses	850,241	1,308,830	1,711,407
Others	7,772,300	9,999,496	10,985,983
	98,589,943	132,665,441	136,938,044

41. Income tax

	Period from January to September 2021	2020	2019
Current income tax expense	17,746,901	23,915,154	19,219,308
Deferred income tax expense	3,014,183	4,299,005	4,483,482
	20,761,084	28,214,159	23,702,790

Reconciliation of income tax expenses to total profit is as follows:

	Period from January to September 2021	2020	2019
Total profit	66,192,080	110,144,640	63,972,030
Tax at statutory tax rate *(Note)*	10,921,693	18,173,866	10,555,385
Effect of different tax rates applicable to subsidiaries	6,093,534	8,052,053	6,733,345
Income not subject to tax	(2,567,300)	(3,834,169)	(2,130,596)
Expenses not deductible for tax	1,572,361	1,812,617	1,878,713
Deductible losses of previous periods	(22,444)	(49,426)	(44,302)
Unrecognised deductible tax losses	1,694,360	2,205,113	2,552,995
Adjustments in respect of current income tax of previous periods	72	179,816	105,297
Effect of withholding income tax on distributable dividends of the Group's subsidiaries and joint ventures in Mainland China	2,436,576	3,528,862	3,713,338
Gains and losses attributable to joint ventures and an associate	632,232	(1,854,573)	338,615
Tax charge at the Group's effective tax rate	20,761,084	28,214,159	23,702,790

Note: The income tax of the Company is calculated based on the estimated taxable income gained in Hong Kong, the PRC and the applicable tax rate of 16.5%. Ocean Access Investments Ltd, a subsidiary of the Company, is eligible for a two-tier profits tax rate, with the first HKD2 million taxable income being taxed at 8.25% and the remaining taxable income at 16.5%. Tax arising from the taxable income in Mainland China is calculated at applicable tax rate according to existing laws, interpretations and practices of Mainland China.

42. Earnings per share

Pursuant to the "Regulation for the preparation of information disclosure for listed securities companies (2010) No.9 – Calculation and disclosure of return on net assets and earnings per share" (2010 revised) issued by the China Securities Regulatory Commission, the Company's basic earnings per share and diluted earnings per share are as follows:

	Period from January to September 2021	2020	2019
Basic earnings per share	0.03	0.06	0.03

Basic earnings per share shall be calculated by profit or loss attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding during the period.

The calculation of basic earnings per share are as follows:

	Period from January to September 2021	2020	2019
Earnings			
Net profit attributable to ordinary shareholders of the Company for the period/year	40,100,169	74,970,629	34,394,471
Shares			
Weighted average number of ordinary shares outstanding of the Company *(Note)*	1,220,628,000	1,220,628,000	1,220,628,000
Basic earnings per share	0.03	0.06	0.03

As the Company has no potential dilutive ordinary shares, the diluted earnings per share was the same as the basic earnings per share.

43. Notes to items in cash flow statement

Other cash received relating to operating activities are as follows:

	Period from January to September 2021	2020	2019
Other non-operating income	150,745	122,401	100
Government grants received	–	1,083,948	46,099
	150,745	1,206,349	46,199

Other cash paid relating to operating activities are as follows:

	Period from January to September 2021	2020	2019
Other non-operating expenses	803	187,066	24,916
Out-of-pocket expenses	7,695,881	9,597,149	13,606,464
	7,696,684	9,784,215	13,631,380

Other cash paid relating to financing activities are as follows:

	Period from January to September 2021	2020	2019
Rental expenses	642,852	–	–

44. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Net profit adjusted to cash flow of operating activities:

	Period from January to September 2021	2020	2019
Net profit	45,430,996	81,930,481	40,269,240
Add: Depreciation of fixed assets	32,949,563	44,556,649	44,411,057
Amortization of right-to-use assets	614,493	–	–
Amortization of intangible assets	593,158	790,878	790,878
Amortization of long-term prepaid expenses	178,062	578,605	924,231
Loss on disposal of fixed assets	269,860	572,305	2,703,403
Finance costs	(10,105,640)	(18,245,538)	(2,892,680)
Investment loss/(gain)	3,591,896	(11,454,450)	2,052,212
Decrease in deferred tax assets	577,607	770,143	770,143
Increase/(decrease) in deferred tax liabilities	2,181,496	851,853	(859,176)
Decrease/(increase) in inventories	126,379	139,183	(167,583)
Decrease in operating receivables	3,811,801	6,213,225	11,725,335
Increase/(decrease) in operating payables	(2,561,912)	(8,109,313)	702,989
	77,657,759	98,594,021	100,430,049

Net change in cash and cash equivalents:

	Period from January to September 2021	2020	2019
Closing balance of cash	199,713,609	242,843,041	217,412,613
Less: Opening balance of cash	242,843,041	217,412,613	171,180,229
Net (decrease)/ increase in cash and cash equivalents	(43,129,432)	25,430,428	46,232,384

(2) Cash and cash equivalents

	Period from January to September 2021	2020	2019
Cash	199,713,609	242,843,041	217,412,613
Including: Cash on hand	–	8,515	29,263
Time deposit due within three months	139,486,691	205,324,118	154,321,309
Bank deposits available for payment at any time	60,226,918	37,510,408	63,062,041
Cash and cash equivalents at the end of the period/year	199,713,609	242,843,041	217,412,613

45 Foreign currency monetary items

	30 September 2021		
	Original currency	Translation rate	RMB equivalent
Cash and bank balances			
USD	622,052	6.4591	4,017,896
HKD	106,177,137	0.8281	87,924,095
			91,941,991
Other receivables			
HKD	404,685	0.8281	335,115
Other payables			
HKD	2,837,003	0.8281	2,349,290
Non-current liabilities due within one year			
HKD	145,568,923	0.8281	120,543,990

	31 December 2020		
	Original currency	Translation rate	RMB equivalent
Cash and bank balances			
USD	622,047	6.5679	4,085,542
HKD	38,001,741	0.8420	31,998,771
			36,084,313
Other receivables			
HKD	558,280	0.8420	470,091
Other payables			
HKD	1,581,526	0.8420	1,331,699
Non-current liabilities due within one year			
HKD	71,832,070	0.8420	60,485,071
Long-term borrowings			
HKD	99,625,000	0.8420	83,887,673

	31 December 2019		
	Original currency	Translation rate	RMB equivalent
Cash and bank balances			
USD	630,012	6.9730	4,393,074
HKD	27,733,629	0.8940	24,793,160
			29,186,234
Other receivables			
HKD	596,267	0.8940	533,048
Other payables			
HKD	1,793,595	0.8940	1,603,428
Non-current liabilities due within one year			
HKD	52,209,430	0.8940	46,673,905
Long-term borrowings			
HKD	146,500,000	0.8940	130,967,281

