遠航港口發展有限公司

OCEAN LINE PORT DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8502

PUBLIC OFFER

Sponsor

Alliance Capital Partners Limited
同 人 融 資 有 限 公 司

Joint Lead Managers

Alliance Capital Partners Limited
同 人 融 資 有 限 公 司

國元融資(香港)有限公司
GUOYUAN CAPITAL (HONG KONG) LTD

第一上海
FIRST SHANGHAI GROUP

Pacific Foundation

中國金洋證券
CHINA GOLDJOY SECURITIES

IMPORTANT

***If you are in any doubt** about any of the contents of this prospectus, you should obtain independent professional advice.*

遠航港口發展有限公司
OCEAN LINE PORT DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

LISTING BY WAY OF PUBLIC OFFER ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Number of Offer Shares : 200,000,000 Shares

Offer Price : Not more than HK$0.42 per Offer Share and expected to be not less than HK$0.38 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal value : HK$0.01 per Share

Stock code : 8502

Sponsor

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VI to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Tuesday, 3 July 2018. The Offer Price will not be more than HK$0.42 per Offer Share and is currently expected to be not less than HK$0.38 per Offer Share. If, for any reason, the Offer Price is not agreed by Tuesday, 3 July 2018 between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, the Public Offer will not proceed and will lapse. In the case of such event, a notice will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.oceanlineport.com**. The Joint Lead Managers (for themselves and on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus on the Price Determination Date. Further details are set out in the sections headed "Structure and the Conditions of the Public Offer" and "How to Apply for the Offer Shares" of this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Underwriters under the Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Offer Shares, are subject to termination by the Joint Lead Managers if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" of this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

27 June 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at **www.hkexnews.hk** in order to obtain up-to-date information on companies listed on GEM.*

If there is any change in the following expected timetable of the Public Offer, we will issue an announcement in Hong Kong to be posted on the website of our Company at **www.oceanlineport.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

	Date *(Note 1)*
Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk** *(Note 2)*	11:30 a.m. on Tuesday, 3 July 2018
Application lists of the Public Offer open *(Note 3)*	11:45 a.m. on Tuesday, 3 July 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC *(Note 4)*	12:00 noon on Tuesday, 3 July 2018
Latest time to complete payments for **HK eIPO White Form** applications by effecting internet banking transfer or PPS payment transfer(s)	12:00 noon on Tuesday, 3 July 2018
Application lists of the Public Offer close *(Note 3)*	12:00 noon on Tuesday, 3 July 2018
Expected Price Determination Date *(Note 5)*	Tuesday, 3 July 2018
Announcement of (i) the Offer Price; (ii) the level of applications in the Public Offer; and (iii) the basis of allotment of the Offer Shares under the Public Offer to be published on the website of our Company at **www.oceanlineport.com** and the website of the Stock Exchange at **www.hkexnews.hk**	Monday, 9 July 2018
Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) available through a variety of channels as described in the paragraph headed "How to Apply for the Offer Shares — 10. Publication of results" in this prospectus from	Monday, 9 July 2018
Results of allocation in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number" function from	Monday, 9 July 2018
Despatch/collection of share certificates and/or **HK eIPO White Form** e-Auto Refund payment instructions/refunds cheques on or before *(Notes 6, 7)*	Monday, 9 July 2018
Dealings in the Shares on GEM to commence on	9:00 a.m. on Tuesday, 10 July 2018

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Public Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Public Offer" in this prospectus.

2. You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 July 2018, the application lists will not open or close on that day. Further information is set forth in the paragraph headed "How to Apply for the Offer Shares — 9. Effect of bad weather on the opening of the application lists" in this prospectus.

4. Applicants who apply for the Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "How to Apply for the Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

5. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Tuesday, 3 July 2018. If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) by Tuesday, 3 July 2018 (or such other date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of other Underwriters)), the Public Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$0.42 per Offer Share, applicants must pay the maximum Offer Price of HK$0.42 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed "How to Apply for the Offer Shares" in this prospectus.

6. Share certificates for the Offer Shares are expected to be issued on Monday, 9 July 2018 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 10 July 2018 provided that (i) the Public Offer has become unconditional in all respects and (ii) the Underwriting Agreement has not been terminated. If the Public Offer does not become unconditional or the Underwriting Agreement is terminated, we will make an announcement as soon as possible.

7. Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. If you apply through the **HK eIPO White Form** services by paying the application monies through a single bank account, you may have e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** services by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website (**www.hkeipo.hk**) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

For further details of the structure and conditions of the Public Offer, you should refer to the section headed "Structure and Conditions of the Public Offer" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Public Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

This prospectus is issued by our Company solely in connection with the Public Offer and does not constitute an offer to sell or a solicitation of an offer to buy security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of and does not constitute an offer to sell of a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sponsor, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Public Offer.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this prospectus.

OVERVIEW

Established in 2007, we are an inland terminal operator in the PRC. We operate two terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both of which are situated in Chizhou City, Anhui Province, the PRC with a distance of approximately 40 km between them. According to the CIC Report, Chizhou City is an important port city in the southwestern region of Anhui Province, having benefitted from close economic ties with cities along the Yangtze River delta. Chizhou City is located at a central hub surrounded by large cities on the downstream section of the Yangtze River including Nanjing, Suzhou and Jiujiang situated in Jiangsu Province and Jiangxi Province. We recorded freight throughput of approximately 8.1 million tonnes in 2016, which made us the largest public terminal operator in Chizhou City and the 18th largest terminal operator among the 25 major terminal operators along the Yangtze River in terms of throughput in that year.

We focus on the provision of port logistic services, whereby our customers use our terminals primarily to transport their cargo along the Yangtze River. Our principal services mainly comprise of:

- cargo uploading and unloading services involving (i) bulk cargo, i.e. cargo that is unpackaged and transported in large quantities. During the Track Record Period, we mainly handled bulk cargo for various types of raw minerals such as limestone, dolomite and calcite; (ii) containers, i.e. large standardised containers (usually 20 or 40 feet long) that are used to contain, store and transport objects and materials; and (iii) break bulk cargo, i.e. cargo that is non-containerised and is transported as individual pieces. The break bulk cargo that we handled during the Track Record Period included steel pipes, marble, wood and industrial products; and

- related ancillary port services including (i) storage services at our terminals to store customers' raw materials temporarily prior to and/or after shipments; (ii) short distance road transportation services as requested by our customers; and (iii) miscellaneous services such as docking and undocking of vessels and cleaning services for trucks and containers.

Our Jiangkou Terminal provides all of the services mentioned above while our Niutoushan Terminal provides uploading and unloading services and ancillary port services mainly for bulk cargo. The cargo throughput of Jiangkou Terminal for FY2015, FY2016 and FY2017 was approximately 4.1 million tonnes, 5.4 million tonnes and 6.5 million tonnes, respectively, while its container throughput was approximately 15,008 TEUs, 9,690 TEUs and 15,196 TEUs respectively. Jiangkou Terminal currently has four berths with an annual estimated maximum throughput capacity of 8.0 million tonnes as well as 10 stacking yards with a total area of approximately 150,000 sq.m. The cargo throughput of Niutoushan Terminal for FY2015, FY2016 and FY2017 was approximately 1.8 million tonnes, 2.7 million tonnes and 5.1 million tonnes, respectively. Niutoushan Terminal currently has three berths with an annual estimated maximum throughput capacity of 6.9 million tonnes. Niutoushan Terminal also contains 5 stacking yards with a total area of approximately 55,500 sq.m. For FY2015, FY2016 and FY2017, our revenue generated from the provision of bulk cargo uploading and unloading services amounted to approximately RMB37.5 million, RMB41.8 million and RMB50.1 million, representing 79.2%, 85.2% and 78.8% of our total revenue, respectively. During the Track Record Period, the gross profit margin of Niutoushan Terminal is higher than that of Jiangkou Terminal mainly due to the difference in operation model between Niutoushan Terminal and Jiangkou Terminal, i.e. Niutoushan Terminal provides mainly cargo uploading and unloading and port ancillary services for bulk cargo, while Jiangkou Terminal provides all of the services which includes handling of containers and therefore incurs higher fixed and overhead cost than that of Niutoushan Terminal.

The following table sets out our revenue generated from Jiangkou Terminal and Niutoushan Terminal for the years indicated:

	FY2015		**FY2016**		**FY2017**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Jiangkou Terminal	32,340	68.4	34,992	71.4	41,459	65.1
Niutoushan Terminal	14,970	31.6	14,016	28.6	22,179*(Note)*	34.9
Total	47,310	100.0	49,008	100.0	63,638	100.0

Note: For FY2017, our revenue generated in Niutoushan Terminal increased because of the increase in throughput volume handled primarily due to the upgraded conveyor belt which has an estimated annual throughput capacity of approximately 3.3 million tonnes assuming 24 hours and 365 days operation per year at Niutoushan Terminal. The upgraded conveyor belt commenced operation in January 2017 and therefore, our estimated annual maximum throughput capacity had significantly increased. In addition, we had a customer of two years relationship, namely 池州市瑞峰水路運輸有限公司, which is a company in the PRC principally engaged in sales of building materials, and contributed a revenue of approximately RMB5.6 million for FY2017.

The table below sets out the actual throughput of Jiangkou Terminal and Niutoushan Terminal in terms of cargo tonnes and container TEUs during the Track Record Period:

(i) Cargo throughput

	FY2015			**FY2016**			**FY2017**		
	Annual estimated maximum throughput capacity *(thousand tonnes)*	**Annual actual throughput** *(thousand tonnes)*	**Utilisation rate** *(%)*	**Annual estimated maximum throughput capacity** *(thousand tonnes)*	**Annual actual throughput** *(thousand tonnes)*	**Utilisation rate** *(%)*	**Annual estimated maximum throughput capacity** *(thousand tonnes)*	**Annual actual throughput** *(thousand tonnes)*	**Utilisation rate** *(%)*
Jiangkou Terminal	7,971.6	4,114.8	51.6	7,971.6	5,388.7	67.6	7,971.6	6,480.3	81.3
Niutoushan Terminal	3,618.5	1,830.3	50.6	3,618.5	2,668.6	73.7	6,940.0	5,070.2	73.1
Total/overall	11,590.1	5,945.1	51.3	11,590.1	8,057.3	69.5	14,911.6	11,550.5	77.5

(ii) Container throughput

	FY2015			FY2016			FY2017		
	Annual estimated maximum throughput capacity *(TEUs)*	Annual actual throughput *(TEUs)*	Utilisation rate *(%)*	Annual estimated maximum throughput capacity *(TEUs)*	Annual actual throughput *(TEUs)*	Utilisation rate *(%)*	Annual estimated maximum throughput capacity *(TEUs)*	Annual actual throughput *(TEUs)*	Utilisation rate *(%)*
Jiangkou Terminal	50,000	15,008	30.0	50,000	9,690 *(Note)*	19.4 *(Note)*	50,000	15,196	30.4

Note: Our actual throughput and utilisation rate for container decreased in FY2016 primarily because we handled a one-off order in the year of 2015 whereby we provided handling services for more than 5,000 TEUs empty containers during the time when the site of a terminal operator located in other areas of Anhui Province was under temporary renovation. Had such one-off order been excluded, our utilisation rate for FY2015 would have been 20.0%.

The following table sets out our cargo handling revenue (inclusive of port facilities security fees for foreign trade, if applicable), throughput and average handling fee, categorised by product type of bulk and break bulk cargo, for the years indicated:

	FY2015			FY2016			FY2017		
	Revenue *RMB('000)*	Throughput *(Thousand tonnes)*	Average handling fee *(RMB/tonne)*	Revenue *RMB('000)*	Throughput *(Thousand tonnes)*	Average handling fee *(RMB/tonne)*	Revenue *RMB('000)*	Throughput *(Thousand tonnes)*	Average handling fee *(RMB/tonne)*
Product Types									
Mineral products									
Limestone	9,214	1,324.7	7.0	6,829	1,690.7	4.0	3,677	680.6	5.4
Calcite	4,347	436.1	10.0	6,287	632.1	9.9	7,545	795.0	9.5
Dolomite	10,384	1,621.4	6.4	9,700	1,597.2	6.1	9,846	1,609.3	6.1
Building and other rocks	13,143	2,254.2	5.8	15,717	3,485.6	4.5	24,976	7,469.5	3.3
Others	3,969	308.7	12.9	6,124	651.7	9.4	9,524	996.1	9.6
Total/overall	41,057	5,945.1	6.9	44,657	8,057.3	5.5	55,568	11,550.5	4.8

The following table sets out our cargo handling fees (inclusive of port facilities security fees for foreign trade if applicable), throughput and average handling fees of containers for the years indicated:

	FY2015			FY2016			FY2017		
	Revenue *RMB('000)*	Throughput *(TEUs)*	Average handling fee *(RMB/TEU)*	Revenue *RMB('000)*	Throughput *(TEUs)*	Average handling fee *(RMB/TEU)*	Revenue *RMB('000)*	Throughput *(TEUs)*	Average handling fee *(RMB/TEU)*
Container	2,246	15,008	149.7	1,843	9,690	190.2	2,485	15,196	163.5

Our average handling fee decreased during the Track Record Period, mainly because the throughput of handling building and other rocks which generally we charge at a lower handling price range increased, hence resulting in an overall lower average handling fee. Also, the average handling fee of the major types of mineral products maintained relatively stable except for limestone, which decreased from approximately RMB7.0 per tonne in 2015 to RMB4.0 per tonne in 2016. Such decrease was mainly because in 2016, our limestone processing customers changed the shape of their limestone products from large pieces to powder for easier processing and handling through conveyor belt. As transportation by conveyor belt is usually charged at a fee rate lower than portal crane, the handling fee charges per tonne of limestone was reduced accordingly. For details of the analysis of the fluctuation of the fees, throughput and average handling fees, please refer to the section headed ''Financial Information — Description of selected items in combined statement of profit or loss — Revenue'' in this prospectus.

The following table sets out our revenue and gross profit margin* breakdown by service type for the years indicated:

	FY2015			FY2016			FY2017		
	Revenue		Gross Profit Margin	Revenue		Gross Profit Margin	Revenue		Gross Profit Margin
	RMB'000	*% of revenue*	*%*	*RMB'000*	*% of revenue*	*%*	*RMB'000*	*% of revenue*	*%*
Revenue from provision of uploading and unloading services									
Bulk cargo	37,467	79.2	20.5	41,750	85.2	25.9	50,142	78.8	34.2
Break bulk cargo	3,590	7.6	63.0	2,907	5.9	48.5	5,426	8.5	52.9
Total cargo	41,057	86.8	24.2	44,657	91.1	27.3	55,568	87.3	36.1
Container	2,246	4.7	45.0	1,843	3.8	29.1	2,485	3.9	22.9
Sub-total	43,303	91.5	25.3	46,500	94.9	27.4	58,053	91.2	35.5
Revenue from provision of ancillary port services									
Storage services	1,965	4.2	N/A	196	0.4	N/A	282	0.5	N/A
Transportation and miscellaneous services	2,042	4.3	47.9	2,312	4.7	53.3	5,303	8.3	42.3
Sub-total	4,007	8.5	73.4	2,508	5.1	56.9	5,585	8.8	45.2
Total/overall	47,310	100.0	29.4	49,008	100.0	28.9	63,638	100.0	36.3

* The gross profit margin of each service type is calculated based on the revenue of the various services, deducting direct costs attributable to the services and apportioning common costs with reference to the revenue of the respective service types.

Generally, our gross profit margin of break bulk cargo uploading and unloading service is higher than that of bulk cargo as (i) we charge higher handling fee for break bulk cargo as the product value of such cargo, such as steel pipes and ore, are higher compared to mineral products such as limestones and dolomite and (ii) higher fixed cost and overhead cost are incurred in bulk cargo as more equipment, such as conveyor belts and stacker-reclaimer, are used in handling bulk cargo. During the Track Record Period, we offered storage service in addition to our cargo uploading and unloading customers that require temporary cargo storage at our stacking yards prior to and after shipments. Generally, we offer free storage service to our customers within a prescribed period of around 15 to 20 days. Therefore, no direct cost would be allocated to the storage services as we have included such cost of services in providing uploading and unloading services.

Despite the decrease in average handling fee during the Track Record Period, our gross profit margin increased from approximately 28.9% in FY2016 to approximately 36.3% in FY2017, which was mainly due to the increase gross profit margin from Niutoushan Terminal driven by the commencement of operation of the upgraded conveyor belt at Niutoushan Terminal in January 2017 which increased our throughput capacity and operational efficiency.

For detailed analysis on the gross profit and gross profit margin, please refer to the paragraph headed "Financial Information — Gross profit and gross profit margin" in this prospectus.

During the Track Record Period, we primarily generated our revenue from our cargo uploading and unloading services from the use of conveyor belts and cranes. Conveyor belts are generally used for bulk cargo while cranes are primarily used for uploading and unloading containers and break bulk cargo.

CUSTOMERS AND SUPPLIERS

Most of our customers are mining and processing companies and transportation companies. For FY2015, FY2016 and FY2017, our top five customers accounted for approximately 37.3%, 33.7% and 34.9%, respectively; and our largest customer accounted for approximately 10.0%, 9.0% and 12.3% of our total revenue, respectively. During the Track Record Period, the majority of our top five customers had continued business relationship with us for periods ranging from two to nine years.

Our major suppliers include fuel suppliers, suppliers of conveyor belts and equipment components. The purchase costs for FY2015, FY2016 and FY2017 amounted to approximately RMB3.0 million, RMB3.1 million and RMB7.0 million, respectively. For the same years, purchases from our five largest suppliers amounted to approximately RMB2.0 million, RMB1.9 million and RMB4.2 million respectively, representing approximately 65.6%, 61.4% and 59.7% of our total purchases, respectively, while our largest supplier accounted for approximately 43.6%, 37.5% and 31.2% of our total purchases, respectively.

For details of our customers and suppliers, please refer to the paragraphs headed "Business — Customers, sales and marketing" and "Business — Our suppliers" in this prospectus.

COMPETITION

According to the CIC Report, our Group competes primarily with public terminal operators located in Chizhou City. We ranked No. 1 in Chizhou City's public terminal operators market in terms of total cargo throughput volume for 2016. The market landscape for the public terminal operators in Chizhou City is rather concentrated in 2016, with the top five players capturing a total market share of 92.1% of the total public terminal operators market in the Chizhou City. In terms of the total freight throughput volume in 2016, we achieved a market share of 50.7% due to our competitive advantages. According to CIC Report, due to the nature of port service industry where clients in the respective hinterland are very unlikely to choose other terminals, the competition among the public terminal operators in Chizhou City has not posed a significant threat to the steady growth prospect of our Group. For details of our competitive landscape, please refer to the section headed "Industry Overview — Competitive landscape" in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Public Offer and the Capitalisation Issue (assuming that no Share is issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), each of Vital Force, Mr. Kwai and Ms. Cheung is entitled to exercise or control the exercise of more than 30% of voting rights at general meetings of our Company. For the purpose of the GEM Listing Rules, Vital Force is our Controlling Shareholder and Mr. Kwai and Ms. Cheung are a group of Controlling Shareholders. For details of our Controlling Shareholders, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that our continued success within the inland terminal operators market in the PRC is attributable to our competitive strengths including the following: (i) our two terminals are strategically located in Chizhou City, an important port city in the southwestern region of Anhui Province with ideal natural, economic and geographical conditions; (ii) we are a well-established inland terminal operator known for providing quality port logistics services in Anhui Province, the PRC; (iii) we have established stable relationships with our major customers; and (iv) we have an experienced management team with in-depth market understanding in the port operators market.

For details, please refer to the section headed "Business — Our competitive strengths" in this prospectus.

OUR BUSINESS STRATEGY

Our principal business objective is to further strengthen our position as a major inland terminal operator in Anhui Province. To achieve this, we plan to construct and develop a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency. For details, please refer to the section headed "Business — Our business strategy" in this prospectus.

SUMMARY OF OUR FINANCIAL INFORMATION

The following table sets forth a summary of our combined results of our Group during the Track Record Period, which have been extracted from, and should be read in conjunction with the section headed "Financial Information" and the financial information included in the Accountants' Report set out in Appendix I of this prospectus including the notes thereto.

Highlights of Combined Statements of Comprehensive Income

	FY2015	FY2016	FY2017
	RMB'000	*RMB'000*	*RMB'000*
Revenue	47,310	49,008	63,638
Cost of services rendered	(33,409)	(34,835)	(40,511)
Gross profit	13,901	14,173	23,127
Other income and gains	4,446	4,731	5,952
Change in fair value of investment properties	(200)	(456)	24
Selling and distribution expenses	(756)	(664)	(837)
Administrative expenses	(4,447)	(6,563)	(6,694)
Finance costs	(4,448)	(3,366)	(2,756)
Listing expenses	—	—	(10,799)
Other expenses	(1,501)	—	(2,223)
Share of profit/(loss) of an associate	110	(633)	(676)
Profit before income tax	7,105	7,222	5,118
Income tax expense	(1,629)	(2,457)	(4,092)
Profit for the year	5,476	4,765	1,026

Revenue

Our revenue consists of the provisions from our (1) uploading and unloading services at Jiangkou Terminal and Niutoushan Terminal including (i) bulk cargo handling; (ii) break bulk cargo handling and (iii) container handling; and our (2) ancillary port services which mainly include storage services and transportation and miscellaneous services. During the Track Record Period, all of our revenue was derived from services provided in the PRC.

For FY2015, FY2016 and FY2017, our revenue was approximately RMB47.3 million, RMB49.0 million and RMB63.6 million, respectively.

Gross profit and gross profit margin

For FY2015, FY2016 and FY2017, our gross profit was approximately RMB13.9 million, RMB14.2 million and RMB23.1 million, respectively. For these years, our gross profit margin was relatively stable, at approximately 29.4%, 28.9% and 36.3%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by Jiangkou Terminal and Niutoushan Terminal for the years indicated:

	FY2015		FY2016		FY2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Jiangkou Terminal	8,102	25.1	9,648	27.6	11,743	28.3
Niutoushan Terminal	5,799	38.7	4,525	32.3	11,384	51.3
Total/overall	13,901	29.4	14,173	28.9	23,127	36.3

In general, the gross profit margin of Niutoushan Terminal is higher than that of Jiangkou Terminal mainly due to the difference in operation model between Niutoushan Terminal and Jiangkou Terminal, i.e. Niutoushan Terminal provides mainly cargo uploading and unloading and port ancillary services for bulk cargo, while Jiangkou Terminal provides all of the services which includes handling containers and therefore incurs higher fixed and overhead cost than that of Niutoushan Terminal. In addition, driven by the commencement of operation of the upgraded conveyor belt at Niutoushan Terminal in January 2017 which increased our throughput capacity and operational efficiency, the gross profit margin of Niutoushan Terminal further improved during FY2017.

Highlights of Combined Statements of Financial Position

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	351,286	336,195	339,014
Current assets	38,792	45,755	38,225
Current liabilities	(42,357)	(39,034)	(48,758)
Net current (liabilities)/assets	(3,565)	6,721	(10,533)
Non-current liabilities	(85,655)	(79,355)	(65,917)
Net assets	262,066	263,561	262,564

Our net current liabilities as at 31 December 2015 were mainly attributable to (i) the amount due to related companies of approximately RMB9.8 million, of which RMB6.0 million was due to Anhui Guanhai, a related company, and such loan payable was unsecured, bearing interest rate at 6% per annum and repayable on demand. The loan balance was fully settled in June 2016. For FY2016, our net current assets position improved to approximately RMB6.7 million.

We recorded net current liabilities in the amount of approximately RMB10.5 million as at 31 December 2017. Our net current liabilities as at 31 December 2017 were mainly attributable to (i) purchases of property, plant and equipment totaling approximately RMB24.7 million as part of our business growth plans, (ii) the repayment of our non-current bank borrowings totalling approximately RMB10.0 million and (iii) the increase in other payables, accruals and receipts of approximately RMB7.5 million that were primarily driven by listing expenses accrued for the year; which were partially offset by the net cash generated from our operating activities of approximately RMB26.1 million.

Despite our net current liabilities position, as at 31 December 2017, we had sufficient resources to meet our working capital requirements, for at least the next twelve months, as we had historically generated net cash from our operating activities throughout the Track Record Period and we will foresee to do so, barring unforeseen circumstances and factors outside our control. In addition, we maintained available banking facilities and as at 31 December 2017, we have unutilised banking facilities amounting to approximately RMB12.0 million. In December 2017, we secured a letter of intent from a commercial bank headquartered in Hefei City, Anhui Province, agreeing to offer banking facilities of RMB50.0 million to ensure we will have sufficient resources to finance our business growth plans.

For further details, please refer to the section headed "Financial Information — Net current assets/liabilities" in this prospectus.

Highlights of Combined Statements of Cash Flows

	FY2015	**FY2016**	**FY2017**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities before working capital changes	29,336	28,838	27,377
Net cash generated from operating activities	13,017	31,284	26,068
Net cash used in from investing activities	(2,453)	(10,800)	(13,471)
Net cash used in financing activities	(13,309)	(16,134)	(11,735)
Net (decrease)/increase in cash and cash equivalents	(2,745)	4,350	862
Cash and cash equivalents at beginning of the year	8,040	5,295	9,645
Cash and cash equivalents at end of the year	5,295	9,645	10,507

For FY2016, net cash generated from operating activities of approximately RMB31.3 million was a combined result of operating cash inflow before movements in working capital of approximately RMB28.8 million, the net increase in working capital changes of approximately RMB3.9 million and income tax paid of approximately RMB1.4 million. Net increase in working capital changes primarily reflected (i) decrease in deposits, prepayments and other receivables of approximately RMB2.0 million, (ii) increase in trade and bills payables of approximately RMB0.2 million, (iii) decrease in inventories of approximately RMB0.1 million and partially offset by (iv) decrease in trade and bills receivables of approximately RMB2.3 million.

For FY2016, net cash used in investing activities of approximately RMB10.8 million was primarily attributable to (i) purchase of short term investments of approximately RMB28.0 million, (ii) purchase of property, plant and equipment of approximately RMB2.0 million, (iii) payment incurred for investment properties of approximately RMB0.5 million; partially offset by (iv) disposal of short term investments approximately RMB18.0 million, (v) decrease in amount due from related companies/parties of approximately RMB0.6 million, (vi) decrease in amount due from non-controlling interests of approximately RMB0.5 million, (vii) decrease in restricted deposits of approximately RMB0.3 million, (viii) interest received of approximately RMB0.1 million and (ix) dividends received from an associate of approximately RMB0.1 million.

For FY2017, net cash generated from operating activities of approximately RMB26.1 million was a combined result of operating cash inflow before movements in working capital of approximately RMB27.4 million, net increase in working capital changes of approximately RMB3.7 million and income tax paid of approximately RMB5.0 million. Net increase in working capital changes primarily reflected (i) increase in other payables, accruals and receipt in advance of approximately RMB3.7 million, (ii) decrease in trade and bills receivables of approximately RMB2.3 million, (iii) increase in trade and bills payable of approximately RMB1.1 million and partially offset by (iv) increase in deposits, prepayments and other receivables of approximately RMB3.3 million.

For FY2017, net cash used in investing activities of approximately RMB13.5 million was primarily attributable to (i) purchase of property, plant and equipment of approximately RMB24.7 million, (ii) purchase of short-term investments of approximately RMB12.3 million, (iii) increase in restricted deposits of approximately RMB0.4 million; partially offset by (iv) disposal of short term investments of approximately RMB21.8 million, (v) decrease in amount due from related companies/parties of approximately RMB1.2 million and (vi) proceeds from disposal of property, plant and equipment of approximately RMB0.8 million.

For further details, please refer to the section headed "Financial Information — Liquidity and capital resources" in this prospectus.

KEY FINANCIAL RATIOS

The following table sets out the major financial ratios of our Group during the Track Record Period:

	Year ended or as at 31 December		
	2015	**2016**	**2017**
Return on total assets	1.4%	1.2%	0.3%
Return on equity	2.1%	1.8%	0.4%
Current ratio	0.9 times	1.2 times	0.8 times
Quick ratio	0.9 times	1.2 times	0.8 times
Gearing ratio	23.4%	19.6%	16.7%
Debt to equity	21.3%	16.0%	12.7%
Interest coverage	2.6 times	3.1 times	2.9 times

Notes:

1. Return on total assets is calculated based on the profit for the year divided by the average assets as at the start and end of the year.

2. Return on equity is calculated based on the profit for the year divided by the average equity at the start and end of the year.

3. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.

4. Quick ratio is calculated as total current assets less inventories and divided by total current liabilities.

5. Gearing ratio is calculated based on the total debts which include payable incurred not in the ordinary course of business, divided by total equity at the end of the year.

6. Debt to equity ratio is calculated by the net debt (total debts net of cash and cash equivalents) divided by the total equity as at the end of the year multiplied by 100%.

7. Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for the year.

For further details, please refer to the section headed "Financial Information" in this prospectus.

THE OFFERING STATISTICS

	Based on the Offer Price of HK$0.38 per Offer Share	**Based on the Offer Price of HK$0.42 per Offer Share**
Market capitalisation *(Note 1)*	HK$304 million	HK$336 million
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)*	RMB0.31	RMB0.32

Notes:

1. The calculation of the market capitalisation of the Shares is based on 800,000,000 Shares in issue and to be issued immediately after completion of the Public Offer but takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.

2. For the calculation of the unaudited pro forma adjusted combined net tangible asset value per Share attributable to the Shareholders, please refer to the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

Based on the Offer Price of HK$0.4 per Offer Share, being the mid-point of the indicative Offer Price ranged from HK$0.38 to HK$0.42 per Offer Share, the net proceeds from the Public Offer are estimated to be approximately HK$54.4 million, after deducting the related underwriting fees and estimated expenses in connection with the Public Offer. Our Directors presently intend to apply the net proceeds to construct and develop a new phase of our Jiangkou Terminal in order to expand our operational capacity and to further improve our efficiency. For details of our future plans and use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

LISTING EXPENSES

Assuming an Offer Price of HK$0.4 per Offer Share (being the mid-point of the indicative Offer Price range), the listing expenses, which are non-recurrent in nature, are estimated to be approximately HK$25.6 million (equivalent to RMB21.6 million). Approximately HK$8.4 million (equivalent to RMB7.0 million) of our estimated listing expenses is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK$17.2 million (equivalent to RMB14.6 million) has been or is to be charged to the combined statements of comprehensive income, of which (i) approximately HK$12.9 million (equivalent to RMB10.8 million) were recognised for FY2017 (according to our audited financial statement as set out in Appendix I to this prospectus); and (ii) approximately HK$4.5 million (equivalent to RMB3.8 million) is expected to be recognised before Listing (according to our current estimation).

Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for FY2018 would be materially and adversely affected by the listing expenses mentioned above.

DIVIDEND

No dividend has been declared or paid by the Company since its incorporation.

Dividends had been declared by (i) Ocean Line Chizhou to its then equity shareholders for FY2017 in the amount of approximately RMB8.7 million on 11 January 2018, out of which approximately RMB7.0 million was applied to offset the Group's receivables from Ocean Line Holdings Limited as at 31 December 2017 and the balance of approximately RMB1.7 million was paid in cash to the then equity shareholders of Ocean Line Chizhou; (ii) on 18 August 2016 and 13 July 2017, Chizhou

Niutoushan (a) to its then equity shareholders for the two years ended 31 December 2015 and FY2016 in the amount of approximately RMB2.3 million and RMB1.4 million respectively; and (b) to non-controlling interests for the two years ended 31 December 2015 and FY2016 in the amount of approximately RMB0.3 million and RMB0.2 million respectively; and (iii) on 1 April 2016 and 11 July 2017 Chizhou Port Holdings to non-controlling interests for the two years ended 31 December 2015 and FY2016 in the amount of approximately RMB3.0 million and RMB0.7 million respectively.

All the above dividends, which were declared out of the distributable profit, had been paid as at the Latest Practicable Date.

We do not have a fixed dividend policy. The form, frequency and amount of future dividends on the Shares will be at the discretion of our Board and will depend on factors such as our results of operations, cash flows, financial conditions, future prospects and regulatory restrictions on the payment of dividends by us or our operating subsidiaries. There can be no assurance that any dividends will be paid. Investors should consider the risk factors affecting our Group as set forth in the section headed "Risk Factors" in this prospectus and the cautionary notice regarding forward-looking statements contained in the section headed "Forward-looking Statements" in this prospectus.

PRINCIPAL RISK FACTORS

There are risks associated with any investment. We summarise certain risks that we believe are most relevant to our business, financial condition, results of operations and future prospects:

- Our customers are mainly mining and processing companies and our success depends on their business performance and it is difficult for us to forecast their profitability in the future as it is dependent on the Chinese economy.

- A significant portion of our revenue was attributable to port logistics services relating to bulk cargo handling of raw materials and our profitability may be adversely affected if demand for raw materials and the usage of bulk cargo shipping declines for any reason.

- We are required to obtain qualifications or licences to undertake our business, and any revocation, cancellation or non-renewal of these qualifications or licences could have a material and adverse impact on our business.

- We may in the future be exposed to legal proceedings which could subject us to significant liability to third parties and could adversely affect our business operations.

- Our business and results of operations are susceptible to fluctuations to the economic and market conditions of our hinterland, which may adversely affect the demand for port logistics services.

RECENT DEVELOPMENT

We have continued to focus on strengthening our position as a major inland terminal operator in Anhui Province. As far as our Directors are aware, after the Track Record Period and up to the date of this prospectus, our industry remained relatively stable and there was no material adverse change in the general economic and market conditions in the PRC or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely.

On 4 December 2017, Chizhou Port Holdings has entered into a non-legally binding memorandum of understanding ("**MOU**") with another independent third party for a possible disposal of its entire interest in Chizhou Guichi, pursuant to which the potential purchaser will conduct due diligence on Chizhou Guichi. The parties to the MOU will further discuss and negotiate the terms of the formal sale and purchase agreement, including the amount of consideration, which will not be less than 40% of the net asset value of Chizhou Guichi. As at the Latest Practicable Date, the formal agreement has not been entered into and is expected to be entered into in the third quarter of 2018. Upon disposal, if materialised, Chizhou Guichi will cease to be an associated company of our Group. Since Chizhou Guichi does not have material operations, the possible disposal is not expected to result in any material adverse effect on our Group.

In December 2017, we had secured a letter of intent from a commercial bank with headquarter located in Hefei City, Anhui Province agreeing to offer banking facilities of RMB50.0 million to our Group for the construction and development of the new phase of Jiangkou Terminal to ensure we will have sufficient financial resources to fund our expansion plan.

On 29 December 2017, the judgement of the Third Claim was handed down by Ningbo City Yinzhou District People's Court. Pursuant to the judgement, Chizhou Niutoushan was ordered to pay 中基寧波集團股份有限公司 the sum of approximately RMB12.8 million, relevant additional interest and court fees of approximately RMB0.2 million. On 24 January 2018, Chizhou Niutousahn filed an appeal against the said judgement of the Third Claim. For details of the judgement of the Third Claim rendered by Ningbo City Yinzhou District People's Court, please refer to the section headed "Business — Litigation". Pursuant to a civil mediation certificate dated 6 June 2018 (the "**Civil Mediation Certificate**") endorsed by the Intermediate People's Court of Ningbo City in Zhejiang Province (浙江省寧波市中級人民法院), Chizhou Niutoushan and 中基寧波集團股份有限公司 have applied for a full and final settlement order for the Litigation Cases (the "**Proposed Settlement Order**") that Chizhou Niutoushan would pay 中基寧波集團股份有限公司 in the sum of approximately RMB9.1 million (the "Settlement Sum") by 10 July 2018 and 中基寧波集團股份有限公司 would in turn agree to apply for the release of (i) Chizhou Niutoushan's restricted bank deposit in the sum of approximately RMB0.4 million as ordered in the Third Claim, (ii) the sum of approximately RMB7.6 million currently secured at Chizhou City Guichi District People's Court (池州市貴池區人民法院) as awarded to Chizhou Niutoushan in the Second Claim and (iii) the relevant state-owned land use rights of Chizhou Niutoushan currently under asset preservation as ordered in the Third Claim, and the outstanding legal proceedings in relation to the Litigation Cases shall be withdrawn. As stated in the Civil Mediation Certificate, the Proposed Settlement Order would be effective and enforceable after Chizhou Niutoushan and 中基寧波集團股份有限公司 have acknowledged service the Civil Mediation Certificate. Service of the Civil Mediation Certificate had been acknowledged by Chizhou Niutoushan and 中基寧波集團股份有限公司 and we will settle the Settlement Sum with our internal financial resources as well as the sum of approximately RMB7.6 million to be released by the Chizhou City Guichi District People's Court. As advised by our PRC Legal Adviser, given that service of the Civil Mediation Certificate had been acknowledged by Chizhou Niutoushan and 中基寧波集團股份有限公司, the Proposed Settlement Order has become enforceable under PRC laws and the Litigation Cases have been conclusively settled. As such, provision for claims in the sum of approximately RMB1.5 million (representing the difference between the Settlement Sum of approximately RMB9.1 million and the sum of approximately RMB7.6 million currently secured at Chizhou City Guichi District People's Court) had been made during the relevant period, i.e. FY2015. In such circumstances, we are of the view that the conclusion of the mediation process for the Litigation Cases will have no material adverse financial impact on our Group.

On 28 March 2018, Chizhou Port Holdings entered into an agreement to dispose of a parcel of land located at Jiangkou Port of Economic and Technological Development Zone (Portion of Phase 3), Chizhou City, Anhui Province with a site area of approximately 36,666 sq.m. to Chizhou Port Investment, a state-owned enterprise controlled by the Chizhou Municipal Government and the 28% shareholder of Chizhou Port Holdings, for the purpose of development of the Chizhou City Sand Distribution Hub by Chizhou Port Investments, which is expected to commence operations by the end of 2018. The disposal is expected to be completed in the second quarter of 2018. For details of the disposal, please refer to the paragraph headed "Business — Properties — Owned properties" in this prospectus. Our Directors believe that the demand for our services will benefit from the commencement of operation of the Chizhou City Sand Distribution Hub, given that the uploading and unloading of the sand transported across the hub is intended to be conducted through the new phase of our Jiangkou Terminal. For details of the development of the Chizhou City Sand Distribution Hub, please refer to the paragraph headed "Business — Our business strategy" in this prospectus.

In March 2018, it has come to our attention that various industrial enterprises in Chizhou City were allegedly in breach of applicable environmental laws and regulations. Such incident prompted the relevant PRC environmental authority to conduct investigations (the "**Investigations**") on these industrial enterprises situated in Haiyi Logistic Park (海易物流園), which is adjacent to Niutoushan Terminal, some of which are our Group's customers for the Track Record Period. In order to assist the PRC environmental authority in the Investigations, the companies under the Investigations were required to suspend their business operations pending conclusion of the Investigations. Niutoushan Terminal also suspended its business operations from 8 April 2018 to 14 April 2018 in order to assist the authorities to arrange the pollutants from relevant companies to be weighted and shipped out of Haiyi Logistic Park as ordered for treatment. After that, Niutoushan Terminal resumed operation on 15 April 2018. To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, according to the findings of the Investigations, (i) most of the companies subject to the Investigations were only required to make minor improvements in the environmental aspects of their operations; and (ii) our Group (including Niutoushan Terminal) did not breach or violate any environmental laws and regulations. After conclusion of the Investigations in April 2018, most of the companies under the Investigations have resumed operations. However, among the companies being investigated, one of our Group's top five customers in FY2015 and FY2016 (the "**Relevant Customer**") was required to (a) make major improvements in the environmental aspects of their operations; and (b) suspend its operations until further notice. To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, save and except the Relevant Customer, all of our Group's customers that were subject to the Investigations have fully resumed their business operations since April 2018. During the Track Record Period, revenue generated from the Relevant Customer amounted to approximately RMB3.5 million, RMB2.6 million and RMB2.4 million, representing approximately 7.4%, 5.4% and 3.8% of our Group's total revenue during the Track Record Period, respectively. As the amount of revenue contributed by the Relevant Customer at Niutoushan Terminal were not substantial during the Track Record Period and are not expected to be substantial in the future, our Directors are of the view that the aforesaid incident will not have any material and adverse impact on the business operation of our Group.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 31 December 2017 and up to the date of this prospectus, other than the incurrence of non-recurring listing expenses described above, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

NON-COMPLIANCE

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident of our Group which is considered material or systemic in nature.

LITIGATION

To the best of our Directors' knowledge, as at the Latest Practicable Date, save and except for the Litigation Cases concerning two storage service contracts entered into between 中基寧波集團股份有限公司, which was one of our customers during the Track Record Period, and Chizhou Niutoushan, details of which are set out in the paragraph headed "Business — Litigation" in this prospectus, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against our Group that would have a material adverse effect on its results of operations or financial condition. As we are involved in the Third Claim, 中基寧波集團股份有限公司 applied for asset preservation, and subsequently, Ningbo City Yinzhou District People's Court ordered to freeze a sum of RMB13.0 million or seize equivalent assets of Chizhou Niutoushan on 18 January 2017. As a result, the state-owned land use rights granted to Chizhou Niutoushan had been preserved for three years from 20 January 2017 to 19 January 2020. In addition, restricted bank deposit of approximately RMB0.4 million as at 31 December 2017 was under asset preservation executed by the court. For details of the said preservation, please refer to the section headed "Business — Properties — Owned properties" and "Financial Information — Cash and bank deposits" of this prospectus. Further, the sum of approximately RMB7.6 million, being the sum paid by 中基寧波集團股份有限公司 according to the judgement of the Second Claim, had been secured in the Chizhou City Guichi District People's Court, pending the determination of the appeal of the Third Claim.