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

	Principal place of business	Place of registration	Business nature	Registered capital	Shareholding proportion	
					Direct	Indirect
Ocean Ahead Limited	Hong Kong	BVI	Investment holding	USD100	100%	–
Edford Investments Limited	Hong Kong	BVI	Investment holding	USD1	–	100%
Ocean Access Investments Limited	Hong Kong	Hong Kong	Investment holding and provision of administrative and technical services	HKD1	–	100%
Dragon Bussan International Limited	Hong Kong	Hong Kong	Investment holding and provision of marketing services	Ordinary USD600,000 Non-voting deferred shares USD900,000 (Note 1)	–	100%
Dragon Crown Petrochemicals Terminal (Holdings) Limited	Hong Kong	Hong Kong	Investment holding and provision of finance and management services	Ordinary USD26,600,000 Non-voting deferred shares USD500,000 (Note 1)	–	100%
Dragon Source Industrial Limited (龍翔化工有限公司)	Hong Kong	Hong Kong	Investment holding and provision of accounting services	Ordinary HKD26,000,000 Non-voting deferred shares HKD2,000,000 (Note 1)		
Overseas Hong Kong Investment Limited (海外香港投資有限公司)	Hong Kong	Hong Kong	Investment holding and provision of business development service	HKD10,000	–	100%
Nanjing Dragon Crown Liquid Chemical Terminal Company Limited (南京龍翔液體化工儲運碼頭有限公司)	Nanjing	Nanjing	Terminal and other ports facility operation	USD52,254,820	–	90.01%

Note 1: The holders of non-voting subordinated shares shall not be entitled to receive notice of, attend or vote at any general meeting of the Company or to receive any dividend. In the event of liquidation, the holders of non-voting subordinated shares shall be entitled to a refund of the capital paid up in full in respect of the non-voting shares held by them out of the remaining assets of the Company, up to one half of the balance of HKD100,000,000,000,000 distributed to the ordinary shareholders of the Company upon liquidation.

The subsidiaries with significant non-controlling interests are as follows:

Period from January to September 2021

	Shareholding of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulative non-controlling interests at the end of the year
Nanjing Dragon Crown Liquid Chemical Terminal Company Limited（南京龍翔液體化工儲運碼頭 有限公司）	9.99%	5,330,827	(6,690,224)	40,523,731

2020

	Shareholding of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulative non-controlling interests at the end of the year
Nanjing Dragon Crown Liquid Chemical Terminal Company Limited（南京龍翔液體化工儲運碼頭有限公司）	9.99%	6,959,852	(5,506,469)	41,883,128

2019

	Shareholding of non-controlling interests	Profit and loss attributable to non-controlling interests	Dividends paid to non-controlling interests	Accumulative non-controlling interests at the end of the year
Nanjing Dragon Crown Liquid Chemical Terminal Company Limited（南京龍翔液體化工儲運碼頭有限公司）	9.99%	5,874,769	(9,677,900)	40,362,184

The following table illustrates the financial information of the above subsidiary. These information are the amounts before offsetting among the companies in the Group:

	30 September 2021	31 December 2020	31 December 2019
Current assets	114,999,424	58,474,261	59,416,406
Non-current assets	413,574,320	437,691,116	469,956,848
Total assets	528,573,744	496,165,377	529,373,254
Current liabilities	87,773,224	39,356,857	84,077,769
Non-current liabilities	17,527,718	19,928,659	23,655,860
Total liabilities	105,300,942	59,285,516	107,733,629
Revenue	159,707,336	214,352,998	205,109,741
Net profit	53,291,353	70,275,077	59,389,333
Total comprehensive income	53,291,353	70,275,077	59,389,333
Net cash flows from operating activities	97,080,163	119,335,797	122,975,191

2. Interests in Joint Ventures and an Associate

Name	Principal place of business and place of incorporation	Business nature	Registered capital	Shareholding Ratio Direct	Shareholding Ratio Indirect	Voting right ratio	Accounting method
An associate							
Tianjin Tianlong Liquid Chemicals Storage and Transportation Co., Ltd. (天津天龍液體化工儲運有限公司)	Tianjin	Terminal storage and handling of liquid chemicals	USD3 million	–	65%	42%	Equity method
Joint ventures							
Ningbo Xinxiang Liquid Chemical Store Co., Ltd. (寧波新翔液體化工倉儲有限公司)	Ningbo	Terminal storage and handling of liquid chemicals	RMB7 million	–	60%	60%	Equity method
Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd. (寧波寧翔液化儲運碼頭有限公司)	Ningbo	Terminal storage and handling of liquid chemicals	RMB12,250,000	–	60%	60%	Equity method
Weifang Sime Darby Liguid Terminal Co., Ltd. (濰坊森達美液化品碼頭有限公司)	Weifang	Terminal storage and handling of liquid chemicals	RMB540,000,000	–	50%	50%	Equity method

Weifang Sime Darby Liguid Terminal Co., Ltd., as a material joint venture of the Group, is engaged in terminal storage and handling of liquid chemicals in mainland China, which is accounted for adopting the equity method.

The Group has participated in the financial and operational decisions of Weifang Sime Darby Liguid Terminal Co., Ltd. Although the Group holds 50% of the voting rights of the Board of Directors of Weifang Sime Darby Liguid Terminal Co., Ltd., the resolutions of the Board of Directors are subject to the approval of 2/3 (inclusive) of the directors by way of voting. Therefore, Weifang Sime Darby Liguid Terminal Co., Ltd. is under common control by the Group and other shareholders, and thus is a joint venture of the Group.

The following table illustrates the financial information of Weifang Sime Darby Liguid Terminal Co., Ltd., which is adjusted for differences in accounting policies and reconciled to the carrying amounts in these financial statements:

	Period from January to September 2021	**2020**	**2019**
Current assets	221,002,842	201,772,495	202,815,673
Including: cash and cash equivalents	89,600,953	91,151,198	67,862,913
Non-current assets	1,270,889,187	1,279,335,934	1,313,550,074
Total assets	1,491,892,029	1,481,108,429	1,516,365,747
Current liabilities	655,693,077	719,944,845	774,130,996
Non-current liabilities	319,176,270	230,443,688	225,590,731
Total liabilities	974,869,347	950,388,533	999,721,727
Shareholders' equity	517,022,682	530,719,896	516,644,020
Net assets share calculated based on the percentage of shareholding	258,511,341	265,359,948	258,322,010
Adjustments	12,092,862	12,092,862	12,092,862
Book value in the investment	270,604,203	277,452,810	270,414,872

	Period from January to September 2021	**2020**	**2019**
Revenue	92,851,182	150,498,367	118,297,098
Finance costs	(32,214,719)	(46,869,166)	(41,990,795)
Including: interest income	1,069,774	763,653	653,601
interest expenses	(33,091,535)	(47,454,522)	(42,565,729)
Income tax expenses	229,563	(3,835,478)	–
Net (loss)/profit	(13,697,214)	14,075,875	(11,613,968)
Total comprehensive (loss)/income	(13,697,214)	14,075,875	(11,613,968)

The following table presents the aggregated financial information of joint ventures and an associate that are not material to the Group:

	Period from January to September 2021	2020	2019
Joint Ventures			
Total carrying amount of investment	21,028,034	22,067,991	21,737,756
The followings were calculated by the proportion of shareholding			
Net profit	3,309,939	4,472,436	4,088,750
Total comprehensive income	3,309,939	4,472,436	4,088,750
An Associate			
Total carrying amount of investment	14,854,727	15,142,392	15,392,915
The followings were calculated by the proportion of shareholding			
Net loss	(293,039)	(270,537)	(333,978)
Total comprehensive loss	(293,039)	(270,537)	(333,978)

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Classification of Financial Instruments

The book values of various financial instruments on the balance sheet date are as follows:

Financial assets

	Financial assets measured at fair value		
	30 September 2021	2020	2019
Held-for-trading financial assets	60,000,000	–	–

	Financial assets at amortised cost		
	30 September 2021	2020	2019
Cash and bank balances	199,713,609	242,843,041	217,412,613
Bills receivable	2,135,000	3,986,371	1,417,992
Accounts receivable	20,723,440	22,616,407	27,640,141
Other receivables	4,684,604	31,989,028	24,720,915
Long-term receivables	143,060,000	143,060,000	143,060,000
Other non-current assets	36,633,946	–	–
	406,950,599	444,494,847	414,251,661

Financial liabilities

	Financial liabilities at amortised cost		
	30 September 2021	2020	2019
Other payables	36,111,632	8,620,490	14,339,299
Non-current liabilities due within one year	121,376,180	60,485,071	46,673,905
Long-term borrowings	–	83,887,673	130,967,281
Lease liabilities	71,146	–	–
	157,558,958	152,993,234	191,980,485

2. Transfer of financial assets

Financial assets transferred but not fully derecognized

As at 30 September 2021, Nanjing Dragon Crown Liquid Chemical Terminal Company Limited endorsed bank acceptance notes to the suppliers with a carrying amount of RMB1,635,000 for settlement of other payables. As at 30 September 2021, the maturity of bank acceptance notes is 1 to 12 months. According to the relevant provisions of the Bill Act, if the acceptance bank refuses to pay, its holder has the right of recourse against the Group ("Continuing Involvement"). As the Group was of the opinion that the Group had retained substantially all their risks and rewards, including the default risk associated, the Group continues to recognize them and the settled other payables associated therewith in full. After the endorsement, the Group no longer reserved the rights to use these financial assets related to it, including the rights to sell, transfer or pledge to any other third parties. As at 30 September 2021, the total carrying amounts of other payables settled amounted to RMB1,635,000.

3. Risks of Financial Instruments

The Group is exposed to various risks of financial instruments during daily activities, mainly including credit risks, liquidity risks and market risks (including interest rate risk). Major financial instruments of the Group include cash and bank balances, held-for-trading financial assets, bills receivable and accounts receivable, other receivables, long-term receivables, other non-current assets, other payables, non-current liabilities due within one year, long-term borrowings and lease liabilities. The following will show the risks relating to these financial instruments and the risk management strategies the Group adopted to reduce the relevant risks:

Credit risks

The Group trades only with recognized and creditworthy third parties. The Group usually requires prepayment from new customers. In addition, balances of accounts receivables are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant.

Since the counterparties of cash and bank balances, held-for-trading financial assets and bank acceptance bills receivable are placed in the well-established banks with high credit ratings, these financial instruments are exposed to lower credit risk.

The credit risk of the Group's other financial assets, which comprise accounts receivable and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum credit risk exposure the Group faced at each balance sheet date is the total amount received from customer less allowance for bad debt.

Since the Group mainly provides services to recognized and creditworthy third parties, there was no requirement for collateral. The Group had a significant concentration of credit risk. As at 30 September 2021, 31 December 2020 and 31 December 2019, 97% and 100%, 90% and 100%, 79% and 100% of the Group's accounts receivable were due from the largest and five largest customers in terms of balance. The Group did not hold any collateral or credit enhancements for the balance of accounts receivable.

Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the individual financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

Definition of credit-impaired asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

(1) Significant financial difficulty of the issuer or the debtor;

(2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments;

(3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

(4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;

(6) The purchase or origination of a financial asset at a significant discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters of ECLs measurement

Based upon whether credit risk has significantly increased or impaired, the Group measures impairment provision for different assets upon the ECLs during 12 months or entire lifetime. The key measuring parameters of ECLs include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relative definitions are listed as follows:

(1) PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment throughout the future 12 months or entire remaining lifetime. The Group's PD is adjusted based on ECLs model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;

(2) LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated throughout the future 12 months or entire remaining lifetime;

(3) EAD is the amount that the Group should be reimbursed at the time of the default throughout the future 12 months or entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECLs both involve forward looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs of various business types.

Liquidity risk

Liquidity risk represents the risk that the entity encounters shortage of funds when performing the obligation relating to financial liabilities.

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. Such tool considers both the maturity of its financial instruments and the projected cash flows from the Group's operations.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

	30 September 2021				
	Within 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Non-current liabilities due within one year	18,503,321	22,897,477	83,780,971	–	125,181,769
Other payables	36,111,632	–	–	–	36,111,632
Lease liabilities	–	–	–	71,428	71,428
	54,614,953	22,897,477	83,780,971	71,428	161,364,829

	31 December 2020				
	Within 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Non-current liabilities due within one year	143,765	287,529	62,093,994	–	62,525,288
Other payables	8,620,490	–	–	–	8,620,490
Long-term borrowings	–	–	–	84,370,576	84,370,576
	8,764,255	287,529	62,093,994	84,370,576	155,516,354

	31 December 2019				
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Non-current liabilities due within one year	533,901	1,088,083	51,710,870	–	53,332,854
Other payables	14,339,299	–	–	–	14,339,299
Long-term borrowings	–	–	–	135,629,927	135,629,927
	14,873,200	1,088,083	51,710,870	135,629,927	203,302,080

Market risk

Interest rate risk

The interest rate risk of the Group is mainly related to net liabilities bearing interest at floating rates. The majority of interest on bank borrowings is calculated by reference to the Hong Kong Interbank Offered Rate. The Group mitigates its exposure by enhancing its monitoring of interest rate changes and regularly reviewing its banking facilities and borrowings. The Group does not use any interest rate swaps to hedge its interest rate risk. The table below is a sensitivity analysis of interest rate risk, which reflects the impact on net profit (through the impact on floating-rate borrowings) and other comprehensive income after tax, when there are reasonable and potential changes in interest rates, under the presumption that all other variables remain unchanged.

Period from January to September 2021

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	0.5%	(1,250,289)	–	(1,250,289)
RMB	(0.5%)	1,250,289	–	1,250,289

2020

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	0.5%	(1,552,333)	–	(1,552,333)
RMB	(0.5%)	1,552,333	–	1,552,333

2019

	Increase/ (decrease) in basis point	Increase/ (decrease) in net profit	Increase/ (decrease) in other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	0.5%	(995,471)	–	(995,471)
RMB	(0.5%)	995,471	–	995,471

4. Capital Management

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximize shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. During the period from January to September 2021, the years of 2020 and 2019, there was no change in the Group's capital management objectives, policies or procedures.