For further update on the Litigation Cases, please refer to the paragraph headed "Recent development" in this section and the paragraph headed "Business — Litigation" of this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"Accountants' Report"	the accountants' report prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus
"affiliate"	in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being
"Anhui Ocean Line"	安徽遠航港口發展有限公司 (Anhui Ocean Line Port Development Limited*), a company established in the PRC on 8 May 2008 with limited liability
"Anqing Port"	安慶港有限公司 (Anqing Port Limited*), a company established in the PRC on 18 December 2007 with limited liability
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), individually or collectively, as the context may require
"Articles of Association" or "Articles"	the articles of association of our Company conditionally adopted on 1 June 2018 to take effect on the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Audit Committee"	the audit committee of our Group
"Board" or "Board of Directors"	the board of Directors
"Business Day" or "business day"	any day (other than Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compounded annual growth rate as a method of assessing the average growth of a value over time
"Capitalisation Issue"	the issue of 599,999,900 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 1 June 2018" in Appendix V to this prospectus
"Cayman Share Registrar"	Conyers Trust Company (Cayman) Limited

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chizhou City Sand Distribution Hub"	池州市黃砂集散中心 (Chizhou City Sand Distribution Hub*), a centralised distribution centre planned to be developed by Chizhou Port Investment
"Chizhou Guichi"	池州市貴池港埠有限責任公司 (Chizhou Guichi Port Limited*), a company established in the PRC on 5 October 1998 with limited liability and an associated company of our Company beneficially owned as to 40% by Chizhou Port Holdings and 60% by an independent third party
"Chizhou Niutoushan"	池州遠航牛頭山港務有限公司 (Chizhou Ocean Line Niutoushan Limited*), a company established in the PRC on 11 April 2012 with limited liability and an indirect non wholly-owned subsidiary of our Company
"Chizhou Port Holdings"	池州港遠航控股有限公司 (Chizhou Port Ocean Line Holdings Limited*), a company established in the PRC on 18 December 2007 with limited liability and an indirect non wholly-owned subsidiary of our Company
"Chizhou Port Investment"	池州市港口投資發展有限公司 (Chizhou Port Investment Development Limited*), a state-owned enterprise established in the PRC on 5 December 2007 under the control of the Chizhou Municipal Government and a 28% shareholder of Chizhou Port Holdings

"Chizhou Qianjiang"	池州前江化工碼頭有限公司 (Chizhou Qianjiang Chemical Port Terminal Limited*), a company established in the PRC on 27 October 2015 with limited liability and an indirect wholly-owned subsidiary of our Company
"CIC"	China Insights Consultancy Limited, an independent market research and consulting company
"CIC Report"	a market research report commissioned by us and prepared by CIC on the overview of the port terminal services market in the PRC
"Circular 37"	Notice of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Investing and Financing Overseas and Roundtrip Investment via Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) issued by SAFE and effective on 4 July 2014, and replaced Circular 75
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice"	Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", or "our", "our Company", "we" or "us"	Ocean Line Port Development Limited (遠航港口發展有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 30 October 2017
"Compliance Adviser"	Alliance Capital Partners Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules

"connected transaction"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and in the case of our Company, refer to Vital Force and Mr. Kwai and Ms. Cheung, being a group of Controlling Shareholders, who together will control the exercise of more than 30% of the voting rights in general meeting of our Company immediately after the Public Offer and the Capitalisation Issue
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules as amended, supplemented or otherwise modified from time to time
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會, a regulatory body responsible for the supervision and regulation of the PRC national securities markets)
"Deed of Indemnity"	the deed of indemnity dated 1 June 2018 and signed by each of our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), particulars of which are set out in the section headed "Statutory and General Information — E. Other information — 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 1 June 2018 and signed by each of our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), in respect of certain non-competition undertakings given by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed "Relationship with our Controlling Shareholders — E. Deed of non-competition" in this prospectus
"Director(s)"	the director(s) of our Company
"EIT"	Enterprise Income Tax of the PRC
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) issued on 16 March 2007 and amended on 24 February 2017, and the Implementation Regulations on the EIT Law of the PRC (中華人民共和國企業所得稅法實施條例) issued on 6 December 2007 and effective on 1 January 2008
"FY2015"	the financial year ended 31 December 2015
"FY2016"	the financial year ended 31 December 2016

"FY2017"	the financial year ended 31 December 2017
"FY2018"	the financial year ending 31 December 2018
"FY2019"	the financial year ending 31 December 2019
"GDP"	gross domestic product, the total market value of all the goods and services produced within the borders of a nation during a specified period of time
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS operational procedures
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, modified and supplemented from time to time
"GFA"	gross floor area
"**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider
"Group", "we", "us" or "our"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries pursuant to the Reorganisation, its present subsidiaries and the businesses operated by such subsidiaries
"**HK eIPO White Form**"	the application for Offer Shares in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designed by our Company, as specified on the designated website at **www.hkeipo.hk**
"HKD" or "HK$" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"Hong Kong" or "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
"Hong Kong Government"	the government of Hong Kong
"IC Adviser"	BDO Financial Services Limited, our internal control consultant
"independent third party(ies)"	an individual(s) or a company(ies) who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are independent of and not connected with (within the meaning of the GEM Listing Rules) our Company and its connected persons
"Jiangkou Terminal"	a terminal operated by Chizhou Port Holdings and situated at the Jiangkou port area of the port of Chizhou
"Joint Lead Managers"	Alliance Capital Partners Limited, China Goldjoy Securities Limited, First Shanghai Securities Limited, Guoyuan Capital (Hong Kong) Limited and Pacific Foundation Securities Limited
"Latest Practicable Date"	19 June 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus
"Listing"	listing of the Shares on GEM
"Listing Committee"	the listing sub-committee of the directors of the Stock Exchange
"Listing Date"	the date, expected to be on or about 10 July 2018, on which dealings in the Shares first commence on GEM
"Litigation Cases"	the litigation cases including (i) the litigation case filed on 28 January 2015 by 中基寧波集團股份有限公司 against Chizhou Niutoushan; (ii) the litigation case filed by Chizhou Niutoushan against 中基寧波集團股份有限公司 pursuant to the notice of commencement of civil proceedings issued by Chizhou City Guichi District People's Court (池州市貴池區人民法院) dated 15 April 2016; and (iii) the litigation case filed on 16 January 2017 by 中基寧波集團股份有限公司 against Chizhou Niutoushan, further details of which are set out in the paragraph headed "Business — Litigation" of this prospectus

"M&A Rules"	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investor (關於外國投資者併購境內企業的規定) issued by six PRC ministries and commissions, which because effective on 8 September 2006 and was revised on 22 June 2009
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company adopted on 1 June 2018 and as amended from time to time
"Ministry of Transport"	the Ministry of Transport of the PRC (中華人民共和國交通運輸部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	The Ministry of Commerce of the PRC (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部), as appropriate to the context
"Mr. Kwai"	Mr. Kwai Sze Hoi (桂四海先生), our chairman, executive Director and a member of a group of Controlling Shareholders with Ms. Cheung
"Ms. Cheung"	Ms. Cheung Wai Fung (張惠峰女士), our non-executive Director and a member of a group of Controlling Shareholders with Mr. Kwai
"Niutoushan Terminal"	a terminal operated by Chizhou Niutoushan and situated at the Niutoushan port area of the port of Chizhou
"Noble Century"	Noble Century Ventures Limited, a company incorporated in the British Virgin Islands on 26 April 2017 with limited liability and a direct wholly-owned subsidiary of our Company
"Nomination Committee"	the nomination committee of our Group
"Ocean Line Chizhou"	Ocean Line Group (Chizhou) Port Development Inc. (遠航集團(池州)港口發展有限公司), a company incorporated in the British Virgin Islands on 9 October 2007 with limited liability and a direct wholly-owned subsidiary of our Company
"Ocean Line Holdings"	Ocean Line Holdings Limited, a company incorporated in Hong Kong on 9 August 1994 with limited liability and owned as to 60% by Mr. Kwai and 40% by Ms. Cheung

"Ocean Line (Hong Kong)"	Ocean Line Port Development (Hong Kong) Limited (遠航港口發展(香港)有限公司), a company incorporated in Hong Kong on 30 October 2017 with limited liability and an indirect wholly-owned subsidiary of our Company
"Offer Price"	the final offer price per Offer Share in HKD (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.42 per Offer Share and expected to be not less than HK$0.38 per Offer Share, at which the Offer Shares, to be determined in the manner further described in the section headed "Structure and Conditions of the Public Offer — Pricing and allocation" in this prospectus
"Offer Share(s)"	200,000,000 Shares offered for subscription under the Public Offer
"People's Congress"	the legislative apparatus of the PRC, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them (人民代表大會)
"Ports of Chizhou"	the 10 officially planned port areas in Chizhou City including Xiangkou, Dongliu, Jiyang, Dadukou, Niutoushan, Qianjiangkou, Wusha, Laogang, Jiangkou, Meilong
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau Special Administrative Region and Taiwan
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Adviser"	GFE Law Office, our legal adviser as to PRC law
"Price Determination Agreement"	the agreement to be entered into by our Company and the Joint Lead Managers (for themselves and on behalf of other Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around 3 July 2018, or such other date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of other Underwriters), on which the Offer Price is determined by entering into the Price Determination Agreement

"Property Valuer"	D&P China (HK) Limited
"Public Offer"	the offer of the Offer Shares for subscription by members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms
"Relevant Land"	the parcel of land located at Jiangkou Port of Economic and Technological Development Zone (Portion of Phase 3), Chizhou City, Anhui Province with a site area of approximately 36,666 sq. m. that Chizhou Port Holdings agreed to sell to Chizhou Port Investment on 28 March 2018 for the purpose of development of the Chizhou City Sand Distribution Hub by Chizhou Port Investment
"Remuneration Committee"	the remuneration committee of our Group
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Reorganisation"	the corporate reorganisation arrangement implemented by our Group in preparation for the Listing, particulars of which are summarised in the section headed "History, Reorganisation and Corporate Structure — D. Reorganisation" in this prospectus
"Repurchase Mandate"	the general mandate to repurchase Shares given to our Directors by our sole Shareholder, particulars of which are summarised in the section headed "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 1 June 2018" in Appendix V to this prospectus
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局), or its predecessor the State Administration fro Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), as appropriate to the context
"SAT"	the State Administration of Taxation of the PRC (中國國家税務總局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on GEM
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 1 June 2018, the principal terms of which are summarised in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Sponsor" or "Alliance Capital"	Alliance Capital Partners Limited, a licensed corporation for carrying on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, acting as the sponsor of the Listing and an independent third party
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under GEM Listing Rules
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"substantial shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and details of our substantial shareholders are set out in the section headed "Substantial Shareholders" in this prospectus
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong, as amended, modified and supplemented from time to time
"Third Claim"	the litigation case filed on 16 January 2017 by 中基寧波集團股份有限公司 against Chizhou Niutoushan, details of which are set out in the paragraph headed "Business — Litigation" of this prospectus
"Track Record Period"	comprises the period for the three financial years ended 31 December 2015, 2016 and 2017
"Underwriters"	the underwriters of the Public Offer, details of which are set out in the section headed "Underwriting" in this prospectus

"Underwriting Agreement"	the conditional underwriting agreement dated 26 June 2018 relating to the Public Offer entered into amongst our Company, the Controlling Shareholders, the executive Directors, the Sponsor, the Joint Lead Managers and the Underwriters, details of which are set out in the section headed "Underwriting" in this prospectus
"U.S."	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"US$" or "USD"	United States dollars, the lawful currency of the United States
"VAT"	value-add tax
"Vital Force"	Vital Force Developments Limited, a company incorporated in the British Virgin Islands on 13 February 2017 with limited liability and the holding company of our Company which is owned as to 60% by Mr. Kwai and 40% by Ms. Cheung, a group of Controlling Shareholders
"**WHITE** Application Form(s)"	the application form(s) for the Offer Shares for use by the public who require such Offer Shares to be issued in the applicant's own name
"**YELLOW** Application Form(s)"	the application form(s) for the Offer Shares for use by the public who require such Offer Shares to be deposited directly into CCASS
"Yuan Hang Port"	遠航港口發展(池州)有限公司 (Yuan Hang Port Development (Chizhou) Limited*), a company established in the PRC on 28 November 2017 with limited liability and an indirectly wholly-owned subsidiary of our Company
"km"	kilometre
"m^3"	cubic meter
"mm"	millimetre
"sq. ft."	square foot
"sq. m." or "m^2"	square metre(s)
"%"	per cent.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no Shares are allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in total in certain tables may not be the arithmetic aggregation of the figures preceding them.

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language and terms marked with "" included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.*

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

This glossary of technical terms contains explanation of certain terms used in this document as they relate to the Company and as they are used in this document in connection with the Group and its business. These terms and their given meanings may not correspond to standard industry meaning or usage.

"berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"break bulk cargo"	cargo that must be loaded individually and are not transported in containers or in bulk, such as cargo transported in bags, barrels, boxes, crates and drums
"bulk cargo"	loose commodity cargo (dry or liquid) that is transported in volume or size
"coastline"	the area where land meets the sea or ocean, a broad sense of seashore
"domestic trade"	the uploading and unloading of cargo which is shipped within the PRC
"dredging"	removal of sediment to deepen access channels and provide turning basins for ships and adequate water depth along waterside facilities
"DWT"	deadweight tonne, which is a measure of how much weight a vessel carrying or can safely carry. DWT is the sum of the weight of cargo, fuel, fresh water, ballast water, provisions, passengers, and crew, and the term is often used to specify a vessel's maximum permissible deadweight
"economic hinterland" or "hinterland"	the inland region connected with a port via transportation links to regions of cargo demand or supply
"foreign trade"	the uploading and unloading of cargo which is shipped into and out of the PRC
"portal crane"	a jib crane mounted on tracks which is used to lift and move objects to different locations
"stacking yard"	a yard used for stockpiling, storage and delivery of cargo
"TEUs"	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet and six inches and width of eight feet
"throughput"	a measure of the volume of cargo passing through a port. Where cargo are transhipped, each unloading and loading process is measured separately as part of throughput

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "plan", "potential", "predict", "propose", "seek", "should", "will", "would" and other similar expressions or the negative use of such words are used to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our Group's business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of our Group's business;
- our Group's financial condition and performance;
- our Company's dividend distribution plans;
- the regulatory environment as well as the general industry outlook for the industry in which our Group operate;
- future developments in the industry in which our Group operates; and
- the trend of the economy of the PRC in general.

These statements are based on several assumptions, including those regarding our Group's present and future business strategy and the environment in which our Group will operate in the future.

Our Group's future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our Group's future performance may be affected by various factors including, without limitation, those discussed in the sections headed "Risk Factors", "Business", "Financial Information" and "Future Plans and Use of Proceeds" of this prospectus.

Subject to the requirements of the applicable laws, rules and regulations, our Company does not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions prove to be incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, our Group's intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that the legal and regulatory environment in Hong Kong may differ in some respects from that which prevails in other countries. The business, financial condition or results of operations of our Group could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

There are certain risks and uncertainties involved in our operations and in this Public Offer, many of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business (ii) risks relating to our industry (iii) risks relating to the PRC and (iv) risks relating to the Public Offer, and (v) risks relating to this prospectus.

RISKS RELATING TO OUR BUSINESS

Our customers are mainly mining and processing companies and our success depends on their business performance and it is difficult for us to forecast their profitability in the future as it is dependent on the Chinese economy

During the Track Record Period, all of our operations were conducted in the PRC and all of our revenue was derived from the PRC market. In particular, we depend on the major industries in Chizhou City, namely, the mining and processing of raw materials. According to the CIC Report, Chizhou City is known for its non-metallic mining and processed products and the reserves for non-metallic mining resources such as limestone, dolomite and calcite are widely used in the construction, steel and paper industries in the PRC. Our Group's terminals are situated along the Yangtze River within Anhui Province and we mainly provide port logistic services to mining companies to load and unload raw materials such as limestone, calcite and dolomite onto vessels for waterways transport into and out of Chizhou City. We generate our revenue by charging a service fee based on the types of materials and the quantities handled as agreed between the customers and our Group on a case-by-case basis. As such, our business, financial condition, operation results and future prospects are subject to the development of the Chinese economy. If the Chinese economy slows down significantly, businesses of our customers, many of which are mining companies that produce basic materials for construction, steel making and paper industries in the PRC, might be adversely affected and in which case, demand for our port services would be adversely affected. Any changes to the economic conditions in the PRC may have a material and adverse effect on our Group's business, financial conditions, operation results and future prospects.

We have a concentrated customer base and any decrease in the number of projects with our top five customers would adversely affect our operations and financial results

A significant portion of our revenue was derived from a small number of customers during the Track Record Period. Revenue contribution from our five largest customers for FY2015, FY2016 and FY2017 accounted for approximately 37.3%, 33.7% and 34.9% of our total revenue respectively.

Our customers primarily consist of mining companies and many of which are required to comply with PRC regulations in constantly upgrading their environmental standards in mining and processing. If any of their businesses suffer a downturn or government restrictions on sales and processing of raw materials due to environmental or other concerns, this may lead to a significant decrease in the usage of our loading and unloading services by our five largest customers and if we are unable to find other customers as replacement, our financial conditions and operating results will be materially and adversely affected. Besides, if any of our five largest customers experiences any liquidity problem, it may result in delay or default in settling payments to us, which in turn will have an adverse impact on our cash flows and financial conditions. We cannot guarantee that we will be able to diversify our customer base by securing significant number of new orders from our existing and potential customers.

Our customers are not subject to any minimum quantity requirements when utilising our port logistic services

Although we do specify the total expected quantity requirement for the year when entering into service contracts with our customers, we provide port logistics services to our customers irrespective of the cargo volume and our customers are not subject to any minimum quantity requirement to use our port logistics services. Our service fees are determined by the type of materials and the quantities handled as agreed between the customers and our Group on a case-by-case basis. There is no assurance that these customers will continue to use our services to transport the same quantities in the future. If any of our major customers terminates its business relationship with us or decreases the transport quantity for the year, and we fail to secure new orders on a timely basis, there may be an adverse effect on our business operations, financial performance and profitability. Furthermore, if we fail to meet their needs or we are unable to deliver and/or to load and unload the raw products requested by them at the designated place in a timely manner, our reputation and cash flow will suffer and our business operation will be adversely affected as a result.

We usually enter into contracts that are not more than one year in duration with our customers and subcontractors

For FY2015, FY2016 and FY2017, sales to our five largest customers accounted for an aggregate of approximately 37.3%, 33.7% and 34.9%, respectively, of our total revenue during the relevant years. For FY2015, FY2016 and FY2017, purchases from our five largest suppliers accounted for an aggregate of approximately 65.6%, 61.4% and 59.7%, respectively, of our total purchases during the relevant years. For FY2015, FY2016 and FY2017, our subcontracting fee accounted for 9.5%, 6.9% and 11.7% of our total cost of services rendered.

There is no assurance that we will always be successful in securing service contracts with our customers. Also, we cannot assure that our current or future contracts can be negotiated on terms and prices equivalent to or better than current terms and prices. In order to retain operational flexibility, we generally do not enter into long-term contracts with our customers, suppliers and subcontractors. In particular, our subcontractors may at their discretion after one year, reduce or cease supplying service to us or our customers may, at their discretion after one year, reduce or cease to use our port logistic services without any notice, which could adversely affect our business and results of operations.

A significant portion of our revenue was attributable to port logistics services relating to bulk cargo handling of raw materials and our profitability may be adversely affected if demand for raw materials and the usage of bulk cargo shipping declines for any reason

For FY2015, FY2016 and FY2017, our port logistic services for bulk cargo handling remained the largest contributor to our revenue and accounted for approximately 79.2%, 85.2% and 78.8% of our revenue for the same years, respectively. Accordingly, we have a concentrated service portfolio as a significant portion of our revenue was attributable to bulk cargo handling. There is no assurance that we will be able to maintain our customer base and continue to provide port logistic services for bulk cargo handling of raw materials. If the customers' requirements change or the demand for raw materials and/or bulk cargo shipping declines for any reason, the potential loss in revenue would adversely affect our profitability.

If our operations and throughputs are unable to cope with the increasing proportion of container usage at inland ports, our business, operation results and prospects may be adversely and materially affected

According to the CIC Report, container usage has been increasing among all types of cargo handled in ports of the PRC in recent years. In fact, the container throughput volume for Chizhou ports is expected to grow from approximately 9.7 thousand TEU in 2016 to reach 25.7 thousand TEU by 2021, representing a CAGR of 18.7%. The reason for such expected growth is because when compared with other forms of transportation such as bulk cargo and break bulk cargo, container is the most convenient and space-effective form of transportation. In addition, transportation in containers generates far less pollution when compared with bulk cargos.

It is expected that there will be an increasing number of customers requiring the use of containers for waterway transportation in terms of both imports and exports in and out of Chizhou City and regulators are also promoting the use of containers in inland waterway transportation in order to reduce pollution. Since we are currently the only container transportation terminal in Chizhou City, if we are unable to increase our container throughput to cope with the increasing demand for our loading and unloading services of containers, our business may be adversely affected.

We may be subject to liability in connection with industrial accidents at our terminals

Our business involves the operation of heavy machineries that could result in industrial accidents which may cause injuries or loss of life. During the Track Record Period and up to the Latest Practicable Date, there was no occurrence of material accidents and injuries and no liability or insurance claim was made against us. There is no assurance that industrial accidents, whether due to malfunctions of machineries or other reasons, will not occur in the future at our port terminals.

In the event of industrial accidents which may cause injuries or loss of life, we may be liable to loss of life and property, medical expenses, medical leave payments and fines and penalties. In addition, we may experience interruptions in our operations and may be required to change the manner in which we operate as a result of the implementation of safety measures after such industrial accidents. Any of the foregoing could adversely affect our business, financial condition or results of operations.

Our operations and facilities expose us to operating risks that could materially and adversely affect our business, financial condition and results of operations

Due to the nature of our business, our operations are exposed to certain hazards associated with cargo storage and transportation including fires, explosions, chemical spills or other discharges or releases of toxic or hazardous substances or gases, storage tank leaks, infestation of insects and other environmental risks. These hazards can result from a number of factors including misconduct and improper operation, severe weather and natural disasters, equipment aging and mechanical failure, unscheduled downtime, transportation interruptions and terrorist attacks. These hazards can cause personal injury and loss of life, catastrophic damage to or destruction of property and equipment and environmental damage, and may result in a suspension of operations and the imposition of civil or criminal penalties. We could become subject to environmental claims brought by governmental entities or third parties. The loss or shutdown over an extended period of operations of our facilities would have a material adverse effect on us.

We are required to obtain qualifications or licences to undertake our business, and any revocation, cancellation or non-renewal of these qualifications or licences could have a material and adverse impact on our business

We require qualifications and licences issued by relevant government agencies to conduct our business. The qualifications and licences which we require include without limitation, business licence for port operations, port operation certificate, and road transportation operation licences.

Please refer to the section headed "Business — Licences, Permits and Certificates" for more information on the key licences we are required to operate our business.

Our Group must comply with certain restrictions and conditions imposed by various levels of government to maintain our qualifications and licences. If we fail to comply with any of the conditions required for obtaining and maintaining our qualifications and licences, our qualifications and licences could be cancelled or revoked, or the renewal of our licences, upon expiry of their original terms, may be delayed, which could materially and adversely affect the business operations of our business.

We are subject to credit risk in respect of our trade receivables

As at 31 December 2015, 2016 and 2017, we recorded trade receivables of approximately RMB12.0 million, RMB4.5 million and RMB4.5 million respectively, of which approximately RMB9.0 million, RMB3.4 million and RMB0.5 million, respectively, have been past due but not impaired. Our average credit terms offered by us to our mining sector customers, which formed majority of our revenue and customers during the Track Record Period, range from approximately 15 to 55 days. Our business operations are subject to the risk of payment deferral by our customers. We cannot assure you that we will be able to fully recover the outstanding amounts due from our customers, if at all, or that our customers will settle the amounts in a timely manner. If settlements by our customers are not made in full or in a timely manner, our business, financial conditions and results of operations will be adversely affected.

Our Group has concentration of credit risk from various customers. As at 31 December 2015, 31 December 2016 and 31 December 2017, 10%, 7% and 10% of the total trade receivable balance was due from our largest customer, respectively, whereas 32%, 23% and 26% were due from our five largest customers, respectively. Any difficulty in collecting a substantial portion of our trade and other receivables could materially and adversely affect our cash flows and financial positions.

We recorded net current liabilities as at 31 December 2015 and 31 December 2017

Our Group recorded net current liabilities of approximately RMB3.6 million as at 31 December 2015. Our Group's financial position attained a net current assets position as at 31 December 2016. As at 31 December 2017, we recorded net current liabilities of approximately RMB10.5 million primarily due to the acquisition of property, plant and equipment as part of our business growth plans, the repayment of our non-current bank borrowings and the payment and accrual of listing expenses in FY2017. These main factors attributing to the net current liability position were partially offset by the net cash generated from our operating activities for the year. For more information, please refer to the section headed "Financial Information — Net current assets/liabilities" in this prospectus. There can be no assurance that we will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations or to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and we may need to rely on additional external borrowings for funding, and our business and financial position will be adversely affected. In addition, if we encounter any liquidity issues in the future, we may curtail or defer our business expansion plans based on the availability of sufficient funds.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial positions in the future

As at 31 December 2015, 2016 and 2017, our deferred tax assets amounted to approximately RMB3.6 million, RMB3.4 million and RMB3.0 million, respectively, which mainly represent temporary timing difference on the recognition of government grant received and fair value adjustment of investment properties from our group companies. For details of the movements of our deferred tax assets during the Track Record Period, please see Note 12(b) to the Accountants' Report in Appendix I to this prospectus. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets, and to what extent they may affect our financial positions in the future.

Our profitability is substantially affected by non-recurring fair value changes on investment properties and short-term investment

We are required to reassess the fair value of any investment properties that we hold periodically. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by independent professional valuers. Gains or losses arising from changes in the fair value of any such investment properties will be reflected in our results of operations in the period in which they arise. The fair value losses on our investment properties charged to our profit or loss in FY2015 and FY2016 were approximately RMB200,000 and RMB456,000 respectively, while our fair value gains on our investment properties in FY2017 were approximately RMB24,000.

We cannot assure you that we can recognise comparable fair value gains on investment properties in the future and we may also recognise fair value losses, which would impact our results of operations for future periods. Fair value gains on investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses on investment properties would have a negative effect on our result of operations, even though such losses would not change our cash position as long as these properties are held by us.

In addition, during the Track Record Period, we invested in certain wealth management products comprising of financial bonds, central bank bills, corporate bonds, short term financing bonds and other financial instruments that were classified as medium to low risk. For details of the investment, please see the section headed "Financial Information — Short term investment". These short-term investment are carried at fair value and any gains or losses arising from changes in the fair value of any such short term investment will be reflected in which they arise. We cannot assure you that we can recognise comparable fair value gains on short term investment in the future and we may also recognise fair value losses, which would impact our result of operations for future periods.

Given that the fair values of our investment properties and short-term investments are based on unobservable inputs, there could be inaccuracies and uncertainties on our gains and losses from our investment properties and short-term investments.

We may in the future be exposed to legal proceedings which could subject us to significant liability to third parties and could adversely affect our business operations

During the Track Record Period, we were involved in one on-going civil proceeding against us. For details, please refer to the paragraph headed "Business — Litigation" in this prospectus. Other than those legal proceedings already disclosed in this prospectus, we may be involved in further disputes or legal proceedings arising from the ordinary course of our business in the future. Further, disputes may arise between us and our customers and lawsuits may be filed against us in respect of various matters in the ordinary course of our business operation. The defence of legal proceedings can be both costly and time consuming and may significantly divert the efforts of our management personnel and our financial resources. Furthermore, an adverse determination in such litigation or proceeding to which we may become a party could cause us to pay damages, to seek licences from third parties, or be restricted by injunctions. These factors could prevent us from pursuing some or all of our business operations, which may have a material and adverse effect on our business, financial condition and results of operations.

We depend on key management personnel and skilled employees and we may not be able to attract suitable candidates to join us

Our success depends to a significant degree upon the expertise, experience, continuity, network and committed service of our senior management personnel, most of whom have an in-depth understanding of our industry and operations and would be difficult to replace. Our key management, including Mr. Kwai, and Mr. Huang Xueliang, being our executive Directors, are key to our success because of their expertise, experience and connections in the port industry of Anhui Province, market development skills and expertise in managing our operations. Details of their expertise and experience are set out in the section headed "Directors, Senior Management and Employees" in this prospectus. In addition, the relationship and reputation that our management team have established and maintained with our customers and suppliers contribute to our ability to maintain good business relationships with them.

As a result, the departure of any of our key management members could be disruptive to our business development and could have a material adverse effect on our business and financial conditions. We cannot guarantee that the services of such personnel will continue to be available to us or that we will be able to replace any such personnel with individuals with similar knowledge, experience or network.

Furthermore, our port operations rely on the experience and knowledge provided by our skilled employees and there is no assurance that we are able to attract suitable candidates to join us or retain existing skilled employees to continue working for us. For example, our cargo uploading and unloading operations rely on our quayside crane operators. Our uploading and unloading cargo services could be adversely affected by any possible labour shortage which in turn could have a material adverse effect on our business and competitive position. In addition, if we face labour interruption or significant increases in labour costs as a result of changes to PRC labour laws and regulations, our operating costs could increase and our results of operations may be materially and adversely affected.

We are exposed to risks associated with our computer hardware, network security and data storage

We are dependent on our information technology systems to store market data and our customers' information, deliver products and services to our customers and manage our business operations. However, there is no assurance that we have sufficient ability to protect our computer hardware and data storage from all possible damages including acts of nature, telecommunications breakdown, electricity failure or similar unexpected events which are beyond our Group's control. We do not backup all data on a real-time basis and the effectiveness of our business operations may be materially affected by any failure in our information technology systems. If our communications and information technology systems do not function properly, or if there is any partial or complete failure of our systems, we could suffer financial losses, business disruption or damage to our reputation.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Similar to all other computer network users, our computer network system is vulnerable to attack of computer virus, worms, trojan horses, hackers or other similar computer network disruptive problems. Any failure in safeguarding our computer network system from these disruptive problems may cause breakdown of our computer network system and leakage of confidential information of our Group and our customers. Any failure in the protection of our computer network system from external threat may disrupt our operation and may damage our reputation for any breach of confidentiality to our customers, which in turn may materially and adversely affect our business operation and performance. In the event that our customers' confidential information is stolen and misused, we may become exposed to potential risks of losses from litigation and possible liability.

Future expansion plans are subject to uncertainties and risks and therefore may not materialise

In order to expand our operational capacity and to further improve our efficiency, we intend to construct and develop a new phase of our Jiangkou Terminal, details of which are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus. Whether our future plans can be implemented successfully may be beyond our control and future events may affect the implementation of our expansion plans, such as changes in general market conditions and rules and regulations applicable to us.

Moreover, there is no assurance that we will be able to operate the newly constructed terminal fully as we planned. Any failure to do so will result in our Group incurring expenses, and hence will affect our profitability in the future.

In addition, the general economic environment and the development of the mining and processing market in Chizhou City, Anhui Province may be unpredictable. In view of such uncertainty, there is no assurance that we will be able to secure additional customers and/or maintain profit margins that are consistent with the level that we were able to achieve during the Track Record Period or at all.

Furthermore, our ability to achieve our growth objectives depends heavily on the level of success in implementing our future business plans. We give no assurance that our future business plans will be materialised as we originally expect or will be executed within the intended timeframe, or will result in revenue or profit as expected. As these business plans inherently involve substantial time, investment, cash outflows and market risks, our profitability, operations, prospects and/or financial conditions may deteriorate if any or all of our future plans cannot be accomplished in the manner described in the section headed ''Future Plans and Use of Proceeds'' in this prospectus.

Our historical revenue and profit margin may not be indicative of our future revenue and profit margin

For FY2015, FY2016 and FY2017, our revenue amounted to approximately RMB47.3 million, RMB49.0 million and RMB63.6 million, respectively, while our gross profit amounted to approximately RMB13.9 million, RMB14.2 million and RMB23.1 million, respectively (representing gross profit margin of approximately 29.4%, 28.9% and 36.3%, respectively), while our net profit amounted to approximately RMB5.5 million, RMB4.8 million and RMB1.0 million, respectively.

However, our historical revenue and profit margin may be affected by various factors, including employee benefits and depreciation. Therefore, such historical financial information purely serve as analysis of our past performance and may not have any positive implication or may not necessarily reflect our financial performance in the future. There is no assurance that our revenue and profit margins in the future will remain at a level comparable to those recorded during the Track Record Period.

We benefit from government grants, the loss of or a reduction in which may reduce our profits

During the Track Record Period, we received government grants from the local government of Chizhou City. Such government grants were provided to us as part of the Chizhou local government's initiatives to support the construction and development of port logistics infrastructure and facilities in Jiangkou, Chizhou City. For details of the government grants we recorded during the Track Record Period, please refer to the section headed ''Financial Information — Description of selected items in combined statement of profit or loss — Other income and gains'' in this prospectus. We cannot assure that we will continue to receive the same or similar government subsidies as the relevant government policies may change over time. Any loss of or reduction in government subsidies could have an adverse effect on our financial condition, results of operations and prospects.

We benefit from freight-based port charges, the loss of or a reduction in which may reduce our profits

According to the applicable guidelines on port charges in the PRC, freight-based port charges represent the administrative charges for the freight owners which use the port and waterway transportation facilities, and these charges are collected by the authority from freight owners in order to support the construction and maintenance of the local port and waterway facilities and infrastructure. According to the said guidelines, 50% of the freight-based port charges are refunded to the port operators. For FY2015, FY2016 and FY2017, the amount of such refund received by us amounted to approximately RMB2.1 million, RMB2.3 million and RMB3.0 million, respectively. We cannot assure that we will continue to receive the freight-based port charges as the relevant government policies and initiatives may change over time. Any loss of or reduction in our other income from the freight-based port charges could have an adverse effect on our financial condition and results of operations.

The change in our preferential tax treatment status may materially and adversely affect our financial condition and results of operations

Chizhou Niutoushan was certified as a port logistics enterprise and completed the preferential tax filing registration on 2 September 2013, valid for six years (from 2013 to 2018). During the first three years, Chizhou Niutoushan shall be exempted from enterprise income tax. For the fourth to sixth year, Chizhou Niutoushan shall pay enterprise income tax at the reduced rate of half of the statutory tax rate of 25%, which is 12.5%. As a result of such preferential tax treatment, our Group recorded tax reduction in the sum of RMB1.2 million, RMB0.4 million and RMB1.3 million for FY2015, FY2016 and FY2017, respectively. The preferential tax treatment for Chizhou Niutoushan as a port logistics enterprise and the tax reduction will end after 2018. As Chizhou Niutoushan is one of our operating and income generating subsidiaries, our effective tax rate and tax burden may increase significantly after the end of the preferential tax treatment.

RISKS RELATING TO OUR INDUSTRY

Our business and results of operations are susceptible to fluctuations to the economic and market conditions of our hinterland, which may adversely affect the demand for port logistics services

During the Track Record Period, our port logistic services provided to customers based in Chizhou City, Anhui Province remained the largest contributor to our revenue. Our Jiangkou Terminal and Niutoushan Terminal are located in close proximity with our customers, which are primarily mining and processing companies that operate a mine and/or processing facilities in the hinterland of Chizhou City, Anhui Province and require port logistic services to load and unload raw materials in bulk or in containers onto vessels for shipment along the Yangtze River. Therefore, our business and results of operations depends primarily on our customers' profitability and the continued availability of imports and exports of raw materials in and out of Chizhou City.

Accordingly, we have a concentrated customer portfolio as a significant portion of our revenue was attributable to mining and processing sector customers that are based in Chizhou City. There can be no assurance that we will be able to maintain our operating results as there are various market forces beyond our control that may affect the economic conditions in Anhui Province such as government regulations and slowdown of economies in our hinterland. Furthermore, should there be a recurrence of recession, deflation or a rapid deterioration in the demand for commodities and raw materials from Chizhou City, our business, operation and financial performance can be adversely affected.

There is no assurance that our customers are able to promote and sell their raw materials and products successfully or maintain their competitiveness due to lack of market acceptance, consumer preference or otherwise. There is no assurance that our customers will continue to utilise our services, or their future shipment quantities will be transported through our terminals at a comparable level or on similar terms as in prior years. If any of our customers cease to use our services or reduce their shipment quantities transported through our port terminals and we are unable to obtain other customers at a comparable level, our business and profitability could be adversely affected.

We may be adversely affected by intensifying competition from other inland terminal operators in Anhui Province and if we are unable to compete successfully against other players, our business, financial condition and results may be adversely affected

According to the CIC Report, we ranked first among Chizhou City's public terminal operators in terms of its total cargo throughput volume in 2016 and we compete with a large number of port terminal providers along the Yangtze River within Anhui Province for customers. For details, please refer to the paragraph headed "Industry Overview — Competitive Landscape" in this prospectus. There is no assurance that we can compete successfully in the future. In the event that we are unable to compete with other market players effectively, our business, financial condition, results of operations and prospects will be materially and adversely affected.

The port industry in the PRC is subject to strict regulations imposed by the PRC government

The PRC port industry is highly regulated. Terminal operators are required to obtain a port operation licence, as well as to comply with strict regulations in respect of, among other things, operational, environmental protection, customs supervision and control and work safety. Please refer to the section headed "Regulatory Overview" in this prospectus for more information on the legal and regulatory requirements applicable to our business operations. If we fail to comply with these regulation, our business operation and reputation will be adversely affected.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions in the PRC may have a material and adverse effect on our business, financial condition, results of operations and future prospects

During the Track Record Period, all of our operations were conducted in the PRC and all of our revenue was derived from the PRC market. Our Group's terminals are also located in the PRC. As such, our business, financial condition, operation results and future prospects are subject to the economic, political and social developments of the PRC. The PRC economy differs from the economies of the most developed countries in many respects, such as structure, level of governmental involvement, control of foreign exchange and allocation of resources. The PRC economy is generally a planned economy, in which periodic economic plans and measures are promulgated and implemented by the government. The PRC Government plays a significant role in regulating industrial development, the allocation, production, pricing, management of resources and the PRC economic growth. In view of concerns over the PRC's economic and fixed investment growth, bank credit and inflationary pressure, the PRC

Government has taken measures, including direction and/or restrictions on bank loans to certain sectors and change in interest rates, with the aim of managing the PRC's economic growth. Such measures, and any additional measures which may be further taken by the PRC Government, may have a significant negative impact on the PRC economy which in turn may adversely affect our Group's business, financial condition, operation results and future prospects.

There is no assurance that the PRC Government will continue to pursue economic reforms, or that such reforms will be conducive to the benefit of our Group. Furthermore, changes in the economic political, and social conditions, laws, regulations and policies of the PRC Government may have a material and adverse effect on our Group' s business, financial conduction, operation results and future prospects.

The PRC's legal system has inherent uncertainties as to the interpretation and enforcement of PRC laws, which could have a material adverse effect on us

Our business in the PRC is conducted through our PRC subsidiaries. Thus, our operations in the PRC are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in the PRC. The PRC legal system is based on written statutes and regulations and their interpretation by the Supreme People's Court of the PRC. Prior court decisions may be cited for reference but have limited precedential value.

The PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because published court decisions are limited in number and are non-binding, there are uncertainties involved in the interpretation and enforcement of these laws and regulations. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may be subject to fines and other penalties applied retroactively for violations of policies and rules enacted in future for commission of acts that are not in violation of the current policies and rules. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention.

Fluctuations in the value of the Renminbi could have an adverse effect on your investment

Our income and expenses have been and are expected to continue to be primarily denominated in Renminbi and we are exposed to the risks associated with the fluctuation in the currency exchange rate of Renminbi. Should Renminbi appreciate against other currencies, the value of the proceeds from the Public Offer and any future financings, which are to be converted from Hong Kong dollar or other currencies into Renminbi, would be reduced and might accordingly hinder our business development due to the lessened amount of funds raised. On the other hand, in the event of the devaluation of Renminbi, the dividend payments of our Company, which are to be paid in Hong Kong dollars after the conversion of the distributable profit denominated in Renminbi, would be reduced. Furthermore, the devaluation of Renminbi would also increase the costs of importing overseas equipment and machinery for the enhancement of our operations in future, if necessary. Hence, substantial fluctuation in the currency exchange rate of Renminbi may have a material adverse effect on our business, financial condition, operation results and the value of your investment in the Shares.

We may be deemed to be a PRC tax resident enterprise under the EIT Law, which may materially and adversely affect our profitability and the value of your investments

We are a company incorporated under the laws of the Cayman Islands. Pursuant to the EIT Law and the Regulation on the Implementation of the EIT Law, if an enterprise incorporated outside the PRC has its "de facto management bodies" within China, such enterprise would generally be deemed a "PRC resident enterprise" for tax purposes and be subject to an enterprise income tax rate of 25% on its global income. "De facto management bodies" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, July 2011 and January 2014, MOF and the SAT issued several circulars to clarify certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises. Our Company currently not regarded as a PRC tax resident enterprise. However, if we are regarded as a PRC tax resident enterprise by the PRC tax authorities, we would have to pay the PRC enterprise income tax at a rate of 25% for our entire global income, which may materially and adversely affect our profits and hence our retained profit available for distribution to our Shareholders.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds our Group received from the Public Offer to make loans or additional capital contribution to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business

In utilising the proceeds of the Public Offer in the manner described in "Future plans and use of proceeds" in this prospectus, as an offshore holding company of our PRC operating subsidiaries, we may make loans, additional capital contributions to our PRC subsidiaries or a combination thereof. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by our Company to our subsidiaries in the PRC which are foreign-invested enterprises to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterpart. In addition, any capital contributions to our PRC subsidiaries must be approved by or filed with the MOFCOM or its local counterpart. There is no assurance that we will be able to obtain these government registrations, approvals or filing on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to obtain such registrations, approvals or filing, our ability to use the proceeds from the Public Offer and to capitalise our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may be subject to civil claims or administrative sanctions for our operations or potential harm to employees caused by our operations and may not be able to meet the increasingly stringent environmental protection requirements imposed by the PRC Government

Our operation process may involve the handling of hazardous and flammable substance, which, if handled inappropriately, could be detrimental to the health of our employees as well as the environment. We are subject to extensive and changing environmental, health and safety laws and regulations that affect our operations, operation facilities and products in the PRC.

We are required to obtain and maintain various permits for the construction and operation of our operation facilities in the PRC. There is no assurance that we will be able to obtain or renew all the relevant permits. If we fail to obtain or renew any required permit, we may be subject to civil and administrative claims that may result in potentially significant monetary damages and fines or suspension of our operations.

As our operation may affect the health of our employees and the surrounding environment, our failure to control the pollutants generated as a by-product of our operation could subject us to potential civil and administrative claims and may result in potentially significant monetary damages and fines or suspension of our business operations, which may harm our results of operations. If more stringent regulations are enacted in the future, the related compliance costs could be substantial and our results of operations and future prospects may be materially and adversely affected. Any failure to comply with any present or future environmental, health and safety laws and regulations could result in the imposition of fines and other sanctions against us, which could disrupt, limit or result in the suspension of the operations of our Group.

Any recurrence of force majeure events, natural disasters or health or public security hazards in the PRC may severely disrupt our business and operations and may have a material adverse effect in our financial condition and operation results

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus, or H1N1 influenza, the Zika virus or Middle East Respiratory Syndrome, may materially and adversely affect our business, financial condition and results of operations. In 2016, there were reports of the occurrence of avian influenza and Zika virus infections in certain regions of the world, including the PRC, where we conduct business. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and our business. There is no assurance that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC Government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

Governmental control of currency conversion in the PRC may affect the value of your investment

The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. We receive most of our revenues from our PRC operations in RMB. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration or filing with the relevant government authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also, at its discretion, restrict access to foreign currencies for current account transactions in future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, our operation and financial position may be adversely affected.

Our company is a holding company incorporated in the Cayman Islands and operates its core business through its PRC operating subsidiaries. Therefore, the availability of funds for us to pay dividends to our Shareholders and to service any offshore indebtedness depends upon dividends receive from the PRC operating subsidiaries, which is subject to limitations with respect to dividend payments. Should the PRC subsidiaries be unable to pay dividends to the Shareholders and service any offshore indebtedness, this may have a material adverse effect on our business, financial condition and results of operation.

You may experience difficulty in enforcing foreign judgments obtained from non-PRC courts against us in the PRC

Our Company was incorporated in the Cayman Islands. During the Track Record Period, all of our operations were conducted in the PRC and all of our assets are located in the PRC. Since the PRC does not have treaties with the United States, the United Kingdom or many other countries providing for the reciprocal recognition and enforcement of judgment of courts, recognition and enforcement in the PRC of judgments by a court in any of these jurisdictions may be difficult.

RISKS RELATING TO THE PUBLIC OFFER

The trading volume and market price of our Shares may be volatile, which could result in substantial losses for Shareholders

The market price and trading volume of the Shares may be highly volatile. There are a number of factors which may affect the market price of the Shares, and these factors include without limitation changes in our income or cash flows, new investments and strategic alliances. Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There is no guarantee that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the trading volume and market price of the Shares. Further, changes in the market price of the Shares may also be due to factors which may not be directly related to our financial or business performance.

Shareholders' equity interests may be diluted as a result of additional equity fund-raising

In the future, we may need to raise additional funds to finance acquisitions, expansion or new developments of our business. If funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of the Shareholders in our Company may be reduced accordingly as a result of which Shareholders may experience dilution in their percentage shareholdings in our Company. Furthermore, it is also possible that such new securities may have preferred rights, options or pre-emptive rights that render them more valuable than or senior to the Shares.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Public Offer. The market price of the Shares after trading begins could be lower than the Offer Price

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of the Shares are subject to the risk that the price of the Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the time trading begins.

Future sale of a substantial amount of Shares by existing Shareholders may adversely affect the market price of our Shares and our ability to raise equity capital

Any future sale of a substantial amount of the Shares by the existing Shareholders, or the possibility of such sale, could negatively impact the market price of the Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

There is no guarantee that the substantial shareholders or Controlling Shareholders will not dispose of the Shares held by them after the lock-up period, and the effect of which, if any, on the market price of the Shares cannot be predicted. The Shares held by Controlling Shareholders are subject to certain lock-up periods beginning on the Listing Date, details of which are set out in the section headed ‘‘Underwriting’’ in this prospectus.

It is also possible that there may be a sale of a substantial amount of Shares by any of the substantial shareholders or Controlling Shareholders or the perception that such sale may occur, which may materially and adversely affect the prevailing market price of the Shares.

Our Shareholders may experience difficulties in protecting their interests because we are incorporated in the Cayman Islands, and the law of the Cayman Islands is different from that of Hong Kong and other jurisdictions in terms of minority shareholders' protection

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our memorandum and articles of association, the Companies Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For detailed information, please refer to the section headed ‘‘Summary of the constitution of our Company and the Cayman Islands company law’’ in Appendix IV to this prospectus.

RISKS RELATING TO THIS PROSPECTUS

There can be no guarantee as to the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate

Certain facts and other statistics in this prospectus are derived from various sources including the CIC Report and various official government publications that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken all reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sponsor, the Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors and our Group. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this prospectus.

Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Public Offer including, in particular, any financial projections, valuations or other forward-looking statement

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Public Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sponsor, the Joint Lead Managers, the Underwriters, our Directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "**Professional Parties**") involved in the Public Offer has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, you should rely solely upon the information in this prospectus in making your investment decisions regarding the Shares but note that undue reliance should not be placed on any forward looking statements contained in this prospectus which may not occur in the way we expect or may not materialise at all as set out in the section headed "Forward-looking Statements" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE PUBLIC OFFER

This prospectus is published solely in connection with the Public Offer and the listing of the Shares on GEM, which is sponsored by the Sponsor and managed by the Joint Lead Managers.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Public Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees or any other persons or parties involved in the Public Offer.

Details of the structure of the Public Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Public Offer" of this prospectus, and the procedures for applying for the Offer Shares are set out in the section headed "How to Apply for the Offer Shares" of this prospectus and in the relevant Application Forms.

APPLICATION FOR LISTING OF OUR SHARES ON GEM

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Public Offer and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

No part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Public Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules). A total of 200,000,000 Offer Shares, representing 25% of the enlarged issued share capital of our Company will be in the hands of the public immediately following completion of the Public Offer and the Capitalisation Issue and upon Listing (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

ABOUT THE PUBLIC OFFER

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Sponsor, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other persons involved in the Public Offer.

The delivery of this prospectus should not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply the information contained in this prospectus is correct as at the date subsequent to the date of this prospectus.

STRUCTURE AND CONDITIONS OF THE PUBLIC OFFER

Details of the structure of the Public Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Public Offer" of this prospectus.

PROCEDURE FOR APPLICATION FOR OFFER SHARES

The procedure for application for Offer Shares is set out in the section headed "How to Apply for the Offer Shares" of this prospectus and on the relevant Application Forms.

FULLY UNDERWRITTEN

This prospectus is published in connection with the Public Offer. The Listing is sponsored by the Sponsor. The Public Offer is fully underwritten by the Underwriters under the terms and conditions of the Underwriting Agreement. The Public Offer is managed by the Joint Lead Managers. Further information relating to the Underwriters and the Public Offer and the underwriting arrangements is set out in the section headed "Underwriting" of this prospectus.

If, for any reason, the Offer Price is not agreed, the Public Offer will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Public Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person involved in the Public Offer.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

HONG KONG REGISTER AND STAMP DUTY

Our principal register of members will be maintained by the Cayman Share Registrar in the Cayman Islands. Dealings in the Shares on GEM will be registered on our Hong Kong branch register of members maintained in Hong Kong by Tricor Investor Services Limited.

Only Shares registered on our Hong Kong branch register of members maintained by the Hong Kong Branch Share Registrar in Hong Kong may be traded on GEM. Dealings in our Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealings in our Shares, you should consult your professional advisers. None of our Company, the Sponsor, the Joint Lead Managers, the Underwriters, their respective directors and any other person involved in the Public Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealings in our Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on GEM and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on GEM or, under contingent situation, such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All necessary arrangements have been made for our Shares to be admitted to CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Tuesday, 10 July 2018.

Our Shares will be traded in board lots of 8,000 Shares each. The stock code for our Shares is 8502. We will not issue temporary documents of title.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

CURRENCY TRANSLATIONS

Unless otherwise specified, translations of US$ into HK$ and translations of HK$ into RMB in this prospectus are based on the exchange rates set out below (for the purpose of illustration only):

US$1.00 = HK$7.80
RMB1.00 = HK$1.18

No representation is made that any amounts in US$, RMB and HK$ can be or could have been converted at the relevant dates at the above exchange rates or any other rates or at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Kwai Sze Hoi (桂四海先生) *(Chairman)*	No. 15, Bowen Road, Hong Kong	Chinese
Mr. Huang Xueliang (黃學良先生)	No. 32, Biguiyuan Tianhu, Shengjing Street No. 1, Zhanqian District, Chizhou City, Anhui Province, China	Chinese
Non-executive Director		
Ms. Cheung Wai Fung (張惠峰女士)	No. 15, Bowen Road, Hong Kong	Chinese
Independent non-executive Directors		
Mr. Nie Rui (聶睿先生)	Flat E, 30/F., Tower 2, The Belcher's Pok Fu Lam, Hong Kong	Chinese
Mr. Wong Chin Hung (黃展鴻先生)	Flat D, 46/F., Tower 2, The Long Beach, 8 Hoi Fai Road, West Kowloon, Hong Kong	Chinese
Dr. Li Weidong (李偉東先生)	Flat A, 5/F., Block 6, Grand Palisades, NT, 8 Shan Yin Road, Tai Po, Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section "Directors, senior management and employees" in this prospectus.

PARTIES INVOLVED

Sponsor	**Alliance Capital Partners Limited** Room 1502–1503A, Wing On House 71 Des Voeux Road Central, Central Hong Kong *(A licensed corporation carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)*
Joint Lead Managers	**Alliance Capital Partners Limited** Room 1502–1503A, Wing On House 71 Des Voeux Road Central, Central Hong Kong **China Goldjoy Securities Limited** Unit 1703–1706, 17/F Infinitus Plaza 199 Des Voeux Road Central Hong Kong **First Shanghai Securities Limited** 19/F & Room 2505–10, Wing On House 71 Des Voeux Road Central Hong Kong **Guoyuan Capital (Hong Kong) Limited** 22/F, CCB Tower 3 Connaught Road Central Hong Kong **Pacific Foundation Securities Limited** 11/F New World Tower II 16–18 Queen's Road Central Hong Kong
Legal adviser to our Company	*As to Hong Kong law* **Michael Li & Co.** 19th Floor, Prosperity Tower 39 Queen's Road Central, Central Hong Kong *As to PRC Law* **GFE Law Office** Units 3409–3412, Guangzhou CTF Finance Center No. 6 Zhujiang Road East, Zhujiang New Town Guangzhou PRC *As to Cayman Islands law* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal advisers to the Sponsor, the Joint Lead Managers and the Underwriters	*As to Hong Kong law* **D. S. Cheung & Co.** 29/F., Bank of East Asia Harbour View Centre 56 Gloucester Road, Wanchai Hong Kong
	As to PRC Law **Commerce & Finance Law Offices** 6/F., NCI Tower A12 Jianguomenwai Avenue Beijing PRC
Auditors and reporting accountants	**BDO Limited** 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong *(Certified Public Accountants)*
IC Adviser	**BDO Financial Services Limited** 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Industry consultant	**China Insights Consultancy Limited** Room 1203, Shanghai International Group Building 511 Weihai Road, Jing'an District Shanghai, PRC
Compliance adviser	**Alliance Capital Partners Limited** Room 1502–1503A, Wing On House 71 Des Voeux Road Central, Central Hong Kong *(A licensed corporation carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)*
Property valuer	**D&P China (HK) Limited** Suite 701 & 708–10 7/F Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong
Receiving Bank	**Industrial and Commercial Bank of China (Asia) Limited** 33rd Floor, ICBC Tower 3 Garden Road, Central Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters, head office and principal place of business in the PRC	No. 8 Yanjiang Avenue Chizhou Economic Development Zone Chizhou, Anhui PRC
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 2715–16, 27/F., Hong Kong Plaza 188 Connaught Road West Hong Kong
Company's website	www.oceanlineport.com *(Information contained in this website does not form part of this prospectus)*
Authorised representatives	**Mr. Kwai Sze Hoi (桂四海)** No. 15, Bowen Road Hong Kong **Ms. Law Kit Yu (羅潔茹)** Flat G, 18/F., Block 1, Nan Fung Plaza, Tseung Kwan O Hong Kong
Company secretary	**Ms. Law Kit Yu (羅潔茹)** *Certified Public Accountant* Flat G, 18/F., Block 1, Nan Fung Plaza, Tseung Kwan O Hong Kong
Compliance officer	**Mr. Kwai Sze Hoi (桂四海)** No. 15, Bowen Road Hong Kong
Audit Committee	Mr. Wong Chin Hung (黃展鴻) *(Chairman)* Mr. Nie Rui (聶睿) Dr. Li Weidong (李偉東)
Remuneration Committee	Mr. Nie Rui (聶睿) *(Chairman)* Mr. Wong Chin Hung (黃展鴻) Dr. Li Weidong (李偉東)
Nomination Committee	Dr. Li Weidong (李偉東) *(Chairman)* Mr. Nie Rui (聶睿) Mr. Wong Chin Hung (黃展鴻)

Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**Agricultural Bank of China** 安徽省池州市貴池區翠柏中路171號 (for transliteration purpose only, 171 Cuibai Road Central, Guichi District, Chizhou City, Anhui Province)
	Chizhou Jiuhua Rural Commercial Bank 安徽省池州市貴池區翠柏中路142號 (for transliteration purpose only, 142 Cuibai Road Central, Guichi District, Chizhou City, Anhui Province)

The information presented in this section is derived from the CIC Report, which is based on information sourced from CIC's database, publicly available information sources, industry reports, as well as data obtained from interviews and other sources. We believe that these information sources are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading, or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisers, or any other person or party (except CIC) involved in the Public Offer, and no representation is given as to the completeness, accuracy, or fairness of such information. Accordingly, such information should not be unduly relied upon.

SOURCES OF INFORMATION

We commissioned CIC, an independent market research consulting firm, to conduct a detailed analysis of, and prepare a final report on, PRC's inland terminal operations market for the period from 2013 to 2022. We agreed to pay CIC a total fee of RMB 420,000, which we believe reflects the market rate for similar services. CIC is an investment consulting company established in Shanghai, PRC. Its services include industry consulting, commercial due diligence, and strategic consulting. Its professional team of consultants has been tracking the latest market trends in industry, energy, chemicals, healthcare, consumer goods, transportation, agriculture, e-commerce, and finance and has extensive experience in, and insightful market knowledge of, the abovementioned industries.

CIC undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants in PRC's inland terminal operations industry. Secondary research involved analysing data from various publicly available data sources, including Chinese government releases, company reports, independent research reports, and CIC's internal database.

ASSUMPTIONS

In compiling and preparing the report, CIC has adopted the following assumptions: (i) the PRC's economic and industrial development is expected to maintain steady growth momentum during the next decade; (ii) related key industry drivers are likely to continue driving growth in the PRC's inland terminal operations industry during the forecast period, with these drivers including continuous growth in investment by both public and private sectors in the upgrading and construction of waterway and port facilities, as well as a growing demand from downstream industries for transportation services given continued economic development and the relocation of production sites towards inland provinces; and (iii) there is no extreme force majeure or new set of industry regulations that will affect the market either dramatically or fundamentally.

The CIC Report mainly focuses on the terminal operations market along the Yangtze River, especially in Chizhou City, Anhui Province, which is the main jurisdiction where we conduct our business operations. Our Directors confirm that after taking reasonable care, there has been no material adverse changes in the market information included herein subsequent to the published dates for the relevant data contained in the CIC Report, changes which may qualify, contradict, or have an impact on the information presented in this section.

Except as otherwise indicated, all of the data and forecasts contained in this section are derived from the CIC Report. The "Forecast Period" refers to the period from 2018 to 2022.

OVERVIEW OF THE PRC's INLAND PORT OPERATIONS MARKET

Major inland waterways in the PRC

The waterway transportation systems in the PRC are important for the economic development of the overall country. The four major inland waterway systems include the Yangtze River System, Pearl River System, Heilongjiang River System, and Beijing-Hangzhou Canal System. Among them, the Yangtze River System is the most important system in terms of waterway length, transportation capacities, and economic importance.

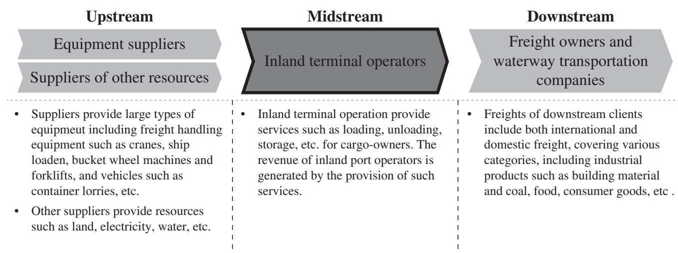
Definition of inland terminal operators in the PRC

Ports are one of the most important forms of transportation infrastructure supporting continued economic development. Normally, ports in the PRC are categorised into either coastal ports or inland ports.

By building up port facilities and operating professional crews, terminal operators provide services such as loading, unloading, storage, and other value-added services for cargo owners and transportation companies. Inland terminal operators include those who operate inland terminals located along inland rivers, canals, and lakes.

Value chain for the inland terminal operations market in the PRC

The following diagram outlines the value chain for the inland terminal operations market in the PRC：



Source: CIC Report

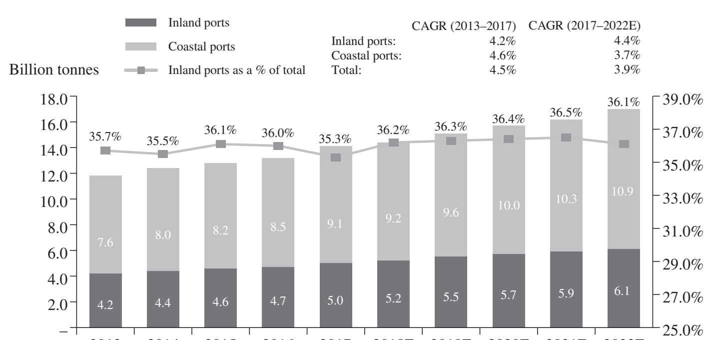
Freight throughput volume of the PRC's inland terminal operators

The total freight throughput volume at Chinese ports grew from 11.8 billion tonnes in 2013 to 14.1 billion tonnes in 2017, with a CAGR of 4.5% between 2013 and 2017.

In 2017, inland ports accounted for 35.3% of the total freight throughput volume for all ports located in the PRC. The freight throughput volume for inland ports reached 5.0 billion tonnes as of 2017, having grown at a CAGR of 4.2% between 2013 and 2017. Driven by improvements in the inland waterway system, continued development for downstream industries, and further economic growth in inland cities, the freight throughput volume for inland ports is expected to reach 6.1 billion tonnes by 2022, growing at a CAGR of 4.4% between 2016 and 2022, by then further accounting for 36.1% of the PRC's total volume.

The following chart indicates the size of the PRC's terminal operators market in terms of its freight throughput volume for the years between 2013 and 2017, and also includes projections for the Forecast Period:

Freight throughput volume of PRC's terminal operators by segment, 2013–2022E



Source: CIC Report

Overview of terminal operators along the Yangtze River

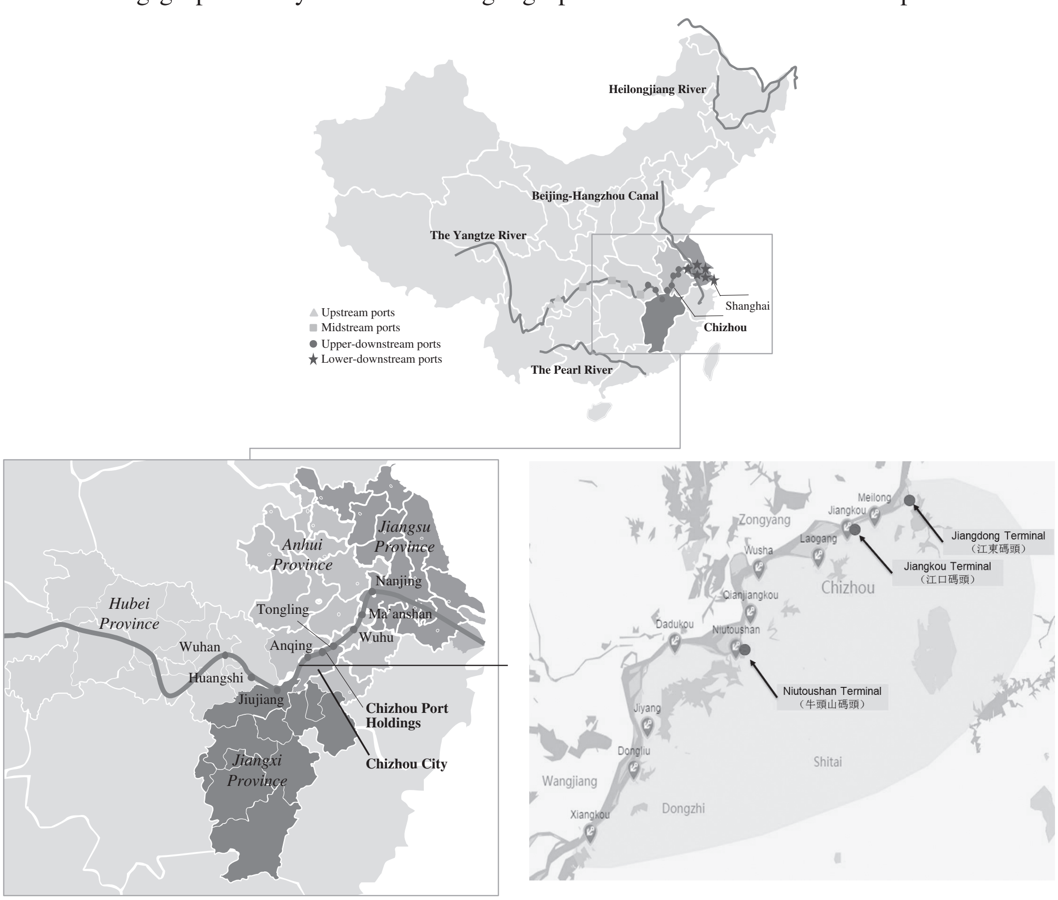
The Yangtze River is the longest inland river in the PRC, providing a high value waterway and all the necessary shoreline resources needed for inland waterway transportation activities conducted in cities and provinces located along the river.

From the administrative perspective, there are 25 major port cities located along the Yangtze River, and they can be categorised into four segments based on their individual economic characteristics and the waterway's own unique features.

Segmentation of major port cities along the Yangtze River

Segment	Upstream port cities	Midstream port cities	Upper-downstream ports	Lower-downstream ports
Weights of normal navigable freight ships	Single ship with a weight of no more than 1,000 tonnes	Single ship with a weight between 1,000 to 5,000 tonnes	Single ship with a weight between 5,000 to 30,000 tonnes	Single ship with a weight of more than 30,000 tonnes
Included port cities	*Sichuan Province:* Yibin Luzhou	*Chongqing:* Chongqing *Hunan Province:* Chenglingji (Yueyang) *Hubei Province:* Yichang Jingzhou Honghu	*Hubei Province:* Wuhan Huangshi *Jiangxi Province:* Jiujiang *Anhui Province:* Anqing **Chizhou** Tongling Wuhu Ma'anshan	*Jiangsu Province:* Nanjing Zhenjiang Yangzhou Taizhou Jiangyin Zhangjiagang Nantong Changzhou Changshu Suzhou

The following graph briefly illustrates the geographical locations of the above port cities:



The waterway distance between the two adjacent port cities in the upper-downstream port cities along the Yangtze River

Port cities	Wuhan-Huangshi	Huangshi-Jiujiang	Jiujiang-Anqing	Anqing-Chizhou	Chizhou-Tongling	Tongling-Wuhu	Wuhu-Ma'anshan	Ma'anshan-Nanjing
Distance (kilometer)	143	126	164	60	36	108	48	48

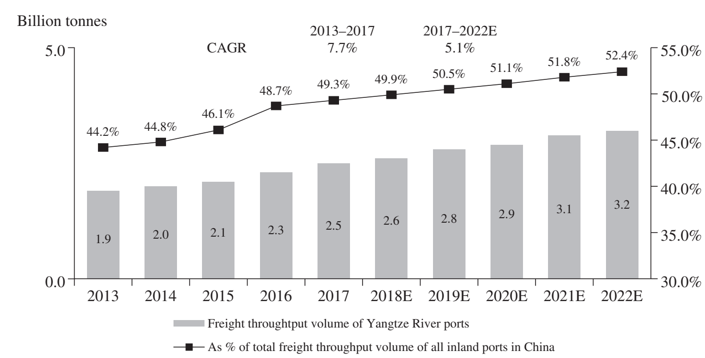
Source: CIC Report

In each port city, there are a certain number of port areas with terminals available for docking ships. A terminal operator might include a company operating an entire port area, several port areas, or just a few terminals located in various port areas. A small operator generally can only operate a single terminal when providing handling services.

The Yangtze River is the most important inland waterway for the country and ports along the Yangtze River together accounted for 49.3% of the total throughput volume for inland ports in the PRC in 2017. The freight throughput volume for ports located along the Yangtze River expanded from approximately 1.9 billion tonnes in 2013 to reach 2.5 billion tonnes in 2017, representing a CAGR of 7.7% between 2013 and 2017. The size of this market is expected to reach 3.2 billion tonnes by 2022, with a CAGR of 5.1% between 2017 and 2022. Expansion of the freight throughput volume for Yangtze River ports was mainly driven by the steady level of economic development enjoyed by provinces and cities located along the Yangtze River, as well as additional economic growth generated by urbanization, which creates a growing demand for various kinds of commodities and products readily transported from other areas by waterway.

The following chart displays the total freight throughput volume for all ports located along the Yangtze River for the years between 2013 and 2017, and also includes projections for the Forecast Period:

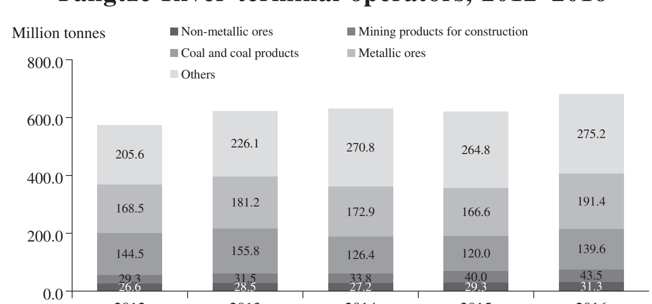
Freight throughput volume of Yangtze River ports, the PRC, 2013–2022E



Source: CIC Report

The following chart presents the breakdown of the freight throughput for the 25 major terminal operators along the Yangtze River between 2012 and 2016:

Breakdown of the freight throughput volume for the major 25 Yangtze River terminal operators, 2012–2016



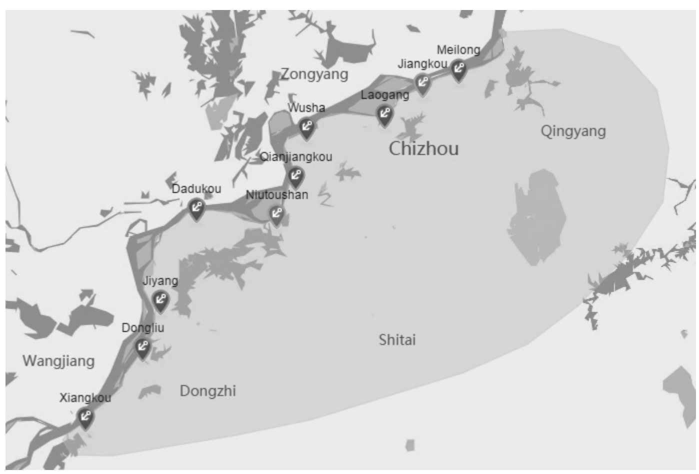
Note: Others include several categories of freights such as petrochemical products, steel, wood, fertilizer, concrete, etc.
Source: CIC Report

These terminal operators had a combined freight throughput volume of approximately 680.9 million tonnes in 2016, accounting for approximately 29.5% of the total volume for all Yangtze River ports. The rest of the total volume is contributed by a large number of smaller port operators along the Yangtze River. These 25 terminal operators were selected by the Yangtze River Port Association, a widely-recognised industry association in the PRC, with those selected representing the most powerful and influential participants in the PRC's inland terminal operators market.

Taking these 25 terminal operators as a whole, their freights in 2016 mainly included metallic ores, coal and coal products, mining products for construction, non-metallic ores, etc. Compared with highway transportation of these mentioned raw materials and products at a long distance, the waterway transportation costs together with port service costs are only 25% to 50% of the costs by highway transportation. For those products with relatively low margins, the waterway transportation has become the most affordable and irreplaceable transportation method.

OVERVIEW OF TERMINAL OPERATORS LOCATED IN CHIZHOU CITY, ANHUI PROVINCE, PRC

Chizhou City is an important port city in the southwestern region of Anhui Province. The Yangtze River runs along the north of Chizhou City and its counties Dongzhi, Shitai, and Qingyang from the west to the east of Chizhou. Along the Yangtze River shoreline section in Chizhou City covering a distance of approximately 162 km, there are ten port areas and towns where port facilities or terminals are situated. According to the Integrated Plan of Chizhou Ports (池州港總體規劃) enacted by the Chizhou Municipal Government, these port areas serve different functions based on their geographical characteristics and economic development conditions of hinterlands. The following graph illustrates the location of these ten port areas:



Among these port areas, Niutoushan, Jiangkou, Xiangkou, and Dongliu port areas are currently well-developed areas where both public-use and private-use terminals are concentrated, since these port areas have ideal water depth and locations near industrial and mining production sites. In 2017, port terminals in the four abovementioned port areas generated annual freight throughput volume of approximately 24.7 million tonnes, 8.2 million tonnes, 6.8 million tonnes, and 4.1 million tonnes, respectively. To be more specific, in Niutoushan port area, with an annual throughput of 5.1 million tonnes in 2017, Niutoushan Terminal is the only public terminal whereas the other terminals are privately owned and do not open for public use. Such privately owned terminals include those operated by Anhui Conch Cement Company Ltd. (安徽海螺水泥股份有限公司) and Anhui Guihang Steel Company Ltd. (安徽貴航特鋼有限公司) etc. Similarly, our Jiangkou Terminal is the only public terminal in Jiangkou port area whereas Tongling Non-ferrous Metals Group (銅陵有色集團) operates a privately-use terminal for transporting its own raw materials and products. In summary, we do not compete with the other port terminals in Niutoushan and Jiangkou port areas since the other terminals in those two port areas are all privately owned and not open to the public. The other port areas are currently less-developed and have a combined annual throughput of less than 3.0 million tonnes due to less satisfactory geographical and economic conditions.

The terminal operators located in Chizhou City operate public and captive terminals mostly in support of waterway transportation needs as generated by local enterprises. Most of the handling services provided by public port operators in Chizhou City help facilitate local companies when shipping out their mining and industrial products to large cities in the PRC and also beyond to foreign countries.

On the one hand, local enterprises that rely on waterway transportation are often only able to afford this kind of low-cost transportation option, especially in terms of shipping out products in larger volumes, since railway and highway transportation costs will most likely exceed their budgets and lower their business profitability. The following table presents the comparison of logistics costs between waterway transportation and highway transportation service for typical mining companies in Chizhou City, indicating that waterway transportation is the lower-cost logistics choice for the mining companies in Chizhou City:

	Limestone	**Dolomite**	**Calcite**
Waterway transportation cost (including port services, RMB per tonne)	50.0 to 70.0	50.0 to 70.0	50.0 to 70.0
Highway transportation cost (RMB per tonne)	120.0–200.0	120.0–200.0	120.0–200.0
Market prices in Shanghai (RMB per tonne)	200.0 to 300.0	180.0 to 200.0	500.0 to 700.0

Note: the transportation cost is the cost for transporting one tonne of mining products from Chizhou City to Shanghai, and Shanghai is chosen to be the destination only for illustration purpose, as the Yangtze River Delta is both an important consumption site and a transportation hub for the above mentioned mining products of Chizhou City

Source: CIC Report

On the other hand, public terminals located in nearby cities such as Anqing City and Tongling City are also having limited competition with Chizhou City's terminals. Public terminals in Anqing City provide a total handling capacity of approximately 56.0 million tonnes for a year, and the annual capacity for public terminals in Tongling City is approximately 62.0 million tonnes, with both being close to the total capacity of 58.0 million tonnes in Chizhou City. However, considering that transporting products to port terminals by trucks is very costly, waterway transportation clients in these cities will normally choose to use the nearest terminals when the service fee rates are not significantly different. For most of the mining and industrial companies in Chizhou City, public terminals in different port areas in Chizhou City are already able to fully satisfy their port service needs with reasonable costs. Therefore, our Group's competitors are mainly those small-scale terminal operators in Chizhou City with similar distances to Chizhou-based mining and industrial companies.

Chizhou City has one of the most abundant reserves for important non-metallic minerals including limestone, dolomite, and calcite, which are important raw materials for producing cement, steel, glass, and paper in coastal cities in the PRC and even for export. Such an abundant reserve of high-grade ores is uncommon in eastern China, and the non-metallic mining and processing industry in Chizhou City is positioned to steadily develop in the long term with this advantage of rich resources. The following table illustrates the reserve and production volume for these minerals in Chizhou City:

	Limestone	**Dolomite**	**Calcite**
Reserves (2016, million tonnes)	Over 800.0	Over 400.0	Over 270.0
Production volume (2016, million tonnes)	Over 30.0	Over 4.3	Over 3.6

Source: CIC Report

The total freight throughput volume for terminal operators in Chizhou City grew steadily from approximately 39.1 million tonnes in 2013 to 47.8 million tonnes in 2017, representing a CAGR of 5.1%. Non-metallic and processed products are the most important kinds of freight shipped out of Chizhou City by use of waterway transportation. Since most of the freight throughput volume in Chizhou City is generated by shipping out industrial goods produced in Chizhou City, the growth rate for the freight throughput volume for Chizhou City terminal operators is largely correlated with growth associated with industrial sectors in Chizhou City. The combined growth in the non-metallic mining and processing sectors, as well as in other industrial manufacturing and production sectors, has been the most important determinant driving demand in the Chizhou City waterway transportation market.

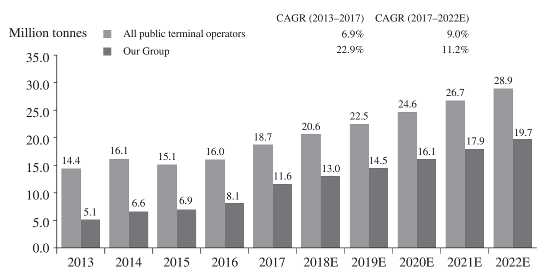
Looking ahead to the future, the size of the terminal operators market in Chizhou City is expected to keep growing at a CAGR of 6.8% in terms of its freight throughput volume, growing from approximately 47.8 million tonnes in 2017 to reach 66.4 million tonnes by 2022. This growth trend is expected to continue alongside a similar expansionary trend for industrial sectors located in Chizhou City, including the non-metallic processing industry, electronics manufacturing industry, cement industry, nonferrous metallurgy industry, etc.

Public terminal operators serve all clients, while captive terminal operators normally only serve the needs of their owners, which normally include large industrial and mining companies located in Chizhou City, such as Anhui Conch Cement Co., Ltd., and Jiuhua Power Grid. The owners of captive terminals usually rely heavily on low-cost waterway transportation for shipping large volumes of raw materials and finished products. However, it is important to note that the number of captive terminals in Chizhou City is expected to be strictly limited to the current level, with the government increasing its efforts to preserve shoreline resources and to reduce pollution along the Yangtze River.

Consequently, the share of the freight throughput volume handled by public terminals operators in Chizhou City is expected to grow at a quicker pace in the future, since it is becoming increasingly more difficult for enterprises to expand and develop their own (captive) port facilities given tighter regulations concerning the exploitation of shoreline resources along the Yangtze River.

The following chart displays the total freight throughput volume for all public terminals located in Chizhou City for the years between 2013 and 2017, and also includes projections for the Forecast Period:

Freight throughput volume by public terminals, Chizhou City, 2013–2022E

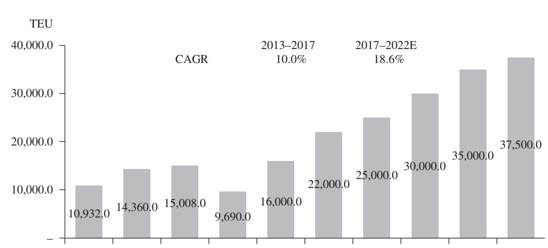


Note: The forecast for Chizhou City's future freight throughput volume is based on the key assumption that the Group will capture additional throughput and demand in view of the support of the local municipal government and expected completion of the new-phase project of Jiangkou Terminal.

Source: CIC Report

The following chart presents the throughput volume of containers for Chizhou City between 2013–2017, and projections for the Forecast Period are also included:

Throughput volume of containers, Chizhou City, 2013–2022E



Source: CIC Report

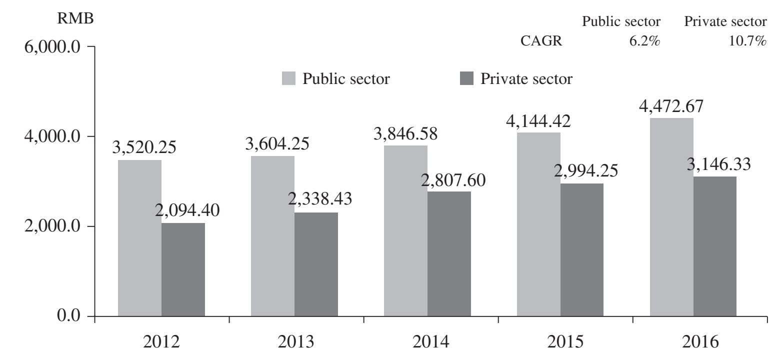
Our Group operates the only terminal available for international trade in containers in Chizhou City. The throughput volume for containers in Chizhou City continued growing between 2012 and 2015, with the volume in 2016 having experienced a temporary drop due to that some downstream clients went through a short-term fluctuation in sales to overseas markets. The growth momentum in throughput volume for containers was regained in 2017, and our Group recorded a considerable growth in container business with the throughput of containers growing from 9,690 TEUs for FY2016 to 15,196 TEUs for FY2017.

Such an upward trend can be expected to sustain in the Forecast Period, considering that the government is promoting a wider use of containers in waterway transportation as it is friendlier to the environment. Moreover, more highly value-added industrial products are expected to be produced in Chizhou City in the near future, and these products require the increasing usage of containers in waterway transportation for better safety and pollution control.

Analysis of the major costs for public terminal operators in Chizhou City

The major operational costs for public terminal operators in Chizhou City include labour costs, energy (electricity and gasoline) costs, municipal water costs, and so on. In the PRC, energy and water costs are largely controlled by the local governments and remained quite stable. Hence, we mainly provide the trend for average wage level in Chizhou City to show the changes in labor costs:

Average monthly wage for employed citizens, Chizhou City, 2012–2016



Source: Bureau of Statistics of Anhui Province, CIC Report

The average monthly wage for employed citizens in Chizhou City have been steadily growing consistent with the nationwide trend, as the number of rural immigrants into urban cities slowed its growth when Chinese society entered stage of a higher urbanisation.

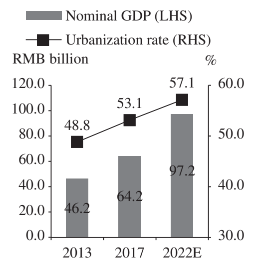
Key drivers for future growth

We believe that the following factors will drive continued growth in the terminal operators market in Chizhou City:

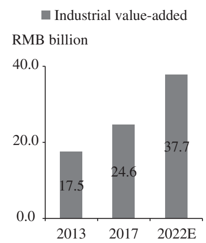
- *Steady economic development in Chizhou City.* Chizhou City has witnessed a period of steady economic development due to effective investments into various industries transferred inland from coastal provinces, as well as increased local development in terms of tourism and other related sectors. As cheaper labour supply in coastal provinces such as Jiangsu and Zhejiang has been tightening leading to higher labour costs for most of manufacturing industries there, the relocation of industries such as non-metallic mining products processing, chemical engineering electronics manufacturing, automobile equipment manufacturing, and semi-conductor components manufacturing, etc., to inner provinces has become economically reasonable. In addition, following the implementation of favourable government policies in Chizhou City, municipal governments in Chizhou and many other inner cities have established well-designed and modern industrial parks to facilitate those enterprises to relocate to new and more cost effective production bases. Benefiting from the relocation of a growing number of industrial facilities choosing to move from coastal provinces to inland cities, Chizhou City is well-positioned to benefit from robust economic and industrial growth moving forward into the near future.
- *Growth of industrial sectors in Chizhou City.* Expanding industrial sectors in Chizhou City, including the non-metallic mining and processing industry, metals and metallurgy industry, cement producing industry, electronics manufacturing industry, and so on, will support growing demand for waterway transportation via port operators in the city.

- *Continuous upgrades to port facilities.* Supported by the government and leading terminal operators, investments in the construction and upgrading of port facilities in Chizhou City have grown rapidly and are also expected to continue increasing in the future. These investments are being spurred on by the Municipal Plan for Ports of Chizhou City, which focuses on developing the city into a key logistics center located along the Yangtze River.

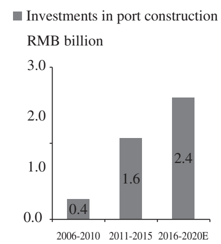
GDP and urbanization rate, Chizhou City, 2013, 2017 and 2022E



Total industrial value-added (工業增加值), Chizhou City, 2013, 2017 and 2022E



Investments in port construction, Chizhou City, 2006–2010, 2011–2015 and 2016–2020E



Entry barriers for the inland terminal operators market in the PRC

Major entry barriers for the PRC's inland terminal operator market include (but are not limited to) the following:

- *Limited sites for constructing ports due to strict regulations regarding inland rivers and their shoreline resources.* In recent years, waterway transportation authorities in the PRC have put forward several new policies to better protect and preserve the shorelines along inland rivers. It is currently relatively difficult for new inland terminal operators to completely fulfill the requirements and standards necessary before acquiring permissions to construct new inland port facilities.
- *Large initial investment.* Significant initial investment is required by new entrants in order to construct new port facilities, including wharfs, warehouses, berths, etc. Inland terminal operators also need sufficient capital to purchase cargo handling equipment, such as cranes, ship loaders, bucket wheel machines and forklifts, as well as vehicles, including container lorries that provide basic unloading, loading, and transporting services.
- *Experienced professionals.* Terminal operators must develop a team of experts in order to adequately manage the challenging tasks involved in daily operations, which includes planning an efficient schedule for loading and unloading freight, coordinating different teams so as to maintain optimal efficiency and safety when conducting work, training employees to skillfully use any new equipment, etc.

Competitive landscape

Our Group competes primarily with public terminal operators located in Chizhou City, and was ranked No.1 in Chizhou City's public terminal operators in terms of its total freight throughput volume for 2016.

Rankings of public terminal operators of Chizhou City in terms of freight throughput volumes, 2016

Ranking	Company name	Freight throughput volume, 2016 (million tonnes)	As a percentage of the total freight throughput volume for all ports in Chizhou	As a percentage of the total freight throughput volume for public ports in Chizhou	Distance to the Group's terminal	Development prospect in next 5 years
1	The Group	8.1	18.6%	50.7%	n/a	New phase of Jiangkou terminal expands the capacity
2	Chizhou Jiangdong Port Service Co., Ltd. (池州江東港埠有限公司)	3.2	7.3%	20.0%	20 km in the downstream to Jiangkou Terminal	No officially-approved expansion plans

Ranking	Company name	Freight throughput volume, 2016 (million tonnes)	As a percentage of the total freight throughput volume for all ports in Chizhou	As a percentage of the total freight throughput volume for public ports in Chizhou	Distance to the Group's terminal	Development prospect in next 5 years
3	Chizhou Dongzhi Xiangshan Port Service Co., Ltd (池州東至香山港埠有限責任公司)	2.5	5.7%	15.6%	68 km in the upstream to Niutoushan Terminal	No officially-approved expansion plans
4	Chizhou Dongzhi Dongliu Suping Port Handling Service Co., Ltd. (池州東至速平港口裝卸有限公司)	0.5	1.1%	3.0%	53 km in the upstream to Niutoushan Terminal	No officially-approved expansion plans
5	Chizhou Dongzhi Dongliu Maowujie Port Service Co., Ltd. (池州東至東流茅屋街碼頭公司)	0.5	1.0%	2.8%	53 km in the upstream to Niutoushan Terminal	No officially-approved expansion plans
Total of top five		14.8	33.8%	92.1%		

Source: CIC Report

The market landscape for the public terminal operators in Chizhou City is rather concentrated in 2016, with the top five players capturing a total market share of 92.1% of the total public terminal operators market in the city. In terms of the total freight throughput volume in 2016, Chizhou Port Holdings achieved a market share of 50.7% due to our competitive advantages. The Jiangdong Port Service Co., Ltd. is operating a terminal ("**Jiangdong Terminal**") about 20.0 km away from our Group's Jiangkou Terminal, while the other competitors are operating terminals relatively far away from our terminals. Jiangdong Terminal, which is approximately 20 km from Jiangkou Terminal, draws a number of small-to-medium sized clients from similar industries in which our Jiangkou Terminal's customers operate. The following graph and table below briefly illustrate the locations and characteristics of the Group's Jiangkou Terminal and those of the Jiangdong Terminal:

		Jiangkou Terminal (江口碼頭)	Jiangdong Terminal (江東碼頭)
Geographical characteristics		Water depth: 12–18 meters	Water depth: 8–15 meters
Transportation conditions		Connected to Yanjiang Avenue (沿江大道), Guitong Highway (貴銅公路), Majiang Highway (馬江公路), etc.	Connected to Guitong Highway (貴銅公路)
Port terminal infrastructure	**Wharf structure**	The terminal is a standing pile wharf (高樁碼頭), which is less influenced by the water levels due to tides than a floating type wharf	The terminal is a floating-type wharf (浮式碼頭) which floats up or down with the river according to tides, so the water level of the river easily impacts upon the terminal capacity in handling freights, especially when the river is in the low-water season.
	Number of berths	4	3
	Annual capacity	8 million tonnes	3 million tonnes
	Site area	397,525 sq.m.	Approximately 40,000 sq.m.
	Customer groups	Large industrial and non-metallic mining companies in Chizhou City	Small-and-medium-sized industrial and non-metallic mining companies in Qingyang City
	Average handling services fee	Around 9 to 10 RMB per tonne for typical mining products	Around 7 to 9 RMB per tonne for typical mining products

Compared with Jiangdong Terminal, our Group's Jiangkou Terminal is better positioned in the following aspects:

- Locations: Our Group's Jiangkou Terminal is situated at the shoreline by the trunk of Yangtze River, and Jiangdong Terminal is situated at the shoreline by the braided stream (分汊河道) which is the stream from the trunk divided by the sediment or island in the river, with Jiangkou Terminal having a better waterway depth conditions. Besides, Jiangkou Terminal is closer to the central areas of Chizhou and better connected by city highways, creating a better transportation condition for the clients.
- Infrastructure and capability: the wharfs in Jiangkou Terminal are more advanced and less influenced by changes in water depth, making larger vessels easy to dock especially when water depth is low. In addition, Jiangkou Terminal is significantly larger than Jiangdong Terminal in terms of number of berths, handling capacity and site area. Compared with Jiangdong Terminal which has small site area and no stacking yards available for customers, our Jiangkou Terminal's large stacking yards also serve as a storage center and logistics hub offering our customers more flexibility in arranging their waterway shipments when new demand from their clients arises. In other words, products stored by our customers in the stacking yards can be easily arranged to be uploaded onto vessels and shipped to destinations at the earliest practicable stage.
- Potential of expansion: Jiangkou port area is the key area for developing modern port logistics services with the support of Chizhou Municipal Government. After the new phase of Jiangkou Terminal is completed, the operational capacity of Jiangkou Terminal will be further strengthened. However, Jiangdong Terminal is situated within the shoreline of Yangtze River Ecologically-Sensitive Area (長江生態敏感區), where any potential expansion

of port terminals in this area is strictly regulated and difficult to implement, given that environmental protection has become one of the major concerns for the relevant governmental authorities in charge of the development of port facilities.

The third, fourth and fifth largest public terminals operators in Chizhou City operate comparatively smaller port terminals with less advanced facilities and equipment with their port terminals being more than 50.0 kilometers away from our Group's terminals. Based on the publicly available information up to the Latest Practicable Date, these public terminal operators also do not have any officially-approved expansion plans from the local government for the next five years. In conclusion, the competition between our Group and the other public terminal operators in Chizhou City has not posted great threats to our Group's growth prospects. The steady growth and development in the construction sector of Chizhou City's urban areas requires the intensive use of construction materials such as sands, steels, glasses, etc., and these materials will primarily be shipped to Chizhou City by way of waterway transportation due to its superior cost advantage compared to the other means of transportation. The Chizhou City Sand Distribution Hub is also proposed to be built to handle the demand for construction materials required by the urban areas of Chizhou City. Our Group's Jiangkou Terminal will directly benefit from the development of the Chizhou City Sand Distribution Hub and the abovementioned trend as Jiangkou Terminal is situated closest to the urban centre where the construction activity is most intensive.

To better illustrate the market positioning and competitiveness of the Group, the following are rankings of the top 5 port operators located along the Yangtze River in terms of their freight throughput volumes in 2016, according to CIC.

Rankings of major terminal operators along the Yangtze River in terms of freight throughput volumes, 2016

Ranking	Company name	Port city	Freight throughput volume, 2016 (million tonnes)	As a percentage of the total freight throughput volume for all ports along the Yangtze River
1	Nanjing Port Group Co., Ltd.	Nanjing, Jiangsu	100.9	4.4%
2	Taizhou Port Group Co., Ltd.	Taizhou, Jiangsu	75.5	3.3%
3	Nantong Port Group Co., Ltd.	Nantong, Jiangsu	66.5	2.9%
4	Zhangjiagang Port Group Co., Ltd.	Zhangjiagang, Jiangsu	61.7	2.7%
5	Zhenjiang Port Group Co., Ltd.	Zhenjiang, Jiangsu	58.9	2.6%
...			n/a	n/a
18	**Chizhou Port Holdings**	**Chizhou, Anhui**	**8.1**	**0.3%**
Total for all ports located along the Yangtze River			2,310.0	100.0%

Note: The port in Shanghai is considered to be a coastal port and is therefore not included in the summary above.

Source: The Yangtze River Port Association, CIC Report

Among all the terminal operators located along the Yangtze River, the Company ranked 18th in terms of its freight throughput volume in 2016, which is consistent with the size of Chizhou City's economy in comparison with other port cities along the Yangtze River. Terminal operators in Jiangsu Province have been leading the inland terminal operators market in the PRC given the vast number of industrial production sites situated near its riverside cities and given its deep waterways that allow for large oceanic vessels to navigate and dock as necessary.

The terminal operators along the upper-downstream Yangtze River are typically quite similar, with the terminals they operate having relatively more similarities in terms of geography and economic conditions. The following table illustrates the rankings for terminal operators along the upper-downstream Yangtze River based on their throughput volumes in 2016:

Rankings of major terminal operators located along the upper-downstream Yangtze River in terms of freight throughput volumes, 2016

Ranking	Company name	Port city	Freight throughput volume, 2016 (million tonnes)	As a percentage of the total freight throughput volume for all ports along the Yangtze River
1	Wuhan Port Group Co., Ltd.	Wuhan, Hubei	42.1	1.8%
2	Ma'anshan Port Group Co., Ltd.	Ma'anshan, Anhui	18.4	0.8%
3	Jiujiang Port Group Co., Ltd.	Jiujiang, Jiangxi	12.5	0.5%
4	Anhui Wanjiang Logistics Group., Ltd. (formerly known as Wuhu Port Group., Ltd.)	Wuhu, Anhui	10.6	0.5%
5	**Chizhou Port Holdings**	**Chizhou, Anhui**	**8.1**	**0.3%**

Source: The Yangtze River Port Association, CIC Report

Among all the terminal operators located along the upper-downstream Yangtze River, Chizhou Port Holdings ranked fifth in terms of its total freight throughput volume in 2016. More importantly, Chizhou Port Holdings is the most efficient terminal operator among all the major terminal operators along the upper-downstream Yangtze River in terms of its freight throughput volume per staff (employee), which is illustrated in the table below:

Rankings of major terminal operators along the upper-downstream Yangtze River in terms of freight throughput volumes per employee, 2016

Ranking	Company name	Port city	Freight throughput volume per employee, 2016 (thousand tonnes)
1	**Chizhou Port Holdings**	**Chizhou, Anhui**	**45.0**
2	Tongling Port Group Co., Ltd.	Tongling, Anhui	22.4
3	Huangshi Port Group Co., Ltd.	Huangshi, Hubei	20.4
4	Wuhan Port Group Co., Ltd.	Wuhan, Hubei	19.5
5	Ma'anshan Port Group Co., Ltd.	Ma'anshan, Anhui	17.7
Average throughput volume per employee for terminal operators located along the upper-downstream Yangtze River			15.2

Source: The Yangtze River Port Association, CIC Report

Key trends for the terminal operators market in Chizhou City

Key trends for the development of terminal operators in Chizhou City include (but are not limited to) the following:

- *A more concentrated market.* A number of unqualified terminal operators in Chizhou City have been forced to close down their terminal operations, driven by the government's policies and renewed activities focused on protecting shoreline resources. The closure of these unqualified terminal operators will mostly benefit our Group's terminals as most of them were located close to us. The Chizhou Municipal Government has made a concerted effort to ensure that the construction of any new inland terminal meets the necessary requirements as stipulated by the latest municipal construction plan and regulations for shoreline resources. Any new construction plan for terminals proposed in Chizhou City must meet stricter requirements and satisfy higher associated costs before obtaining the green light for construction along the Chizhou riverside. Hence, the transportation of bulk commodities will become increasingly more focused on the public terminals currently operating in Chizhou City, with enterprises becoming increasingly more restricted in terms of developing new proprietary ports under normal circumstances.

- *Increased usage of transportation utilising containers.* Another important trend for terminal operators in Chizhou City includes the increased usage of containers used in shipping a variety of products. The major driver supporting this trend is the fact that Chizhou ports have become increasingly linked up with ports in Shanghai and even with foreign ports located in several East Asian countries, including Korea and Japan, as well as several other important international ports.

Key success factors for inland port operators in the PRC

Key trends for the development of inland terminal operators in the PRC include (but are not limited to) the following:

- *Natural waterway conditions and surrounding traffic networks.* The natural waterway conditions for inland terminals include surrounding trunk lines of the river, river beds, underwater topography, etc. These natural conditions have a significant influence on the difficulty and efficiency of inland waterway transportation as well as impacting the prospective development of any inland terminals. Before carrying out any waterway transportation, export freight must first be transported from the place of dispatch to warehouses situated at inland terminals, with import freight also having to be stored in warehouses located near inland terminals after discharge. Convenient surrounding traffic conditions for inland ports enable inland terminal operators to provide better collection and distribution services either before or after conducting waterway transportation.