The Company monitors its capital structure on the basis of its leverage ratio (i.e. interest-bearing liabilities less cash and bank balances to equity attributable to the shareholders of the Company). The leverage ratio of the Group as of the balance sheet date is as follows:

	Period from January to September 2021	2020	2019
Non-current liabilities due within one year	121,376,180	60,485,071	46,673,905
Long-term borrowings	–	83,887,673	130,967,281
Lease liabilities	71,146	–	–
Less: cash and bank balances	199,713,609	242,843,041	217,412,613
Net cash	(78,266,283)	(98,470,297)	(39,771,427)
Total equity attributable to the shareholders of the Company	952,179,496	962,305,365	921,778,197
Leverage ratio	Not applicable	Not applicable	Not applicable

VIII. DISCLOSURE OF FAIR VALUE

1. Assets measured at fair value

30 September 2021

	Inputs used in the measurement of fair value			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Held-for-trading financial assets	–	60,000,000	–	60,000,000

2. Assets and Liabilities Measured at Fair Value

30 September 2021

	Inputs used in the measurement of fair value			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term receivables	–	143,060,000	–	143,060,000
Other non-current assets	–	36,633,946	–	36,633,946

31 December 2020

	Inputs used in the measurement of fair value			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term receivables	–	143,060,000	–	143,060,000
Long-term borrowings	–	83,887,673	–	83,887,673

31 December 2019

	Inputs used in the measurement of fair value			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term receivables	–	143,060,000	–	143,060,000
Long-term borrowings	–	130,967,281	–	130,967,281

3. Estimation of Fair Value

Fair value of financial instruments

Following is a comparison between lease liabilities and book values and fair values of various categories of financial instruments of the Group other than the financial instruments with a minor difference between book value and fair value:

	Book value			Fair value		
	30 September 2021	**31 December 2020**	**31 December 2019**	**30 September 2021**	**31 December 2020**	**31 December 2019**
Financial Assets						
Long-term receivables	143,060,000	143,060,000	143,060,000	143,060,000	143,060,000	143,060,000
Other non-current assets	36,633,946	–	–	36,633,946	–	–
	179,693,946	143,060,000	143,060,000	179,693,946	143,060,000	143,060,000
Financial liabilities						
Long-term borrowings	–	83,887,673	130,967,281	–	83,880,464	130,796,978

The management has assessed the cash and bank balances, bills receivable, accounts receivable, other receivables, other non-current liabilities, other payables, non-current liabilities due within one year, etc. In each case, the fair value and book value are similar due to short remaining period.

The fair values of financial assets and liabilities are determined as per the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction, instead of the amount under forced sale or under liquidation. The following methods and assumptions are used to estimate the fair value.

The long-term receivables, other non-current assets and long-term borrowings are determined on the basis of discounted future cash flow using the market rate of return of other financial instruments with similar contractual terms, credit risk and residual term as the discount rate to ensure that the amount is determined fairly. As at 30 September 2021, 31 December 2020 and 31 December 2019, the non-performance risk associated with long-term and short-term borrowings was assessed as insignificant.

Held-for-trading financial assets are wealth management products held by the Group and their fair value is determined using cost plus expected return.

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Shareholder of the Company

	Place of incorporation	Business nature	Registered Capital *(USD)*	Equity proportion in the Company *(%)*	Voting rights proportion in the Company *(%)*
Lirun Limited	British Virgin Islands	Investment	50,000	61.57	61.57

73.19% voting right shares of the Company are hold by NG Wai Man, Lirun Limited and Sure Port Investments Limited, and 9.59% voting right shares of the Company are hold by NG Dan Ching. NG Wai Man holds 100% voting right shares of Lirun Limited and Sure Port Investments Limited, and thus is the actual controller of the Company.

2. Subsidiaries

For details of the subsidiaries of the Company, please refer to Note VI. 1. Interests in subsidiaries.

3. Joint Ventures and an Associate

For the details of joint ventures and an associate, please refer to Note VI. 2. Interests in Joint Ventures and an Associate.

4. Other Related Parties

Company Name	Relationship between other related parties and the Company
Nanjing Jiangbei New Area Construction Investment Group Co., Ltd.（南京江北新區建設投資集團有限公司）	Minority shareholders of the Group's subsidiaries
Nanjing Chemical Industry Park Public Services Company Limited（南京化學工業園公用事業有限責任公司）	Subsidiaries of minority shareholders
Dragon Crown Investments Limited（龍翔化工國際有限公司）	Enterprises controlled by the directors of the Company
Weifang Sime Darby Liguid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）	A joint venture
Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd.（寧波寧翔液化儲運碼頭有限公司）	A joint venture
Ningbo Xinxiang Liquid Chemical Store Co., Ltd.（寧波新翔液體化工倉儲有限公司）	A joint venture

5. Major Transactions between the Group and Related Parties

(1) Purchase and sale of goods, provision and receipt of services from related parties

Purchase of goods and receipt of services from related parties

	Note	Nature of Transactions	Pricing method and decision–making procedure of related transaction	Period from January to September 2021	2020	2019
Nanjing Chemical Industry Park Public Services Company Limited（南京化學工業園公用事業有限責任公司）	*Note 1*	Terminal service	Negotiated price	3,841,545	4,609,268	4,826,612

Note 1: Terminal service expenses were charged in accordance with the terms mutually agreed between the Group and the related company.

(2) Leases with related party

As lessees

	Notes	Types of leased assets	Period from January to September 2021 Lease expenses	2020 Lease expenses	2019 Lease expenses
Nanjing Jiangbei New Area Construction Investment Group Co., Ltd. (南京江北新區建設投資集團有限公司)	*Note 1*	Pipe racks	7,828,259	10,437,679	10,437,679
Dragon Crown Investments Limited (龍翔化工國際有限公司	*Note 2*	Buildings	1,237,294	1,760,939	1,744,647
			9,065,553	12,198,618	12,182,326

Note 1: The Group, as the lessee, entered into several lease agreements with Nanjing Jiangbei New Area Construction Investment Group Co., Ltd. for the use of pipe racks.

Note 2: The Group, as the lessee, entered into a three-year office lease agreement ending on 31 December 2021 with Dragon Crown Investments Limited at a monthly rental of HKD165,000. On 14 December 2021, the Group entered into a lease agreement with Dragon Crown Investments Limited to extend the lease term to 30 June 2022.