- *Local economic development and government support.* Local economic development, especially the production and development of industrial products such as steel, metal or non-metal ores, coal, building materials, etc., provides a fundamental demand for inland port services as provided by operators. Government authorities in some cities support local economic development by attracting outside enterprises to make investments into local industries so as to upgrade and expand their current production sites, thus creating a growing demand for port services in the long run.

- *A well-experienced management team.* An experienced and dedicated management team is a core asset for terminal operators and helps them build close relationships with key suppliers and customers, while their in-depth knowledge of the industry helps operators to stay abreast of any industry developments and market trends.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Catalogue of Industries for Guiding Foreign Investment

The investments of foreign investors and foreign invested enterprises in China shall comply with the Catalogue of Industries for Guiding Foreign Investment (2017 Revision) (外商投資產業指導目錄, the "**Catalogue**") which was promulgated by the National Development and Reform Commission (國家發展和改革委員會, the "**NDRC**") and the MOFCOM on 28 June 2017. Under the Catalogue, foreign investment in ports operation is allowed and such industry is not a restricted or prohibited category of business.

Wholly Foreign-owned Enterprise Law and Detailed Rules for the Implementation of the Law of the PRC on Wholly Foreign-owned Enterprises

Pursuant to the Foreign Invested Enterprise Law of the PRC (中華人民共和國外資企業法) which was amended by the SCNPC on 31 October 2000 and 3 September 2016 and came into effect on 1 October 2016 and Detailed Rules for the Implementation of the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法實施細則) which came into effect on 12 April 2001 and was amended by the State Council on 19 February 2014, foreign enterprises and other economic organisations or individuals are allowed to establish foreign enterprises in China. Foreign enterprises which establish and alter the special access management measures set out by the State Council shall be approved by the MOFCOM and certificate of approval shall be granted. Foreign enterprises which do not establish and alter the special access management measures are subject to filing management.

Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-invested Enterprises

On 8 October 2016, the MOFCOM promulgated Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法, the "**Interim Measures**"), which was amended on 30 July 2017 and came into effect on the same date. Pursuant to the Interim Measures, the Interim Measures shall be applicable to the formation and modification of a foreign-invested enterprise which does not involve the special administrative management measures for access as prescribed by the state. Where a foreign-invested enterprise which is subject to recordation undergoes the modifications prescribed in the Interim Measures, the representative designated by or the agent entrusted by the foreign-invested enterprise shall, within 30 days after the occurrence of the modification, fill out and submit online the Application Form for the Recordation of Modification of Foreign-invested Enterprises (外商投資企業變更備案申報表) and relevant documents through the integrated foreign investment management information system (外商投資綜合管理信息系統), and undergo the recordation formalities for modification.

LAWS AND REGULATIONS RELATING TO DEVELOPMENT OF PORT IN CHINA

Port Planning and Construction

Pursuant to the Port Law of the PRC (中華人民共和國港口法, the "**Port Law**"), which was promulgated by the SCNPC on 28 June 2003 and last amended on 4 November 2017, A port planning shall be worked out in light of the requirements on national economy and social development as well as the needs in national defense building, embody the principle of reasonably utilising coastline resources, conform to the planning of urban system, and be connected and in line with the overall planning on land utilisation, the overall city planning and the planning of river valleys as well as other relevant planning prescribed in laws and administrative regulations. The construction of a port shall conform to the port planning. No port facilities shall be constructed in violation of the port planning. Pursuant to the Port Planning Administrative Provision (港口規劃管理規定), which was promulgated by the Ministry of Communications (dissolved) (交通部 (已撤銷)) on 17 December 2007 and with effect from 1 February 2008, any companies, units and individuals engaging in the investment, construction and operation of ports, berths and related facilities which involve port planning shall be subject to the supervision and inspection of the port administrative authorities of different levels and shall provide details about the relevant situations as well as the relevant documents and information. In case of any material difference between the functions and locations of the ports to be constructed and the overall port planning, approval and permission procedures of the port construction projects may only be completed after the overall port planning is revised or adjusted according to the prescribed procedures if the overall planning requires to be changed according to the construction proposal upon specific investigations.

Under the Port law, the construction of port requiring the use of land and water area shall be subject to the relevant laws and administrative regulations on land administration, use and administration of sea area, river course administration, channel administration, protection and administration of military facilities as well as other relevant laws and administrative regulations. The environmental influence appraisal shall be carried out for the construction of a port in accordance with the Port Law and the safety facilities as well as the environmental protection facilities of a port construction project must be designed, constructed and put into use simultaneously with the major engineering project.

Pursuant to the Administrative Provisions on the Port Construction (港口工程建設管理規定) (the "**Port Construction Provisions**") being promulgated on 15 January 2018 and effective from 1 March 2018 by Ministry of Transportation, the port construction refers to the construction, reconstruction and expansion of dock project (including outfitting dock project) and the constructions which set up at the same time, such as supporting facilities, breakwaters, anchorages, revetments, etc. for the realisation of port functions within the scope of port planning. The construction unit shall register the port project through the online monitoring platform established by the country (the "**Online Platform**") and fill in the information such as the commencement of the construction, construction progress, and completion as required. According to the Port Construction Provisions, a port construction project invested by an enterprise shall be implemented according to the following procedures:

(1) formulating a project application report or fill in the archival information, and going through the formalities for approval or filing;

(2) formulating preliminary design documents according to the project application report or archival information as approved or filed;

(3) formulating construction drawing design documents according to the preliminary design as approved;

(4) processing the approval of the construction drawing design;

(5) handling the relevant pre-commencement procedure in accordance with relevant state's regulations, and start construction after all the requirements are met;

(6) organising project implementation;

(7) formulating the materials in relation to the completion of project, and making various preparations for the completion inspection and acceptance of the project upon the completion of the project; and

(8) carrying out the completion inspection and acceptance.

Pursuant to the Port Construction Provisions, the completion inspection and acceptance refers to the comprehensive inspection of the acceptance of the construction, implementation of mandatory standards, investments use, etc., as well as the comprehensive assessment to the works of the construction owner, designer, constructor and supervisors, after the port construction project is completed and before it is officially put into used. If the port construction project is invested by an enterprise, the completion inspection and acceptance shall be organised by the construction unit and the construction unit shall report to the local port administrative department its modified inspection and acceptance report, as well as the inspection report of on-site completion inspection and acceptance within 15 days after the port construction project pass the completion inspection and acceptance, and shall log in the Online Platform and fill in the relevant information in time.

Use of River Courses

Pursuant to the Regulation of the PRC on the Administration of River Courses (中華人民共和國河道管理條例), which was promulgated by the State Council on 10 June 1988 and last amended on 7 October 2017, and the Relevant Provisions on the Administration of Construction Project within the Scope of River Management (河道管理範圍內建設項目管理的有關規定), which was jointly promulgated by the Ministry of Water Resources (水利部) and the NDRC on 3 April 1992, the construction unit shall submit the project construction plan to the river courses authority for examination and approval according to the limit of power prior to the construction of bridges, docks, roads, ferries, pipelines, cables and other structures and facilities which are across, beneath and contiguous the river or across the dam. Without the approval of the competent authority of the river course, no construction units shall start the construction and the construction unit shall notify the river course authority of the construction arrangement after receiving the approval of the construction project. Further, after the completion of the constructions and facilities within the scope of river management, the construction and facilities shall be tested and approved by the competent river course authorities before use. The construction unit shall submit the completion information to the river course authority within 6 months upon the completion of inspection and acceptance of the aforesaid constructions.

Use of Coastlines

Pursuant to the Port Law and the Administrative Measures for the Examination and Approval of the Use of Port Coastline (港口岸線使用審批管理辦法) which was promulgated by the Ministry of Transport and the NDRC on 22 May 2012 and took effect on 1 July 2012, construction of port facilities within the overall port planning zone which use the coastlines shall obtain approval for the use of coastline according to PRC laws. The Ministry of Transport is responsible for the administration of coastlines for ports in the PRC as well as the approval for the use of deep-water coastlines for ports jointly with the NDRC. The construction of port facilities which use non-deep-water coastlines requires the approval by port administrative authorities. If projects of port facilities which require the use of coastlines have not obtained an approval for the use of coastlines at the port or the opinions from the Ministry of Transport on the use of coastlines at the port, approvals for the initial design and work commencement permit will not be granted in respect of the port facilities project.

Environmental Impact Assessment of Construction Projects

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) amended by the SCNPC on 24 April 2014 and implemented on 1 January 2015, construction projects shall not commence without any environmental impact assessment conducted in accordance with the law. Pollution prevention and control facilities in the construction project shall be designed, constructed and put into use simultaneously with the main project. Pursuant to the Law on Assessment of Environmental Impact of the PRC (中華人民共和國環境影響評價法) amended by the SCNPC on 2 July 2016, a construction unit should organise to formulate an environmental impact report, or an environmental impact report form or fill in an environmental impact registration form according to its environmental impact. The environmental impact assessment documents (referred to the report, report form and registration form of the environmental impact) of the construction projects fail to be examined or approved legally after examination by the examination and approval department, the construction unit shall not commence construction.

Under the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects (建設項目竣工環境保護驗收管理辦法), which was promulgated on 27 December 2001, and came into effect on 1 February 2002 and later amended on 22 December 2010, each construction project is subject to the inspection and acceptance of the Ministry of Environmental Protection of PRC (Dissolved, but reorganised as the Ministry of Ecology and Environment of PRC of the PRC (中華人民共和國生態環境部)) or its local counterparts upon the completion of construction, and only after the construction project has passed the inspection and acceptance and acquired the approval thereon can it be put into production or use. Pursuant to the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) which was promulgated by the State Council on November 29, 1998 and revised on July 16, 2017, and the Interim Measures on the Inspection and Acceptance of Environment Protection of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated and implemented by the Ministry of Environmental Protection of PRC (dissolved) on 20 November 2017, after the completion of construction of a construction project for which an environment impact report or environment impact statement is formulated, the construction unit shall conduct acceptance inspection of the complementary environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, and formulate the acceptance inspection report. The construction project for which an environment impact report or environment impact statement is formulated shall be put into production or use only when its complementary environmental protection facilities pass acceptance inspection; where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use. However, if the construction project requires a complete set of pollution prevention facilities related to noise or solid waste, the facilities of preventing noise or solid waste shall go through the inspection and acceptance of competent environmental protection authorities before the amendments of the Noise Pollution and Prevention Law of the PRC (中華人民共和國噪聲污染防治法) and the Solid Pollution and Prevention Law of the PRC (中華人民共和國固體廢物污染環境防治法) being promulgated.

Environmental Protection

The PRC Government has promulgated a series of laws on discharge of atmospheric pollutants, waste water, solid wastes and noise to the environment, including the Atmospheric Pollution and Prevention Law of the PRC (中華人民共和國大氣污染防治法) (promulgated by the SCNPC on 5 September 1987, last amended on 29 August 2015 and effective from 1 January 2016), the Water Pollution and Prevention Law of the PRC (中華人民共和國水污染防治法) (promulgated by the SCNPC on 11 May 1984, last amended on 27 June 2017, and shall be effective as from 1 January 2018), the Noise Pollution and Prevention Law of the PRC (中華人民共和國環境噪聲污染防治法) (promulgated by the SCNPC on 29 October 1996 and effective as from 1 March 1997) and the Solid Pollution and Prevention Law of the PRC (中華人民共和國固體廢物污染環境防治法) (promulgated by the SCNPC on 30 October 1995 and last amended on 7 November 2016), which have respectively specified the prevention and control and supervision and administration of atmospheric pollution, water pollution and the pollution from noise and solid wastes. Pursuant to the aforesaid laws, in case of new construction, expansion and reconstruction of projects that discharge pollutants to the atmosphere or water body, and/or produce noise or solid wastes, the relevant enterprise shall observe and comply with the state regulations concerning the administration of environmental protection of construction projects, make pollutant discharge declaration and discharge pollutants in accordance with laws and regulations.

LAWS AND REGULATIONS RELATING TO PORT OPERATIONS

Port Operations

Pursuant to the Port Law and the Regulations for the Provisions on the Administration of Port Operations (港口經營管理規定), which was amended and took effect on 19 April 2016 by the Ministry of Transport, the term "operation of port" means provision of port facilities or services by a port operator for vessels, passengers and goods within the port areas, including but not limited to providing facilities for vessels such as wharfs, anchorage grounds for lightering, pontoons, etc.; engaging in services such as loading and unloading of goods (including unloading goods by lightering); and providing services such as jacking and towing of vessels so as to enter and exit ports, to dock or leave the wharf or to move or berth. Whoever intends to engaging in the business of port operations shall obtain the Licence for Port Operations (港口經營許可證) by applying to the relevant port administrative authority. The period of validity of Licence for Port Operations is 3 years.

Security of Port Facilities

Pursuant to the Port Facility Security Rules of the PRC (中華人民共和國港口設施保安規則) which was promulgated by the Ministry of Transport on 17 December 2007 and amended and took effect on 2 September 2016, the operator or manager of the port facilities for passenger vessels navigating international routes, cargo vessels of and above 500 gross tons, special purpose vessels of and above 500 gross tons, and mobile offshore drilling platform services shall be responsible for developing the Security Plan for Port Facilities (港口設施安保計劃). The port operator or manager shall drafted and formulated the Security Plan for Port Facilities in accordance with the Port Facilities Assessment Report (港口設施保安評估報告) issued by the local port administrative authority and Guidelines for the Development of Port Facilities Security Plan (港口設施保安計劃制訂導則) issued by the Ministry of Transport and organised experts on-site inspection and review, and modify the Security Plan for Port Facilities according to the result of on-site inspection and the review opinions. After the Security Plan for Port facilities is reviewed by the local port administrative authority, the port operator or manager shall apply to the Ministry of Transport for the Statement of Compliance with Port Facility Security (港口設施保安符合證書).

Customs Supervision and Control Locations

The Interim Measures of the PRC for Administration of Areas under Customs Supervision (中華人民共和國海關監管區管理暫行辦法), which was promulgated by the General Administration of Customs (海關總署) on 8 August 2017 and came into effect on 1 November 2017, annulled the Administration Measures for Customs Supervision and Control Locations of the PRC (中華人民共和國海關監管場所管理辦法), which was promulgated by the General Administration of Customs on 30 January 2008 and revised on 27 April 2015. Pursuant to the Interim Measures of the PRC for Administration of Areas under Customs Supervision, areas under customs supervision refer to places and sites prescribed in Article 100 of the Customs Law of the PRC (中華人民共和國海關法) where the customs office conducts the supervision and administration of transport vehicles, goods and articles that enter or leave China, including the areas under special customs supervision, bonded places under customs supervision, workplaces under customs supervision, duty-free shops and other places and sites with the businesses under customs supervision. The workplaces under customs supervision means the places that are operated and managed by enterprises, used for the entry, exit and berth of transport vehicles that enter or leave China or transport vehicles within China that carry goods under customs supervision, and the relevant business activities such as the entry, exit, loading, unloading, storage, consolidation and temporary storage of goods under customs supervision, comply with the Standards for the Setup of Workplaces under Customs Supervision (海關監管作業場所設置規範, the "**Rules for the Setup of Workplaces**"), and for the handling of relevant customs formalities. An area under customs supervision shall set up the infrastructure, inspection and check facilities and corresponding supervision equipment in compliance with the customs' regulatory requirements. Any Enterprises applying for establishing workplaces under customs supervision (the "**application enterprises**") shall satisfy the following requirements: (i) they have independent corporate legal person qualifications; (ii) they have obtained the registration with administrative departments for industry and commerce in accordance with the scope of operation of the workplaces under customs supervision; and (iii) they shall have the operated sites in accordance with the Rules for the Setup of Workplaces. After receiving the application from the application enterprises, the competent customs shall carry out the administrative licensing matters according to the Administrative License Law of the PRC (中華人民共和國行政許可法) and the Measures of the Customs of the PRC on Implementing the Administrative License Law of the PRC (中華人民共和國海關實施《中華人民共和國行政許可法》辦法). The operating enterprise shall only load, unload, store, consolidate and temporary store the goods under customs supervision at the workplaces under customs supervision.

Operation of Road Transport

On 30 April 2004, the Regulation of the People's Republic of the PRC on Road Transport (中華人民共和國道路運輸條例, the "**Road Transport Regulation**") was promulgated by the State Council, which became effective on 1 July 2004, and was newly revised on 6 February 2016. Pursuant to the Road Transport Regulation, road transport business shall include business of road passenger transport and business of road freight transport. Any individual and institution that engage in the operation of road freight transport besides the dangerous cargos shall apply for the Road Transportation Operation Licences (道路運輸經營許可證) from the county-level road transportation administrations, and the vehicles used for road transportation shall be issued the relevant vehicle operation licences. The foreign entity may, in accordance with the relevant laws, administrative regulations and provisions of the State, invest in the operations of road transportation and other related businesses within China in the form of Chinese-foreign equity joint venture enterprise, Chinese-foreign cooperative enterprise or wholly foreign owned enterprise.

Based on the Provisions on the Administration of Foreign Investment in the Road Transport Industry (外商投資道路運輸業管理規定) which was jointly issued by the Ministry of Transport and the MOFCOM and came into effect from 20 November 2001, and was amended on 11 January 2014, foreign entity is allowed to invest and engage in the road transport, road goods portage and loading and uploading, road goods storage and other supplementary services and vehicle maintenance relating to road transport on the form of Sino-foreign cooperative enterprise or wholly foreign owned enterprise.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION

The Fire Prevention Law of the PRC (中華人民共和國消防法, the "**Fire Prevention Law**") was promulgated on 29 April 1998 by SCNPC and last amended on 28 October 2008. Pursuant to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Public Security (公安部) and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire prevention units of such public security departments are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards. For a construction project that needs a fire prevention design under the national fire protection technical standards for project construction, the construction entity must submit the fire prevention design documents to the fire prevention department of the public security authority for approval or filing purposes (as the case may be). No construction permit shall be given for the construction projects for which the fire prevention design has not been approved or are considered unqualified after the review, nor shall such construction entity commence their construction.

Upon completion of a construction project to which a fire prevention design has been applied, according to the requirements of the Fire Prevention Law, such project must go through an acceptance check on fire prevention by, or filed with, the relevant fire prevention departments of public security authorities. No construction may be put into use before it is accepted by the relevant fire prevention units of public security authorities. For each public assembly venue, such as Karaoke clubs, dancing halls, cinemas, hotels, restaurants, shopping malls, trade markets and etc., the construction entity or entity using such venue shall, prior to use and operation of any business thereof, apply for a safety inspection on fire prevention with the relevant fire prevention department under the public security authority at or above the county level where the venue is located, and such place cannot be put into use and operation if it fails to pass the safety inspection on fire prevention or fails to conform to the safety requirements for fire prevention after such inspection.

LAWS AND REGULATIONS RELATING TO WORK SAFETY

The Work Safety Law of the PRC (中華人民共和國安全生產法, the "**Work Safety Law**") was first promulgated by the SCNPC on 29 June 2002, implemented on 1 November 2002, last amended on 31 August 2014 and implemented on 1 December 2014. Pursuant to the Work Safety Law of the PRC, a production business entity shall meet the work safety requirement set forth in said law, related laws, administrative regulations and national standards or industry standards. Business entities not meeting such conditions shall not be engaged in production and other business activities. Production business entities shall provide safe production education and training for their employees to ensure that their employees (i) have necessary work safety knowledge; (ii) are familiar with the relevant work safety policies and rules and safe operating procedures; (iii) possess the safe operating skills for their respective posts; (iv) know the emergency response measures for accidents; and (v) are informed of their rights and obligations in work safety. Employees failing the work safety education and training shall not take their posts. Any business entity shall establish a work safety management body or have full-time work safety management personnel if the number of its employees exceeds 100; or shall have full-time or part-time work safety management personnel if the number of its employees is 100 or less. Safety equipment shall be designed, manufactured, installed, used, tested, maintained, improved, and retired in accordance with national or industry standards. Production business entities shall provide their employees with labour protection equipment meeting the national or industry standards, and supervise and educate their employees on wearing or using such equipment in accordance with the rules of use. Special operation workers shall receive special training on safe operation as required by the State, and may take their posts only after obtaining a corresponding qualification.

The Standing Committee of Anhui Provincial People's Congress (安徽省人民代表大會常務委會員) promulgated the Regulation on Work Safety of Anhui Province (安徽省安全生產條例) on 22 December 2006 and amended it on 9 October 2017 which came into effect on 1 December 2017. Pursuant to the Regulation on Work Safety of Anhui Province, production business entities are responsible for work safety and shall strengthen the management of work safety, establish the responsibility system for work safety, improve the work safety policies and rules, enhance work safety conditions, and develop work safety standardisation. The work safety management body or the work safety management personnel shall perform the following duties in addition to the work safety responsibilities prescribed in the Work Safety Law: (1) organise routine inspections, post inspections and professional inspections, and organise at least one comprehensive inspection of work safety every quarter; (2) supervise various departments and positions of the entity to perform their duties of work safety, and organise assessments and put forward opinions related to rewards and punishments; (3) participate in the emergency rescue, investigation and handling of work safety accidents in this entity; and (4) report to the person in charge of the entity timely if any employee refuses to stop or does not rectify violations of the rules, forced dangerous operations and violations of operating procedures. In addition, the production business entities shall provide the necessary guarantees for the work safety management body or the work safety management personnel to fulfill their duties.

LAWS AND REGULATIONS RELATING TO REAL ESTATE

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法), which was last revised by the SCNPC on 28 August 2004, land in the PRC is divided into two categories in terms of ownership: State-owned land and collectively-owned land. Land in the PRC is also divided into three categories in terms of use: agricultural land, construction land and unused land. Unless otherwise specified in the laws and regulations related to land administration, any entity or individual engaged in construction shall only construct on State-owned land. Unless otherwise specified in the laws and regulations related to land administration, collectively-owned land shall not be assigned, transferred or leased for construction purpose unrelated to agriculture.

Pursuant to the Interim Regulation Concerning the Grant and Transfer of the Use Right of the State-owned Land in the Urban Areas of the PRC (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated and implemented by the State Council on 19 May 1990 and revised on 4 July 2010, the State implements the grant and transfer system of urban state-owned land use right in accordance with the principle of separation of ownership and use right. The land use right which legally obtained by land users may be transferred, leased, mortgaged or used for other economic activities within the useful period, and the legitimate rights and interests shall be protected by state law.

Further, according to the Grant and Transfer of the Land Use Right Interim Regulation, the grant of land use rights refers to the State as the land owner assigns the land use right to land users within a certain period of time, and the land users pay the State grant fees for obtaining the land use right. The grant contract of the land use right shall be signed. The holder of land use right shall develop, utilize and operate the land in accordance with the grant contract of the land use right and the requirements of the urban planning. After paying all the land use right grant fees, the land user shall, in accordance with the provisions, go through the registration and obtain the land use certificate as well as the land use right.

Pursuant to the Rules on the Grant of the State-owned Construction Land Use Right by Public Tender, Auction and Listing-for-Sale (招標拍賣掛牌出讓國有建設用地使用權規定), which was last amended by the Ministry of Land and Resources (國土資源部) (Dissolved, but reorganised as the Ministry of Natural Resources of the PRC (中華人民共和國自然資源部)) on 28 September 2007, the land for industry, commerce, tourism, entertainment, commercial residence or any other types of operational land shall be granted by public tender, auction or listing-for-sale. Except for the land mentioned above, if the same parcel of land use right is intended to be obtained by more than two land users after unveiling the supply plan of land, it shall also be granted by public tender, auction or listing-for-sale. The natural persons, legal persons and other organisations inside and outside PRC may apply to participate in the state-owned construction land granting activity in form of public tender, auction and listing-for-sale, unless otherwise provided by laws and regulations. The grantor shall sign the transaction confirmation letter with the bid winner or bidder who is determined by public tender, auction or listing-for-sale.

Pursuant to the Construction Law of the PRC (中華人民共和國建築法) which was first promulgated by the (the "**MOHURD**") on 1 November 1997 and amended on 22 April 2011, and the Administrative Measures for Construction Permits of Construction Projects (建築工程施工許可管理辦法), which was last amended on 25 June 2014 and implemented on 25 October 2014 by the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部), for construction of all types of housing, their ancillary facilities and their matching installation operations of wiring, piping and equipment, as well as construction of urban/town infrastructure facilities in the PRC, constructors shall, prior to commencement of construction works, apply for the Construction Permit (施工許可證) from the competent housing and urban-rural construction authority under the government above county level where the project site belongs. However, below-ceiling small projects determined by the construction administration authority under the State Council are exempted.

Pursuant to the Construction Law of the PRC, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) which was newly amended by the State Council on 7 October 2017, the Administrative Measures for the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) which was promulgated by the MOHURD on 19 October 2009 and the Rules of the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) which was promulgated by the MOHURD on 2 December 2013, the construction project shall not be delivered for use unless it has passed the completion-based check. After completion of a construction project, it shall be inspected by local government authorities (including but not limited to the planning bureau, the fire department and the environmental department, depending on the actual circumstance) for approval. The constructor shall organise completion-based inspection and file with the competent construction administration authority upon passing the inspection.

LAWS AND REGULATIONS RELATING TO LIEN

The Property Law of the PRC (中華人民共和國物權法, the "**Property Law**") was promulgated by the National People's Congress of the PRC (全國人民代表大會, the "**NPC**") on 16 April 2007 and became effective on 1 October 2007. There are 5 chapters and 247 articles, covering ownership rights, the ownership registration system, condominium rights, neighborhood rights, land contracted and management rights, construction land-use rights, homestead land-use rights, easement and security interests, and mortgage rights. Pursuant to the Property Law, the property rights addressed under the Law include three types: the ownership, the usufructuary right and the security interest, among which, the security interest refers to the right of a creditor to be repaid with priority from secured properties provided by the debtor or by a third party or properties under legal possession of the creditor in case the debtor fails to repay his debts, including the right of mortgage, right of pledge, and right of lien.

Pursuant to the Property Law, in case a debtor fails to pay its due debts, the creditor may take the lien of the debtor's movable properties which was lawfully possessed, and be entitled to seek preferred payments from these movable properties. The movable properties taken as lien by the creditor shall fall into a same legal relationship with the debtor's rights, except for the lien between the enterprises. Under lien, it is the lienor's responsibility to properly keep the property, and if the property under lien is damaged or lost due to improper keeping, the lienor shall assume compensations liability. Further, a lienor shall stipulate the term for fulfilling the creditor's rights with the debtor after the property is taken as lien; and in case there is no such stipulation or such stipulations are unclear, two months or more shall be given to the debtor to fulfill the creditor's rights, except for fresh goods, perishable goods or those movable properties that are not easy to be kept. In case the debtor fails to fulfill the creditor's rights within the time limit, the lienor may, by concluding an agreement with the debtor, convert the property under lien into money, or seek preferred payments from the money incurred from the auction or sell-off the property under lien. In case that the right to mortgage or the right of pledge has been established on a movable property, and this movable property is taken as lien again, the lienor shall be entitled to seek preferred payments.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (the "EIT")

Pursuant to the Enterprise Income Tax Law (企業所得稅法, the "**EIT Law**") which was promulgated by the NPC on 16 March 2007 and newly amended on 24 February 2017 and the Implementation Rules of the Enterprise Income Tax Law (企業所得稅法實施條例, the "**Implementation Rules**") which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, the unified income tax rate for PRC enterprises, foreign-invested enterprises and foreign enterprises which established production and operation facilities in the PRC is 25%. Enterprises are classified into "resident enterprises" or "non-resident enterprises".

Pursuant to the EIT Law and the Implementation Rules, dividends income generated in China of non-resident enterprises that do not have an establishment or premise of business in China or, despite the existence of such establishment or premise in China, the relevant income is not actually connected with such establishment or premise in China is generally subject to a 10% withholding tax rate (subject to dividends income derived from China) unless the jurisdiction of such non-resident enterprises has an applicable tax treaty with China that may reduce or exempt such taxes. Similarly, any incomes realised on the transfer of shares of such investors is subject to a 10% PRC income tax if such incomes are regarded as incomes derived from the PRC.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) which was promulgated by the SAT on 21 August 2006 and came into effect on 21 August 2006, a company incorporated in Hong Kong will be subject to a 5% withholding tax rate in respect of the dividends received from a company incorporated in China in which it holds 25% or more equity interests.

Pursuant to the Measures for the Administration of Non-Resident Taxpayers Enjoyment of the Treatment under Tax Agreements (非居民納税人享受税收協議待遇管理辦法), which came into force on 1 November 2015, any non-resident taxpayer who needs to enjoy favorable tax treatments under the relevant tax arrangements shall report to the competent tax authorities for record filling on its own or make a declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

Value-added Tax (the "VAT")

Pursuant to the Provisional Regulations of the PRC Concerning Value-Added Tax (中華人民共和國增值税暫行條例), which was promulgated by the State Council on 13 December 1993 and amended respectively on 10 November 2008, 6 February 2016 and 19 November 2017, and the Implementation Rules of the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例實施細則), which was promulgated by the Ministry of Finance (財政部, the "**MOF**") and became effective as from 25 December 1993, and were amended on 15 December 2008 and 28 October 2011, all entities or individuals in the PRC engaged in the sale of goods, the supply of processing services, repairs and replacement services, and the importation of goods are required to pay VAT. VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is normally 17% or in certain limited circumstances, the tax rate changes subject to the product type.

Pursuant to the Notice of the Comprehensive Implementation of the Pilot Reform for Transition from Business Tax to Value-added Tax (關於全面推開營業税改徵增值税試點的通知) which was promulgated by MOF and SAT on 23 March 2016 and came into effect on 1 May 2016 and amended on 11 July 2017, and its appendix Implementation Measures of the Pilot Reform for Transition from Business Tax to Value-added Tax (營業税改徵增值税試點實施辦法), all taxpayers of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot reform with regard to payment of VAT instead of business tax. The provision of transportation, posting, basic telecommunications construction and leasing real estate, the sale of real estate and the transfer of land use right service shall be subject to a VAT rate of 11%. The provision of leasing tangible movables service may be subject to a leviable rate of 17%. The tax rate of VAT is nil for cross-border taxable activities provided by units and individual within the PRC and 6% for industry other than disclosed aforesaid.

LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION

The PRC has formulated various labor and safety laws, including the PRC Labour Law (中華人民共和國勞動法), the PRC Labour Contract Law (中華人民共和國勞動合同法), the PRC Social Insurance Law (中華人民共和國社會保險法), the Regulation of Insurance for Work-Related Injury (工傷保險條例), the Unemployment Insurance Law (失業保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), and other related regulations, rules and provisions in respect of business operations in the PRC issued by the relevant governmental authorities from time to time.

Labour Law

The Labour Law of the PRC, which was promulgated by the SCNPC on 5 July 1994 and was amended on 27 August 2009, provides that employees are entitled to gain equal opportunities in employment, choose occupations, receive labour remuneration, have rest days and holidays, acquire protection of occupational safety and healthcare, social insurance and welfare, etc. Employers must establish and improve the system for occupational safety and healthcare, provide training on occupational safety and healthcare to employees, comply with national and/or local regulations on occupational safety and healthcare, and provide necessary labour protective supplies to employees.

Labour Contract Law

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) which was passed by the SCNPC on 29 June 2007 and was amended on 28 December 2012, and the Implementation Regulations on the Labour Contract Law (中華人民共和國勞動合同法實施條例), which was promulgated by the State Council on 18 September 2008 and came into effect on the same day, provide that the labour contracts must be executed in order to establish the labour relationship between employers and employees. The Labour Contract Law stipulates that an employer shall inform the employees truthfully the scope of work, working conditions, workplace, occupational hazards, production safety conditions, labour remuneration and other information requested by the employees. The Labour Contract Law also stipulates that employer and employee shall fully perform their respective obligations in accordance with the terms set forth in the labour contract. In addition, employer shall pay employees the labour remuneration timely and in full amount in accordance with terms in the labour contract. The Labour Contract Law also provides for the scenarios of rescission and termination of a labour contract. Except the situation explicitly stipulated in the Labour Contract Law which will not subject to economic compensation, the economic compensation shall be paid to the employee whose labour contract has been revoked or terminated by the employer.

Social Insurance and Housing Provident Funds

Pursuant to the Social Insurance Law of the PRC, the Regulations on Work-Related Injury Insurance, the Regulations on Unemployment Insurance, the Provisional Measures on Maternity Insurance of Employees and the Interim Regulation on Collection and Payment of Social Insurance Premiums, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer to make payments or supplementary payments for the unpaid social insurance premium within a specified period together with a 0.05% surcharge of the unpaid social insurance premium from the date on which the payment is due. If the employer fails to settle the overdue payment within such time limit, the relevant regulatory authorities may impose a fine from one to three times the amount of overdue payment on such employer.

Under the Administrative Regulations on Housing Provident Funds (住房公積金管理條例), which were promulgated by the State Council on 3 April 1999 and amended on 24 March 2002, employers are required to make contribution to housing provident funds for their employees. Where an employer fails to pay up housing provident funds within the prescribed time limit, the housing fund administration center shall order it to make payment within a certain period of time. If the employer still fails to do so, the housing fund administration center may apply to the court for compulsory enforcement of the unpaid amount.

A. INTRODUCTION

Our Company was incorporated in the Cayman Islands with limited liability on 30 October 2017. Through the Reorganisation, our Company became a holding company of our subsidiaries and our associated company. Prior to the incorporation of our Company, our principal operating subsidiary, namely Chizhou Port Holdings, formed an integral part of our Group.

Our Group was founded by Mr. Kwai and his spouse, Ms. Cheung in 2007 using their own personal funds. Mr. Kwai is an executive Director and the chairman of the Board whereas Ms. Cheung is a non-executive Director. Mr. Kwai and Ms. Cheung are a group of Controlling Shareholders. For the biographical information of Mr. Kwai and Ms. Cheung, please refer to the section "Directors, Senior Management and Employees" in this prospectus. Following the incorporation of Ocean Line Chizhou in the British Virgin Islands in October 2007, Chizhou Port Holdings was established in the PRC in December 2007 and was initially owned as to 52% by Ocean Line Chizhou and 48% by 池州市港口投資發展有限公司 (for transliteration purpose only, Chizhou City Port Investment Development Limited), an independent third party and a state-owned enterprise in the PRC. In August 2008, Ocean Line Chizhou acquired 20% equity interests in Chizhou Port Holdings from the above independent third party at a consideration of RMB40 million, which was determined with reference to the registered capital of Chizhou Port Holdings and fully settled on 13 August 2008. As a result, Chizhou Port Holdings was owned as to 72% by Ocean Line Chizhou and 28% by the above independent third party.

Chizhou Port Holdings is principally engaged in the provision of port logistic services in Jiangkou Terminal. The port logistic services mainly comprise of cargo uploading and unloading, container heaping, storage services at our terminals prior to and/or after shipments, short distance road transportation services and miscellaneous services as requested by our customers.

Chizhou Guichi was established in the PRC in October 1998. In January 2011, Chizhou Port Holdings acquired 40% equity interests in Chizhou Guichi from an independent third party at a consideration of RMB4.15 million, which was determined with reference to the registered capital of Chizhou Guichi and fully settled on 28 March 2011. As a result, Chizhou Guichi was owned as to 40% by Chizhou Port Holdings and 60% by another independent third party. Chizhou Guichi is an associated company of our Group and is principally engaged in cargo uploading and unloading and storage services.

Chizhou Niutoushan was established in the PRC in April 2012 and was owned as to 61.675% by Chizhou Port Holdings, 23.325% by 池州市貴池區建業投資有限公司 (for transliteration purpose only, Chizhou City Guichi District Jianye Investment Limited), an independent third party and a state-owned enterprise in the PRC, and 15% by Anhui Ocean Line, which is a company established in the PRC and beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung. In July 2013, Anhui Ocean Line acquired 18.325% equity interests in Chizhou Niutoushan from the independent third party at a consideration of RMB14.66 million, which was determined with reference to the registered capital of Chizhou Niutoushan and fully settled on 6 August 2013. As a result, Chizhou Niutoushan was owned as to 61.675% by Chizhou Port Holdings, 33.325% by Anhui Ocean Line and 5% by the independent third party.

Chizhou Niutoushan entered into an arrangement with Anhui Ocean Line in 2012, pursuant to which (i) Anhui Ocean Line agreed to cooperate with Chizhou Niutoushan to construct certain terminal facilities, which are situated on the land owned by Chizhou Niutoushan; and (ii) Chizhou Niutoushan agreed to rent the terminal facilities from Anhui Ocean Line for its own use. The rental expenses charged by Anhui Ocean Line amounted to approximately RMB0.7 million, RMB0.7 million and nil respectively for FY2015, FY2016 and FY2017. For more details of the asset rental agreement entered into between Chizhou Niutoushan and Anhui Ocean Line, please refer to the section headed ‘‘Connected Transactions’’ in this prospectus.

For the purpose of Listing and in order to operate without relying on Anhui Ocean Line, which is beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung and hence a close associate of our group of Controlling Shareholders to rent the terminal facilities to Chizhou Niutoushan, on 1 January 2017, Chizhou Niutoushan entered into a transfer agreement with Anhui Ocean Line to acquire the above terminal facilities from Anhui Ocean Line at a total consideration of approximately RMB11.6 million. The consideration of the transfer is determined with reference to the fair values of the terminal facilities on the date of transfer, which were assessed by independent valuer. The abovementioned acquisitions have been properly and legally completed and settled. For more details of the transfer agreement entered into between Chizhou Niutoushan and Anhui Ocean Line, please refer to the section headed ‘‘Connected Transactions’’ in this prospectus.

Chizhou Niutoushan is principally engaged in cargo uploading and unloading and storage services.

Chizhou Qianjiang was established in the PRC in October 2015 and was wholly owned by Anhui Ocean Line. Chizhou Qianjiang is principally engaged in the leasing of terminal equipment to Chizhou Niutoushan.

B. BUSINESS DEVELOPMENT MILESTONE

The following events are key business milestones of our Group since its establishment:

Year	Event
2007	Establishment of Chizhou Port Holdings with limited liability in the PRC on 18 December 2007
2008	Commencement of the operation of Jiangkou Terminal (Phase One), which entailed one multi-purpose berth and one berth for bulk cargo with an area of approximately 114,000 sq.m.
2009	Completion of construction of Jiangkou Terminal (Phase two) on 8 October 2009, which entailed one multi-purpose berth and one berth for bulk cargo with an area of approximately 147,000 sq.m. and a total investment amount of approximately RMB218 million
	Approval by the State Council for Chizhou Port Holdings to allow access by vessels from foreign counties to Jiangkou Terminal on 28 October 2009 resulting in the transformation of Jiangkou Terminal into an international hub terminal
	Chizhou Port Holdings’ cargo throughput, container volume and foreign trade shipments for the year ended 31 December 2009 rose by 196.3%, 116.8% and 159.2% respectively as compared to that in the previous year

Year	Event
2010	Chizhou Port Holdings' throughput, container volume and operating income for the year ended 31 December 2010 rose by 20.6%, 68.2% and 19.8% respectively as compared to that in the previous year
2011	Chizhou Port Holdings was awarded the title of "Outstanding Foreign Investment Enterprise" (優秀外資企業) by the People's Government of Chizhou Municipality in February 2011
	Chizhou Port Holdings was awarded as "2010 Chizhou's Advanced Unit in terms of Port Safety Production" (2010年度全市港口安全生產目標管理先進單位) by Chizhou City Port Management Bureau (池州市港口管理局) in February 2011
	Completion of construction of Logistics Park (Phase One) (物流園一期) in December 2011, with a total investment amount of approximately RMB20 million and covered an area of approximately 66,670 sq.m., comprising of (i) a logistics information centre to enhance the efficiency of our operational management and improve communication with our customers; (ii) processing zones for simple processing of bulk cargo, particularly non-metallic ores, near the port; and (iii) integrated industrial zone for the provision of services including storage, transportation and miscellaneous services
	Operating income of Chizhou Port Holdings reached RMB40 million for the first time
2012	Establishment of Chizhou Niutoushan with limited liability in the PRC on 11 April 2012
	Chizhou Port Holdings was awarded as "2012 Anhui Province Credible Enterprise" (2012年安徽省誠信企業) by Anhui Province Enterprise Association (安徽省企業聯合會) and Anhui Province Credit Association (安徽省信用協會) in June 2012
	Completion of the construction of two bulk cargo berths and one multi-purpose berth at Niutoushan Terminal (Phase one) on 10 December 2012
2013	Chizhou Port Holdings was awarded as "2012 Advanced Unit in the Transportation Industry in Anhui Province" (2012年度全省交通運輸行業先進集體) by Chizhou Human Resources and Social Protection Bureau (安徽省人力資源和社會保障廳) and Anhui Province Transportation Bureau (安徽省交通運輸廳) in January 2013
	Niutoushan Terminal (Phase one) commenced its operation in August 2013
	Chizhou Port Holdings was recognised as "Model Terminal" (愛民固邊模範碼頭) by Chizhou Local Government (池州市人民政府) in October 2013
	Chizhou Port Holdings' throughput volume of containers exceeded 10,000 TEU for the first time in November 2013

Year	Event
2014	Chizhou Port Holdings was awarded as "2014 Outstanding Transportation Enterprise in terms of developing Corporate Culture in China" (2014年度全國交通運輸企業文化建設優秀單位) by China Transportation Enterprise Management Association (中國交通企業管理協會) in November 2014
2015	Chizhou Port Holdings' throughput volume of containers exceeded 15,000 TEU for the first time
	Chizhou Port Holdings was awarded as "2014 Credible Port Enterprise along the Yangtze River" (2014年度長江誠信港航企業) by Transportation Department — Yangtze River Shipping Management Bureau (交通運輸部長江航務管理局) in February 2015
	Completion of construction of Niutoushan Terminal (Phase one) with a total area of approximately 118,000 sq.m. on 20 April 2015, with a total investment amount of approximately RMB250 million and entailed (i) two bulk cargo berths; (ii) one multi-purpose berth; and (iii) stacking yards
2016	Chizhou Niutoushan was recognised as a "Credible Enterprise in Anhui Province" (安徽省誠信企業) for the year 2015 by Anhui Province Enterprise Association and Anhui Province Credit Association in March 2016
	Chizhou Port Holdings had been given the title of "Outstanding Foreign Investment Enterprise in Anhui Province" (全省外商投資優秀企業) by Provincial Association for Foreign Investment Enterprises (省外商投資企業協會) for five consecutive years from 2011 to 2016
2017	Chizhou Port Holdings was awarded as "Outstanding Transportation Enterprise in Anhui Province" (安徽省聯合運輸優秀企業) by Anhui Province Logistics Association (安徽省物流協會) in March 2017
	Chizhou Port Holdings' annual actual throughput for cargoes exceeded 11 million tonnes for the first time

C. CORPORATE DEVELOPMENT

The following summarises the corporate development of each member of our Group.

(a) Our Company

As part of the Reorganisation, our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 October 2017 and is an investment holding company. Upon completion of the Reorganisation, our Company became the holding company of our Group on 1 June 2018, details of which are set out in the paragraph headed "*D. Reorganisation*" in this section.

(b) Ocean Line Chizhou

Ocean Line Chizhou was incorporated in the British Virgin Islands with limited liability on 9 October 2007, and one share of US$1.00 each was allotted and issued to each of Mr. Kwai and Ms. Cheung respectively at par value. Ocean Line Chizhou is an investment holding company.

As part of the Reorganisation, our Company acquired from Mr. Kwai and Ms. Cheung the entire issued share capital of Ocean Line Chizhou. For details of the Reorganisation, please refer to the paragraph headed "*D. Reorganisation*" in this section.

(c) Chizhou Port Holdings

Chizhou Port Holdings was established in the PRC with limited liability on 18 December 2007. Upon incorporation, Chizhou Port Holdings' registered capital was RMB200 million and was owned as to 52% by Ocean Line Chizhou and 48% by 池州市港口投資發展有限公司 (for transliteration purpose only, Chizhou City Port Investment Development Limited) ("**Chizhou Port Investment**"), an independent third party, a state-owned enterprise in the PRC and a passive investor of Chizhou Port Holdings. In August 2008, Ocean Line Chizhou acquired 20% equity interests in Chizhou Port Holdings from Chizhou Port Investment and as a result, Chizhou Port Holdings was owned as to 72% by Ocean Line Chizhou and 28% by Chizhou Port Investment.

Pursuant to a declaration made by Chizhou Port Investment in November 2017, Chizhou Port Investment confirmed that (i) it regarded its investment in Chizhou Port Holdings as a long-term investment; and (ii) to promote the local economic development of Chizhou City, Chizhou Port Investment would support the Listing in accordance with the directions of the government of Chizhou City.

From the commencement of the Track Record Period up to immediately prior to the Reorganisation, there were no further changes in the shareholding of Chizhou Port Holdings.

(d) Noble Century

As part of the Reorganisation, Noble Century was incorporated in the British Virgin Islands on 26 April 2017 with limited liability and is an investment holding company. Upon completion of the Reorganisation, Noble Century became the intermediate holding company of our Group, holding the entire issued share capital of Ocean Line (Hong Kong). For details of the Reorganisation, please refer to the paragraph headed "*D. Reorganisation*" in this section.

(e) Ocean Line (Hong Kong)

As part of the Reorganisation, Ocean Line (Hong Kong) was incorporated in Hong Kong with limited liability on 30 October 2017 and is an investment holding company. Upon completion of the Reorganisation, Ocean Line (Hong Kong) became the intermediate holding company of our Group, directly holding the entire equity interest in Yuan Hang Port. For details of the Reorganisation, please refer to the paragraph headed "*D. Reorganisation*" in this section.

(f) Yuan Hang Port

As part of the Reorganisation, Yuan Hang Port was established in the PRC with limited liability on 28 November 2017 and has a registered capital of RMB500,000. It is an investment holding company. Upon completion of the Reorganisation, Yuan Hang Port became the intermediate holding company of our Group, directly holding 33.325% equity interest in Chizhou Niutoushan and the entire equity interest in Chizhou Qianjiang. For details of the Reorganisation, please refer to the paragraph headed "*D. Reorganisation*" in this section.

(g) Chizhou Guichi

Chizhou Guichi was established in the PRC with limited liability on 5 October 1998 and has a registered capital of RMB10 million. In January 2011, Chizhou Port Holdings acquired 40% equity interest in Chizhou Guichi, which was fully settled on 28 March 2011.

From the commencement of the Track Record Period up to immediately prior to the Reorganisation, there were no further changes in the shareholding of Chizhou Guichi.

On 20 September 2016, the port operations certificate of Chizhou Guichi expired. Taking into account that (i) Chizhou Guichi has applied for renewal of the port operation certificate but the business licence is yet to be renewed due to the PRC environmental protection department's request to suspend port operations for reformation of the area; (ii) shutting down or relocation of the port of Chizhou Guichi may be possible at the request of the PRC Government; (iii) Chizhou Guichi is an associated company of our Group for which Chizhou Port Holdings as a minority shareholder has no control over; and (iv) Chizhou Guichi has no material assets as it is not the owner of the land where it operates, Chizhou Port Holdings intends to dispose of its 40% equity interest in Chizhou Guichi.

On 4 December 2017, Chizhou Port Holdings has entered into a non-legally binding memorandum of understanding with an independent third party for the above possible disposal, pursuant to which the potential purchaser will conduct due diligence review on Chizhou Guichi. The parties to the memorandum of understanding will further discuss and negotiate the terms of the formal sale and purchase agreement, including the amount of consideration, which will be not less than 40% of the net asset value of Chizhou Guichi. As at 31 December 2017, the net assets of Chizhou Guichi were approximately RMB7.1 million (approximately HK$8.4 million). As at the Latest Practicable Date, the formal sale and purchase agreement has not been entered into and it is expected to be entered into in the third quarter of 2018.

Upon Completion of the disposal, if materialised, Chizhou Guichi will cease to be an associated company of our Group. Since Chizhou Guichi does not have any material operation, the possible disposal will not result in any material adverse effect on our Group.

(h) Chizhou Niutoushan

Chizhou Niutoushan was established in the PRC with limited liability on 11 April 2012 and has a registered capital of RMB80 million. In April 2012, it was owned as to 61.675% by Chizhou Port Holdings, 23.325% by 池州市貴池區建業投資有限公司 (for transliteration purpose only, Chizhou City Guichi District Jianye Investment Limited), an independent third party and a state-owned enterprise in the PRC, and 15% by Anhui Ocean Line, which is a company established in the PRC and beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung. In July 2013, Anhui Ocean Line acquired 18.325% equity interests in Chizhou Niutoushan from the independent third party at a consideration of RMB14.66 million, which was determined with reference to the registered capital of Chizhou Niutoushan and fully settled on 6 August 2013. As a result, Chizhou Niutoushan was owned as to 61.675% by Chizhou Port Holdings, 33.325% by Anhui Ocean Line and 5% by the independent third party.

From the commencement of the Track Record Period up to immediately prior to the Reorganisation, there were no further changes in the shareholding of Chizhou Niutoushan. Chizhou Niutoushan is principally engaged in cargo uploading and unloading and storage services.

(i) Chizhou Qianjiang

Chizhou Qianjiang was established in the PRC with limited liability on 27 October 2015 and has a registered capital of RMB2.2 million. On the date of establishment of Chizhou Qianjiang, it was wholly-owned by Anhui Ocean Line. Chizhou Qianjiang is principally engaged in the leasing of terminal equipment to Chizhou Niutoushan.

D. REORGANISATION

In preparation for the Listing, our Group underwent Reorganisation, which involves the following steps:

(a) Incorporation of Vital Force, our Company, Noble Century, Ocean Line (Hong Kong) and Yuan Hang Port

Incorporation of Vital Force

Vital Force was incorporated in the British Virgin Islands with limited liability on 13 February 2017 and one share of Vital Force was allotted and issued to the initial subscriber at the consideration of US$1.00, which was transferred to Mr. Kwai on 26 September 2017 at

US$1.00. On 26 September 2017, Vital Force allotted and issued five and four shares of Vital Force to each of Mr. Kwai and Ms. Cheung at the consideration of US$5.00 and US$4.00 respectively. Vital Force is an investment holding company.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 October 2017. The initial authorised share capital was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each and initially one nil-paid Share was allotted and issued to the initial subscriber, which was transferred to Vital Force on the same date at nil consideration . Our Company is an investment holding company.

Incorporation of Noble Century

Noble Century was incorporated in the British Virgin Islands with limited liability on 26 April 2017 and six shares and four shares of Noble Century of US$1.00 each were allotted and issued to each of Mr. Kwai and Ms. Cheung respectively at par value. Noble Century is an investment holding company.

Incorporation of Ocean Line (Hong Kong)

Ocean Line (Hong Kong) was incorporated in Hong Kong with limited liability on 30 October 2017 and one share of Ocean Line (Hong Kong) was allotted and issued to Noble Century at HK$1.00. Ocean Line (Hong Kong) is an investment holding company.

Incorporation of Yuan Hang Port

Yuan Hang Port was established in the PRC with limited liability on 28 November 2017 and has a registered capital of RMB500,000. Yuan Hang Port was wholly-owned by Ocean Line (Hong Kong). Yuan Hang Port is an investment holding company.

(b) Acquisition of 33.325% registered capital in Chizhou Niutoushan and the entire registered capital in Chizhou Qianjiang by Yuan Hang Port from Anhui Ocean Line

On 10 March 2018, Yuan Hang Port acquired from Anhui Ocean Line 33.325% registered capital in Chizhou Niutoushan and the entire registered capital in Chizhou Qianjiang at nominal consideration of RMB1.0 respectively in cash. Immediately upon completion of the foregoing, Yuan Hang Port owns 33.325% registered capital in Chizhou Niutoushan and the entire registered capital in Chizhou Qianjiang.

(c) Acquisition of Ocean Line Chizhou and Noble Century from Mr. Kwai and Ms. Cheung by our Company

On 1 June 2018, our Company acquired from Mr. Kwai and Ms. Cheung (i) two shares in Ocean Line Chizhou, representing the entire issued share capital of Ocean Line Chizhou; and (ii) ten shares in Noble Century, representing the entire issued share capital of Noble Century in consideration of our Company allotting and issuing 99 new Shares to Vital Force (as directed by

Mr. Kwai and Ms. Cheung), credited as fully paid and the crediting of the one nil-paid Share, which was registered in the name of Vital Force, as fully paid. Immediately upon completion of the foregoing, Ocean Line Chizhou and Noble Century became wholly-owned by our Company.

In consideration of Mr. Kwai and Ms. Cheung nominating Vital Force to hold 99 new Shares, on 1 June 2018, Vital Force allotted and issued six shares and four shares, credited as fully paid, to Mr. Kwai and Ms. Cheung respectively.

(d) Increase of authorised share capital of our Company

On 1 June 2018, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by the creation of an additional 4,962,000,000 Shares of HK$0.01 each to rank pari passu in all respects with the existing Shares.

Our Directors consider that the Reorganisation has been properly and legally completed and settled, and confirm that (i) the acquisition of 33.325% registered capital in Chizhou Niutoushan and the entire registered capital in Chizhou Qianjiang by Yuan Hang Port; and (ii) the acquisition of Ocean Line Chizhou and Noble Century from Mr. Kwai and Ms. Cheung by our Company under the Reorganisation comply with applicable laws and regulations and does not require any approval or permit from any relevant Government authorities in the PRC.

PRC LEGAL COMPLIANCE

M&A Rules

According to M&A Rules, the merger and acquisition of a domestic enterprise by a foreign investor is interpreted as (i) a foreign investor either acquiring equity of a domestic non-foreign-invested enterprise (a "**Domestic Enterprise**") or subscribing for new equity via an increase in capital that results in a conversion of such Domestic Enterprise into a foreign-invested enterprise; or (ii) a foreign investor establishing a foreign-invested enterprise which acquires and operates the assets of a Domestic Enterprise by an agreement, or a foreign investor purchasing the assets of a Domestic Enterprise followed by an injection of those assets to establish a foreign-invested enterprise. If a domestic company or natural person acquires its/his/her connected Domestic Enterprise in the name of its/his/her legally established or controlled overseas company, the approval of MOFCOM shall be sought. Circular 10 also provides that the overseas listing and trading of an overseas special purpose vehicle shall obtain the approval of CSRC, and the overseas special purpose vehicle refers to an overseas company controlled directly or indirectly by PRC companies or natural persons intending to facilitate the listing and trading of their interests in such Domestic Enterprises overseas.

With reference to the applicable laws and regulations, the PRC Legal Adviser is of the view that the Reorganisation would not be governed by M&A Rules on the following grounds where: (i) Chizhou Port Holdings and Yuan Hang Port are foreign invested enterprises from their establishment; and (ii) Chizhou Niutoushan and Chizhou Qianjiang are set up as the enterprises reinvested by foreign invested enterprises. Yuan Hang Port acquired 33.325% equity of Chizhou Niutoushan and 100% equity of Chizhou Qianjiang which were held by Anhui Ocean Line, which belongs to the alternation of equity of enterprise reinvested within domestically by foreign invested enterprise.

As such, the PRC Legal Adviser confirmed that our Group would not be required to obtain the approval under the M&A Rules from (i) MOFCOM regarding the acquisition of Domestic Enterprises by foreign investors; and (ii) CSRC regarding the application for listing of securities of an overseas special purpose vehicle on a non-PRC stock exchange.

Circular 37

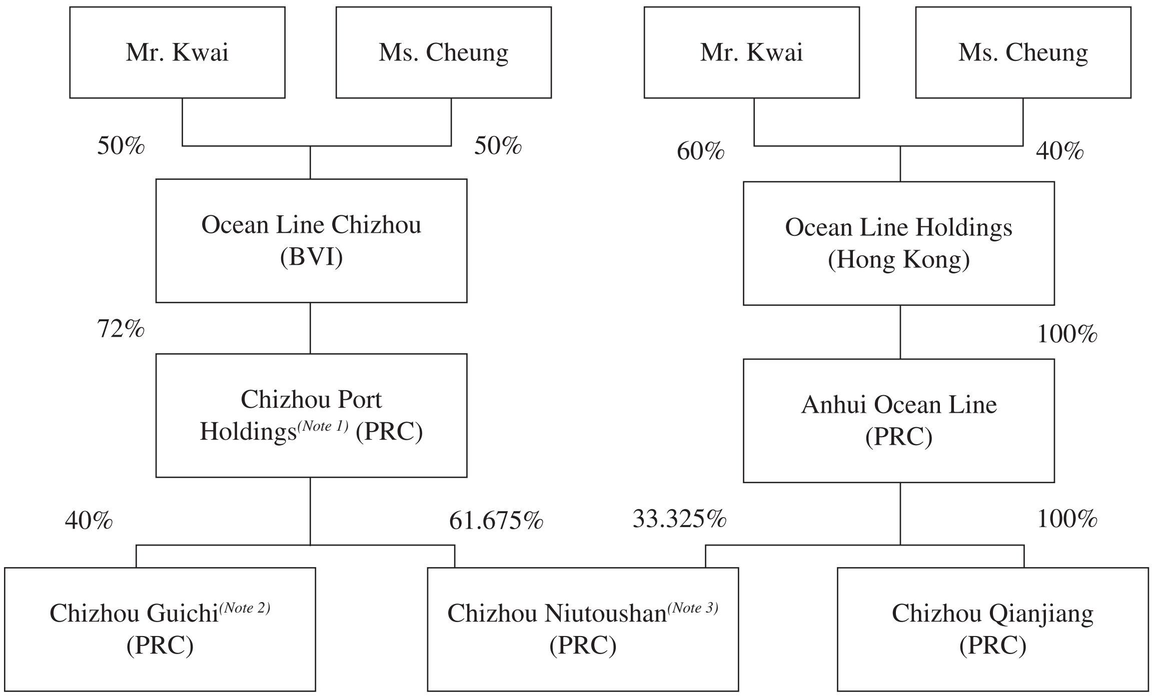
Pursuant to Circular 37, a PRC resident (including a PRC resident individual and a company incorporated in the PRC) must register with the relevant SAFE branch if (i) he/she/it newly establishes, for investment or financing purposes, an overseas special purpose vehicle (an "**Overseas SPV**") with the contribution of domestic and/or overseas legal assets thereto; or (ii) his/her/its indirectly-controlled Overseas SPV establishes in the PRC any foreign invested enterprises or projects with the subsequent obtaining of ownership as well as managerial control thereof. Following the initial registration, the said PRC resident is also required for prompt registration with the relevant SAFE branch for any major changes, in respect of the relevant Overseas SPV, including but not limited to any changes to the name(s) of PRC resident individual shareholder(s) of the Overseas SPV, name of the Overseas SPV itself, term of operation, or any increase or reduction of that Overseas SPV's registered capital, share transfer or swap, and merge or division. Pursuant to Circular 37, failure to comply with the aforesaid registration procedures may result in penalties, including but not limited to the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas' parent entity.

Since Mr. Kwai and Ms. Cheung are not PRC residents, the PRC Legal Adviser is of the view that Mr. Kwai and Ms. Cheung are not required to obey the foreign exchange registration rules in Circular 37.

E. OUR GROUP STRUCTURE

(a) Group structure immediately prior to implementation of the Reorganisation

The following diagram sets out the corporate structure of our Group immediately prior to the implementation of the Reorganisation:



Notes:

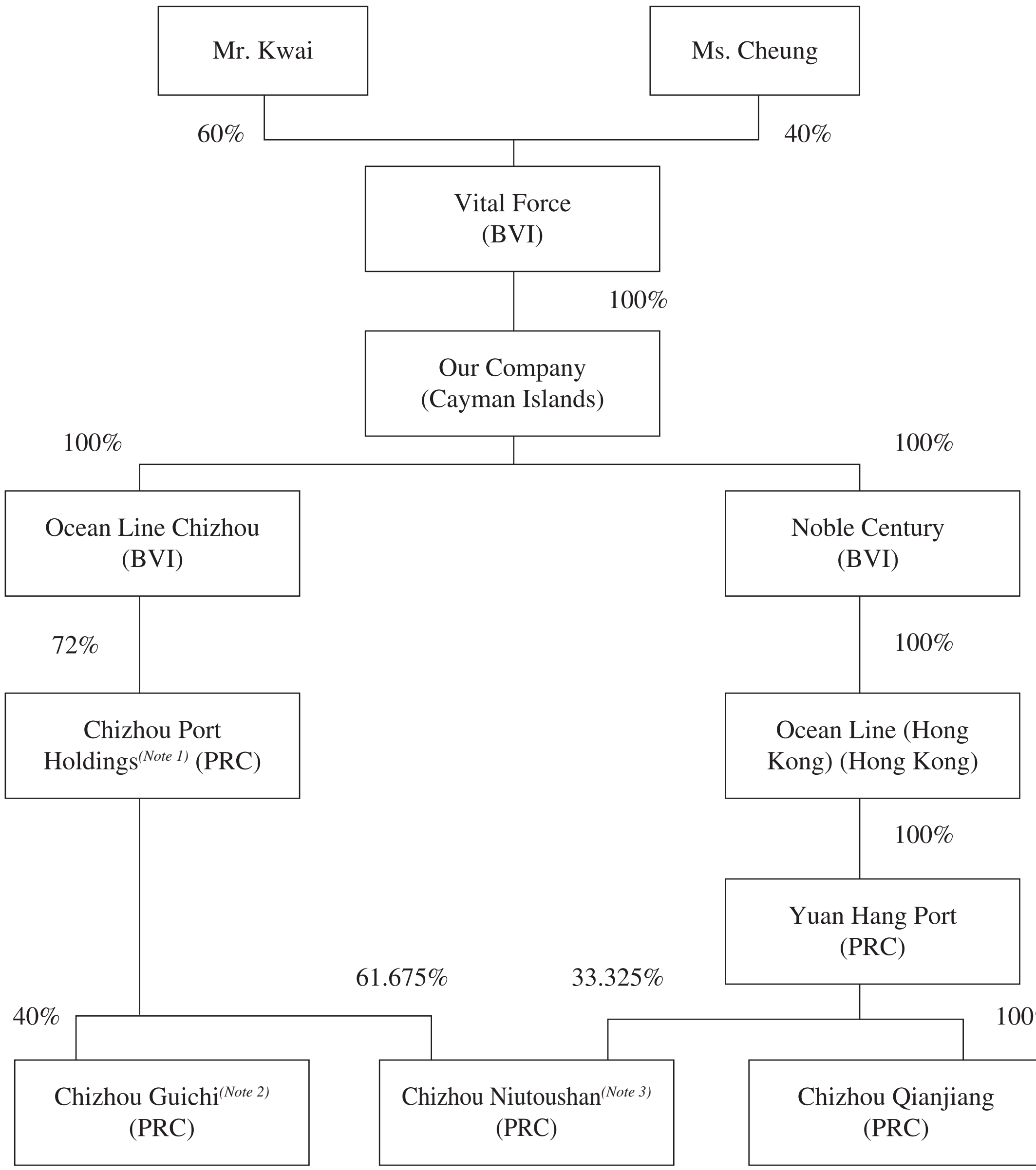
(1) The remaining 28% equity interest of Chizhou Port Holdings is held by an independent third party, which is a state-owned enterprise in the PRC.

(2) Chizhou Guichi is an associated company of the Group. The remaining 60% equity interest of Chizhou Guichi is held by an independent third party, which is a state-owned enterprise in the PRC.

(3) The remaining 5% equity interest of Chizhou Niutoushan is held by an independent third party, which is a state-owned enterprise in the PRC.

(b) Group structure immediately after completion of the Reorganisation

The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation and prior to completion of the Public Offer and the Capitalisation Issue:



Notes:

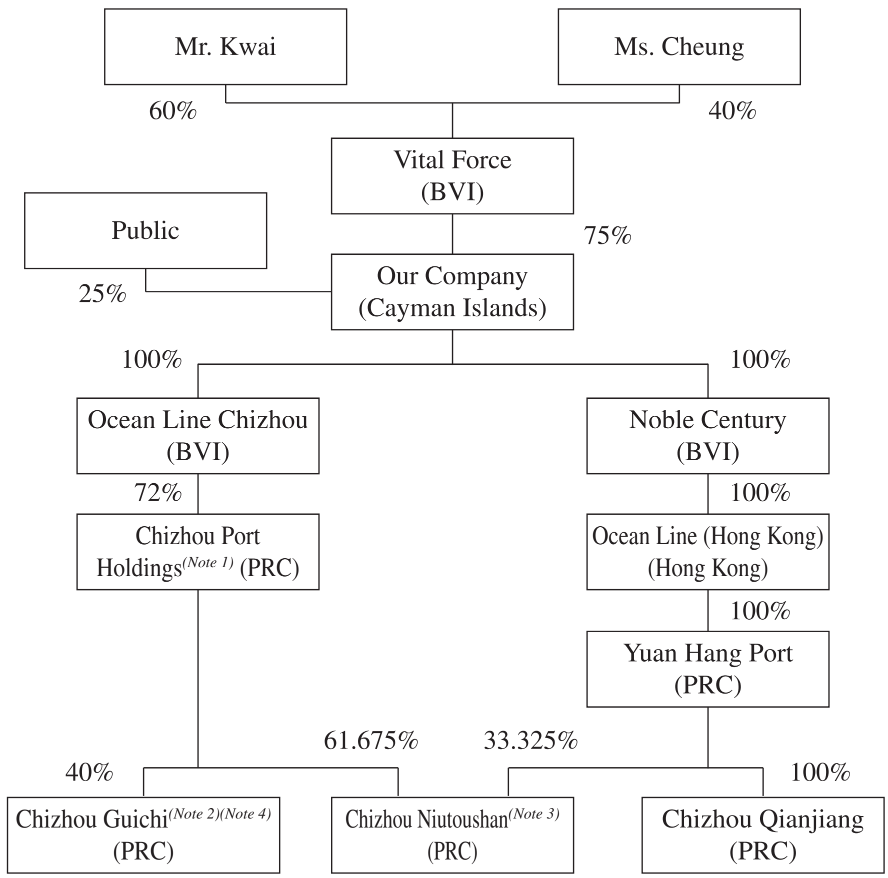
(1) The remaining 28% equity interest of Chizhou Port Holdings is held by an independent third party, which is a state-owned enterprise in the PRC.

(2) Chizhou Guichi is an associated company of the Group. The remaining 60% equity interest of Chizhou Guichi is held by an independent third party, which is a state-owned enterprise in the PRC.

(3) The remaining 5% equity interest of Chizhou Niutoushan is held by an independent third party, which is a state-owned enterprise in the PRC.

(c) Group structure immediately after completion of the Public Offer and the Capitalisation Issue

The following diagram sets out the corporate structure of our Group immediately after completion of the Public Offer and the Capitalisation Issue (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):



Notes:

(1) The remaining 28% equity interest of Chizhou Port Holdings is held by an independent third party, which is a state-owned enterprise in the PRC.

(2) Chizhou Guichi is an associated company of the Group. The remaining 60% equity interest of Chizhou Guichi is held by an independent third party, which is a state-owned enterprise in the PRC.

(3) The remaining 5% equity interest of Chizhou Niutoushan is held by an independent third party, which is a state-owned enterprise in the PRC.

(4) On 4 December 2017, Chizhou Port Holdings has entered into a non-legally binding memorandum of understanding with an independent third party for a possible disposal of its entire interest in Chizhou Guichi, pursuant to which the potential purchaser will conduct due diligence review on Chizhou Guichi. The parties to the memorandum of understanding will further discuss and negotiate the terms of the formal sale and purchase agreement, including the amount of consideration, which will be not less than 40% of the net asset value of Chizhou Guichi. As at 31 December 2017, the net assets of Chizhou Guichi were approximately RMB7.1 million (approximately HK$8.4 million). As at the Latest Practicable Date, the formal sale and purchase agreement has not been entered into and it is expected to be entered into in the third quarter of 2018. Upon completion of the disposal, if materialised, Chizhou Guichi will cease to be an associated company of our Group and our Company will disclose details of the disposal in our Company's annual report after Listing.

OVERVIEW

We are an inland terminal operator in the PRC. We operate two terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both of which are situated in Chizhou City, Anhui Province, the PRC with a distance of approximately 40 km between them. The two terminals are located in major port areas of Ports of Chizhou. According to the CIC Report, Chizhou City is an important port city in the southwestern region of Anhui Province, having benefited from close economic ties with cities along the Yangtze River delta. Chizhou City is located at a central hub surrounded by large cities on the downstream section of the Yangtze River including Nanjing, Suzhou and Jiujiang in Jiangsu Province and Jiangxi Province. We recorded freight throughput of approximately 8.1 million tonnes in 2016, which made us the largest public terminal operator in Chizhou City and the 18^{th} largest terminal operator among the 25 major terminal operators along the Yangtze River in terms of throughput in that year.

We focus on the provision of port logistic services, whereby our customers use our terminals primarily to transport their cargo along the Yangtze River. Our principal services mainly comprise of the following:

- cargo uploading and unloading services involving:

  (i) bulk cargo, i.e. cargo that is unpackaged and transported in large quantities. During the Track Record Period, we mainly handled bulk cargo for various types of raw minerals such as limestone, dolomite and calcite;

  (ii) containers, i.e. large standardised containers (usually 20 or 40 feet long) that are used to contain, store and transport objects and materials; and

  (iii) break bulk cargo, i.e. cargo that is non-containerised and is transported as individual pieces. The break bulk cargo that we handled during the Track Record Period included steel pipes, marble, wood and industrial products.

- related ancillary port services including:

  (i) storage services at our terminals to store customers' raw materials temporarily prior to and/or after shipments;

  (ii) short distance road transportation services as requested by our customers; and

  (iii) miscellaneous services such as docking and undocking of vessels and cleaning services for trucks and containers.

For FY2015, FY2016 and FY2017, our revenue generated from the provision of bulk cargo uploading and unloading services amounted to approximately RMB37.5 million, RMB41.8 million and RMB50.1 million, representing 79.2%, 85.2% and 78.8% of our total revenue, respectively.

Our Jiangkou Terminal provides all of the services mentioned above. Our Niutoushan Terminal provides uploading and unloading services and ancillary port services mainly for bulk cargo to cater for our customers' demand for port logistic services for bulk cargo. We evaluate our services offered at our terminals from time to time to satisfy our customers' needs and requirements.

The following table sets out our revenue generated from Jiangkou Terminal and Niutoushan Terminal for the years indicated:

	FY2015		**FY2016**		**FY2017**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Jiangkou Terminal	32,340	68.4	34,992	71.4	41,459	65.1
Niutoushan Terminal	14,970	31.6	14,016	28.6	22,179	34.9
Total	47,310	100.0	49,008	100.0	63,638	100.0

The following table sets out our revenue breakdown by types of services for the Track Record Period:

	FY2015		**FY2016**		**FY2017**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue from provision of uploading and unloading services						
Bulk cargo	37,467	79.2	41,750	85.2	50,142	78.8
Break bulk cargo	3,590	7.6	2,907	5.9	5,426	8.5
Total cargo	41,057	86.8	44,657	91.1	55,568	87.3
Container	2,246	4.7	1,843	3.8	2,485	3.9
Sub-total	43,303	91.5	46,500	94.9	58,053	91.2
Revenue from provision of ancillary port services						
Storage services	1,965	4.2	196	0.4	282	0.5
Transportation and miscellaneous services	2,042	4.3	2,312	4.7	5,303	8.3
Sub-total	4,007	8.5	2,508	5.1	5,585	8.8
Total revenue	47,310	100.0	49,008	100.0	63,638	100.0

Whilst the cargo and container throughput provides an indication of cargo and containers passing through our terminals, our operational performance is driven by the volume of cargo we handle and charge for such services, which in turn are driven by multiple factors including macro-economic conditions of the world, the PRC and our hinterland, and demand for specific types of cargo which are sourced from or transported to our hinterland. Please refer to the section headed "Industry Overview — Overview of port operators located in Chizhou City, Anhui Province, PRC — Key drivers for future growth" in this prospectus for more information on our growth drivers.

We have been granted port operation licences for the operations of Jiangkou Terminal and Niutoushan Terminal. Such licences allow us to operate our two terminals and provide port logistic services, including (i) the provision of berths to vessels; (ii) the uploading and unloading of cargo; and (iii) storage services, to the public. According to the CIC Report, recently, as a result of the PRC government's initiatives to preserve shoreline resources and reduce pollution along the Yangtze River, any proposed construction of terminals in Chizhou City are subject to stricter requirements and higher associated costs concerning the exploitation of shoreline resources in Chizhou City. A number of unqualified terminal operators in Chizhou City, which failed to obtain or renew their port operation licences, are being forced to close down. Consequently, the size of the cargo throughput volume handled by public terminals is expected to grow at a quicker pace in the future, as it is becoming increasingly difficult for enterprises to expand and level up their own captive port facilities given the tight regulations controlling the development of shoreline resources along the Yangtze River.

During the Track Record Period, we primarily generated our revenue from our cargo uploading and unloading services from the use of conveyor belts and cranes. Conveyor belts are generally used for bulk cargo while cranes are primarily used for uploading and unloading containers and break bulk cargo.

The majority of our customers are mining and processing companies and transportation companies located in Chizhou City, Anhui Province, the PRC. Our Jiangkou Terminal and Niutoushan Terminal have convenient access to mining and processing sites in Chizhou City through local highways. Most of the major mining and processing companies and transportation companies in Chizhou City are our customers and are generally located in close proximity to our terminals (generally within 50 km). Our services and cargo mix are well aligned with the major industries in Chizhou City and our hinterland, in particular, mining and processing of non-metallic ores such as limestone, dolomite and calcite. These minerals are mostly shipped outbound to large steel-making, glass-making, and paper-making producers located in cities along the Yangtze River and eastern China, with some also being exported to foreign markets such as Japan, South Korea, etc. In respect of the materials shipped into Chizhou City, they include metal ores for foreign trade and sand, coal and wood for domestic trade. We have maintained stable relationships with various companies in the mining and processing industry based in Chizhou City. For FY2015, FY2016 and FY2017, our top five customers accounted for approximately 37.3%, 33.7% and 34.9%, respectively; and our largest customer accounted for approximately 10.0%, 9.0% and 12.3% of our total revenue, respectively. During the Track Record Period, the majority of our top five customers had continued business relationship with us for periods ranging from two to nine years. For detailed information about the period of business relationships with our major customers, please refer to the paragraphs headed "Major customers" in this section.

OUR COMPETITIVE STRENGTHS

We believe that our continued success within the inland terminal operators market in the PRC is attributable to the following competitive strengths:

Our two terminals are strategically located in Chizhou City, an important port city in the southwestern region of Anhui Province with ideal natural, economic and geographical conditions.

According to the CIC Report, Chizhou City is an important port city in the southwestern region of Anhui Province, having benefited from close economic ties with cities along the Yangtze River delta. Geographically, Chizhou City is located at a central hub surrounded by large cities on the downstream section of the Yangtze River including Nanjing, Suzhou and Jiujiang situated in Jiangsu province and Jiangxi province. Our Jiangkou Terminal and Niutoushan Terminal have convenient access to the mining and processing sites in Chizhou City through local highways. Most of Chizhou City's mining and processing companies and transportation companies are our customers and are generally located in close proximity to our terminals (generally within 50 km). During the Track Record Period, most of our customers are based in Chizhou City, Anhui Province.

According to the CIC Report, due to geographic segmentation of inland waterway transportation, other terminal operators situated in nearby port cities generally do not compete with the terminals in Chizhou City. The CIC Report further provides that mining companies prefer to use the closest public terminals available in order to minimise transportation expenses. Our Directors therefore believe that the location of our terminals creates business opportunities and in turn drives our revenue growth.

Furthermore, we are benefited from the expansion of major industries in Chizhou City, in particular, the mining and processing of non-metallic ores. As most of the coastal cities such as Shanghai and Suzhou are well developed, many of the mining and processing companies have moved to less developed cities such as Chizhou City and cities in our hinterland. According to the CIC Report, non-metallic mining and processed products are the most important types of cargo shipped out of Chizhou City by waterways transportation. The reserves for non-metallic mining resources, primarily including limestone, dolomite and calcite, in Chizhou City are quite abundant and superior in terms of ore grade. Such raw minerals are non-ferrous and are important resources used in the construction, steel and paper industries in the PRC. These raw materials are also used to produce construction materials such as cement and other products including paper, plastic and glass, etc. These factors have made Chizhou City one of the most important production centres for these non-metallic mining products and further processed products in eastern China.

As Chizhou City's non-metallic mining and processing industries as well as other industrial manufacturing and production industries are expected to further expand, the size of the terminal operators market in Chizhou City in terms of freight throughput volume is expected to grow at a CAGR of approximately 6.8%, from approximately 47.8 million tonnes in 2017 to 66.4 million tonnes by 2022, according to the CIC Report. Given that our services and cargo mix are well aligned with such industries, we believe the continuous development of the mining, processing and other relevant industries in Chizhou City will provide us with sustainable business opportunities.

We are a well-established inland terminal operator known for providing quality port logistics services in Anhui Province, the PRC.

Established in 2007, we have steadily risen as an important upper-downstream terminal operator along the Yangtze River and have become one of the reputable inland terminal operators in Anhui Province, the PRC. We operate two public terminals, namely, Jiangkou Terminal and Niutoushan Terminal, specifically for port logistic services in Chizhou, Anhui Province.

Throughout the years, the operations of our terminals have been recognised, both within Anhui Province as well as at the national level. We have obtained numerous awards and were recognised as an Outstanding Transportation Enterprise in Anhui Province (安徽省聯合運輸優秀企業), a Credible Port Enterprise along the Yangtze River (長江誠信港航企業) and an Outstanding Foreign Investment Enterprise in China (全國優秀外商投資企業). According to the CIC Report, we ranked third among all the major 25 Yangtze River terminal operators in terms of throughput volume per staff in 2016, demonstrating high operating efficiency of our terminals.

Further, we are committed to work safely while maintaining operational efficiency. We have implemented internal work safety procedures and on-going training to our employees in operational safety. Such stringent work safety procedures and recognitions demonstrate our commitment and efforts in adhering to high standard of work safety for our business operation. Please refer to the paragraph headed "Health and safety" of this section for further details. Due to our commitment to work safety, we have been recognised as Chizhou City's Advanced Unit in terms of Port Safety Production (池州市港口安全生產目標管理先進單位) and an Outstanding Unit in terms of Safety Production in Chizhou (池州安全生產優秀單位).

We have established stable relationships with our major customers.

To ensure continuing customer satisfaction, we would collect information with respect to the market development from time to time and customise our services to meet our customers' needs as well as market demands. We also regularly visit customers to collect customers' feedback on our service quality, and would adjust our scope of services based on the feedback received from our customers. During the Track Record Period and as at the Latest Practicable Date, we have established stable business relationships with our major customers. As at the Latest Practicable Date, we had maintained business relationships with the majority of our top five customers for at least two years, with the longest period of relationship being nine years. To most of our customers, we are located in close proximity, which makes it convenient for us to visit them if necessary and this in return enhances our customer loyalty. We believe that our success in maintaining a sizeable customer base and customer loyalty demonstrates our strong competitive strengths in the port operators market in Chizhou City.

We have an experienced management team with in-depth market understanding in the terminal operators market.

Our Group's business is managed by an experienced management team possessing extensive experience and in-depth knowledge in terminal operations. Most integral to the success of our Group is Mr. Kwai, our executive Director and chairman, who is one of our founders and is mainly responsible for the overall management and development and formulation and implementation of business strategies. Mr. Kwai has more than 30 years of experience in international shipping and port operation business in the PRC. Furthermore, Mr. Huang Xueliang, our executive Director and chief executive officer, has over nine years of experience in the terminal operators market in the PRC. For detailed information about the industry experience of our Directors and senior management, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. We believe that the combination of our management team's expertise and industry knowledge will continue to be our Group's valuable assets and strive our Group towards greater success.

OUR BUSINESS STRATEGY

Our principal business objective is to further strengthen our position as a major inland terminal operator in Anhui Province. To achieve this, we endeavour to implement the following strategy:

Construct and develop a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency

To expand our operational capacity and to improve our efficiency, we plan to construct and develop a new phase of our Jiangkou Terminal and to establish two additional berths with an aggregate annual estimated maximum cargo throughput capacity of approximately 4.6 million tonnes, representing an increase of approximately 57.5% of the annual estimated maximum throughput capacity of Jiangkou Terminal. Furthermore, we plan to construct roads, stacking yards and storage facilities with a total area of approximately 58,500 sq.m. as well as other ancillary facilities during the course of our expansion plan.

Reasons and benefits of the construction and development of the new phase of our Jiangkou Terminal

Our Directors believe that, by expanding our cargo handling capacity, we will be able to broaden our customer base and continue to enhance our competitiveness in the inland terminal operators market in the Anhui Province.

As at 31 December 2017, Jiangkou Terminal operated four berths with an aggregate annual estimated maximum throughput capacity for cargo of approximately 8.0 million tonnes. During the Track Record Period, Jiangkou Terminal experienced considerable increases in its utilisation. For FY2015, FY2016 and FY2017, Jiangkou Terminal had a throughput capacity utilisation rate for cargo of 51.6%, 67.6% and 81.3%, respectively. For detailed information on Jiangkou Terminal's annual designed throughput capacity, maximum practicable throughput capacity and throughput capacity utilisation rate, please refer to the paragraph headed "Our location and hinterland — Throughput capacity" in this section.

Our Group chose to expand Jiangkou Terminal rather than Niutoushan Terminal for the following reasons:

- According to the CIC Report, Jiangkou Terminal is the only port terminal in Chizhou City that is licensed for foreign trade and capable of providing handling services for containers. Jiangkou Terminal has been the central port service area in Chizhou City and has been well-supported by the local government as a key public infrastructure to service the fast growing economic activities in Chizhou City. The location of Jiangkou

Terminal is privileged to serve customers across Chizhou City as it is well connected to a number of highways for freights to be transported into the terminals. On the other hand, Niutoushan Terminal mainly serves its hinterland. Having considered the services offered by Jiangkou Terminal, the supports from the local government, the advantageous location of Jiangkou Terminal and the fact that Jiangkou Terminal had higher actual throughput than Niutoushan Terminal during the Track Record Period, our Directors believe that it is more appropriate and beneficial for us to expand the operations of Jiangkou Terminal instead of Niutoushan Terminal.

- In anticipation of the expected increase in the freight throughput volume of Niutoushan Terminal, our Group had already invested in expanding the operational capacity of Niutoushan Terminal by installing a new set of conveyor belts with an annual estimated maximum throughput capacity of approximately 3.3 million tonnes at Niutoushan Terminal in August 2016. Upon obtaining the necessary approval from the relevant local authorities, the new set of conveyor belts commenced operations in January 2017 to meet the demand of Niutoushan Terminal. Niutoushan Terminal is situated in the controlled sections of the Yangtze River shoreline (長江岸線控制利用區). According to the CIC Report, the local government and authorities intend to restrict any proposed construction and expansion of port facilities within these areas. As such, it is expected that it will be more difficult to obtain governmental approval for any new construction of port facilities within the controlled sections of the Yangtze River shoreline. On the other hand, Jiangkou Terminal is located in the development sections of the Yangtze River shoreline (長江岸線開發利用區), where the local government generally permits new construction projects that are in line with the urban development plan and other relevant plans set by different ministries of the PRC Government, according to the CIC Report. Hence, our Directors believe that it is more realistic in both economic and regulatory aspects for our Group to expand Jiangkou Terminal instead of Niutoushan Terminal.

- The Chizhou City Sand Distribution Hub, a centralised distribution centre planned to be developed by Chizhou Port Investment, a state-owned enterprise controlled by the Chizhou Municipal Government, is expected to commence operations by the end of 2018 in the Jiangkou port area, where Jiangkou Terminal is situated. Chizhou Port Investment is principally engaged in investments relating to the development of port infrastructure projects. As the Chizhou Municipal Government has been committed to centralise the management of the sale and purchase of sand transported in, out and across Chizhou City as well as the related storage, the Chizhou Municipal Government, through Chizhou Port Investment, acquired the Relevant Land from Chizhou Port Holdings to develop and construct the Chizhou City Sand Distribution Hub, which is expected to commence operations by the end of 2018. Since our Group, as a port terminal operator, is not in the business of managing sales and distribution of construction material (including sand) in the city, Chizhou Port Holdings was requested by the Chizhou Municipal Government to effect the sale and purchase of the Relevant Land in order to facilitate its development of the Chizhou City Sand Distribution Hub. Following arm's length negotiations between Chizhou Port Holdings and Chizhou Port Investment, the consideration for the disposal of the Relevant Land was approximately RMB6.2 million and completion is expected to take place in the second quarter of 2018.

For details of the disposal, please refer to the paragraph headed "Properties — Owned Properties" in this section. According to the CIC Report, it is expected that the Chizhou City Sand Distribution Hub will create an additional throughput of approximately 1.5 million tonnes in the first year of its operation and the additional annual throughput will reach approximately 3.0 million by 2021. Our Directors believe that the demand for our services will benefit from the commencement of operation of the Chizhou City Sand Distribution Hub, given that the uploading and unloading of the sand transported across the hub is intended to be conducted through the new phase of our Jiangkou Terminal. Further, the value of the total industrial value-added (i.e. the total value of net output of products and services contributed by the industrial sectors) of Chizhou City is expected to increase at a CAGR of approximately 8.9%, from RMB24.6 billion in 2017 to RMB37.7 billion by 2022. Our Directors therefore believe that the expected growth of the industrial sectors in Chizhou City and the resulting business opportunities will position us well to expand our customer base for Jiangkou Terminal and hence necessitate our expansion of Jiangkou Terminal. Our Directors consider that there will be sufficient demand for our services after the construction and development of the new phase of Jiangkou Terminal for the following reasons:

(a) The steady economic development of Chizhou City: according to the CIC Report, Chizhou City has been witnessing a period of steady economic development due to effective investment into certain industries transferred from coastal provinces as well as the increase in local development in terms of tourism and other related sectors.

(b) The growth of the industrial sectors in Chizhou City: according to the CIC Report, the growth in non-metallic mining and processing sectors, as well as other industrial manufacturing sectors, has been the most important determinant of demand for Chizhou City's waterway transportation. The value of the total industrial value-added (i.e. the total value of net output of products and services contributed by the industrial sectors) of Chizhou City is expected to increase from RMB24.6 billion in 2017 to RMB37.7 billion by 2022, representing a CAGR of 8.9%. Therefore, our Directors believe that our Group will benefit from the expected growth in Chizhou City's industrial sectors and with the operation of the new phase of Jiangkou Terminal, we will be well-positioned to cope with the expansion of the industrial sectors in Chizhou City.

(c) Our Group has experienced and is expected to sustain a faster growth rate in freight throughput volume than that of the public terminal operators market in Chizhou City: according to the CIC Report, the freight throughput volume for public terminals in Chizhou City increased from approximately 14.4 million tonnes in 2013 to 18.7 million tonnes in 2017, representing a CAGR of approximately 6.9%. The public terminal operators market in Chizhou City is predicted to sustain an upward growth trajectory between 2017 and 2022 with freight throughput volume expected to increase at a CAGR of approximately 9.0%, rising to approximately 28.9 million tonnes by 2022.

Our Group has experienced and is expected to sustain a faster growth rate in freight throughput volume than that of the public terminal operators market in Chizhou City. Pursuant to the CIC Report, our Group's freight throughput volume increased from approximately 5.1 million tonnes in 2013 to 11.6 million tonnes in 2017, at a CAGR of approximately 22.9%. Further, it is expected that our Group's freight throughput volume will continue to grow between 2017 and 2022 at a CAGR of approximately 11.2%, reaching approximately 19.7 million tonnes by 2022. According to the CIC Report, our Group is expected to grow considerably in the forthcoming years due to the following:

- The Chizhou City Government has endeavoured to consolidate the non-metallic mining and processing industry in the city. According to the CIC Report, it is expected that our Group's major customers, which are leading players in the mining and processing industry in Chizhou City and are in close proximity to Jiangkou Terminal, will continue to grow and gain greater market share while smaller mining and processing companies that are unable to meet the necessary standards will be acquired by the major players in the industry (i.e. our customers) or forced to close down. As companies in the mining and processing industry are cost-sensitive, they normally choose to use the nearest terminals to minimise transportation costs, especially when the service fee rates of different terminals are not significantly different. Given that Jiangkou Terminal is located in close proximity to our major customers, our Directors believe that it is unlikely that they will use the other terminals.

- Due to the strict environmental protection regulations, small public terminal operators in Chizhou City will be forced to close down. This will further create opportunity for our Group to capture a higher market share in terms of total throughput volume.

- As mentioned above, the Chizhou City Sand Distribution Hub, a centralised distribution centre planned to be developed by Chizhou Port Investment, is set to commence operations by the end of 2018 in the Jiangkou port area. According to the CIC Report, it is estimated that the Chizhou City Sand Distribution Hub will create an additional annual throughput of approximately 3.0 million tonnes for waterways transportation in Chizhou City by 2021. Our Directors believe that Jiangkou Terminal will be able to benefit substantially from the operation of the Chizhou City Sand Distribution Hub.

- The new phase of Jiangkou Terminal will greatly increase the capacity of our Group and enable us to effectively capture the business opportunities from the emerging industrial sectors in Chizhou.

As such, although the freight throughput volume for public terminals in Chizhou City is expected to grow at a CAGR of 9.0% only from 2017 to 2022, our Directors believe the projected freight throughput volume of our Group of approximately 19.7 million tonnes in 2022 will justify the need for the expansion plan.

(d) Our Group will capture additional demand from the market due to the implementation of the relevant government initiatives to protect the shoreline resources in Chizhou City: according to the Plan for Specific Regulations on the Yangtze River's Shoreline Resources in Chizhou City (池州市長江岸線資源專項整治實施方案), the Chizhou Government has initiated a three-year campaign to regulate shoreline resources in Chizhou City. Under the campaign, the unqualified or illegal production and transportation facilities along the shoreline in Chizhou City are required to be removed within a given time period, in order to safeguard the shoreline resources in Chizhou City and to protect its long-term development. The CIC Report provides that approximately six unqualified terminals along the Yangtze River in Chizhou City have been forced to close down since the introduction of the said government initiatives. In addition, environmental regulations such as Work Plan for Water Pollution Control in Anhui Province (安徽省水污染防治工作方案) and Implementation Plan for Air Pollution Prevention in Anhui Province (安徽省大氣污染防治行動計劃實施方案) have been implemented to drive the Chizhou Government to strengthen its regulation on the environmental protection practices by companies in industrial and other sectors. In response to the implementation of the said government initiatives and the relevant environmental regulations, our Company has built up an effective dust pollution control system including dust-prevention walls and nets, water spraying equipment, stacking yard sheds, conveyor belt sheds, and a number of other facilities in order to minimise the water and dust pollution generated by the intensive transportation and goods handling activities in our terminals. These efforts enable our Group to minimise the impacts from the strengthening regulation by the government and keep operating at a healthy and normal status. Our Directors believe that our Group will be able to capture additional demand from the market due to (i) the decrease in the number of terminals available in Chizhou City; (ii) despite the expected high demand due to the growth in the industrial sectors of Chizhou City, it has become increasingly difficult for new terminal operators to enter into the market in light of the stricter environmental protection regulations; and (iii) nearby mining companies in Chizhou City tend to use the closest public terminals to minimise transportation costs. After considering these reasons, our Directors believe that our Group is well-positioned to further strengthen our market position.

(e) It is anticipated that Jiangkou Terminal will reach full utilisation in the coming years if its current capacity remains unchanged: the utilisation rate of Jiangkou Terminal for FY2015, FY2016 and FY2017 was approximately 51.6%, 67.6% and 81.3%, respectively. Based on the anticipated growth rate in respect of our

Group's freight throughput volume provided in the CIC Report, our Directors expect the utilisation rate of Jiangkou Terminal for FY2018 will be approximately 90% if the operational capacity of Jiangkou Terminal remains unchanged.

Having considered the above, our Directors are of the view that our Group should start the expansion of operational capacity of Jiangkou Terminal in advance, otherwise Jiangkou Terminal will reach full utilisation in the coming years and will be unable to satisfy the required demand from customers.

Under our expansion plan, the construction and development of the new phase of Jiangkou Terminal will be completed by June 2019, i.e. the year that Jiangkou Terminal is expected to reach full utilisation. Therefore, our Directors believe that it is an appropriate time to expand the operational capacity of Jiangkou Terminal.

Please refer to the paragraph headed ''Industry Overview — Key Drivers for Future Growth'' for further details of our growth drivers.