(3) Other related parties transactions

Remuneration for key management personnel

	Period from January to September 2021	2020	2019
Remuneration for key management personnel	4,527,717	6,406,954	6,274,118
Including: Short-term salaries	4,482,725	6,342,920	6,211,998
Post-employment benefits	44,992	64,034	62,120

(4) Loans and borrowings of the related parties

Lendings

During the period from January to September 2021

	Note	Lending amount	Inception date	Expiration date
Weifang Sime Darby Liguid Terminal Co., Ltd. (濰坊森達美液化品碼頭有限公司)	*Note 1*	40,000,000	15 July 2016	31 December 2028
		21,060,000	15 July 2016	31 December 2028
		27,000,000	15 July 2017	31 December 2028
		25,000,000	15 July 2017	31 December 2028
		30,000,000	19 December 2018	31 December 2028

31 December 2020 and 31 December 2019

	Note	Lending amount	Inception date	Expiration date
Weifang Sime Darby Liguid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）	Note 1	40,000,000	15 July 2016	14 July 2021
		21,060,000	15 July 2016	14 July 2021
		27,000,000	15 July 2017	14 July 2022
		25,000,000	15 July 2017	14 July 2022
		30,000,000	19 December 2018	18 December 2023

Interest income

	Note	Period from January to September 2021	2020	2019
Weifang Sime Darby Liguid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）	Note 1	6,494,864	8,706,608	8,912,524

Note 1: As at 30 September 2021, 31 December 2020 and 30 December 2019, the bearing-interest loans of RMB122,000,000 and RMB21,060,000 provided by the Group to Weifang Sime Darby Liguid Terminal Co., Ltd., a joint venture, were carried at 6% and 6.4% per annum, respectively. Such shareholders' loans are unsecured with a term of five years under the original agreement. The Group and Weifang Sime Darby Liguid Terminal Co., Ltd. entered into a supplemental agreement on 9 July 2021 to extend the entire borrowings to 31 December 2028.

6. Amounts due from related parties

(1) Other receivables

	30 September 2021	31 December 2020	31 December 2019
Dragon Crown Investments Limited	273,269	277,871	295,012
Weifang Sime Darby Liguid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）	–	31,212,021	23,943,066
Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd.（寧波寧翔液化儲運碼頭有限公司）	3,144,635	–	–
Ningbo Xinxiang Liquid Chemical Store Co., Ltd.（寧波新翔液體化工倉儲有限公司）	932,826	–	–
	4,350,730	31,489,892	24,238,078

(2) Other non-current assets

	30 September 2021	31 December 2020	31 December 2019
Weifang Sime Darby Liguid Terminal Co., Ltd.（濰坊森達美液化品碼頭有限公司）	36,633,946	–	–

7. Amounts due to related parties

(1) Other payables

	30 September 2021	31 December 2020	31 December 2019
Nanjing Jiangbei New Area Construction Investment Group Co., Ltd.（南京江北新區建設投資集團有限公司）	6,690,224	–	-

X. COMMITMENTS AND CONTINGENT MATTERS

1. Significant commitments

The Group has contracted, but not provided for capital commitments as follows:

	30 September 2021	31 December 2020	31 December 2019
Contracted, but not provided for capital commitments	7,519,635	3,557,648	4,636,963

Save as the above, the Group's entitlement to contracted, but not provided for capital commitments of joint ventures under the equity method is as follows:

	30 September 2021	31 December 2020	31 December 2019
Contracted, but not provided for capital commitments	234,313,227	234,313,227	234,354,970

Contracted but not provided for capital commitments as at 31 December 2019, 31 December 2020 and 30 September 2021 represent the unsatisfied performance obligations for the construction contracts and decoration contracts entered into in respect of the buildings and structures in progress.

2. Contingent matters

As at the balance sheet date, the Group did not have any discloseable contingent matters.

XI. SUBSEQUENT EVENTS

As at 14 December 2021, Overseas Hong Kong Investment Limited, a wholly-owned subsidiary of the Group, entered into a loan agreement with Weifang Sime Darby Liguid Terminal Co., Ltd., a joint venture of the Group, pursuant to which it agreed that Overseas Hong Kong Investment Limited will provide Weifang Sime Darby Liguid Terminal Co., Ltd. with a loan in the principal amount of USD9,420,000 to repay the principal and interest of certain bank facility. The loan shall bear interest at 6.0% per annum and the interest shall be payable quarterly. The principal shall be repaid in a lump sum when the loan is due, and the loan term shall be from 15 December 2021 to 14 December 2026. If Weifang Sime Darby Liguid Terminal Co., Ltd. is unable to repay the loan due, the loan agreement may be extended for five years after being signed and confirmed in written form.

XII. OTHER SIGNIFICANT MATTERS

1. Segment reporting

Operating segment

The Group currently derives its operating profit mainly from the domestic subsidiaries of the Company. The Group does not operate any other business that has significant impact on the operating results. According to the Group's internal organization, management requirements and internal reporting system, there is currently no division of business segments, nor is it managed and assessed in accordance with the operating segment model. As the Group's revenue is mainly derived from within the PRC and its assets are mainly located within the PRC, and the resources of each subsidiary are managed and deployed by the management of the Company in a unified manner, there is no cross-sectoral situation but a certain degree of homogeneity in the Group's business and products, and in light of the consistency of the management team, the Group does not need to disclose segment data separately.

Other information

Product and labour information

Revenue from external transactions

	Period from January to September 2021	**2020**	**2019**
Terminal storage services	88,150,888	118,674,936	117,530,847
Handling services	70,263,998	93,823,189	85,971,798
Others	1,292,450	1,854,873	1,607,096
	159,707,336	214,352,998	205,109,741

Geographic information

Revenue from external transactions

	Period from January to September 2021	**2020**	**2019**
Mainland China	159,707,336	214,352,998	205,109,741

Revenue from external transactions is attributable to the customers' geographical locations.

All of the Group's non-current assets are located in Mainland China.

Information on major customers

For the period from January to September 2021, operating revenue (amounting to 10% or more of the Group's revenue) of RMB140,669,270 was derived from a single customer (including all entities known to be controlled by the customer).

In 2020, operating revenue (amounting to 10% or more of the Group's revenue) of RMB182,958,471 was derived from a single customer (including all entities known to be controlled by the customer).

In 2019, operating revenue (amounting to 10% or more of the Group's revenue) of RMB175,961,387 was derived from a single customer (including all entities known to be controlled by the customer).

2. Lease

(1) As a lessor

The Group leases the buildings and structures, including the laboratory for a term of 5 years, and the sample storage room and the laboratory on the 3rd floor for a term of 4 years, under an operating lease. According to the lease agreement, the rent is subject to annual adjustment in accordance with the CPI of the year. The Group's revenue arising from the leasing of buildings and structures for the period from January to September 2021 and the years of 2020 and 2019 amounted to RMB517,730, RMB759,321 and RMB738,370 respectively.