In view of the above, our Directors are of the view that our Group's business expansion plan of the construction and development of the new phase of Jiangkou Terminal is feasible and commercially viable and would add value to our business and facilitate our Group's further business development.

Development procedures of the new phase of Jiangkou Terminal

Based on the current progress of the development of the new phase of Jiangkou Terminal, our Directors consider that the construction and development will be completed by June 2019.

The estimated total investment for the construction and development of the new phase of Jiangkou Terminal is approximately RMB100.5 million. As at the Latest Practicable Date, the investment made for the new phase development was approximately RMB17.4 million, of which approximately RMB16.6 million was spent in 2010 for the acquisition of a parcel of land located at Jiangkou Port of Economic and Technological Development Zone (Portion of Phase 3), Chizhou City, Anhui Province, the PRC, and approximately RMB0.8 million on several preparatory works. For details of the said piece of land, please refer to the paragraph headed ''Properties'' of this section and Appendix III to this prospectus.

The key steps in the development process are as follows:

(i) *Construction works*

Prior to the commencement at the construction works, we will select and engage third-party architects, engineers and contractors to carry out different kinds of design and construction works relating to the construction of the new phase of Jiangkou Terminal. Such design and construction works would include construction of port infrastructure including (i) two berths, stacking yards and storage facilities; and (ii) installation of utilities and drainage facilities. The appointment of third party architects, engineers and contractors will be done through tendering procedures. Selection of tenderers will be based on factors including their company reputation, track records, financial background, licence/certificate attained by the company, management team (e.g. structure, background, experience), project team composition and experience and previous working experience with our Group.

(ii) Obtaining the relevant permits and licences

As required by the applicable PRC laws and regulations, we are currently conducting the preparatory works including preliminary assessments of impact on environment and navigation safety to ensure that our construction and development plan can fulfil the relevant standards and requirements.

We have been granted the approval for port shoreline use (使用港口岸線批覆) by the Ministry of Transport in April 2018. Prior to applying the port operation licence, our Group is also required to obtain other permits and licences or go through certain formalities, including, among others, the construction works planning permit (建設工程規劃許可證), filling in the information on the Online Platform according to the process of the port construction project, self completion and acceptance of environmental protection for construction project, the written approval for completion and acceptance of environmental protection for construction project (建設項目環境保護設施竣工驗收批覆) and self completion and acceptance of port project. We are also required to obtain various types of approval from the local authorities including preliminary design, coastline usage, safety and fire safety etc.

The following table sets forth the expected timeframe for obtaining the major permits and licences for the construction and development of the new phase of Jiangkou Terminal:

Licence/permit	**Approving authority**	**Expected time to obtain the licence/permit**
Approval for preliminary design and approval for construction drawing design (初步設計文件審批及施工圖設計審批)	Chizhou City Port Management Bureau	June 2018
Construction works planning permit (建設工程規劃許可證)	Housing and Urban and Rural Planning Construction Bureau	June 2018

Licence/permit	Approving authority	Expected time to obtain the licence/permit
Written approval for completion and acceptance of environmental protection for construction project (建設項目環境保護設施竣工驗收批覆)	Ministry of Ecology and Environment of the PRC	January 2019
Trial port operation permit (試運營期港口經營許可)	Chizhou City Port Management Bureau	January 2019
Port operation licence (港口經營許可證)	Chizhou City Port Management Bureau	May 2020

Despite the stricter requirements as a result of the PRC government's initiatives to preserve shoreline resources and reduce pollution along the Yangtze River, our Directors do not foresee any circumstances or any legal impediment that would significantly hinder or delay the application of the aforesaid licences, permits and approvals, on the basis of the following:

- Our Group's terminals are the largest public terminals in Chizhou City and the local government has been supporting our Group's development through providing more comprehensive public transportation infrastructure in Chizhou City.

- The location of the new phase of Jiangkou Terminal lies within the development sections of the Yangtze River shoreline (長江岸線開發利用區), where the local government generally permits new construction projects that are in line with the urban development plan and other relevant plans set by different ministries of the PRC government.

- The construction and development of the new phase of Jiangkou Terminal does not conflict with the overall urban development plan of Chizhou City from 2013 to 2030.

- Our Group has been granted the port shoreline use rights issued by both municipal and provincial authorities for development of the new phase of Jiangkou Terminal. Further, we have been granted the final approval for port shoreline use rights by the Ministry of Transport in April 2018.

(iii) Purchasing additional machineries and equipment

During the course of the construction of the new phase of Jiangkou Terminal, additional machineries and equipment, including floating barges, conveyor belts and portal cranes, will be purchased in support of the operation of the new phase.

Capital expenditure

Our Directors' estimation of the expenses in respect of the construction and development of the new phase of Jiangkou Terminal are set out as follows:

	Total
	(RMB'000)
Preparatory works including preliminary assessments and design plans	3,109
Construction works including the costs of obtaining the necessary building and other permits and licences	40,580
Acquisition of additional machineries and equipment in support of the operation of the new phase of Jiangkou Terminal	37,555
Evaluation of the performance and operating efficiency of the new phase of Jiangkou Terminal upon completion	427
Miscellaneous expenses	1,457
	83,128

The development project will be financed by the following means:

- approximately HK$54.4 million (approximately RMB46.1 million) from the net proceeds of the Public Offer will be allocated to the construction and development of the new phase of Jiangkou Terminal; and

- the remaining, i.e. approximately HK$44.0 million (approximately RMB37.0 million) will be funded by bank loans.

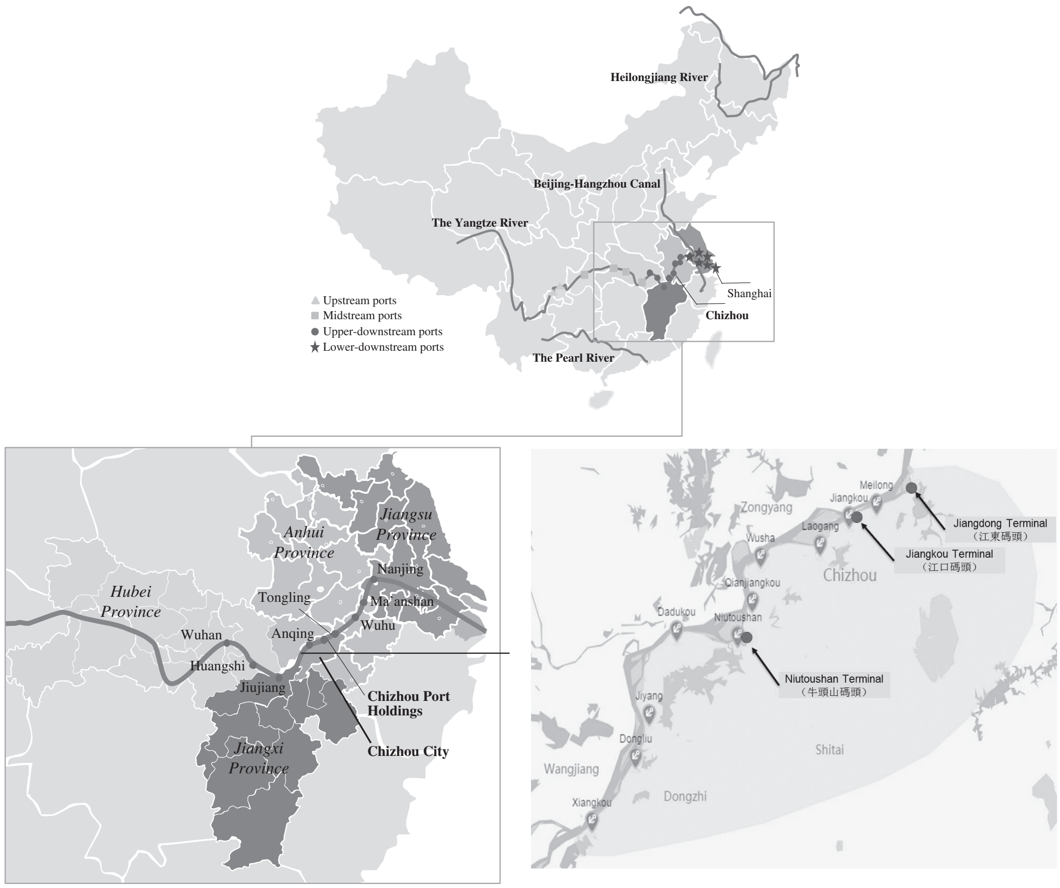
In December 2017, we have secured a letter of intent from a commercial bank with headquarter located in Hefei City, Anhui Province agreeing to offer banking facilities of RMB50.0 million to our Group for the construction and development of the new phase of Jiangkou Terminal to ensure we will have sufficient financial resources to fund our expansion plan.

In view of the above, our Directors are of the view that we will have sufficient financial resources for the construction and development of the new phase of Jiangkou Terminal.

For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

OUR LOCATION AND HINTERLAND

The following map shows the location of Anhui Province and Chizhou City:

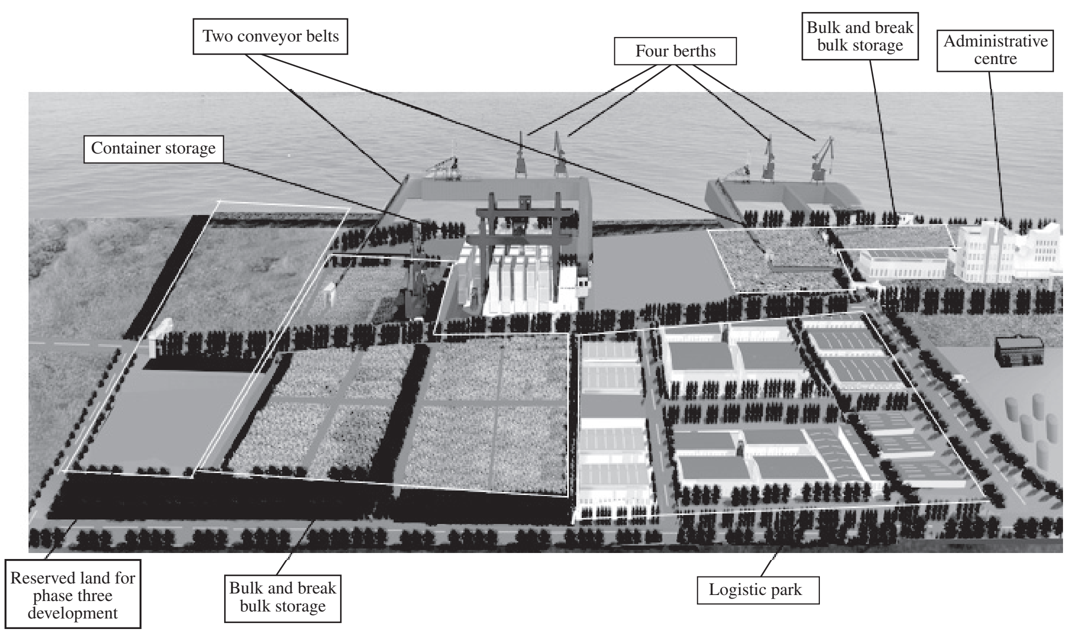


Location

Our terminals are situated in the Chizhou City, Anhui Province, the PRC. The Ports of Chizhou face the south coast of the Yangtze River. Chizhou City is located at a central hub surrounded by large cities on the downstream section of the Yangtze River including Jiangxi province and Jiangsu province. According to the CIC Report, we recorded freight throughput of 8.1 million tonnes in 2016, which made us the largest public terminal operator in Chizhou City and the 18th largest terminal operator among the 25 major port operators along the Yangtze River in terms of freight throughput of the same year.

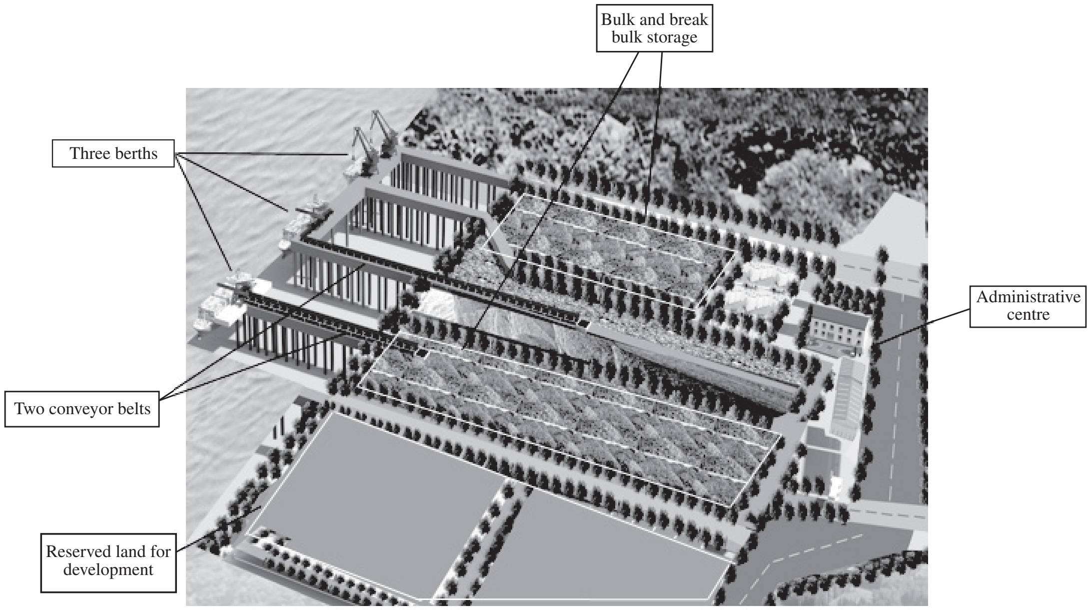
The Ports of Chizhou consist of ten officially planned port areas. Out of the ten port areas, the Jiangkou port area and the Niutoushan port area are among the most developed ones in terms of port facilities with bulk cargo throughput volumes of approximately 6.3 million tonnes and 21.8 million tonnes in 2016, respectively, making them the most active port areas in Chizhou City. The following diagrams show the design and facilities of our Jiangkou Terminal and Niutoushan Terminal:

(i) Jiangkou Terminal:



Jiangkou Terminal is located in the Jiangkou port area, Chizhou City. As at 31 December 2017, Jiangkou Terminal operated four berths with an annual estimated maximum throughput capacity for cargo of approximately 8.0 million tonnes. For details of the facilities and equipment of Jiangkou Terminal, please refer to the paragraphs headed "Our Facilities and Equipment" in this section.

(ii) Niutoushan Terminal:



Niutoushan Terminal is located in the Niutoushan port area, Chizhou City. As at 31 December 2017, Niutoushan Terminal operated three berths with an annual estimated maximum throughput capacity of cargo of approximately 6.9 million tonnes. For details of the facilities and equipment of Niutoushan Terminal, please refer to the paragraphs headed "Our Facilities and Equipment" in this section.

Hinterland

Our hinterland primarily covers Chizhou City and its nearby areas. According to the CIC Report, the reserves of non-metallic mineral resources including limestone, dolomite and calcite in Chizhou City are quite abundant for the stable development of non-metallic over quarrying business in the long run. Such abundance of non-metallic mineral resources concentrated in such a small area is uncommon in Anhui Province and makes Chizhou City one of the most important production centres of non-metallic minerals in eastern China.

According to the CIC Report, Chizhou City has experienced a period of steady economic development due to effective investments into certain industries transferred from coastal provinces, as well as increased local development in terms of tourism and other related sectors. The nominal GDP of Chizhou City increased from RMB41.7 billion in 2012 to RMB58.9 billion in 2016. Taking the total cargo throughout of both private and public terminals in Chizhou City as a whole, the total cargo throughput volume increased from approximately 34.9 million tonnes in 2012 to 43.6 million tonnes in 2016, representing a CAGR of 5.1%. The size of the market for Chizhou terminal operators in terms of cargo throughput volume is expected to increase at a CAGR of 7.1%, growing from approximately 43.6 million tonnes in 2016 to reach 61.6 million tonnes by 2021.

OUR BUSINESS MODEL

Our business consists of uploading and unloading of cargo and related ancillary port services including storage, short distance road transportation and other miscellaneous services. We currently operate two terminals, namely Jiangkou Terminal and Niutoushan Terminal, where we completed construction and commenced operations in December 2007 and August 2013, respectively. The terminals are located in the Jiangkou port area and the Niutoushan port area in Chizhou City. As at 31 December 2017, Jiangkou Terminal had an annual estimated maximum throughput capacity for cargo of approximately 8.0 million tonnes, while the actual throughput volume in 2017 was 6.5 million tonnes. As at 31 December 2017, Niutoushan Terminal had an annual estimated maximum throughput capacity of 6.9 million tonnes, while the actual throughput volume in 2017 was 5.1 million tonnes. We provide our customers with uploading and unloading services for domestic trade and foreign trade, covering a variety of cargo types which include primarily bulk cargo such as limestone, calcite and dolomite. We also provide ancillary port services including storage, short distance transportation and miscellaneous services.

OUR SERVICES

Our principal services mainly comprise of:

- cargo uploading and unloading services involving:

  (i) bulk cargo, i.e. cargo that is unpackaged and transported in large quantities. During the Track Record Period, we mainly handled bulk cargo for various types of raw minerals such as limestone, dolomite and calcite;

  (ii) containers, i.e. large standardised containers (usually 20 or 40 feet long) that are used to contain, store and transport objects and materials; and

  (iii) break bulk cargo, i.e. cargo that is non-containerised and is transported as individual pieces. The break bulk cargo that we handled during the Track Record Period included steel pipes, marble, wood and industrial products.

We generally use conveyor belts to upload and unload bulk cargo, whilst we primarily use portal cranes to perform our uploading and unloading services for containers and break bulk cargo.

- related ancillary port services including:

  (i) storage services at our terminals to store customers' raw materials temporarily prior to and/or after shipments;

  (ii) short distance road transportation services as requested by our customers; and

  (iii) miscellaneous services such as docking and undocking of vessels and cleaning services for trucks and containers.

We also offer storage services in addition to our cargo uploading and unloading services to our cargo uploading and unloading customers who require temporary storage of cargo at our stacking yards prior to and after shipments. As at 31 December 2017, Jiangkou Terminal and Niutoushan Terminal contained stacking yards with a total area of approximately 150,000 sq.m. and 55,500 sq.m., respectively. For FY2015, FY2016 and FY2017, our revenue generated from our storage services was approximately RMB2.0 million, RMB0.2 million and RMB0.3 million, respectively. The decrease in revenue generated from storage services was primarily due to the fact that most of our customers required direct uploading and unloading services without occupying our stacking yards.

Furthermore, we also engage external transportation companies to provide short distance road transportation services as requested by our customers on an as-needed basis. For FY2015, FY2016 and FY2017, the revenue generated from our transportation services and miscellaneous was approximately RMB2.0 million, RMB2.3 million and RMB5.3 million, respectively.

Our Directors believe that our services have covered the major types of cargo shipped in and out of the Ports of Chizhou and its hinterland.

The following table sets out our revenue generated from Jiangkou Terminal and Niutoushan Terminal for the periods indicated:

	FY2015		**FY2016**		**FY2017**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Jiangkou Terminal	32,340	68.4	34,992	71.4	41,459	65.1
Niutoushan Terminal	14,970	31.6	14,016	28.6	22,179	34.9
Total	47,310	100.0	49,008	100.0	63,638	100.0

The following table sets out our revenue breakdown by type of services for the years indicated:

	FY2015		FY2016		FY2017	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Revenue from provision of uploading and unloading services						
Bulk cargo	37,467	79.2	41,750	85.2	50,142	78.8
Break bulk cargo	3,590	7.6	2,907	5.9	5,426	8.5
Total cargo	41,057	86.8	44,657	91.1	55,568	87.3
Container	2,246	4.7	1,843	3.8	2,485	3.9
Sub-total	43,303	91.5	46,500	94.9	58,053	91.2
Revenue from provision of ancillary port services						
Storage services	1,965	4.2	196	0.4	282	0.5
Transportation and miscellaneous services	2,042	4.3	2,312	4.7	5,303	8.3
Sub-total	4,007	8.5	2,508	5.1	5,585	8.8
Total revenue	47,310	100.0	49,008	100.0	63,638	100.0

The following table sets out a breakdown of our cargo handling fees generated from the uploading and unloading of bulk cargo and break bulk cargo by domestic trade and foreign trade for the years indicated:

	FY2015		FY2016		FY2017	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Domestic trade	39,683	96.7	43,816	98.1	54,769	98.6
Foreign trade	1,374	3.3	841	1.9	799	1.4
Total cargo	41,057	100.0	44,657	100.0	55,568	100.0

The following table sets out our cargo handling revenue (inclusive of port facilities security fees for foreign trade, if applicable), throughput and average handling fee, categorised by product type of bulk and break bulk cargo, for the years indicated:

	FY2015			FY2016			FY2017		
	Revenue	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**
	RMB'000	*(Thousand tonnes)*	*(RMB/tonne)*	*RMB'000*	*(Thousand tonnes)*	*(RMB/tonne)*	*RMB'000*	*(Thousand tonnes)*	*(RMB/tonne)*
Product Types									
Mineral products									
Limestone	9,214	1,324.7	7.0	6,829	1,690.7	4.0	3,677	680.6	5.4
Calcite	4,347	436.1	10.0	6,287	632.1	9.9	7,545	795.0	9.5
Dolomite	10,384	1,621.4	6.4	9,700	1,597.2	6.1	9,846	1,609.3	6.1
Building and other rocks	13,143	2,254.2	5.8	15,717	3,485.6	4.5	24,976	7,469.5	3.3
Others	3,969	308.7	12.9	6,124	651.7	9.4	9,524	996.1	9.6
Total/overall	41,057	5,945.1	6.9	44,657	8,057.3	5.5	55,568	11,550.5	4.8

The following table sets out our cargo handling revenue (inclusive of port facilities security fees for foreign trade if applicable), throughput and average handling fees of containers for the years indicated:

	FY2015			FY2016			FY2017		
	Revenue	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**
	RMB'000	*(TEUs)*	*(RMB/TEU)*	*RMB'000*	*(TEUs)*	*(RMB/TEU)*	*RMB'000*	*(TEUs)*	*(RMB/TEU)*
Container	2,246	15,008	149.7	1,843	9,690	190.2	2,485	15,196	163.5

For details of the analysis of the fluctuation of the revenue, throughput and average handling fees, please refer to the section headed "Financial Information — Description of selected items in combined statement of profit or loss — Revenue" in this prospectus.

OUR FACILITIES AND EQUIPMENT

Jiangkou Terminal is capable of handling bulk cargo, containers and break bulk cargo while our Niutoushan Terminal mainly handles bulk cargo. Our terminals are well-equipped with the necessary facilities and equipment including cranes, loaders and conveyor belts for our uploading and unloading services. All of our facilities and equipment are owned by us and operated by our qualified technicians. We also operate stacking yards at both terminals to facilitate temporary storage for our customers. We engage external transportation companies to provide short distance transportation services to our customers.

Our Jiangkou Terminal commenced its operation in December 2007. It has four berths, three of which have been approved to handle foreign trade since December 2007. Its annual actual throughput for FY2015, FY2016 and FY2017 was approximately 4.1 million tonnes, 5.4 million tonnes and 6.5 million tonnes, respectively. Jiangkou Terminal currently has an annual estimated maximum throughput capacity of 8.0 million tonnes. Jiangkou Terminal also contains 10 stacking yards with a total area of approximately 150,000 sq.m. Our Niutoushan Terminal commenced its operation in August 2013. Its annual actual throughput for FY2015, FY2016 and FY2017 was approximately 1.8 million tonnes, 2.7 million tonnes and 5.1 million tonnes, respectively. It currently has three berths with an total annual estimate maximum throughput capacity of 6.9 million tonnes. Niutoushan Terminal contains 5 stacking yards with a total area of approximately 55,500 sq.m.

The table below sets out details of our Jiangkou Terminal and Niutoushan Terminal as at the Latest Practicable Date:

	Number of berths	Cargo type	Total quay length *metres*	Water depth *metres*(Note)	Site area *sq.m.*	Major facilities, machinery and equipment	Annual estimated maximum throughput capacity *tonnes*	Open to foreign vessels
Jiangkou Terminal	4	Limestone, calcite, dolomite, other bulk cargo, containers and break bulk cargo	546	12–18	314,193	Stacking yards, belt conveyors, portal cranes, trucks, loader	8.0 million	3 berths are open to foreign vessels
Niutoushan Terminal	3	Limestone, iron ore and other bulk cargo	366	9–15	118,177	Stacking yards and conveyor belts	6.9 million	No

Note: The water depth fluctuates during the year depending on various factors including amount of precipitation and evaporation rate.

Our principal machinery and equipment

The pictures below demonstrate our major machinery and equipment used in our Jiangkou Terminal and Niutoushan Terminal:

Conveyor belt

Crane

Shovel truck

During the Track Record Period, we primarily generated our revenue attributable to our cargo uploading and unloading services from the use of conveyor belts and cranes. Conveyor belts are generally used to upload and unload bulk cargo onto vessels while cranes are primarily used for uploading and unloading containers and break bulk cargo. In general, our handling fees for the services involve use of conveyor belts are charged at a fee rate lower than our handling fees for the services involve use of cranes per tonne of cargo. We also have shovel trucks to transport bulk cargo within our site areas.

The following table sets out the principal machinery and equipment used in our operation, as well as their average age, expected useful life and book value as at 31 December 2017:

Machinery and equipment	Quantity	Normal useful life	Average age as at 31 December 2017	Average remaining useful life	Aggregate net book value as at 31 December 2017	Percentage of the net book value of all machinery and equipment
		(years)	*(years)*	*(years)*	*RMB'000*	%
Cranes	7	12	6	6	15,767	52.3
Belt conveyors	4	12	5	7	6,110	20.3
Ship loaders	4	12	4	8	3,673	12.2
Shovel trucks	16	8	7	1	874	2.9

Equipment maintenance and repair

We maintain and repair our operating equipment through our in-house maintenance department. We conduct regular maintenance on our machinery and equipment, including checking for normal wear and tear, ensuring the components are properly installed and securing the proper functioning of our machineries. Our technicians are responsible for maintenance and repairing works in the event of mechanical breakdowns.

Our Directors are of the view that our operating machineries are in good operating mode and do not foresee substantial replacement or upgrade on our existing major equipment within the next twelve months. Our Directors further confirm that during the Track Record Period, there had been no material interruption to our operation due to equipment or machinery failure.

Throughput Capacity

The table below sets out the annual estimated maximum throughput capacity and utilisation rate of our Jiangkou Terminal and Niutoushan Terminal in terms of cargo tonnes and container TEUs during the Track Record Period:

(i) Cargo throughput

	FY2015			FY2016			FY2017		
	Annual estimated maximum throughput capacity[1]	Annual actual throughput	Utilisation rate	Annual estimated maximum throughput capacity[1]	Annual actual throughput	Utilisation rate	Annual estimated maximum throughput capacity[1],[2]	Annual actual throughput	Utilisation rate
	(thousand tonnes)	*(thousand tonnes)*	*(%)*	*(thousand tonnes)*	*(thousand tonnes)*	*(%)*	*(thousand tonnes)*	*(thousand tonnes)*	*(%)*
Jiangkou Terminal	7,971.6	4,114.8	51.6	7,971.6	5,388.7	67.6	7,971.6	6,480.3	81.3
Niutoushan Terminal	3,618.5	1,830.3	50.6	3,618.5	2,668.6	73.7	6,940.0	5,070.2	73.1
Total/overall	11,590.1	5,945.1	51.3	11,590.1	8,057.3	69.5	14,911.6	11,550.5	77.5

(ii) Container throughput

	FY2015			FY2016			FY2017		
	Annual estimated maximum throughput capacity(1) (TEUs)	Annual actual throughput (TEUs)	Utilisation rate (%)	Annual estimated maximum throughput capacity(1) (TEUs)	Annual actual throughput (TEUs)	Utilisation rate (%)	Annual estimated maximum throughput capacity (TEUs)	Annual actual throughput (TEUs)	Utilisation rate (%)
Jiangkou Terminal	50,000	15,008	30.0	50,000	9,690	19.4	50,000	15,196	30.4

Notes:

(1) For illustration purpose only, the respective annual estimated maximum throughput capacity is calculated based on the normal throughput capacity approved by the relevant PRC authority, taking into account operation of 365 days per year and 24 working hours per day and fully utilise the reserved capacity in design. The annual estimated maximum throughput capacity of Jiangkou Terminal has also taken into account the improved vessel tonnes from 4,500 to 7,500 in December 2012 at one of our berths. The estimated maximum throughput capacity may be affected by, among other things, shipments schedule and weather.

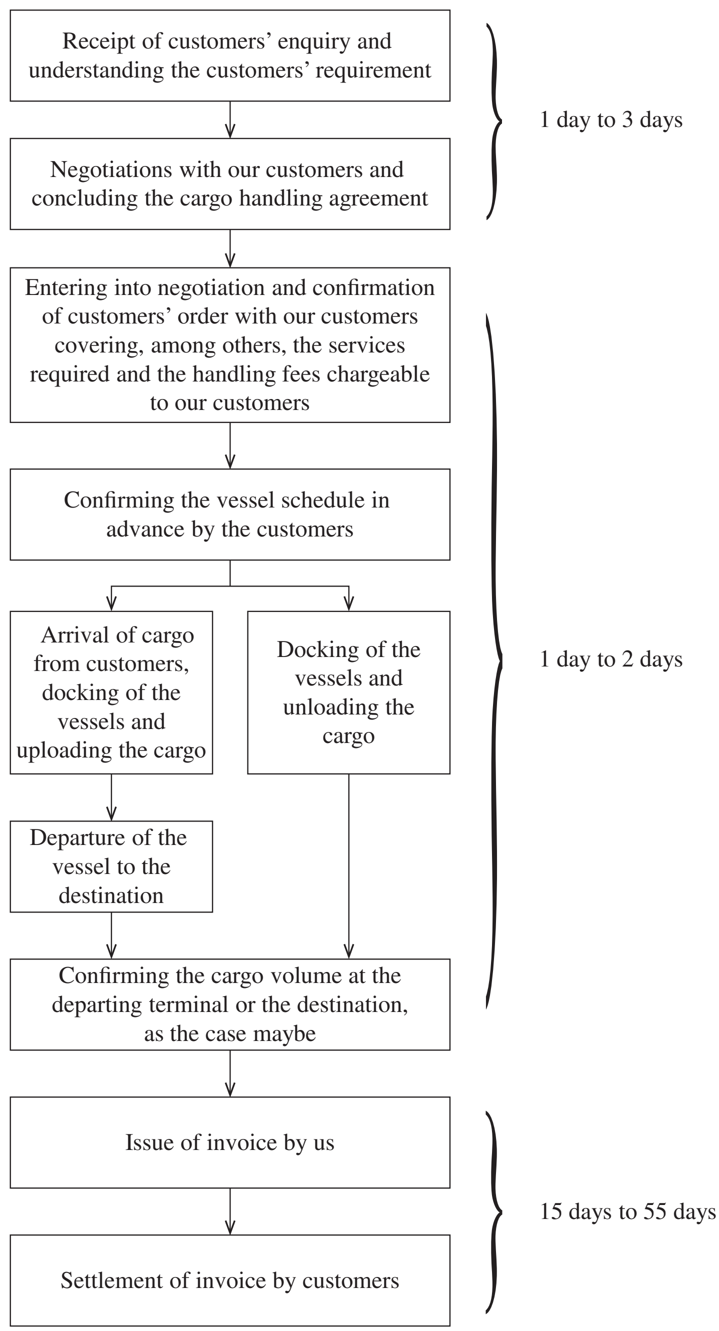
(2) Annual estimated maximum throughput capacity at Niutoushan Terminal increased in 2017 as we upgraded and installed a new set of conveyor belts with an estimated annual throughput of 3.3 million tonnes at Niutoushan Terminal in August 2016 which was approved by the Chizhou Municipal Development and Reform Commission and commenced operation in January of 2017.

Benefited from the government policy which has forced a number of unqualified terminal operators in Chizhou City to close down their port operations in recent years and hence increased demand for port logistic services of our terminals, our overall throughput capacity utilisation rate for cargo (i.e. bulk cargo and break bulk cargo) increased from 51.3% for FY2015 to 69.5% for FY2016 and further increased to 77.5% for FY2017. Our actual throughput and utilisation rate for container decreased in FY2016 primarily because we handled a one-off order in the year of 2015 whereby we provided handling services for more than 5,000 TEUs empty containers during the time when the site of a terminal operator located in other areas of Anhui Province was under temporary renovation. Had such one-off order been excluded, our utilisation rate for FY2015 would have been 20.0%. For details of the analysis of the fluctuation of our throughput, please refer to the section headed ''Financial Information — Description of selected items in combined statement of profit or loss — Revenue'' in this prospectus.

Having considered (i) the annual actual throughputs of our terminals have increased considerably during the Track Record Period; and (ii) the expected increase in cargo throughput volume for the port operators market in Chizhou City, our Directors believe that such factors would justify the need for extra production and operational capacity. Please refer to the paragraph headed ''Industry Overview — Overview of Terminal Operators located in Chizhou City, Anhui Province, PRC'' of this prospectus for further details.

Operation flow of our cargo uploading and unloading services

The steps involved in our cargo uploading and unloading services are generally as follows:



Note: The time frame may vary depending on various factors such as the customers' requirements and other unforeseeable circumstances

- Prior to entering into an agreement with our customers, we conduct preliminary discussions with them to understand their needs and requirements.

- Based on the services required by the customers, we would negotiate with them on the contractual terms including, among others, the fees, the scope of services, the facilities and machineries required, the cargo type and the payment term. As soon as our negotiations with customers on the major terms are concluded, we will enter into agreement with our customers for a term of one year and renewable annually.

- Our personnel from the sales team primarily receive orders from our customers through telephone, mail or facsimile. Each order is recorded in our standard checklist which sets out the details of the customer order such as the fees, the services required, the cargo type, the cargo volume, the vessel name and the destination/departing terminal.

- Once the customers have confirmed the vessel schedule with us, our production team would make the necessary arrangements and preparation for the provision of the uploading and unloading cargo services.

- For the provision of cargo uploading services, our personnel from the operation team transports the cargo from the stacking yards to the relevant berths for uploading. Upon the docking of the vessels at the relevant berths, our production team would upload the cargo using the appropriate machineries, which primarily include conveyor belts and cranes. After the cargo has been uploaded onto the vessels, the vessels would depart to their destinations designated by our customers.

  For the provision of cargo unloading services, once the vessels have docked at the relevant berths, our operation team would arrange to unload the cargo off the vessels, using the necessary machineries. We generally use the same machineries when uploading and unloading cargo.

- Prior to the provision of the cargo uploading services, we verify and record the cargo type and volume before departure of the vessel.

  For the provision of cargo unloading services, once the cargo has been taken off from the vessels, we verify and record the cargo type and volume before arranging to pass the same to our customers.

- We generally issue monthly invoices to our customers to indicate the services provided, cargo volume and fees.

- Upon receiving our invoices, our customers would arrange to settle the invoices. We generally grant our customers credit period ranging from 15 days to 55 days after the date of the issuance of our invoices.

CUSTOMERS, SALES AND MARKETING

Customers and sales

Most of our customers are mining and processing companies and transportation companies. During the Track Record Period and as at the Latest Practicable Date, save and except being involved in the Litigation Cases with 中基寧波集團股份有限公司, we established a stable relationship with our customers in Chizhou City, Anhui Province, primarily due to the quality of our services and our dedicated team of sales personnel. Please refer to the paragraph headed ''Litigation'' in this section for details. As at 31 December 2017, our sales and marketing team consists of 5 employees, who are responsible for (i) market research and survey, (ii) designing our marketing strategies, and (iii) maintaining regular contact with customers. Our Directors consider that given our close proximity with our customers, we are well-positioned to maintain an amicable customer relationship by regular visits to understand our customers' need.

The services we offer at our terminals are well aligned with the major industries in Chizhou City, Anhui Province, in particular, mining and processing of non-metallic ores. According to the CIC Report, Chizhou is known for its mineral resources. The reserves for non-metallic mining resources in Chizhou City, including limestone, dolomite and calcite, are rather abundant and superior in terms of ore grade. We have established stable relationships with various companies in the mining and processing industry based in Chizhou City.

Major contract terms in the service agreements with customers

During the Track Record Period, we generally entered into one-year service agreements with our customers that is renewed on a yearly basis.

The service agreements we enter into with our customers generally contain the following terms:

Duration: The agreements we enter into with our customers are generally for a term of one year and renewed annually.

Services: We primarily provide cargo uploading and unloading services to our customers. The agreement provides the facilities and machineries that will be used to perform our services.

Type of cargo: The cargo type is generally bulk cargo, containers or break bulk cargo.

Fees: We charge our customers fees for cargo handling based on the cargo volume, type of materials and the fees agreed in the agreements. Please refer to the sub-paragraph headed ''Pricing policy'' of this section below.

Quantity requirement:	Although we do specify the total expected quantity requirement for the year when entering into service contracts with our customers, we provide port logistics services to our customers irrespective of the cargo volume and our customers are not subject to any minimum quantity requirement to use our port logistics services.
Information of cargo volume and vessel schedule:	Our customers are required to provide us with information of cargo (e.g. cargo volume) as well as vessel schedule in advance.
Payment term:	Except for new customers where we require them to pay our handling charges before provision of our services, we generally issue invoices to our customers on a monthly basis upon completion of our services. During the Track Record Period, we generally offer a credit period ranging from 15 days to 55 days from the date of issue of the invoice. The payment from our customers is usually settled by way of cash or bank transfer.
Termination clause:	Nil

Major customers

For FY2015, FY2016 and FY2017, our top five customers accounted for approximately 37.3%, 33.7% and 34.9%, respectively; and our largest customer accounted for approximately 10.0%, 9.0% and 12.3% of our total revenue, respectively. During the Track Record Period, the majority of our top five customers had continued business relationship with us for periods ranging from two to nine years.

The following tables set out the profile of our top five customers based on the aggregation of revenue attributable to them during the Track Record Period:

For FY2015

Rank	Customer	Description of customer	Cargo type	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue	Percentage of total revenue
					RMB'000	*%*
1	安徽皖寶礦業股份有限公司 *(Note 1)*	A company in the PRC principally engaged in exploitation, processing and sales of non-metallic minerals	Bulk cargo	9	4,743	10.0
2	安徽青陽寶宏礦業有限公司	A company in the PRC engaged in mining, processing and sales of dolomite and processing and sales of limestone	Bulk cargo	9	3,732	7.9
3	池州市鑫茂精細礦業科技有限公司	A company in the PRC principally engaged in processing and sales of iron ore and powdered iron	Bulk cargo	4	3,523	7.5
4	馬鋼(集團)控股有限公司 *(Note 2)*	A company in the PRC principally engaged in mining and sales of dolomite	Bulk cargo	7	2,918	6.2
5	鎮江市聯友化工有限公司	A company in the PRC principally engaged in mining and sales of calcite	Bulk cargo	9	2,712	5.7%
	Sub-total				17,628	37.3
	Others				29,682	62.7
	Total				47,310	100.0

Notes:

1. 安徽皖寶礦業股份有限公司 is a 60% shareholder of Chizhou Guichi, an associated company of our Group. 安徽皖寶礦業股份有限公司 is not a connected person within the meaning of the GEM Listing Rules.

2. 馬鋼(集團)控股有限公司 is a 35% shareholder of 安徽皖寶礦業股份有限公司 which is a 60% shareholder of Chizhou Guichi, an associated company of our Group. 馬鋼(集團)控股有限公司 is not a connected person within the meaning of the GEM Listing Rules.

For FY2016

Rank	Customer	Description of customer	Cargo type	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue	Percentage of total revenue
					RMB'000	*%*
1	安徽皖寶礦業股份有限公司 *(Note 1)*	A company in the PRC principally engaged in exploitation, processing and sales of non-metallic minerals	Bulk cargo	9	4,403	9.0
2	Customer B	A company in the PRC principally engaged in mining of building-used limestone and processing and sales of building stone and limestone	Bulk cargo	2	4,294	8.8
3	馬鋼(集團)控股有限公司 *(Note 2)*	A company in the PRC principally engaged in mining and sales of dolomite	Bulk cargo	7	2,865	5.8
4	池州市鑫茂精細礦業科技有限公司	A company in the PRC principally engaged in processing and sales of iron ore and powdered iron	Bulk cargo	4	2,645	5.4
5	池州市銀旺礦業有限公司	A company in the PRC principally engaged in sales of construction and building materials	Bulk cargo	3	2,301	4.7
	Sub-total				16,508	33.7
	Others				32,500	66.3
	Total				49,008	100.0

Notes:

1. 安徽皖寶礦業股份有限公司 is a 60% shareholder of Chizhou Guichi, an associated company of our Group. 安徽皖寶礦業股份有限公司 is not a connected person within the meaning of the GEM Listing Rules.

2. 馬鋼(集團)控股有限公司 is a 35% shareholder of 安徽皖寶礦業股份有限公司 which is a 60% shareholder of Chizhou Guichi, an associated company of our Group. 馬鋼(集團)控股有限公司 is not a connected person within the meaning of the GEM Listing Rules.

For FY2017

Rank	Customer	Description of customer	Cargo type	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue *RMB'000*	Percentage of total revenue *%*
1	Customer B	A company in the PRC principally engaged in mining of building-used limestone and processing and sales of building stone and limestone	Bulk Cargo	2	7,803	12.3
2	池州市瑞峰水路運輸有限公司	A company in the PRC principally engaged in sales of building materials	Bulk Cargo	2	5,599	8.8
3	安徽際通物流有限公司	A company in the PRC principally engaged in logistics business	Bulk Cargo	4	3,174	5.0
4	馬鋼(集團)控股有限公司 *(Note)*	A company in the PRC principally engaged in mining and sales of dolomite	Bulk cargo	7	3,055	4.8
5	鎮江市聯友化工有限公司	A company in the PRC principally engaged in mining and sales of calcite	Bulk cargo	9	2,609	4.1
	Sub-total				22,240	34.9
	Others				41,398	65.1
	Total				63,638	100.0

Note: 馬鋼(集團)控股有限公司 is a 35% shareholder of 安徽皖寶礦業股份有限公司 which is a 60% shareholder of Chizhou Guichi, an associated company of our Group. 馬鋼(集團)控股有限公司 is not a connected person within the meaning of the GEM Listing Rules.

To the best of our Directors' knowledge, (a) all of our customers in FY2015, FY2016 and FY2017 are independent third parties; and (b) none of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors' knowledge, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five customers during the Track Record Period; and (c) none of our major customers are also suppliers of our Group.

During the Track Record Period, our Group did not experience any major disruption of business due to material delay or default of payment by our customers. Our Directors further confirmed that they were not aware of any material financial difficulties experienced by any of our major customers that may materially affect our Group's business.

Credit Policy

The agreements we enter into with our customers are generally for the duration of one year. Except for new customers where we require them to pay our handling charges before provision of our services, we generally issue invoices to our customers on a monthly basis upon completion of our services. During the Track Record Period, we generally grant our customers a credit period ranging from 15 days to 55 days from the date of issue of invoice. Our customers are required to make payments in full pursuant to the credit period (which varies between customers) as provided in their particular agreements with us. The payment from our customers is usually settled by way of cash or bank transfer.

We closely monitor the settlement status of our customers and determine their credit periods on a yearly basis with reference to various factors, among others, (i) their past credit quality, (ii) our business relationship with them, and (iii) our forecast on their operations for the coming year.

Marketing Policy

Our Directors believe that our established reputation in the Chizhou port logistic services industry has enabled us to build long-term and continuous business relationships with our customers and attract new customers to approach us from time to time. As such, we do not spend much on marketing and promotion for new business opportunities.

However, we do promote ourselves through participating in public events such as promotional activities organised by the local government authorities and attending meetings with existing and potential customers. Further, since October 2008, Chizhou Port Holdings has set up its website (**www.czport.com.cn**) which provides information including our business, corporate culture as well as contact details, allowing our existing and potential customers to have easy access to our information.

Pricing policy

We maintain a standard procedure when determining the fees for our services. Generally, we charge our services based on the type of materials and the quantities handled as agreed between the customers and our Group. Our sales department is responsible for proposing and revising the standard fees for our services based on factors such as the scope of the services concerned, costs, market demand and supply and competition, subject to approval of our general manager. Once the standard fees have been determined, our sales personnel would consider the business relationship, cargo volume and business potential of the particular customers and make adjustments on the standard fees and charge our customers accordingly.

OUR SUPPLIERS

As an inland terminal operator, our ability to continuously meet our customers' demand is essential to our success. The operation of our terminals mainly requires machineries, equipment components and consumables such as fuel, electricity and water. Accordingly, during the Track Record Period, our major suppliers include fuel suppliers, suppliers of conveyor belts and equipment components. All of our suppliers are located in the PRC. During the Track Record Period, we did not encounter any shortage of equipment, equipment components and consumables required for our operation. The purchase costs for FY2015, FY2016 and FY2017 amounted to approximately RMB3.0 million, RMB3.1 million and RMB7.0 million, respectively.

We have a standard procedure in place for the purchase of our supplies. Our technology and equipment department is responsible for overseeing the purchasing process. In general, where the technology and equipment department is informed of the need to purchase equipment, equipment components and consumables to function our operations, it would consider (i) if there is a need to make the purchase; and (ii) if the quantity requested is appropriate, before determining whether to approve or disapprove the purchase application. For purchases of substantial value and/or technical appliances, in particular, equipment and equipment components, approval from the relevant department head and/or professional view from engineers (as the case may be) is/are generally required.

Supplier selection

We select our suppliers carefully based on a set of selection criteria such as (i) their capacity and reputation; (ii) the quality of their products; (iii) their timeliness on supply of products; and (iv) pricing of their products. Our suppliers are generally approved by our purchasing personnel, the relevant department head as well as our general manager. Our purchasing personnel rates our suppliers regularly based on their performances and constantly conduct market research to search for quality suppliers to function our operation.

Inventory

During the Track Record Period, our inventory balance for the FY2015, FY2016 and FY2017 amounted to approximately RMB0.7 million, RMB0.6 million and RMB0.7 million respectively, and such amounts primarily represented the value of our consumables for operating our machineries. Due to the nature of our business, we generally do not maintain any significant inventories.

Major suppliers

For FY2015, FY2016 and FY2017, purchases from our five largest suppliers amounted to approximately RMB2.0 million, RMB1.9 million and RMB4.2 million respectively, representing approximately 65.6%, 61.4% and 59.7% of our total purchases, respectively, while our largest supplier accounted for approximately 43.6%, 37.5% and 31.2% of our total purchases, respectively.

The following tables set out the profile of our five largest suppliers based on the aggregation of total purchases from them during the Track Record Period:

For FY2015

Rank	Our supplier	Principal business	Type of products purchased by our Group	Approximate years of business relationship with our Group	Total purchases	Percentage of our Group's total purchases
					RMB'000	%
1	中國石化銷售有限公司	An oil and gas company in the PRC	Diesel fuel	8	1,322	43.6
2	Supplier A	An oil and gas company in the PRC	Diesel fuel	4	313	10.3
3	池州立宇機械裝載機配件	A retailer of tyres and equipment components in the PRC	Equipment components	6	141	4.7
4	馬鞍山市榮洋機械設備有限公司	A supplier of conveyor belts in the PRC	Conveyor belts	1	108	3.6
5	江蘇凱嘉橡膠科技股份有限公司	A supplier of conveyor belts in the PRC	Conveyor belts	4	103	3.4
	Sub-total				1,987	65.6
	Others				1,044	34.4
	Total				3,031	100

For FY2016

Rank	Our supplier	Principal business	Type of products purchased by our Group	Approximate years of business relationship with our Group	Total purchases	Percentage of our Group's total purchases
					RMB'000	*%*
1	中國石化銷售有限公司	An oil and gas company in the PRC	Diesel fuel	8	1,148	37.5
2	江蘇凱嘉橡膠科技股份有限公司	A supplier of conveyor belts in the PRC	Conveyor belts	4	199	6.5
3	池州立宇機械裝載機配件	A retailer of tyres and equipment components in the PRC	Equipment components	6	198	6.5
4	Supplier A	An oil and gas company in the PRC	Diesel fuel	4	193	6.3
5	江蘇上上電纜集團有限公司	A manufacturer of electric cables in the PRC	Electric cables	2	141	4.6
	Sub-total				1,879	61.4
	Others				1,183	38.6
	Total				3,062	100

For FY2017

Rank	Our supplier	Principal business	Type of products purchased by our Group	Approximate years of business relationship with our Group	Total purchases	Percentage of our Group's total purchases
					RMB'000	*%*
1	中國石化銷售有限公司	An oil and gas company in the PRC	Diesel fuel	8	2,174	31.2
2	浙江雙箭橡膠銷售有限公司	A retailer of rubber products in the PRC	Conveyor belts	1	677	9.7
3	常州市蘇南環保有限公司	A supplier of machinery parts and equipment in the PRC	Sprinkling system	6	545	7.8
4	江蘇凱嘉橡膠科技股份有限公司	A supplier of conveyor belts in the PRC	Conveyor belts	4	467	6.7
5	Supplier A	An oil and gas company in the PRC	Diesel fuel	4	291	4.2
	Sub-total				4,154	59.7
	Others				2,807	40.3
	Total				6,961	100

To the best of our Directors' knowledge, (a) all of our suppliers in FY2015, FY2016 and FY2017 are independent third parties; and (b) none of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors' knowledge, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five suppliers during the Track Record Period; and (c) none of our major suppliers are also customers of our Group.

Characteristics of our suppliers

We generally order diesel oil, machineries and equipment parts and components on an order-by-order basis. We therefore do not enter into any long-term supply agreements with our suppliers. Our Directors believe that we have maintained good business relationship with our suppliers. As at the Latest Practicable Date, we had over 15 approved suppliers. Our suppliers of machineries and equipment components normally grant us a credit period of not more than 30 days from the invoice date. For the external transportation companies that we engage for the provision of our short distance road transportation services, we are generally not required to settle their invoice until after we receive payments from our customers.

During the Track Record Period, we did not experience any material difficulties or delays in performing our services caused by material shortage or delay in the supply of goods and services that we required. Our Directors consider that the possibility of a material shortage is low given the abundance of suppliers of the same kind in the market.

Prices of supplies are determined by reference to quotations of suppliers as agreed between us and the suppliers on an order-by-order basis, primarily with reference to the market prices of the relevant services or products supplied.

Subcontractors

As part of our ancillary port services, we provide short distance transportation services if requested by our customers. We engage subcontractors for the provision of such transportation services and select them based on factors such as their capacity and reputation, their track record, pricing and quality of services. We enter into transportation service agreement with the subcontractors generally for a term of one year. Prices of the transportation service are generally determined on order-by-order basis with reference to the travel distance and cargo type. Pursuant to the terms of the service agreement, (a) the subcontractor is responsible for transporting the cargo to such location designated by our customers; (b) we are required to pay service fee to the subcontractor within 10 days after we receive payment from our customers; (c) the subcontractor shall bear all costs and expenses incurred for the provision of transportation services; (d) the subcontractors shall bear all the liabilities, losses, costs and expenses resulting from any traffic accidents, personal injuries and property damage. If we sustain any loss or damage as a result of such accident, personal injury and property damage, the subcontractor is required to indemnify us against such losses and damages; (e) we are entitled to receive from the subcontractor a management fee equivalent to 5% of the monthly service fee collected from the customers. Such management fee is payable by deduction from the service fee collected from the customers. For FY2015, FY2016 and FY2017, our subcontracting fee amounted to RMB3.2 million, RMB2.4 million and RMB4.7 million, representing approximately 9.5%, 6.9% and 11.7% of our total cost of services. Our Directors confirm that we did not have any material dispute with any of our subcontractors during the Track Record Period.

QUALITY CONTROL

We place great emphasis on the quality of our services, and we strive to constantly improve our service quality. We have established formal quality management system. Mr. Huang Xueliang, our executive Director, is responsible for overseeing quality control of our Group. Our quality management system has multiple sets of quality control policies and standard operating procedures in our operational processes in order to maximise the overall quality consistency of our services. Our quality control policies range from company-wide business principles to detailed quality assurance standards tailored to the major machineries and equipment we operate.

Our quality control measures include: (a) we would only source equipment components, machineries and other supplies required for our port operation from our approved suppliers. We carefully select our approved suppliers based on certain assessment criteria such as product quality, timeliness of delivery and pricing to ensure the materials and equipment we purchase meet our quality standards; (b) our operation team conducts on-site inspection to ensure that our uploading and unloading services are carried out smoothly and orderly in accordance with the customers' requirements; and (c) we have hotlines available for our customers to ensure that our customers can quickly reach us if they are dissatisfied with any aspect of our services. We also regularly seek customer feedback on our service quality through regular customer surveys and in-person visits.

AWARDS AND RECOGNITION

The table below sets out some of the awards and recognition that our Group received as at the Latest Practicable Date:

Year of grant	Award/Accreditation	Awarding Body
February 2011	2010 Chizhou City's Advanced Unit in terms of Port Safety Production (2010年度池州市港口安全生產暨世博港口保安先進單位)	Chizhou City Port Management Bureau (池州市港口管理局)
June 2012	2012 Anhui Province Credible Enterprise (2012年安徽省誠信企業)	Anhui Province Enterprise Association and Anhui Province Credit Association (安徽省企業聯合會、安徽省信用協會)
January 2013	2012 Advanced Unit in the Transportation Industry in Anhui Province (2012年度全省交通運輸行業先進集體)	Chizhou Human Resources and Social Protection Bureau and Anhui Province Transportation Bureau (安徽省人力資源和社會保障廳、安徽省交通運輸廳)
October 2013	"Model Terminal" (愛民固邊模範碼頭)	Chizhou City Local Government (池州市人民政府)
November 2014	2014 Outstanding Transportation Enterprise in terms of developing Corporate Culture in China (2014年度全國交通運輸企業文化建設優秀單位)	China Transportation Enterprise Management Association (中國交通企業管理協會)
February 2015	2014 Credible Port Enterprise along the Yangtze River (2014年度長江誠信港航企業)	Transportation Department — Yangtze River Shipping Management Bureau (交通運輸部長江航務管理局)
2010, 2011, 2012, 2014 and 2015	Outstanding Foreign Investment Enterprise in Anhui Province (全省外商投資優秀企業)	Provincial Association for Foreign Investment Enterprises — Anhui Province (安徽省外商投資企業協會)

Year of grant	Award/Accreditation	Awarding Body
March 2017	Outstanding Transportation Enterprise in Anhui Province (2016) (安徽省聯合運輸優秀企業 (2016年度))	Anhui Province Logistics Association (安徽省物流協會)
June 2017	2016 Anhui Province Credible Enterprise (2016年安徽省誠信企業)	Anhui Province Enterprise Association and Auhui Province Credit Association (安徽省企業聯合會，安徽省信用協會)

COMPETITION

Competing with other inland terminal operators and entry barrier

Port areas in Chizhou City are mostly serving local enterprises for shipping in raw materials and shipping out mineral and industrial products. According to the CIC Report, due to geographic segmentation of inland waterway transportation, terminal operators in port cities close to Chizhou City do not compete with those in Chizhou City. Within Chizhou City, every port area has been developed based on different positioning and functions according to their specific geographical and economic conditions. For details of the features of the port areas in Chizhou City, please refer to the section headed ''Industry Overview — Overview of terminal operators located in Chizhou City, Anhui Province, PRC''. Our Directors, therefore, consider that there is little competition among the terminal operators in the other port areas and our Group.

According to the CIC Report, the inland terminal operators market in Chizhou City is expected to be developed into a more concentrated market. In 2016, the top five public terminal operators in Chizhou City accounted for a total market share of 92.1% of the total public terminal operators market in Chizhou City, with our Group being the market leader achieving a market share of 50.7% in terms of the total freight throughput volume for public terminals in Chizhou City. Driven by the government's initiatives to preserve shoreline resources and reduce pollution along the Yangtze River, any proposed construction of terminals in Chizhou City are subject to stricter requirements and higher associated costs concerning the exploitation of shoreline resources in Chizhou City. A number of unqualified terminal operators in Chizhou City, which failed to obtain or renew their port operation licences, are being forced to close down. Such government's initiatives act as an entry barrier that would make it more difficult for new inland terminal operators to enter into the market. Our Directors consider that our market share in the industry would be strengthened as a result.

Further from Chizhou City, there are ports areas, namely, Tongling ports area and Anqing ports area. Tongling ports area, situated about 36 km downstream from Chizhou City, has an annual handling capacity of approximately 62.0 million tonnes; whereas, Anqing ports area, situated about 60 km from the Ports of Chizhou and on opposite side of the river bank from the Ports of Chizhou, has an annual handling capacity of approximately 56.0 million tonnes. Both ports areas' handling capacities are close to the total capacity of 58.0 million tonnes in Chizhou City.

We do not compete with Tongling port as most mining and industrial companies in Chizhou City would choose their nearest port for their transportation means when port's service fee rates are not significantly different. Also, as Anqing port is on the opposite bank of the Yangtze River, our Directors believe it would be impracticable for our clients in Chizhou City to arrange waterway transportation to Anqing port located on the opposite side of the river before using its loading facilities for shipping their goods out on waterway. Hence, our Directors believe Anqing and Tongling terminals have limited competition with the terminals in Chizhou City.

Considering that transporting products to port terminals by trucks is very costly, waterway transportation clients in these cities will normally choose to use the nearest terminals when the service fee rates are not significantly different. Our Directors believe that for most of the mining and industrial companies in Chizhou City, public port terminals in different port areas in Chizhou City are already able to fully satisfy their port service needs with reasonable costs. Therefore, our competitors are mainly those small-scale terminal operators in Chizhou City with similar distances to those mining and industrial companies based in Chizhou City.

Competing with other means of transportation

According to the CIC Report, due to the cost-effective feature of inland waterways transportation, it is a relatively appropriate means of transportation for long-distance and large quantities of cargo compared to railway transportation, highway transportation and civil aviation transportation. As the products transported in and out of Chizhou City, in particular non-metallic mining products such as limestone, dolomite and calcite, are usually transported in large volumes and transportation cost for waterways transportation are generally significantly lower than other means of transportation such as highway transportation, our Directors consider waterways transportation a more attractive means of transportation compared to other means of transportation.

For details of our competitive landscape, please refer to the section headed ''Industry Overview'' in this prospectus.

ENVIRONMENTAL PROTECTION

We are committed to environmental protection to the Yangtze River and the surrounding areas of our terminals. Our operations are subject to PRC environmental laws and regulations controlling water and solid waste discharge, noise, gas emission and other environmental matters. For details, please refer to the section headed ''Regulatory Overview'' in this prospectus.

Our facilities emit noise and discharge sewage and hazardous dust during our operating process. Our Group is committed to environmental protection and we have set up our safety and environmental department, which is headed by one of our senior management, to manage the environmental aspects of our operations. We have implemented a set of waste treatment procedures in our facilities including, among others, setting up dust screens and improving our sprinkling system to reduce the release of hazardous dust and materials from our sites. Our treatment procedures have received the necessary approval and license from the relevant authorities. Further, we have engaged external professionals to conduct environmental assessments on our operations and results of such assessments have been positive.

In May 2017, we were fined RMB10,000 by the local environmental protection authority for failure to adopt fencing and covering measures at the stacking yards of Niutoushan Terminal, in breach of the Law of the PRC on the Prevention and Control of Atmospheric Pollution and we settled the fine in the same month. Our Directors consider that it was an isolated incident and the imposition of the fine did not have a material impact on our results of operations and financial condition.

To prevent recurrence of non-compliance incident of similar nature, we have implemented relevant environmental protection measures, such as requesting our customers to cover their materials stored at our stacking yards, assisting our customers to purchase dust screens and requiring our staff to conduct checks to ensure that the materials stored at our stacking yards are fully covered.

As we have duly paid the fine and implemented relevant corrective measures, we were advised by our PRC Legal Advisers that there will be no more adverse legal consequences from the historical non-compliance incident.

During the Track Record Period and as at the Latest Practicable Date, save as disclosed above, we had not come across any non-compliance issues in respect of any applicable laws and regulations on environmental protection.

Our Directors believe that our operations are in compliance with the current applicable environmental laws and regulations in all material aspects. For FY2015, FY2016 and FY2017, we have incurred environmental compliance costs of approximately RMB110,000, RMB76,000 and RMB88,000, respectively. We estimate the cost of compliance with the applicable environmental laws and regulations going forward will be at a level similar to that during the Track Record Period and consistent with our scale of operation.

INSURANCE

We maintain mandatory social security insurance policies for our employees in the PRC pursuant to the PRC laws. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. Please refer to the paragraphs headed "Employees" in this section for further details. We also maintain insurance policies covering our cranes which are key machinery for uploading and unloading containers and break bulk cargo.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any interruptions, losses or damage to our operation which would materially affect us. Furthermore, no material insurance claims from our employees or third parties had been filed against us during the Track Record Period and up to the Latest Practicable Date. Our Directors believe that our current insurance policies are adequate and the extent of the above insurance policies is consistent with industry norm having regard to our current operations and the prevailing industry practice.

EMPLOYEES

As at the Latest Practicable Date, our Group had employed a total of 201 employees, most of whom were based in Chizhou City, Anhui Province. For FY2015, FY2016 and FY2017, our staff costs, including all salaries and benefits payable to our employees were approximately RMB11.0 million, RMB13.0 million and RMB14.9 million, respectively, which accounted for approximately 23.3%, 26.5% and 23.4%, respectively, of our revenue for the relevant year.

The table below shows a headcount of our employees by function as at the dates indicated:

	As at 31 December			As at the Latest Practicable
Function	**2015**	**2016**	**2017**	**Date**
Senior management	6	7	8	9
General administration and management	13	12	11	12
Finance	4	4	5	5
Sales and marketing	7	5	5	4
Production safety and environment	14	14	— *(Note)*	— *(Note)*
Technical, equipment and engineering	5	5	5	5
Logistics and containers	9	8	19	24
Port terminal and stacking yard	111	110	121	125
Repair and maintenance	20	17	18	17
Total	189	182	192	201

Note: In FY2017, we established a safety and environmental committee chaired by Mr. Gui Siqing, a member of our senior management. The committee has 12 other members whose duties, apart from their normal ones, are to enforce and ensure compliance with environmental rules and regulations as well as to establish and monitor safety and environmental operating systems within our Group's terminals. Details of the committee and its functions had also been reported to the relevant PRC government authorities.

We recruit our staff mainly through placing advertisements, recruitment websites and internal referrals. They are normally subject to a probation period of one to six months at the inception of their employment, depending on the duration of the employment. We endeavour to establish good employer-employee relationships and have our human resources department to handle and address employee complaints and issues. During the Track Record Period, we did not have material difficulties in hiring staff.

We enter into standard individual employment agreements with our employees in accordance with the applicable labour laws of PRC. Our employment agreements specify terms regarding, among others, salaries, working hours, staff benefits, workplace safety and hygiene requirements. The remuneration package of our employees includes salary and bonuses. In accordance with the relevant requirements of local government authorities in the PRC where we operate, we provide our employees with welfare benefits such as social insurance, medical care and other miscellaneous and statutory benefits.

We value our employees and promote lifelong learning in our workplace. In order to provide development opportunities for our employees and to enhance the quality of our services, we plan our training programmes every year and provide on-going training to our employees throughout the year to enhance their knowledge of our operations and safety practices. We also implement orientation programmes to our new employees to help them settle in.

Our Directors confirm that there had not been significant turnover of staff or any disruptions to our services due to labour disputes during the Track Record Period. Our Directors further confirm that there have been no material disputes between our Group and our labour union. Our Directors consider that we maintain a good relationship with our employees.

As required by applicable PRC laws and regulations, we are required to provide employees with social welfare schemes covering pension insurance, medical insurance, unemployment insurance, work-related injury and maternity insurance housing funds and housing benefits. The total amount of our employee benefit expenses amounted to approximately RMB1.87 million, RMB1.93 million and RMB2.10 million, respectively, for FY2015, FY2016 and FY2017.

HEALTH AND SAFETY

We place emphasis on occupational health and work safety as it is our concern not to expose our employees and any third party to hazards. We have therefore implemented a set of stringent health and safety procedures, details of which are set out as follows:

- Our internal health and safety procedures are documented in writing and supplemented with instructions and regular training programmes. We require strict implementation and adherence to our health and safety guidelines. We will continue to put adequate resources and effort to uphold and improve our safety management in order to reduce our risks related to work safety.

- Our internal health and safety guidelines adopted and used during the Track Record Period set out work safety measures to prevent accidents and work-related injuries which could happen at our terminals. Some details of our safety measures are set out below:

  (i) We established our safety committee. Our safety committee is responsible for overseeing and managing the occupational health and safety measures relating to our operations, as well as organising our safety training programmes and activities;

  (ii) Our safety committee, from time to time, reviews and updates our internal health and safety procedures based on the applicable PRC laws and regulations including the Work Safety Law of the PRC, details of which are set out in the paragraph headed "Regulatory Overview — Laws and regulations relating to work safety" in this prospectus;

  (iii) We have formulated in details the appropriate procedures for handling our facilities and equipment, including among others, conveyor belts, cranes, trucks and loaders; and

(iv) We conduct regular maintenance on our machinery and equipment, including checking for normal wear and tear, ensuring the components are properly installed and securing the proper functioning of our machineries.

Accident recording, handling and reporting

We have implemented and formalised in-house procedures for recording, handling and reporting on accidents. In the event of any accidents on our sites, the duty staff will notify the person in charge of the site on particulars of the accident. The person in charge will then report the incidents to the safety committee and management and handle the accident based on the actual circumstances. In accordance with the relevant PRC laws and regulations, we are also required to promptly report the incidents to the relevant authorities. Our safety committee will conduct investigation on the accident/incident and consider the follow-up actions required to resolve any claims arising from the accident.

Safety training

Our safety committee is responsible for organising regular training for our staff on occupational safety and updates on internal safety guidelines and procedures from time to time.

Accident and fatality rate

We believe our health and safety control measures are adequate and comply with applicable national and local health and safety laws and regulations in the PRC including the Work Safety Law of the PRC, details of which are set out in the paragraph headed "Regulatory Overview — Laws and regulations relating to work safety" in this prospectus. During the Track Record Period and up to the Latest Practicable Date:

- we had zero fatality rate and none of our employees had been involved in any major accident in the course of their employment;
- we had complied with the applicable national and local health and safety laws and regulations in all material respects;
- the relevant PRC authorities had not imposed any sanctions or penalties on us for any non-compliance with any health and safety laws or regulations in the PRC; and
- we did not experience any significant occupational accidents or other incidents in relation to employees' safety.

PROPERTIES

Owned Properties

As at the Latest Practicable Date, we had land use rights certificates for seven parcels of land with an aggregate site area of approximately 556,153.39 sq.m. out of which 432,940.35 sq.m. was owner-occupied for our business operation. As advised by our PRC Legal Adviser, we are entitled to occupy and use these parcels of land within the scope specified in the land use rights certificates.

The following table sets out a summary of the land use rights owned by us as at the Latest Practicable Date.

No.	Location	Terminal	Use of property	Site area pursuant to the land use rights certificates *(sq.m.)*	Owner-occupied site area *(sq.m.)*	Expiration of land use right
1.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Port terminals	113,728.78	113,728.76	29 September 2058
2.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Industrial and transportation (for port terminals)	177,029.00	65,216.00 *(Note 1)*	19 January 2061
3.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Port terminals	80,071.51	80,071.50	3 January 2059
4.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Port terminals	66,577.10	55,177.09 *(Note 2)*	3 January 2059
5.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Logistic	35,456.00	35,456.00 *(Note 3)*	15 September 2064
6.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Port terminals	82,721.00	82,721.00 *(Note 3)*	15 September 2064
7.	Qiupudong Road, Guichi District, Chizhou City, Anhui Province	Jiangkou	Residential	570.00	570.00	15 April 2049
			Total:	**556,153.39**	**432,940.35**	

Notes:

1. The total site area of this land parcel owned by us is 177,029.00 sq.m., of which 36,666 sq.m. was agreed to be sold out, 65,216 sq.m. is owner-occupied whereas the remaining portion 75,147 sq.m. is intended to be leased out to an independent third party. The change of ownership of the abovementioned 36,666 sq.m. land parcel is in process as at the Latest Practicable Date.

2. The total site area of this land parcel owned by us is 66,577.10 sq.m., of which 55,177.09 sq.m. was owner-occupied and the remaining portion was leased out to an independent third party.

3. Pursuant to the Civil Adjudication Notice (民事裁定書) issued by Ningbo City Yinzhou District People's Court on 18 January 2017, Ningbo City Yinzhou District People's court ordered to freeze RMB13.0 million of Chizhou Niutoushan or seize equivalent assets. According to the Notice of Assisting Execution (協助執行通知書) issued by Ningbo City Yinzhou District People's Court dated 20 January 2017, Chizhou Real Estate Registration Centre (池州市不動產登記中心) was ordered by the court to assist in preserving the land use rights of these parcels of land. These parcels of land have been preserved for a period of three years from 20 January 2017 to 19 January 2020. As advised by our PRC Legal Adviser, under the applicable PRC regulations, the land use rights of these parcels of land cannot be transferred or pledged during the said preservation period.

As at the Latest Practicable Date, we owned 17 buildings with an aggregate gross floor area of approximately 12,827.91 sq.m. on the seven parcels of land mentioned above. We have obtained building ownership rights for 16 buildings. As advised by our PRC Legal Adviser, we legally own the 16 buildings.

The following table sets out a summary of the buildings owned by us as at the Latest Practicable Date:

No.	Location	Terminal	Use of property	Gross floor area *(sq.m.)*
1.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Pump room	26.73
2.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Power distribution room	253.05
3.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Warehouse	5,128.22
4.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Composite room	2,004.40
5.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Pound room	45.02
6.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Canteen	1,058.30
7.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Offices	2,134.06
8.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Centre substation works	196.26
9.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Tool library works	136.28

No.	Location	Terminal	Use of property	Gross floor area *(sq.m.)*
10.	Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province	Jiangkou	Duty room and staff lounge	136.28
11.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Canteen	993.08
12.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Power distribution room	154.78
13.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Riverfront weighbridge and foundation	48.42
14.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Dormitory	222.75
15.	Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province	Niutoushan	Staff canteen	130.50
16.	Qiupudong Road, Guichi District, Chizhou City, Anhui Province	Jiangkou	Dormitory	110.76
			Total:	**12,778.89**

Of our owned buildings, we have not obtained the building ownership certificate for one building with an aggregate gross floor area of approximately 49.02 sq.m., which were constructed as guard room and weighbridge. As advised by the PRC Legal Advisers, we do not have any right to sell or mortgage properties that we do not have building ownership certificates. Our Directors believe that our owned building without valid building ownership certificate ("**Defective Owned Property**") is not crucial to and will not have a material impact on our business financial condition and results of operations primarily because (a) we have obtained valid building ownership certificates for substantially all of our owned buildings and the Defective Owned Property only represent approximately 0.4% of the aggregate gross floor area of all the owned buildings of our Group; (b) the Defective Owned Property is not our major building for operating business and we will cease the operation of the Defective Owned Property until we obtain its building ownership certificate; and (c) as at the Latest Practicable Date, no government authority or third party has made any claims or imposed any penalty against us with respect to the Defective Owned Property.

For further details of our property interests, please refer to Appendix III to this prospectus.

As at the Latest Practicable Date, we also owned properties for investment purpose. Such properties were located at portion of Phase 2, portion of Phase 3 of the port located in Jiangkou Port Area and Logistic Park Lingang Park Area of Economic and Technological Development Zone, Chizhou

City, Anhui Province, the PRC. The land use terms were granted for terms expiring on 19 January 2061, 3 January 2059 and 15 May 2061 respectively for industrial and transportation (for port), port and logistic purposes. The Property is currently leased to 12 independent third parties for simple manufacturing processing and storage for terms from 2 years to 15.25 years for a total aggregate annual rent of about RMB1.7 million. For details of our investment properties, please refer to the section headed "Group II — Property held for Investment" in Appendix III to this prospectus.

Disposal of the Relevant Land

On 28 March 2018, Chizhou Port Holdings and Chizhou Port Investment, a state-owned enterprise controlled by the Chizhou Municipal Government, entered into an agreement, pursuant to which Chizhou Port Holdings disposed of, and Chizhou Port Investment acquired the land use rights in respect of the Relevant Land located at Jiangkou Port of Economic and Technological Development Zone (Portion of Phase 3), Chizhou City, Anhui Province with a site area of approximately 36,666 sq. m. from Chizhou Port Holdings (the "**Disposal**"). Since planning for the development of the new phase of our Jiangkou Terminal, our plan has been to use the Relevant Land to facilitate Chizhou Municipal Government's plan for developing the Chizhou City Sand Distribution Hub. Following arm's length negotiations with Chizhou Port Investment, Chizhou Port Holdings agreed to dispose of the Relevant Land to Chizhou Port Investment. The consideration of the Disposal was approximately RMB6.2 million, which was arrived at after arm's length negotiations between the parties with reference to a property valuation report dated 15 February 2018 prepared by an independent PRC property valuer jointly appointed by Chizhou Port Holdings and Chizhou Port Investment. The consideration of RMB6.2 million was also in line with the value of Relevant Land as assessed by the Property Valuer at approximately RMB6.4 million. The Disposal is expected to be completed in the second quarter of 2018.

The Relevant Land is currently in vacant possession and did not generate any income during the Track Record Period. As such, our Directors believe that the Disposal will not adversely affect the operation of our Group's business. Our Directors are of the view that the Disposal is well aligned with the development of the new phase of Jiangkou Terminal, as it is expected that the new phase of our Jiangkou Terminal will benefit substantially from the additional throughput created by the Chizhou City Sand Distribution Hub. For further information relating to the Chizhou City Sand Distribution Hub, please refer to the paragraphs headed "Our Business Strategy" in this section.

The carrying value of the Relevant Land was approximately RMB5.2 million. Based on the consideration of RMB6.2 million for the Disposal, it is expected that the gain on disposal will be approximately RMB1.0 million (excluding any related transaction costs and the applicable tax expenses). Such gain will be recorded in the income statement of financial year ending 31 December 2018.

Leased Properties

The following table summarises the information regarding our leased properties as at the Latest Practicable Date:

No.	Location	Terminal	Landlord	Gross floor area	Usage of the leased properties	Term	Rent and term of the tenancy
1.	The land of Jiangkou Port Phase 1 located on a piece of land in Zongyang	Jiangkou	Independent third party	11,333 sq.m.	Operation sites	18 December 2007 to 17 December 2027	One-off payment of RMB301,461.75 for the entire term
2.	Portion of Phase 1 port podium and portion of Phase 2 port podium of the piece of land in Zongyang	Jiangkou	Independent third party	23,333 sq.m.	Operation sites	1 May 2008 to 30 April 2057	One-off payment of RMB700,000 for the entire term
3.	The land located along Riverside Road and Xingang Road that was originally planned for railway use in Chizhou Development Zone	Jiangkou	Independent third party	12,000 sq.m.	Operation sites	1 January 2016 to 1 January 2019	RMB34,812 for the first year and negotiable for the remaining term

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group had registered oceanlineport.com as our domain name. We have also registered a trademark in Hong Kong. Please refer to the paragraph headed "B. Further information about the business of our Group — 2. Intellectual property rights" in Appendix V to this prospectus for further details of our intellectual property rights.

As at the Latest Practicable Date, (i) we were not aware of any dispute or infringements by our Group of any intellectual property rights owned by third parties, and (ii) we were not aware of any dispute or pending or threatened claims against our Group in relation to material infringement of any intellectual property rights of third parties.

REGULATORY COMPLIANCE

Licenses, Permits and Certificates

To operate our business, we are required to obtain numerous licences, approvals and permits from different government authorities on municipal, provincial and national levels. A summary of the regulatory regime to which we are subject is set out in the section headed "Regulatory Overview" in this prospectus. The following table sets out details of the licences, permits and certificates that are material to our business operation:

Licence/Permit/Certificate	Issuing Authority	Grant Date	Expiration Date
Jiangkou Terminal			
Statement of Compliance of a Port Facility (港口設施保安符合證書)	Ministry of Transport, the PRC (中華人民共和國交通運輸部)	27 June 2014	26 June 2019
Registration Certificate for Venue Supervised by Hefei Customs (for containers) (合肥海關監管場所註冊登記證書 CNCHI330045)	Hefei Customs (合肥海關)	6 February 2016	6 February 2019
Road Transportation Operation Licence (道路運輸經營許可證)	Chizhou City Guichi Road Transport Authority (池州市貴池區道路運輸管理所)	15 February 2016	14 February 2020
Registration Certificate for Venue Supervised by Hefei Customs (合肥海關監管場所註冊登記證書 CNCHI330020)	Hefei Customs (合肥海關)	6 April 2016	6 April 2019
Port Operation Licence (港口經營許可證)	Chizhou City Port Management (Local Maritime Affairs) Bureau (池州市港航管理(地方海事)局)	14 December 2016	20 September 2019

Licence/Permit/Certificate	Issuing Authority	Grant Date	Expiration Date
Affiliate Permit for Handling Hazardous Goods at Ports (港口危險貨物作業附證)	Chizhou City Port Management (Local Maritime Affairs) Bureau (池州市港航管理(地方海事)局)	14 December 2017	14 December 2018
Niutoushan Terminal			
Port Operation Licence (港口經營許可證)	Chizhou City Port Management (Local Maritime Affairs) Bureau (池州市港航管理(地方海事)局)	7 January 2016	7 January 2019

Our PRC Legal Adviser has confirmed that we had obtained all necessary licenses, permits and certificates for our business operations in the PRC and such licenses, permits and certificates are valid and remain in effect as at the Latest Practicable Date. Our Directors confirmed that we will renew the above licences, permits and certificates before their respective expiry dates. Our Group had not experienced any refusal or material difficulties in obtaining and/or renewing the above licences, permits and certificates and we do not foresee any circumstances or any legal impediment that would significantly hinder or delay the renewal of our licences, permits and certificates.

Non-compliance

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident of our Group which is considered material or systemic in nature.

LITIGATION

To the best of our Directors' knowledge, as at the Latest Practicable Date, save as disclosed below, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against our Group that would have a material adverse effect on our results of operations or financial condition.

Civil litigation between a customer (as plaintiff) and Chizhou Niutoushan (as defendant)

On 10 February 2014 and 14 May 2014, Chizhou Niutoushan entered into two storage service contracts with 中基寧波集團股份有限公司 (the plaintiff), which was one of our customers during the Track Record Period, an independent third party (the "**Plaintiff**") whereby the Plaintiff, acting as an agent of a third party (the "**Third Party**") who was an independent third party, engaged Chizhou Niutoushan for uploading and unloading services and storage of iron ore (倉儲保管合同) (the "**storage service contracts**"). Pursuant to the storage service contracts, a total of 40,634.58 tonnes and 70,317.67 tonnes of iron ore were delivered by the Plaintiff on the Third Party's behalf to Chizhou Niutoushan's stacking yards, respectively. In September 2014, it was claimed that the Third Party failed to pay the service fees owed to the Plaintiff and as a result, on 17 December 2014, the Plaintiff requested to withdraw the iron ore from Chizhou Niutoushan. Chizhou Niutoushan did not release the steel materials as requested.

On 28 January 2015, the Plaintiff filed a claim against Chizhou Niutoushan at Ningbo City Yinzhou District People's Court (寧波市鄞州區人民法院) (the "**Original Claim**") for (i) an order requiring Chizhou Niutoushan to release the iron ore stored at Chizhou Niutoushan's stacking yards totalling 82,151.15 tonnes to the Plaintiff and (ii) an amount of approximately RMB1.8 million to be paid by Chizhou Niutoushan to the Plaintiff as damages including the Plaintiff's loss arising from the decrease in market price of the iron ore, costs of shipments and interest. According to the judgement, Chizhou Niutoushan was ordered to release the 82,151.15 tonnes of iron ore to the Plaintiff and to pay for damages totalling RMB2,400.00 as the costs of the relevant shipments. Chizhou Niutoushan filed an appeal against the judgement handed down by Ningbo Yinzhou District People's Court (寧波市鄞州區人民法院) but was dismissed.

According to the notice of commencement of civil proceedings issued by Chizhou City Guichi District People's Court (池州市貴池區人民法院) dated 15 April 2016, Chizhou Niutoushan filed new proceedings against the Plaintiff at Chizhou City Guichi District People's Court (池州市貴池區人民法院) (the "**Second Claim**") for (i) the storage fees owed to Chizhou Niutoushan by the Plaintiff for the period from 18 December 2014 to 17 May 2016 totalling approximately RMB8.9 million and (ii) the uploading and unloading service fees of approximately RMB0.9 million. The court found the Plaintiff liable to pay the storage fees owed to Chizhou Niutoushan for the period from 5 March 2015 to 17 May 2016 for a total sum of approximately RMB7.6 million. The Plaintiff filed an appeal against the said judgement of Chizhou City Guichi District People's Court (池州市貴池區人民法院) but was dismissed. The said sum of approximately RMB7.6 million paid by the Plaintiff is currently secured at Chizhou City Guichi District People's Court (池州市貴池區人民法院), pending the outcome of the appeal of the Third Claim (as defined below).

On 16 January 2017, the Plaintiff filed another separate action against Chizhou Niutoushan at Ningbo City Yinzhou District People's Court (寧波市鄞州區人民法院) (the "**Third Claim**") for damages totalling RMB13.9 million comprising price difference of materials of approximately RMB3.0 million, interest of approximately RMB3.3 million and storage fee damages of approximately RMB7.6 million. The Plaintiff applied for asset preservation on 18 January 2017, and subsequently, Ningbo City Yinzhou District People's court ordered to freeze a sum of RMB13.0 million or seize equivalent assets of Chizhou Niutoushan. As a result, the state-owned land use rights granted to Chizhou Niutoushan had been preserved for three years from 20 January 2017 to 19 January 2020. In addition, restricted bank deposit of approximately RMB0.4 million as at 31 December 2017 was under asset preservation executed by court. For further details of Chizhou Niutoushan's land use rights that are subject to the said preservation, please refer to the paragraph headed "Properties — Owned Properties" in this section.

The judgement of the Third Claim was handed down on 29 December 2017. Pursuant to the judgement, Chizhou Niutoushan was ordered to pay the Plaintiff the sum of approximately RMB12.8 million comprising the price difference of materials of approximately RMB3.0 million, interest (up to 31 December 2016) of approximately RMB2.2 million (the "**Interest Payment**") and storage fee damages of approximately RMB7.6 million (the "**Storage Fee Damages**"). Chizhou Niutoushan was also ordered to pay interest for the price difference of materials at a rate of 5.6% per annum from 1 January 2017 and court fees of approximately RMB0.2 million. Chizhou Niutoushan filed an appeal against the said judgement of the Third Claim on 24 January 2018.

Pursuant to a civil mediation certificate dated 6 June 2018 (the "**Civil Mediation Certificate**") endorsed by the Intermediate People's Court of Ningbo City in Zhejiang Province (浙江省寧波市中級人民法院), Chizhou Niutoushan and 中基寧波集團股份有限公司 have applied for a full and final settlement order for the Litigation Cases (the "**Proposed Settlement Order**") that Chizhou Niutoushan would pay中基寧波集團股份有限公司 in the sum of approximately RMB9.1 million (the "**Settlement Sum**") by 10 July 2018 and 中基寧波集團股份有限公司 would in turn agree to apply for the release of (1) Chizhou Niutoushan's restricted bank deposit in the sum of approximately RMB0.4 million as ordered in the Third Claim, (ii) the sum of approximately RMB7.6 million currently secured at Chizhou City Guichi District People's Court as awarded to Chizhou Niutoushan in the Second Claim and (iii) the relevant state-owned land use rights of Chizhou Niutoushan currently under asset preservation as ordered in the Third Claim, and the outstanding legal proceedings in relation to the Litigation Cases shall be withdrawn. As stated in the Civil Mediation Certificate, the Proposed Settlement Order would be effective and enforceable after Chizhou Niutoushan and 中基寧波集團股份有限公司 have acknowledged service of the Civil Mediation Certificate. Service of the Civil Mediation Certificate had been acknowledged by Chizhou Niutoushan and 中基寧波集團股份有限公司 and we will settle the Settlement Sum with our internal financial resources as well as the sum of approximately RMB7.6 million to be released by Chizhou City Guichi District People's Court.

As advised by our PRC Legal Adviser, given that service of the Civil Mediation Certificate had been acknowledged by Chizhou Niutoushan and 中基寧波集團股份有限公司, the Proposed Settlement Order has become enforceable under PRC laws and the Litigation Cases have been conclusively settled. As such, provision for claims in the sum of approximately RMB1.5 million (representing the difference between the Settlement Sum of approximately RMB9.1 million and the sum of approximately RMB7.6 million currently secured at Chizhou City Guichi District People's Court) had been made during the relevant period, i.e. FY2015. In such circumstances, we are of the view that the conclusion of the mediation process for the Litigation Cases will have no material adverse financial impact on our Group.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders have entered into the Deed of Indemnity in favour of us to provide indemnities on a joint and several basis in respect of, among other matters, any claims, liabilities, payments, suits, damages, settlement payments, costs and expenses which would be incurred or suffered by our Group as a result of, among other things, the Litigation Cases. Please refer to the section headed "Statutory and General Information — E. Other information — 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus for details of the Deed of Indemnity.

The indemnity given by our Controlling Shareholders shall not apply to the extent that provision has been made for such claim in the consolidated audited accounts of our Group or any of them for each of the three years ended 31 December 2017.

INTERNAL CONTROL AND RISK MANAGEMENT

We endeavour to uphold the integrity of our business by maintaining an internal control and risk management system into our organisational structure. In preparation for the Listing and to further improve our internal control system, in June 2017, we engaged the IC Adviser to perform an evaluation of the adequacy and effectiveness of our Group's internal control system including the areas of financial, operation, compliance and risk management.

In June 2017, the IC Adviser completed the first review of our internal control system on, among others, our control environment, risk assessment, control activities, information and communication, monitoring activities, financial reporting and disclosure, human resources and payroll, cash management and treasury, sales and receipts cycle, compliance procedures with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. In order to strengthen our internal control system, our Group has also adopted or will adopt the following key measures to mitigate the risk relating to our Group:

(i) Credit risk relating to the collection of trade receivables

Please refer to the paragraph headed "Credit Policy" above in this section.

(ii) Liquidity risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows.

(iii) Quality control

Please refer to the paragraphs headed "Quality Control" above in this section.

(iv) Health and safety

Please refer to the paragraph headed "Health and Safety" above in this section.

(v) Environmental management

Please refer to the paragraph headed "Environmental Protection" above in this section.

(vi) Measures to prevent the recurrence of incidents similar to the Litigation Cases

In order to prevent the recurrence of incidents similar to the Litigation Cases in the future, our Group has, after taking into account the recommendations made by the IC Adviser, strengthened our existing policies and adopted the following measures:

- We have formulated and implemented a range of internal procedures and policies to manage cargo stored at our stacking yards, supervise our daily operations and handle emergency cases occurring at our sites.

- We have organised training and seminars conducted by qualified professionals on a regular basis to address the applicable laws and regulations relevant to our operations.

- We have updated our standard procedures for approving the terms of transactions with customers. We have also engaged PRC legal advisers to review and modify the terms of our agreements with customers to safeguard the interest of our Group. To this end, terms are included in our standard storage service agreements to ensure that (i) cargo owners remain responsible for any potential and/or actual damages and losses relating to the rights, ownership and value of the cargo stored at our sites; (ii) our Group is only responsible for damages due to improper care of cargo, delayed delivery or mis-delivery caused by our Group; and (iii) any disputes arising from the agreements shall be determined by the courts in Chizhou City only.

(vii) Monitoring policy on the purchase of wealth management products

Our Group has formulated a risk assessment and on-going monitoring policy on the purchase of wealth management products. Our finance department reviews the cash flow of our Group before proposing investment on wealth management products to our general manager for formal approval. To minimise liquidity risks, we will only consider to invest in wealth management products which are of low risk and are offered by reputable banks and institutions. After listing, the Group does not expect to purchase similar wealth management products in the near future.

(viii) Corporate Governance

We will comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. We have established three board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, please refer to the section headed "Directors, Senior Management and Employees — Board Committees" in this prospectus.

To avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed "Relationship with our Controlling Shareholders — F. Corporate governance measures" in this prospectus.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance reports to be included in our annual reports after Listing.

(ix) Risk relating to compliance with the GEM Listing Rules after Listing

Our Group has adopted the following measures to ensure continuous compliance with the GEM Listing Rules upon Listing:

- We shall establish system and manuals in relation to, among others, distribution of annual, interim and quarterly reports and publication, handling and monitoring of inside information prior to public announcement and other requirements under the GEM Listing Rules.

- Our Directors attended training sessions conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange.

- We have engaged Alliance Capital as our compliance adviser and will, upon Listing, engage a legal adviser as to Hong Kong laws, which will advise and assist our Board on compliance matters in relation to the GEM Listing Rules and/or other relevant laws and regulations applicable to our Company.

- We have established an Audit Committee which comprises all independent non-executive Directors, namely Mr. Nie Rui, Mr. Wong Chin Hung and Dr. Li Weidong. The Audit Committee has adopted its terms of reference which sets out clearly its duties and obligations, among other things, overseeing the internal control procedure of our Group. For the biographical details of the independent non-executive Directors, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

We will engage an internal control adviser to conduct an annual review on the adequacy and effectiveness of our internal control system for FY2018, including the areas of financial, operation, compliance and risk management. When considered necessary and appropriate, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and legal compliance.

In November 2017 and February 2018, the IC Adviser performed follow up reviews on our internal control system and we did not note any findings of material weakness or insufficiency in our Group's internal control system. After the said reviews, the IC Adviser formed the view that our Group's internal control measures are adequate and effective.

On the basis of the above, our Directors confirm, and the Sponsor concurs, that the internal control measures implemented by our Group are sufficient and could effectively ensure a proper internal control system of our Group and prevent any occurrence of non-compliance incident in the future.

DISCONTINUED RELATED PARTY TRANSACTIONS

(a) Loan agreements

On 28 September 2014, 24 December 2014 and 20 May 2015, Anhui Guanhai entered into loan agreements with Chizhou Port Holdings pursuant to which Anhui Guanhai agreed to lend and Chizhou Port Holdings agreed to borrow RMB5 million, RMB15 million and RMB17 million respectively. Chizhou Port Holdings has paid interest of approximately RMB948,000 and RMB116,000 during FY2015 and FY2016. The outstanding principal amount of the loan agreements has been fully repaid by Chizhou Port Holdings to Anhui Guanhai on 6 June 2016.

On 5 February 2015 and 20 March 2015, Anqing Port lent to Chizhou Port Holdings in the amount of RMB3.5 million and RMB1.5 million respectively. Chizhou Port Holdings has paid interest of approximately RMB69,000 during FY2015. The outstanding principal amount of the loan has been fully repaid by Chizhou Port Holdings to Anqing Port on 20 May 2015.

Our Directors consider that the above transactions were arrived at after arm's length negotiation and that the above transactions were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

(b) Asset rental agreement and transfer agreement in relation to the Terminal Assets

Chizhou Niutoushan entered into an arrangement with Anhui Ocean Line in 2012, pursuant to which Anhui Ocean Line agreed to cooperate with Chizhou Niutoushan to construct certain terminal facilities, which are situated on the land owned by Chizhou Niutoushan, and Chizhou Niutoushan agreed to rent the terminal facilities from Anhui Ocean Line for Chizhou Niutoushan's own use. The rental expenses charged by Anhui Ocean Line amounted to approximately RMB672,000, RMB731,000 and nil respectively for FY2015, FY2016 and FY2017.

On 1 January 2017, Chizhou Niutoushan entered into a transfer agreement with Anhui Ocean Line to acquire the above terminal facilities from Anhui Ocean Line at a total consideration of approximately RMB11.6 million. The consideration of the transfer is determined with reference to the fair values of the terminal facilities on the date of transfer, which were assessed by independent valuer.

Our Directors consider that the above transactions were arrived at after arm's length negotiation and that the transactions were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

A. CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following completion of the Public Offer and the Capitalisation Issue, each of Vital Force, Mr. Kwai and Ms. Cheung is entitled to exercise or control the exercise of more than 30% of voting rights at general meetings of our Company. For the purpose of the GEM Listing Rules, Vital Force is a Controlling Shareholder and Mr. Kwai and Ms. Cheung are a group of Controlling Shareholders.