Operating lease

Profit or loss related to operating lease are set out below:

	Period from January to September 2021	2020	2019
Rental income	517,730	759,321	738,370

The minimum lease payments receivable under the uncancellable lease of the lease agreements entered into with the lessee are as follows:

	Period from January to September 2021	2020	2019
Within one year (inclusive)	445,424	763,584	763,584
After one year but within two years (inclusive)	–	254,528	763,584
After two years but within three years (inclusive)	–	–	254,528
Net lease investment	445,424	1,018,112	1,781,696

(2) As a lessee

	Period from January to September 2021
Interest expenses on lease liabilities	44,094
Short-term lease payments charged to profit or loss using simplified approach	8,536,299
Total cash outflows related to leases	9,186,733

Future potential cash outflows not recognized as lease liabilities

Committed but not commenced leases

Estimated cash outflows of leases in future years that the Group has committed but not commenced are as follows:

	From January to September 2021
Within one year (inclusive)	2,845,433

Significant operating lease

The minimum lease payments payable under the uncancellable lease of the lease agreements entered into by the Group as a lease with the lessor are as follows:

	2020	2019
Within one year (inclusive)	12,266,480	13,228,753
After one year but within two years (inclusive)	714,280	12,369,322
After two years but within three years (inclusive)	–	714,280
	12,980,760	26,312,355

Other lease information

For right-of-use assets, see Note V.12; for lease liabilities, see Note V.23, V.25.

XIII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. Long-term receivables

	30 September 2021	31 December 2020	31 December 2019
Amounts due from subsidiaries	612,672,401	655,753,081	674,631,816

The Company's long-term receivables comprise current amounts of subsidiaries within the Group and dividends. The management of the Company considers that these receivables are part of the Group's net investment in subsidiaries and are not expected to be repaid within twelve months after the end of each reporting period and therefore are classified as long-term receivables as at 30 September 2021 and 31 December 2020 and 31 December 2019. No provision for impairment is required for the long-term receivables.

XIV. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company on 10 January 2022.

Dragon Crown Group Holdings Limited
SUPPLEMENTARY INFORMATION ON THE FINANCIAL STATEMENTS
For the nine months ended 30 September 2021, and the years of 2020 and 2019 Unit: RMB

1. Non-recurring profit or loss

	Period from January to September 2021	2020	2019
Government grants recognised in profit or loss for the current period	524,293	1,780,159	312,119
Gains or losses from fair value changes arising from holding held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities and investment gain arising from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment other than effective hedging business related to the normal business operations of the Company	239,811	214,613	–
Non-recurring profits and losses attributable to joint ventures and an associate under the equity method	2,364,818	395,164	81,149
Capital utilization fee received from non-financial enterprises and included in profit and loss of the current period	6,494,864	8,706,608	8,912,524
Other non-operating income and expenses other than above items	(119,918)	(636,970)	(2,728,219)
	9,503,868	10,459,574	6,577,573
Impact on income tax	161,047	302,824	(607,943)
	9,342,821	10,156,750	7,185,516
Impact on non-controlling interests (after tax)	48,266	69,448	(184,480)
	9,294,555	10,087,302	7,369,996

The Group recognized non-recurring profit or loss items in accordance with the Explanatory Announcement No. 1 on Information Disclosure by Public Issuers – Non-recurring Profit or Loss Items (CSRC Announcement No. 200843).

2. Return on net assets and earnings per share

Return on weighted average net assets and basic and diluted earnings per share of the Company according to the requirements stipulated in the "Regulation for the preparation of information disclosure for listed securities companies (2010) No.9 – Calculation and disclosure of return on net assets and earnings per share" (2010 revised) issued by the CSRC as follows:

Period from January to September 2021

	Return on weighted average net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	4.17	0.03	0.03
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits or losses	3.14	0.03	0.03

2020

	Return on weighted average net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	7.98	0.06	0.06
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits or losses	6.89	0.05	0.05

2019

	Return on weighted average net assets (%)	Earnings per share	
	Basic	**Diluted**	
Net profit attributable to ordinary shareholders of the Company	3.74	0.03	0.03
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits or losses	2.93	0.02	0.02

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

Since the Company has no dilutive potential ordinary shares, diluted earnings per share is identical to basic earnings per share.

DIFFERENCES BETWEEN THE ACCOUNTING POLICIES ADOPTED BY THE COMPANY AND THE OFFEROR

For the purpose of the composite document of the Company dated 9 March 2022 in connection with the conditional voluntary general cash offer to acquire all of the issued shares in the Company (the "**Document**"), and with reference to the section "Letter from CICC" of this Composite Document, the Offeror and the Company jointly announced on 20 January 2022 in the Stock Exchange in connection with the conditional voluntary general cash offer to acquire all of the issued shares in the Company by the Offeror that in compliance with the MAR Measures and other PRC rules and regulations relating to the MAR of Offeror Parent, Offeror Parent published on the Shenzhen Stock Exchange on 20 January 2022 the PRC Audited Financial Statements of the Group prepared under Chinese Accounting Standards ("**CAS**") for the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, together with certain other information, which were also appended to the same joint announcement. The PRC Audited Financial Statements are referenced to this Composite Document in Appendix IV.

As a Hong Kong listed entity, the Company has been adopting HKFRS in the preparation of the financial statements and accounting policies of the Group in the preparation of the management accounts of the Group and a summary of the financial information of the Group for the years ended 31 December 2019 and 2020 are included in Appendix II of this Composite Document.

To enable a better understanding by the Shareholders of the financial information of the Group presented under HKFRS and those presented under CAS prepared for the joint announcement above, the Company has prepared the Reconciliation Information comprising: (i) for the two years ended 31 December 2019 and 2020, a reconciliation statement of the Key Financial Information between the audited accounts of the Group prepared under HKFRS as previously included in the annual reports of the Company and the PRC Audited Financial Statements of the Group prepared under CAS for the respective years; and (ii) for the nine months ended 30 September 2021, a reconciliation statement of the Key Financial Information between the Unaudited Management Accounts of the Group prepared under accounting policies of the Group and the PRC Audited Financial Statements of the Group prepared under CAS for the period (collectively referred to as the "**Reconciliation Statement**").

1. RECONCILIATION INFORMATION

The accounting policies adopted in the preparation of (i) the audited accounts of the Group for the two years ended 31 December 2019 and 2020 were HKFRS; and (ii) the Unaudited Management Accounts of the Group for the nine months ended 30 September 2021 were accounting policies of the Group which differ in certain material respects from the accounting policies adopted in the preparation of the PRC Audited Financial Statements of the Group which were prepared under CAS.

In particular, the Group adopted HKFRS 16 *Leases* with effect from 1 January 2019 while CAS 21 *Leases* (revised in 2018) adopting similar accounting standards pertaining to leases only became effective from 1 January 2021 under CAS.

In addition, under HKFRS, only income generated from the Group's principal business activities was classified as revenue, all other operating income was classified as other income. Under CAS, income generated from both principal business activities and other business activities was classified as revenue.

Apart from the foregoing, the Directors considered that there were no material differences in the accounting policies adopted by the Group and those adopted in the PRC Audited Financial Statements. Details of the reconciliation of the differences of Key Financial Information are set out in the following disclosures:

a. a reconciliation statement of the Key Financial Information between the audited accounts of the Group prepared under HKFRS as previously included in the annual reports of the Company and the PRC Audited Financial Statements of the Group prepared under CAS for the two years ended 31 December 2019 and 2020; and

b. a reconciliation statement of the Key Financial Information between the Unaudited Management Accounts of the Group prepared under accounting policies of the Group and the PRC Audited Financial Statements of the Group prepared under CAS for the nine months ended 30 September 2021.

The above items (a) and (b) are referred to as the "Reconciliation Information".

2. BASIS OF PREPARATION AND RECONCILIATION

The Reconciliation Information has been prepared by the Directors by comparing the differences between the accounting policies adopted by the Group in preparing its audited financial statements and unaudited management accounts and those adopted in preparing the PRC Audited Financial Statements in accordance with CAS.

Your attention is drawn to the following:

a. the Reconciliation Information in respect of the Unaudited Management Accounts has not been subject to an independent audit. Accordingly, it does not constitute the audited financial statements of the Group prepared in accordance with HKFRS;

b. for the purpose of the Reconciliation Information, the Key Financial Information extracted from the PRC Audited Financial Statements which were presented in RMB has been converted to HKD using the middle exchange rates published by The People's Bank of China on 31 December 2019, 2020 and 30 September 2021 of HKD 1 to RMB 0.90, RMB 0.84 and RMB 0.83, respectively (the "**Conversion Exchange Rates**"), for the convenience of the readers of the Composite Document.

3. SCOPE OF WORK OF ERNST & YOUNG

Ernst & Young was engaged by the Company to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("**HKSAE 3000**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") on the Reconciliation Information. Please refer to Appendix VIII for the assurance report issued by Ernst & Young on the Reconciliation Information.

4. RECONCILIATION STATEMENTS

a. For the year ended 31 December 2019

	Notes to the Reconciliation Statement	**Key Financial Information as stated in the audited annual results**	**Key Financial Information as stated in the PRC Audited Financial Statements**	**Key Financial Information converted from RMB to HKD using the Conversion Exchange Rates**	**Differences**
		HK$'000	*RMB'000*	*HK$'000*	*HK$'000*
Total assets	*5(i), (iii)*	1,339,931	1,193,975	1,332,889	(7,042)
Total liabilities	*5(i), (iii)*	(263,923)	(231,835)	(258,808)	5,115
Revenue	*5(ii),(iii)*	229,849	205,110	228,973	(876)
Net Profit	*5(i), (iii)*	45,455	40,269	44,954	(501)

b. For the year ended 31 December 2020

	Notes to the Reconciliation Statement	**Key Financial Information as stated in the audited annual results**	**Key Financial Information as stated in the PRC Audited Financial Statements**	**Key Financial Information converted from RMB to HKD using the Conversion Exchange Rates**	**Differences**
		HK$'000	*RMB'000*	*HK$'000*	*HK$'000*
Total assets	*5(i), (iii)*	1,434,120	1,195,497	1,420,438	(13,682)
Total liabilities	*5(i), (iii)*	(242,200)	(191,309)	(227,305)	14,895
Revenue	*5(ii),(iii)*	238,148	214,353	254,685	16,537
Net Profit	*5(i), (iii)*	91,742	81,930	97,346	5,604

c. For the nine months ended 30 September 2021

	Notes to the Reconciliation Statement	**Key Financial Information as stated in the Unaudited Management Accounts**	**Key Financial Information as stated in the PRC Audited Financial Statements**	**Key Financial Information converted from RMB to HKD using the Conversion Exchange Rates**	**Differences**
		HK$'000	*RMB'000*	*HK$'000*	*HK$'000*
Total assets	*5(i), (iii)*	1,434,221	1,185,631	1,423,224	(10,997)
Total Liabilities	*5(i), (iii)*	(236,390)	(192,928)	(231,590)	4,800
Revenue	*5(ii),(iii)*	189,537	159,707	191,711	2,174
Net Profit	*5(i), (iii)*	54,237	45,431	54,535	298

5. NOTES TO THE RECONCILIATION STATEMENTS

(i) Right-of-use ("ROU") assets and lease liabilities and the related depreciation/ amortisation included in Total assets, Total liabilities and Net Profit

Under HKFRS, the Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019 with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019.

Under HKFRS 16, the Group applied a single approach to recognise and measure ROU assets and lease liabilities for all leases, except for elective exemption for leases with a lease term of 12 months or less (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognized depreciation of the ROU assets and interest accrued on the outstanding lease liabilities (as finance costs).

In the preparation of the PRC Audited Financial Statements for the nine months ended 30 September 2021, the new CAS 21 which is similar to HKFRS 16 had been adopted using the modified retrospective method with the date of initial application of 1 January 2021 with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2021.

(ii) Revenue and other income

Under HKFRS, only income generated from the Group's principal business activities was classified as revenue, all other operating income was classified as other income. Under CAS, income generated from both principal business activities and other business activities was classified as revenue.

(iii) Exchange difference

For the purpose of the Reconciliation Information, the Key Financial Information extracted from the PRC Audited Financial Statements which were presented in RMB had been converted to HKD using the relevant Conversion Exchange Rates. Thus, the differences in the reconciliation may include differences arising from such conversion.

The following is the text of the report on the Unaudited Net Profit from Honestum International Limited, the Independent Financial Adviser, which has been prepared for the purpose of inclusion in this Composite Document.

HONESTUM
竑信國際有限公司
HONESTUM INTERNATIONAL LIMITED

9 March 2022

The Board of Directors
Unit No. 3, 18th Floor
Convention Plaza, Office Tower
No. 1 Harbour Road
Hong Kong

Dear Sirs,

Dragon Crown Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group")

We refer to the estimate of the unaudited net profit of the Group for the nine months ended 30 September 2021 (the "**Profit Estimate**") extracted from the Group's unaudited consolidated management accounts for the nine months ended 30 September 2021 and set forth in the section headed "Reconciliation Information" included in the composite document of the Company dated 9 March 2022 in connection with the conditional voluntary general cash offer by Great River Smarter Logistics (Hong Kong) Limited to acquire all of the issued share in the Company (the "**Composite Document**").

The Profit Estimate is regarded as a profit forecast pursuant to Rule 10 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") and is required to be reported on in accordance with Rule 10 of the Takeovers Code.

The Profit Estimate has been compiled by the directors of the Company (the "**Directors**") based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2021 (the "**September Management Accounts**") prepared by the Directors. The September Management Accounts forms the key bases upon which the Profit Estimate has been compiled.

We have reviewed the Profit Estimate and the September Management Accounts and discussed with the Directors and the management of the Company the bases and the adopted accounting policies upon which the September Management Accounts and the Profit Estimate were prepared respectively. We have also considered the report on the Profit Estimate dated 9 March 2022 issued by Ernst & Young to you. Ernst & Young is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in paragraph 2 of Appendix II of the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020.

Based on our work done set out above, we are satisfied that the Profit Estimate for which the Directors are solely responsible has been compiled by the Directors with due care and consideration.

This letter is provided to the board of Directors solely for the purpose of complying with Rule 10 of the Takeovers Code. We do not accept any responsibility to any other person in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
Honestum International Limited

Christine Chung	**Jacky Chu**
Managing Director	*Associate Director*

Note: Ms. Christine Chung is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry. Mr. Jacky Chu is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 8 years of experience in corporate finance industry.

Set out below is the text of the report from Ernst & Young, the auditors of the Company, in connection with the Unaudited Net Profit for the purpose of inclusion in this Composite Document

EY 安永

Ernst & Young
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Quarry Bay, Hong Kong

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Fax 傳真: +852 2868 4432
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9 March 2022

The Board of Directors
Dragon Crown Group Holdings Limited
Suite 1803,
Convention Plaza, Office Tower,
1 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

Dragon Crown Group Holdings Limited (the "Company") and its subsidiaries (the "Group")

PROFIT ESTIMATE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

We refer to the estimate of the unaudited net profit of Dragon Crown Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the nine months ended 30 September 2021 (the "**Profit Estimate**") extracted from the Group's unaudited management accounts for the nine months ended 30 September 2021 and set forth in the section headed "Reconciliation Information" included in the composite document of the Company dated 9 March 2022 in connection with the conditional voluntary general cash offer by Great River Smarter Logistics (Hong Kong) Limited to acquire all of the issued shares in the Company (the "**Offer**") (the "**Document**").

DIRECTORS' RESPONSIBILITIES

The Profit Estimate has been prepared by the directors of the Company based on the unaudited management accounts of the Group for the nine months ended 30 September 2021. The Company's directors are solely responsible for the Profit Estimate.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in paragraph 2 of Appendix II of the Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Company's annual report for the year ended 31 December 2020, the reference of which is set out in Appendix II of the Document.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

Set out below is the text of the assurance report from Ernst & Young, the auditors of the Company, in connection with the Reconciliation Information for the purpose of inclusion in this Composite Document

EY 安永

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To the Board of Directors of Dragon Crown Group Holdings Limited (the "Company")

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE RECONCILIATION INFORMATION OF DRAGON CROWN GROUP HOLDINGS LIMITED (THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP") FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2020 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2021

For the purpose of the composite document of the Company dated 9 March 2022 in connection with the conditional voluntary general cash offer to acquire all of the issued shares in the Company (the "**Document**"), we have been engaged by the Company's directors to perform a reasonable assurance engagement on the reconciliation statements (the "**Reconciliation Statements**") of the total assets, total liabilities, revenue and net profit (collectively the "**Key Financial Information**"), together with its accompany notes, which are set out in the Appendix V to the Document. The work consisted primarily of:

a. Agreeing the Key Financial Information of the Group for the years ended 31 December 2019 and 2020 presented in the column "Key Financial Information as stated in the audited annual results" set out in the Reconciliation Statements to the respective published audited financial statements of the Group, as extracted in Appendix II of the Document;

b. Agreeing the Key Financial Information of the Group for the nine months ended 30 September 2021 presented in the column "Key Financial Information as stated in the Unaudited Management Accounts" set out in the Reconciliation Statement to the respective unaudited management accounts;

c. Agreeing the Key Financial Information of the Group for the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021 presented in the column "Key Financial Information as stated in the PRC Audited Financial Statements" set out in the Reconciliation Statements to the respective PRC Audited Financial Statements, as set out in Appendix IV of the Document;

d. Checking the arithmetical accuracy of the conversion of the Key Financial Information extracted from the PRC Audited Financial Statements from RMB to HKD using the conversion exchange rates adopted by the directors for the purpose of the Reconciliation Information (the "**Conversion Exchange Rates**"), being the middle exchange rates published by The People's Bank of China on 31 December 2019, 2020 and 30 September 2021 of HKD1 to RMB0.90, RMB0.84 and RMB0.83, respectively;

e. Checking the arithmetical accuracy of the differences as computed between the two sets of Key Financial Information included in note 4 of the Reconciliation Information; and

f. Enquiring with the management and evaluating if the differences in the Key Financial Information as presented and explained in the notes to the Reconciliation Statements are prepared, in all material respects, in accordance with the basis of preparation and presentation as set out in note 2 to the Reconciliation Information included in Appendix V of the Document.

DIRECTORS' RESPONSIBILITIES FOR THE RECONCILIATION INFORMATION

The Directors of the Company are responsible for the preparation of the Reconciliation Information by understanding the principal accounting policies, comparing the differences between the accounting policies adopted by the Group in preparing its audited financial statements in accordance with HKFRS and its unaudited management accounts in accordance with the accounting policies of the Group and those adopted in preparing the PRC Audited Financial Statements in accordance with CAS. The Directors of the Company are also responsible for performing qualitative and quantitative analysis of the impact on the Key Financial Information by adopting the accounting principles under HKFRS, accounting policies of the Group and CAS as mentioned above, and preparing the adjustments and explanatory notes for the differences.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion, based on our work, on the Reconciliation Information and to report our opinion to you. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Reconciliation Information is presented in accordance with our agreed terms of engagement, and to issue a report. The nature, timing, and the extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our work consisted of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures where we considered appropriate. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

INHERENT LIMITATIONS

Due to the nature of procedures we performed, it was not practicable for us to determine whether the disclosed Reconciliation Information include all differences. It was impracticable for us to quantify the potential impact of this on the disclosures of the Document.

OPINION

In our opinion, based on the work performed, in respect of the Reconciliation Information disclosed in the Document:

a. the Key Financial Information of the Group for the years ended 31 December 2019 and 2020 presented in the column "Key Financial Information as stated in the audited annual results" set out in the respective Reconciliation Statements are in agreement with the respective published audited financial statements of the Group for the respective years, as extracted in Appendix II of the Document;

b. the Key Financial Information of the Group for the nine months ended 30 September 2021 presented in the column "Key Financial Information as stated in the Unaudited Management Accounts" set out in the relevant Reconciliation Statement are in agreement with the unaudited management accounts of the Group for the period;

c. the Key Financial Information of the Group for the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021 presented in the column "Key Financial Information as stated in the PRC Audited Financial Statements" set out in the Reconciliation Statements are in agreement with the respective PRC Audited Financial Statements of the Group for the respective years and period, as set out in Appendix IV of the Document;

d. the conversion of the Key Financial Information of the Group extracted from the PRC Audited Financial Statements from RMB to HKD using the Conversion Exchange Rates is arithmetically accurate;

e. the differences as computed between the Key Financial Information included in the Reconciliation Statements are arithmetically accurate; and

f. the differences in the Key Financial Information as presented and explained in the notes to the Reconciliation Statements are prepared, in all material respects, in accordance with the basis of preparation and presentation as set out in note 2 to the Reconciliation Information included in Appendix V of the Document.

INTENDED USERS AND PURPOSE

This report has been prepared in connection with the Document. It should not be relied upon by any party for any other purpose and we expressly disclaim any liability or duty to any party in this respect. It should not be disclosed, referred to or quoted in whole or in part without our prior written consent, nor is it to be filed with or referred to in whole or in part in any other document.

Ernst & Young
Certified Public Accountants
9 March 2022
Hong Kong