B. COMPANIES OWNED BY OUR CONTROLLING SHAREHOLDERS WHICH WERE EITHER DISPOSED OF DURING THE TRACK RECORD PERIOD OR NOT INCLUDED IN OUR GROUP

Details of the companies owned by our Controlling Shareholders which were either disposed of during the Track Record Period or not included in our Group are as follows:

(a) Companies which had been disposed of during the Track Record Period:

Anqing Port

Anqing Port was established in the PRC with limited liability on 18 December 2007 and has a registered capital of RMB200 million. As at the date of its establishment, it was owned as to 55% by Ocean Line (Anqing) Port Development Inc. and 45% by a state-owned enterprise. Ocean Line (Anqing) Port Development Inc. was owned as to 50% by Mr. Kwai and 50% by Ms. Cheung. During the Track Record Period, Anqing Port did not have any business relationships with any members of our Group. Due to the change in land use planning in the PRC and at the request of the local Government, Ocean Line (Anqing) Port Development Inc. transferred its 55% equity interest in Anqing Port to the state-owned enterprise at a consideration of approximately RMB154 million on 21 September 2016. As a result, Mr. Kwai and Ms. Cheung had disposed of all their interests in Anqing Port and Anqing Port became wholly-owned by the state-owned enterprise.

Anqing Port was principally engaged in the operation of terminal, cargo uploading and unloading, storage services at the terminal as well as port equipment and machinery leasing and, to the best understanding of our Company, Anqing Port had no material non-compliance of PRC laws immediately before the above disposal. To the best understanding of our Company, Anqing Port would continue to operate in the future but in a smaller scale focusing on containers. Anqing Port is not in competition with our Group's business due to the difference in customer base. The port of Anqing is situated approximately 80 kilometres away from the Ports of Chizhou and the port of Anqing is on the north bank of Yangtze River whereas the Ports of Chizhou are on the south bank of Yangtze River. It is economically unfeasible for a customer from Chizhou City to use the port of Anqing directly, taking into account the additional transportation cost required to deliver the goods to and from the port of Anqing.

(b) Companies which are not included in the Group:

(1) Ocean Line Holdings

Ocean Line Holdings Limited ("**Ocean Line Holdings**") was incorporated in Hong Kong with limited liability on 9 August 1994. As at the Latest Practicable Date, it was owned as to 60% by Mr. Kwai and 40% by Ms. Cheung.

Ocean Line Holdings is principally engaged in chartering of vessels beneficially owned by Mr. Kwai and Ms. Cheung with total deadweight tonnage of more than three million metric tonnes, with routes running worldwide.

As all vessels chartered by Ocean Line Holdings have tonnage of more than 30,000 DWT, they cannot access the Ports of Chizhou, which have a maximum water depth of 12 metres and can only handle barges with tonnage of not more than 10,000 DWT. During the Track Record Period, Ocean Line Holdings has no business relationship with any members of our Group.

As the business of Ocean Line Holdings is different from that of our Group and there has been no overlap of customers between Ocean Line Holdings and our Group during the Track Record Period, there is and will not be any competition between Ocean Line Holdings and our Group.

*(2) Joint ventures established by Ocean Line Holdings with Tianjin Port Development Holdings Limited ("**Tianjin Port**")*

Three joint ventures were established by Ocean Line Holdings and Tianjin Port, a company listed on the Stock Exchange in Hong Kong (stock code: 3382), namely (i) Tianjin Port Yuanhang Ore Terminal Co., Ltd ("**Tianjin Ore Terminal**"); (ii) Tianjin Port Yuanhang Bulk Cargo Terminal Co., Ltd ("**Tianjin Bulk Cargo Terminal**"); and (iii) Tianjin Port Yuanhang International Ore Terminal Co., Ltd ("**Tianjin International Ore Terminal**").

Tianjin Ore Terminal was established in the PRC with limited liability on 19 March 2004, Tianjin Bulk Cargo Terminal was established in the PRC with limited liability on 30 March 2005 and Tianjin International Ore Terminal was established in the PRC with limited liability on 15 June 2012. Each of them was owned as to 49% by Ocean Line Holdings and 51% by Tianjin Port.

The three joint ventures, which were established at various times, are principally engaged in the operation of four different berths in the port of Tianjin respectively, as well as the uploading and unloading of non-containerised cargo and storage services.

The above joint ventures are not in competition with our Group's business as (i) the port of Tianjin is situated at the juncture of the Beijing-Tianjin city belt in North China, whereas the Ports of Chizhou is situated along the Yangtze River, which is approximately 1,000 kilometres away from the port of Tianjin; (ii) the port of Tianjin where the three joint ventures operate is a sea port whereas the ports of Chizhou where our Group operates are a river port; and (iii) it is economically unfeasible for a customer from Chizhou City to use the port of Tianjin directly, taking into account the additional transportation cost required to deliver the goods to and from the port of Tianjin. In addition, as Ocean Line Holdings is a minority shareholder and has no control over these joint ventures, these joint ventures do not form part of our Group. During the Track Record Period, there was no business relationship nor overlap of customers between these joint ventures and our Group.

(3) Anhui Ocean Line

Anhui Ocean Line was established in the PRC with limited liability on 8 May 2008 and was owned as to 60% by Mr. Kwai and 40% by Ms. Cheung through Ocean Line Holdings. Anhui Ocean Line is an investment holding company. Upon the disposal of 33.325% equity interest in Chizhou Niutoushan and the entire equity interest in Chizhou Qianjiang, which is part of the Reorganisation, its remaining material investments only consist of non-port-related securities listed in the PRC. Therefore, Anhui Ocean Line does not form part of our Group.

(4) Chizhou Port International

Chizhou Ocean Line Port International Shipping Limited (池州遠航港口國際船務有限公司) ("**Chizhou Port International**") is a company established in the PRC on 6 January 2010 that is directly and wholly owned by Anhui Ocean Line, another company established in the PRC. Anhui Ocean Line is wholly owned by Ocean Line Holdings Limited, a Hong Kong incorporated company which is owned 60% by Mr. Kwai and 40% by Ms. Cheung, the spouse of Mr. Kwai. Both Chizhou Port International and Anhui Ocean Line are close associates of Mr. Kwai and Ms. Cheung who are a group of Controlling Shareholders.

During the Track Record Period, Chizhou Port International was engaged in the provision of customs services to our Group's customers engaged in foreign trade in the PRC. For the three years ended 31 December 2017, the revenue of Chizhou Port International amounted to approximately RMB477,000, RMB338,000 and RMB81,000, respectively. As advised by our PRC Legal Adviser, pursuant to the Catalogue for the Guidance of Foreign Investment Industries (the "**Catalogue**"), foreign-owned companies are restricted from carrying on the business of docking agency and customs services in the PRC. The failure to comply with the Catalogue by Chizhou Port International could attract penalties.

According to the business licence of Chizhou Port International, the business scope of Chizhou Port International is docking agency and customs services. As Chizhou Port International is a wholly foreign-owned enterprise, Chizhou Port International was not permitted to carry on the business of docking agency and customs services pursuant to the Catalogue. As advised by our PRC Legal Adviser, the Catalogue is binding on the entity that carries on the business of docking agency and customs services i.e. Chizhou Port International and Anhui Ocean Line as a holding company of Chizhou Port International would not be held in breach of the Catalogue.

The management of Chizhou Port International was not aware that Chizhou Port International was not permitted to carry out the business of customs services given that (i) it was granted a business licence by the relevant authority; (ii) it did not receive any notification from the relevant authority alleging that it did not comply with the Catalogue; and (iii) the management of Chizhou Port International was not familiar with the relevant regulatory requirements. In September 2017, Chizhou Port International ceased its business operations as soon as the management of Chizhou Port International became aware of the restrictions under the Catalogue. After the cessation of business of Chizhou Port International, the customers engaged external service provider for provision of customs services.

Our PRC Legal Adviser advise that it is unlikely for Chizhou Port International to be penalised by the relevant government authority on the basis of the following:

(i) the business licence of Chizhou Port International was validly granted and registered by a competent government authority which, according to the applicable PRC laws and regulations, would not approve and register the business licence of an enterprise failing to satisfy the relevant legal requirements; and

(ii) the legal liability and the penalty involved for failing to comply with the Catalogue are not prescribed under the applicable PRC laws and regulations.

Having considered the above, the Directors take the view, and the Sponsor concurs, that the aforementioned non-compliance incident of Chizhou Port International is immaterial and would not reflect negatively on our Directors' suitability to act as director under Rules 5.01 and 5.02 of the GEM Listing Rules because (i) the non-compliance was neither intentional nor wilful; (ii) the incident did not involve any dishonesty, fraud or misconduct on the part of our Group and our Directors; (iii) Chizhou Port International was granted a valid business licence to carry out its business; (iv) Chizhou Port International ceased its business operations as soon as its management became aware of the restrictions under the Catalogue; and (v) as advised by our PRC Legal Adviser, it is unlikely for Chizhou Port International to be penalised for the non-compliance incident.

As the business of Chizhou Port International is entirely different from that of our Group and Chizhou Port International has ceased its business operations, there is and will not be any competition between Chizhou Port International and our Group.

Save as disclosed above, each of Vital Force, Mr. Kwai and Ms. Cheung confirms that, as at the Latest Practicable Date, apart from the business operated by members of our Group, each of them and each of their respective associates and/or companies controlled by it or him or her do not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

Save as disclosed above, there is no other person who will, immediately following completion of the Public Offer and the Capitalisation Issue, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

C. INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on our Group's business independently of our Controlling Shareholders and their respective close associates (other than our Group) after completion of the Public Offer and the Capitalisation Issue:

1. Management independence

The Board consists of six Directors, of whom two are executive Directors, one is a non-executive Director and the remaining three are independent non-executive Directors. Mr. Kwai, being an executive Director and the chairman of the Board, is also the director of Vital Force. Mr. Kwai is the spouse of Ms. Cheung, who is also the non-executive Director.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum. In addition, the senior management team of our Group is independent from our Controlling Shareholders. The three independent non-executive Directors will also bring independent judgment to the decision making process of the Board.

Most members of the senior management of our Group have, for all or substantially all of the Track Record Period, undertaken senior management supervisory responsibilities in the business of our Group. The responsibilities of the senior management team of our Group include dealing with operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategy of our Group. This ensures the independence of the daily management and operations of our Group. Further details of our senior management are set out in the section headed ''Directors, Senior Management and Employees'' in this prospectus.

2. Operational independence

Our Group has established our own organisational structure made of individual departments, each with specific areas of responsibilities. Our Group did not share our operational resources, such as contractors, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates during the Track Record Period. Our Group has also established a set of internal controls to facilitate the effective operation of its business. Our Group's customers and suppliers are all independent from our Controlling Shareholders. Our Group does not rely on our Controlling Shareholders or their close associates and has its independent access to customers and suppliers. Our Directors are of the view that our Group is able to operate independently from our Controlling Shareholders after the Listing.

3. Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions, including financial and accounting management, invoicing and billing, human resources and information technology.

4. Financial independence

Our Company has established a financial system that operates independently. Our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our business operations and our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

5. Independence of major suppliers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates have any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

6. Independence of major customers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates have any relationship with the top five customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period. Our Directors are of the view that our Group does not unduly rely on our Controlling Shareholders and/or their respective close associates.

Having considered the aforesaid factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates.

D. RULE 11.04 OF THE GEM LISTING RULES

As at the Latest Practicable Date, our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

E. DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee of our subsidiaries), pursuant to which our Controlling Shareholders have jointly and severally, irrevocably and unconditionally undertaken to and covenanted with our Company (for ourselves and for the benefit of our subsidiaries) that during the continuation of the Deed of Non-competition it or he or she would not, and would procure that its or his or her associates (other than any members of our Group) would not, whether on its or his or her own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the operation of inland terminal, provision of port logistic services, cargo uploading and uploading services and other ancillary port services such as storage services, short distance road transportation services and miscellaneous services, in each case, to be more particularly described or contemplated in this prospectus), in the PRC and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on such business from time to time (the "**Restricted Business**"). Such non-competition undertaking does not apply to:

(a) any interests in the shares of any members of our Group; or

(b) any interests in Tianjin Ore Terminal, Tianjin Bulk Cargo Terminal and Tianjin International Ore Terminal (which are not in competition with the business of our Group as disclosed in this prospectus);

(c) interests in the shares of a company other than our Company whose shares are listed on a recognised stock exchange provided that:

   (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated revenue or consolidated assets, as shown in that company's latest audited accounts; or

   (ii) the total number of the shares held by our Controlling Shareholders and/or their respective associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective associates in aggregate; or

   (iii) our Controlling Shareholders and/or their respective associates do not have the control over the board of such company.

The Deed of Non-competition shall take effect upon Listing and shall expire on the earlier of:

(a) the day on which the Shares cease to be listed on GEM or other recognised stock exchange; or

(b) the day on which our Controlling Shareholders and his/her/its associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholders and do not have power to control the Board or there is at least one other independent shareholder other than our Controlling Shareholders and his/her/its respective associates holding more Shares than our Controlling Shareholders and his/her/its respective associates taken together.

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has undertaken that if each of our Controlling Shareholders and/or any of his/her/its respective associates is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/she/it shall (i) promptly within ten Business Days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such New Business Opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such New Business Opportunity is offered to him/her/it and/or his/her/its associates.

All of our Directors (excluding those who is/are interested in the New Business Opportunity and has/have conflict of interests with our Company) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) Business Days (the "**30-day Offering Period**") of receipt of notice from our Controlling Shareholders, our Controlling Shareholders and/or his/her/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. Our Controlling Shareholders agree to extend the period to a maximum of 60 Business Days if our Company requires so by giving a written notice to our Controlling Shareholders within the 30-day Offering Period.

F. CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

(a) the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by our Controlling Shareholders under the Deed of Non-competition;

(b) our Controlling Shareholders have undertaken to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

(c) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company or by way of announcements;

(d) our Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-competition in the annual reports of our Company; and

(e) the independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out in this paragraph headed "Corporate governance measures", our Directors believe that the interest of our Shareholders will be protected.

CONNECTED TRANSACTION

Prior to the Listing, our Group has entered into certain transactions with its connected persons. Some of these transactions have completed or ceased and one transaction will continue after the Listing and constitute a continuing connected transaction (as defined in the GEM Listing Rules) of our Company. Details of these transactions are as follows:

CONNECTED PERSONS

Mr. Kwai and Ms. Cheung are a group of Controlling Shareholders of our Company and are therefore connected persons of our Company as defined under the GEM Listing Rules.

Anhui Ocean Line is indirectly and beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung. 安徽冠海實業發展有限公司 (for transliteration purpose only, Anhui Guanhai Enterprise Development Limited) ("**Anhui Guanhai**") is owned as to 99.9% by 安徽國海投資發展有限公司 (for transliteration purpose only, Anhui Guohai Investment Development Limited), which is wholly-owned by Mr. Kwai Kwun, being Mr. Kwai and Ms. Cheung's son. Accordingly, each of Anhui Ocean Line and Anhui Guanhai, being an associate of Mr. Kwai and Ms. Cheung, is a connected person of our Company.

Prior to the disposal of interests in Anqing Port on 21 September 2016, Anqing Port was owned as to 55% by Ocean Line (Anqing) Port Development Inc., which was owned as to 50% by each of Mr. Kwai and Ms. Cheung respectively. Hence, Anqing Port was an associate of Mr. Kwai and Ms. Cheung, and a connected person of our Company. For more details of the disposal of interests in Anqing Port, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

CONTINUING CONNECTED TRANSACTION

Continuing connected transaction exempt from reporting, announcement and independent shareholders' approval requirements

On 27 November 2017, Ocean Line (Hong Kong) and Ocean Longevity Company Limited ("**Ocean Longevity**"), a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Mr. Kwai and Ms. Cheung, entered into a tenancy agreement (the "**Tenancy Agreement**") pursuant to which Ocean Longevity as the landlord agreed to lease the premises situated at Room 2715–16, 27/F., Hong Kong Plaza, 188 Connaught Road West, Hong Kong with a total gross floor area of approximately 1,760 square feet to Ocean Line (Hong Kong) as the tenant, for a period of three years commencing from 1 January 2018 and expiring on 31 December 2020, at a total annual rent of HK$480,000. Pursuant to the Tenancy Agreement, Ocean Line (Hong Kong) agreed to pay all utilities and telephone charges for the premises.

The annual rent under the Tenancy Agreement was determined on an arm's length basis between Ocean Line (Hong Kong) and Ocean Longevity with reference to the normal market rents. As such, the Directors (including the independent non-executive Directors) considered that the entering into of the Tenancy Agreement is fair and reasonable and in the interests of our Group and the Shareholders as a whole.

As the total amount payable under the Tenancy Agreement (including the estimated utilities and telephone charges) by Ocean Line (Hong Kong) to Ocean Longevity for each of the three financial years ending 31 December 2020 will be approximately HK$500,000, which is less than HK$3,000,000 per annum and the percentage ratios (other than the profits ratio) mentioned in Rule 19.07 of the GEM Listing Rules are less than 5%, the total annual rent (including the estimated utilities and telephone charges) payable under the Tenancy Agreement would fall below the de minimis threshold under Rule 20.74(1)(c) of the GEM Listing Rules and thus would not be subject to any reporting, announcement or independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Save for the exempt continuing connected transaction disclosed above, we also entered into certain related party transactions during the Track Record Period which are contained in Note 33 to the accountants' report in Appendix I to this prospectus.

CONFIRMATION FROM OUR DIRECTORS

Our Directors consider that it is in the interests of our Company to continue with the continuing connected transaction after the Listing. They also consider that the continuing connected transaction as set out above is in the interests of our Company and our Shareholders as a whole. Our Directors are also of the view that the continuing connected transaction above has been and will be entered into on normal commercial terms and the annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Save as disclosed in this section, our Directors currently do not expect that immediately following the Listing, there will be any transaction which will constitute a continuing connected transaction of our Company under the GEM Listing Rules.

OVERVIEW

The Board currently comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

The following tables set out the information regarding our Directors and our senior management:

Directors

Name	Age	Position	Date of joining our Group	Date of appointment as Director of our Company	Responsibilities	Relationship with other Director(s), senior management and employees
Mr. KWAI Sze Hoi (桂四海)	68	Chairman of the Board and Executive Director	December 2007	30 October 2017	Responsible for the overall management and development of our Group as well as the formulation and implementation of our business strategies	Spouse of Ms. Cheung Wai Fung
Mr. HUANG Xueliang (黃學良)	55	Executive Director and Chief Executive Officer	June 2008	7 December 2017	Responsible for the overall management and supervision of the operation of our PRC operating subsidiaries	N/A
Ms. CHEUNG Wai Fung (張惠峰)	65	Non-executive Director	December 2007	7 December 2017	Responsible for providing advice to the Board on business strategies of our Group	Spouse of Mr. Kwai Sze Hoi
Mr. NIE Rui (聶睿)	41	Independent non-executive Director	1 June 2018	1 June 2018	Performing the role as independent non-executive Director, responsible for supervision and providing independent judgment to our Board, serving as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee; advising on corporate governance matters	N/A
Mr. WONG Chin Hung (黃展鴻)	39	Independent non-executive Director	1 June 2018	1 June 2018	Performing the role as independent non-executive Director, responsible for supervision and providing independent judgment to our Board, serving as the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee; advising on corporate governance matters	N/A
Dr. LI Weidong (李偉東)	49	Independent non-executive Director	1 June 2018	1 June 2018	Performing the role as independent non-executive Director, responsible for supervision and providing independent judgment to our Board, serving as the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee; advising on corporate governance matters	N/A

Senior Management

Name	Age	Position	Date of joining our Group	Responsibilities	Relationship with other Director(s), senior management and employees
Ms. LAW Kit Yu (羅潔茹)	36	Financial controller and company secretary	31 May 2017	Responsible for overseeing our Group's financial reporting and planning, treasury and financial control and corporate secretarial practices and procedures	N/A
Mr. GUI Siqing (桂四清)	53	Deputy general manager of Chizhou Port Holdings	3 June 2016	Responsible for overseeing the day-to-day port operation of Chizhou Port Holdings	N/A

Executive Directors

Mr. KWAI Sze Hoi (桂四海), aged 68, is the chairman of our Board and an executive Director of our Company. He was appointed as a Director on 30 October 2017 and was re-designated as an executive Director on 1 June 2018. He is one of our founders and a member of a group of Controlling Shareholders and is mainly responsible for the overall management and development of our Group as well as the formulation and implementation of our business strategies.

Mr. Kwai has over 40 years of experience in international shipping and the port operation business. In 1994, Mr. Kwai established Ocean Line Holdings in Hong Kong, which engaged in international shipping business and currently own a fleet of vessels of total deadweight tonnage of more than three million metric tonnes. He also invests in terminal operation business in Tianjin Port through joint ventures established by Ocean Line Holdings with Tianjin Port Development Holdings Limited. For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

In 2007, Mr. Kwai established Ocean Line Chizhou and is responsible for formulation and development of business strategies. He has also served as Chairman as well as a non-executive director of Brockman Mining Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0159) and the Australian Securities Exchange (stock code: BCK) since June 2012.

Mr. Kwai graduated from Anhui University with a Bachelor in Foreign Language Studies in English in 1975.

Mr. Kwai is the husband of Ms. Cheung.

Save as disclosed above, during the three years immediately preceding the Latest Practicable Date, Mr. Kwai was not a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. HUANG Xueliang (黃學良), aged 55, is our executive Director and chief executive officer. He was appointed as a Director on 7 December 2017 and re-designated as an executive Director on 1 June 2018. He is responsible for the overall management and supervision of the operation of our PRC operating subsidiaries.

Mr. Huang has over nine years of experience in the port logistic services industry in Chizhou City, Anhui Province. Mr. Huang joined our Group in June 2008. Since June 2008, Mr. Huang has also served as the Assistant President of Ocean Line Holdings Limited (香港遠航集團有限公司) and has been responsible for managing its PRC subsidiaries. Since June 2008, Mr. Huang has acted as the managing director of Anhui Ocean Line Port Development Limited (安徽遠航港口發展有限公司), an investment holding company which primarily held 33.325% equity interest in Chizhou Niutoushan and 100% equity interest in Chizhou Qianjiang prior to Reorganisation and invests in non-port related securities listed in the PRC and has been responsible for overseeing its investments in Chizhou Niutoushan and Chizhou Qianjiang.

Mr. Huang obtained a Professional diploma in Economic Management from Anhui Institute of Finance and Trade in 1994. He further obtained a Professional diploma in Business Administration from Anhui University in 1998 and a Professional diploma in World Economics from Fudan University in 2002. Mr. Huang has extensive experience in corporate management. Prior to joining our Group, he worked at various companies in the PRC in tourism, asset management, chemical engineering and garment industries at management level. Mr. Huang is currently a member of the Chizhou City People's Congress Standing Committee.

Mr. Huang has, on numerous occasions, received awards from port logistic industry organisations and governmental authorities after joining our Group. For instance, in 2017, Mr. Huang was awarded as one of the Top Ten Most Outstanding People in Yangtze River Shipping Industry (長航傑出人物) by Changjiang River Administration of Navigational Affairs (長江航務管理局).

During the three years immediately preceding the Latest Practicable Date, Mr. Huang has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Non-executive Director

Ms. CHEUNG Wai Fung (張惠峰), aged 65, is one of our founders and a member of a group of Controlling Shareholders and a non-executive Director. She was appointed as a Director on 7 December 2017 and re-designated as a non-executive Director on 1 June 2018. Ms. Cheung is primarily responsible for providing advice to the Board on business strategy of our Group.

Ms. Cheung founded Ocean Line Holdings together with Mr. Kwai in 1994 and was appointed as a director responsible for overseeing finance and human resources. In addition, Ms. Cheung has over 12 years of experience in hotel management industry. Since 2005, Ms. Cheung was appointed as the chairman of Anhui Jinjiuhua International Hotel Company Limited (安徽金九華國際大酒店有限公司), a PRC company conducting hotel businesses in Anhui Province, the PRC and she is responsible for the design and construction of the hotel as well as overseeing the management decisions of the company.

Ms. Cheung obtained a bachelor's degree in Chinese Medicine from the Guangzhou University of Chinese Medicine in 1978.

Ms. Cheung is the spouse of Mr. Kwai.

During the three years immediately preceding the Latest Practicable Date, Ms. Cheung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Independent Non-executive Directors

Mr. NIE Rui (聶睿), aged 41, is our independent non-executive Director. He is the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Nie is responsible for supervising and providing independent judgement to our Board, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Nie has over 17 years of experience in investment banking and corporate finance. Between July 2000 and December 2001, Mr. Nie worked as an investment banking analyst at Morgan Stanley. From January 2002 to May 2005, Mr. Nie worked at the Deutsche Bank Group and his last position held with the Deutsche Bank Group was an investment banking associate. In June 2005, he joined HSBC and his last position held with HSBC was the Managing Director and Head of China Equity Capital Markets. Since September 2015, Mr. Nie joined Rainbow Capital Management Limited, where he is currently serving as the Chief Executive Officer.

Mr. Nie obtained a Bachelor of Arts in Philosophy, Politics and Economics from Oxford University in 2000.

During the three years immediately preceding the Latest Practicable Date, Mr. Nie has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. WONG Chin Hung (黃展鴻), aged 39, is our independent non-executive Director. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Wong is responsible for supervising and providing independent judgement to our Board, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Wong has over 16 years of experience in providing assurance and advisory services. Between September 2000 and June 2017, Mr. Wong worked at Ernst & Young and his last held position was audit partner where he led and co-ordinated initial public offerings, spinoff and mergers and acquisitions projects. In August 2017, Mr. Wong established Gunners Limited (鴻逸香港有限公司), a consultancy firm and is currently acting as a Director. Since February 2018, he has been appointed as the Chief Financial Officer and the Company Secretary of Yuzhou Properties Company Limited (Stock Code: 01628), the Shares of which are listed on the Main Board of the Stock Exchange.

Mr. Wong obtained a Bachelor degree (Honours) in Business Administration in Accountancy with Finance as minor, from the City University of Hong Kong in 2000. He has been a member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants since January 2007 and July 2004 respectively.

During the three years immediately preceding the Latest Practicable Date, Mr. Wong has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Dr. LI Weidong (李偉東), aged 49, is our independent non-executive Director. Dr. Li was admitted as a PRC lawyer in September 1993. Dr. Li also practices as a foreign lawyer in Hong Kong since May 2014. Dr. Li is the Chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. Dr. Li is responsible for supervising and providing independent judgement to our Board, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Dr. Li has over 25 years of experience in the legal industry. He joined Nanjing Zhongshan Law Firm as an associate in September 1992. From February 1994 to April 1997, he worked as an associate at Jiangsu Jingwei Law Firm. He became a partner of Guangdong Haipei Law Firm in November 2003 and has served as a managing partner of the firm since July 2013.

Dr. Li graduated from Nanjing University with a Bachelor of Science degree in Geochemistry in 1990, before completing his Bachelor of Law degree at the same university in 1992. He further obtained a Doctor of Philosophy with the City University of Hong Kong in July 2004. Dr. Li has been acting as an independent director of Shenzhen MYS Environmental Protection & Technology Company Limited (深圳市美盈森環保科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002303.SZ) since September 2013. Dr. Li also served as an independent director of Netac Technology Company Limited, a company listed on the Shenzhen Stock Exchange (stock code: 300042.SZ) from February 2014 to February 2017.

Save as disclosed above, during the three years immediately preceding the latest Practicable Date, Dr. Li has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Directors' interest

Save as disclosed in this section, each of our Directors (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; and (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as disclosed herein, there was no additional matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Ms. LAW Kit Yu (羅潔茹), aged 36, joined our Group on 31 May 2017 and is our financial controller and company secretary. She is primarily responsible for financial reporting, financial planning, treasury and financial control and corporate secretaries practices and procedures of our Group.

Ms. Law has over 12 years of experience in providing accounting and auditing services. She worked in Ernst and Young from January 2005 to May 2017 with her last position as a senior manager. She has extensive experience in participating in various audited assignments for both Hong Kong listed companies and multi-national companies.

Ms. Law obtained a Bachelor of Arts (Honours) in Accountancy from The Hong Kong Polytechnic University in 2003. She has been a member of The Association of Chartered Certified Accountants since 2007 and has been a member of the Hong Kong Institute of Certified Public Accountants since 2008. Ms. Law became a Fellow of The Association of Chartered Certified Accountants in 2012.

During the three years immediately preceding the Latest Practicable Date, Ms. Law has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. GUI Siqing (桂四清), aged 53, is the deputy general manager of Chizhou Port Holdings. He has over 30 years of experience in accounting and financial management. He also has nine years of experience in the port logistic services industry. Mr. Gui joined our Group on 3 June 2016 and is responsible for overseeing the day-to-day port operation and financial reporting of Chizhou Port Holdings. Prior to joining our Group, Mr. Gui worked at the Accounting Department of Anqing Department Store Company (安慶百貨公司) from July 1984 to December 2007 with his last position as a deputy manager, where he was responsible for overseeing the company's financial and accounting operations. From December 2007 to December 2016, he worked in the financial department of Anqing Port Ocean Line Holdings Limited with his last position as general manager, where he was responsible for managing the company's management accounts and budgeting.

Mr. Gui obtained a Professional diploma in Financial Accounting from Anhui College of Finance and Commerce in July 1991.

During the three years immediately preceding the Latest Practicable Date, Mr. Gui has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. Law Kit Yu is the company secretary of our Group. Please refer to the paragraphs headed "Senior Management" in this section for her biography.

AUTHORISED REPRESENTATIVES

Mr. Kwai Sze Hoi and Ms. Law Kit Yu have been appointed as the authorised representatives of our Company under Rule 5.24 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Kwai Sze Hoi has been appointed as the compliance officer of our Company on 15 December 2017. For his biographical information, please refer to the paragraphs headed "Executive Directors" above in this section.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code and the associated GEM Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and include our corporate governance report in our annual report upon Listing.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Alliance Capital to be our compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, our compliance adviser will advise our Company on, among other matters, the following:

(1) before the publication of any regulatory announcement, circular, or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(3) where our Company proposes to use the net proceeds of the Public Offer in a manner different from that set out in this prospectus or where the business activities, development or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term of the appointment of the compliance adviser will commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with our Articles of Association and the GEM Listing Rules, we have formed three board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Our Company established an Audit Committee on 1 June 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of our Audit Committee was adopted in compliance with paragraphs C3.3 and C3.7 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The members of our Audit Committee comprise Mr. Wong Chin Hung, Mr. Nie Rui and Dr. Li Weidong. Mr. Wong Chin Hung is the chairman of our Audit Committee. The primary duties of our Audit Committee are to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedure of our Group.

Remuneration Committee

Our Company established a Remuneration Committee on 1 June 2018 with written terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules. The written terms of reference of our Remuneration Committee was adopted in compliance with paragraph B1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM

Listing Rules. The members of our Remuneration Committee comprise Mr. Nie Rui, Mr. Wong Chin Hung and Dr. Li Weidong. Mr. Nie Rui is the chairman of our Remuneration Committee. The primary duties of our Remuneration Committee are to review and evaluate performance in order to make recommendations on the remuneration package of each of our Directors and senior management personnel as well as other employee benefit arrangements.

Nomination Committee

Our Company established a Nomination Committee on 1 June 2018 with written terms of reference in compliance with A5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The members of our Nomination Committee comprise Mr. Nie Rui, Mr. Wong Chin Hung and Dr. Li Weidong. Dr. Li Weidong is the chairman of our Nomination Committee. Our Nomination Committee is mainly responsible for making recommendations to our Board on the appointment of Directors and the management of our Board succession.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of compensation paid by us in FY2015, FY2016 and FY2017 to our Directors was approximately RMB0.3 million, RMB0.3 million and RMB0.3 million respectively.

Save as disclosed above, no other fees, salaries, housing allowances, discretionary bonuses, other allowances and benefits in kind and contributions to pension schemes were paid by our Group to our Directors during the Track Record Period. Our Directors had not waived any emoluments during the Track Record Period.

One of our Directors were our Group's five highest paid individuals for each of FY2015, FY2016 and FY2017 respectively. The emoluments paid by us to the five highest paid individuals of our Group excluding our Directors during the Track Record Period are as follows:

	FY2015	**FY2016**	**FY2017**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	619	664	682
Pension scheme contributions	9	17	30
	628	681	712

During the Track Record Period, no remuneration has been paid to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors will be approximately HK$2.2 million per year.

Save as disclosed above, no other payment has been paid or is payable, in respect of the Track Record Period by us or any of our subsidiaries to our Directors.

REMUNERATION POLICY

The executive Directors, the independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group.

Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After Listing, the remuneration committee of our Company will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, and the time devoted to our Group and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

Share Option Scheme

We have conditionally adopted the Share Option Scheme, the purpose of which is to motivate the relevant participants to optimise their future contributions to our Group, to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and general information — D. Share Option Scheme" in Appendix V to this prospectus.

The maximum number of Shares which may be issued, upon exercise of all options that may be granted under the Share Option Scheme and any other option scheme involving the issue or grant of options over Shares or other securities by our Company or any of its subsidiaries or invested entity shall not in aggregate exceed 10% of the number of Shares in issue as of the Listing Date; and the Board has been authorised to determine the grant of a right to subscribe for Shares under, and pursuant to the terms of the Share Option Scheme and to determine the grantees, number of options to be granted to each grantee and the terms and conditions of such grants pursuant to the terms of, the Share Option Scheme.

EMPLOYEES

Please refer to the section headed "Business — Employees" in this prospectus for details relating to number of staff, staff benefits, training and recruitment policy of our Group.

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Public Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or underlying shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

Long position in the Shares

Name	**Capacity/nature of interest**	**Number of Shares held/interested in** *(Note 1)*	**Percentage of shareholding immediately following completion of the Capitalisation Issue and the Public Offer**
Vital Force	Beneficial owner *(Note 2)*	600,000,000 (L)	75%
Mr. Kwai	Interest of a controlled corporation *(Note 3)*	600,000,000 (L)	75%
Ms. Cheung	Interest of a controlled corporation *(Note 3)*	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes long position of the Shares.

2. Immediately following completion of the Public Offer and the Capitalisation Issue, Vital Force will hold 600,000,000 Shares, representing 75% of the issued share capital of our Company.

3. The entire issued share capital of Vital Force is held as to 60% by Mr. Kwai and 40% by Ms. Cheung. Each of Mr. Kwai and Ms. Cheung is deemed to be interested in all the Shares held by Vital Force under the SFO. Ms. Cheung is the spouse of Mr. Kwai.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Public Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

A. SHARE CAPITAL

The authorised and issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Public Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be as follows:

Authorised share capital		*HK$*
5,000,000,000	Shares	50,000,000

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Public Offer:		*HK$*
100	Shares in issue as at the date of this prospectus	1
599,999,900	Shares to be issued pursuant to the Capitalisation Issue	5,999,999
200,000,000	Shares to be issued pursuant to the Public Offer	2,000,000
800,000,000		8,000,000

The table is prepared on the basis of the Public Offer becoming unconditional and the Capitalisation Issue and the issue of the Offer Shares having been completed. It is expected that upon Listing, the total market capitalisation of our Company will be HK$304 million to HK$336 million.

It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the general mandates as referred to below or otherwise.

B. MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of our Company's issued share capital in the hands of the public.

C. RANKING

The Offer Shares will rank pari passu in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

D. CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 1 June 2018, subject to the share premium account of our Company being credited as a result of the Public Offer, our Directors are authorised to allot and issue a total of 599,999,900 Shares credited as fully paid at par to our sole Shareholder whose name appeared on the register of members of our Company at the close of business on 1 June 2018 by way of capitalisation of the sum of HK$5,999,999 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to the written resolutions shall rank pari passu in all respects with the existing issued Shares.

E. GENERAL MANDATE TO ISSUE SHARES

Subject to the Public Offer becoming unconditional, the Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

(a) 20% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Public Offer (excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and

(b) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed "General mandate to repurchase Shares" below.

This mandate does not cover Shares to be allotted, issued or dealt with under a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements for the time being adopted or on the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked, renewed or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 1 June 2018" in Appendix V to this prospectus.

F. GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Public Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares of not more than 10% of the total number of Shares in issue following the completion of the Capitalisation Issue and the Public Offer (excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on GEM, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about our Company — 6. Repurchase by our Company of Shares" in Appendix V to this prospectus.

The general mandates to repurchase Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or

(c) the time when such mandate is revoked, renewed or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 1 June 2018" in Appendix V to this prospectus.

G. CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in Appendix IV to this prospectus.

*You should read this section in conjunction with our audited combined financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our combined financial information have been prepared in accordance with the Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards, amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKFRSs**"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and projections depends on a number of risks and uncertainties over which we do not have control. For further information, please refer to the sections headed "Risk factors" and "Forward-looking statements" in this prospectus.

OVERVIEW

We are an inland terminal operator in the PRC. We operate two terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both of which are situated in Chizhou City, Anhui Province, the PRC. The two terminals are located in major port areas of Ports of Chizhou. We focus on the provision of port logistic services, whereby our customers use our terminals primarily to transport their cargo along the Yangtze River. Our principal services mainly comprise of:

- cargo uploading and unloading services involving:
  - (i) bulk cargo, i.e. cargo that is unpackaged and transported in large quantities. During the Track Record Period, we mainly handled bulk cargo for various types of raw minerals such as limestone, dolomite and calcite;
  - (ii) containers, i.e. large standardised containers (usually 20 or 40 feet long) that are used to contain, store and transport objects and materials; and
  - (iii) break bulk cargo, i.e. cargo that is non-containerised and is transported as individual pieces. The break bulk cargo that we handled during the Track Record Period included steel pipes, marble, wood and industrial products.
- related ancillary port services including:
  - (i) storage services at our terminals to store customers' raw materials temporarily prior to and/or after shipments;
  - (ii) short distance road transportation services as requested by our customers; and
  - (iii) miscellaneous services such as docking and undocking of vessels and cleaning services for trucks and containers.

Our Jiangkou Terminal provides all of the services mentioned above. Our Niutoushan Terminal provides cargo uploading and unloading and ancillary port services mainly for bulk cargo to cater for our customers' demand for logistics services for bulk cargo.

For FY2015, FY2016 and FY2017, our revenue attributable to port logistic services amounted to approximately RMB47.3 million, RMB49.0 million, and RMB63.6 million, respectively. For the same years, our total cargo throughput (inclusive of domestic trade and foreign trade) was approximately 5.9 million tonnes, 8.1 million tonnes, and 11.6 million tonnes, respectively, and our total throughput of containers amounted to 15,008 TEUs, 9,690 TEUs and 15,196 TEUs, respectively. Our revenue maintained stable at approximately RMB47.3 million and RMB49.0 million for FY2015 and FY2016, respectively, and increased by approximately RMB14.6 million or 29.9%, to approximately RMB63.6 million for FY2017. We recorded profit after tax of approximately RMB5.5 million, RMB4.8 million and RMB1.0 million for FY2015, FY2016 and FY2017, and our net profit margin was approximately 11.6%, 9.7% and 1.6%, respectively. Had the listing expenses been excluded, our net profit and net profit margin for FY2017 would have been approximately RMB11.8 million and 18.6%, respectively.

REORGANISATION AND BASIS OF PRESENTATION

Our Company is an investment holding company. During the Track Record Period and up to the Latest Practicable Date, our Company's operating subsidiaries, namely, Chizhou Port Holdings, Chizhou Niutoushan and Chizhou Qianjiang carried on the business of the provision of port logistic services and related ancillary port services in Chizhou City, Anhui Province, the PRC.

The Company was incorporated in the Cayman Islands on 30 October 2017 as part of the Reorganisation of our Group as set out in the section headed "History, Reorganisation and Corporate Structure D. Reorganisation" in this prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

Accordingly, the historical financial information is prepared as if the Reorganisation had been completed as at the beginning of the Track Record Period and remained unchanged. The combined statements of comprehensive income, combined statements of change in equity and combined statements of cash flows of our Group for the Track Record Period, include the results of operations of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period. The combined statement of financial position of our Group as at 31 December 2015, 31 December 2016 and 31 December 2017 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

Inter-company transactions, balances and unrealised gains and losses on transactions between our group companies are eliminated. When necessary, adjustments are made on the accounting policies of our subsidiaries in order to ensure consistency with the accounting policies as adopted by our Group.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our Group's combined financial statements have been prepared in accordance with the following accounting policies which conform to HKFRSs. Some of the accounting policies involve subjective judgments, estimates, and assumptions made by our management, all of which are subject to inherent uncertainties. The estimates and the associated assumptions are based on historical data and our experience and factors that we believe to be relevant and reasonable under the circumstances. For more information regarding the significant accounting policies, estimates and judgements adopted by our Group, please refer to Notes 5 and 6 to the Accountants' Report set out in Appendix I to this prospectus.

The following paragraphs summarise the critical accounting policies and estimates applied in the preparation of our Group's combined financial statements.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the services in the ordinary course of our Group's activities. Revenue is shown net of discounts, returns and value added taxes. Our Group recognises revenue when the amount of the revenue can be reliably measured; and when the specific criteria have been met for each type of our Group's activities as described below:

(i) Provision of services

Port logistic service (including container handling, storage and other service, logistic service, general and bulk cargoes handling service) is recognised when service is rendered.

(ii) Interest income

Interest income is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(iii) Rental income

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is provided over their estimated useful lives, using the straight line method. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each of the reporting dates. The estimated useful lives are as follows:

Terminal facilities	25 years
Buildings	10–40 years
Port machinery and equipment	8–12 years
Vessels	25 years
Motor vehicles	5–8 years
Furniture and office equipment	5 years
Leasehold improvements	The shorter of the lease term and 5 years

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that our Group will comply with the conditions attaching to them. Grants that compensate our Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

For details of the recognition of our government grants during the Track Record Period, please refer to the paragraph headed "Description of selected items in combined statement of profit or loss — Other income and gains" of this section.

Impairment of non-financial assets (including interests in an associate)

Our Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, our Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash generating unit to which the asset is allocated. Estimating the value in use requires our Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made. The Group assesses at the end of each reporting period whether there is an indication that the interests in an associate, namely Chizhou Guichi may be impaired. As at each reporting date, the directors of the Company considered that there were no significant changes with an adverse effect on Chizhou Guichi in the near future. Considering that the operation and economic performance during the Track Record Period was not worse than expected, the Group did not record any impairment on its interests in an associate.

Impairment of trade and other receivables

Our Group's management assesses the collectability of trade and other receivables on a regular basis to determine if any provision for impairment is necessary. This estimate is based on, where appropriate, the evaluation of an ageing analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these outstandings, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of our Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required. Management reassesses the provision for impairment at the reporting dates.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of our Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the combined statement of comprehensive income.

For details, please refer to Notes 5 and 6 to the Accountants' Report set out in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The following factors are the principal factors that have affected, and which we expect will continue to affect, our business, financial condition, results of operations and prospects. For more information on the range of risk factors relating to our Group, our business and the industry in which we operate, please refer to the section headed "Risk Factors" of this prospectus.

Our business, financial condition and results of operations are dependent on our customers' ability to sell their products and the demand for our port logistic services could be adversely and materially affected by the economic conditions in the PRC.

As we are an inland terminal operator situated in Chizhou City, Anhui Province, the PRC that generates our revenue mainly by charging our customers a service fee for loading and unloading raw materials into and out of Chizhou City, our business is dependent on our customers' ability to sell their products successfully. If the economic conditions in the PRC slow down significantly, this may lead to a decrease in import and export of raw materials and therefore cause a decrease in port logistic services at our terminals.

In addition, the development of certain industries such as mining and processing of non-metallic ores along the Yangtze River and in our hinterland may also affect the demand for our port logistic services and may have an impact on our actual annual throughput. We believe that the economic conditions in the PRC and especially in Anhui Province will continue to affect the demand for port logistic services and in turn, will continue to affect our business in the future.

Ability to maintain/improve our utilisation rate

Our port logistics operations are subject to our existing operational capacity, which is expected to continue to affect our performance and results of operations. For FY2015, FY2016 and FY2017, our throughput capacity utilisation rate for cargo was approximately 51.3%, 69.5%, and 77.5%, respectively. As part of our development plan, we are planning to utilise approximately HK$54.4 million (equivalent to RMB46.1 million) or 100.0% of the net proceeds from the Public Offer to construct a new phase of our Jiangkou Terminal to enhance our operational capacity as well as enhance our operation efficiency, details of which are set out in the sections headed "Business — Our business strategy" and "Future Plans and Use of Proceeds" of this prospectus. We believe that successful implementation of our planned capacity expansion will improve our future throughput, revenue and profit, and will enable us to increase our market share. Our ability to expand capacity while maintaining a high utilisation rate will continue to be a key factor to our success.

Our prices

Our operating results are directly affected by the port logistic service fees charged by us. Our pricing policy takes into account of various factors and some of the material factors when negotiating with our customers include: (i) the type of raw materials required to be handled; (ii) the method used for loading and unloading; (iii) the destination of the delivery; and (iv) the complexity and difficulty of the services requested. The movements of the average price directly affect the revenue to be received by us, and consequently our business performance, financial condition and results of operations. For more details of our pricing policies, please refer to the section headed "Business — Customers, sales and marketing — Pricing policy" in this prospectus.

SUMMARY OF RESULT OF OPERATIONS

The following table shows a summary of our statements of comprehensive income derived from our combined financial information for the years indicated:

	FY2015	**FY2016**	**FY2017**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	47,310	49,008	63,638
Cost of services rendered	(33,409)	(34,835)	(40,511)
Gross profit	13,901	14,173	23,127
Other income and gains	4,446	4,731	5,952
Change in fair value of investment properties	(200)	(456)	24
Selling and distribution expenses	(756)	(664)	(837)
Administrative expenses	(4,447)	(6,563)	(6,694)
Finance costs	(4,448)	(3,366)	(2,756)
Listing expenses	—	—	(10,799)
Other expenses	(1,501)	—	(2,223)
Share of profit/(loss) of an associate	110	(633)	(676)
Profit before income tax	7,105	7,222	5,118
Income tax expense	(1,629)	(2,457)	(4,092)
Profit for the year	5,476	4,765	1,026

COMBINED STATEMENT OF PROFIT OR LOSS

Revenue

Our revenue consists of the provisions from our (1) uploading and unloading services at Jiangkou Terminal and Niutoushan Terminal including (i) bulk cargo handling; (ii) break bulk cargo handling and (iii) container handling; and our (2) ancillary port services which mainly include storage services and transportation services. During the Track Record Period, all of our revenue was derived from services provided in the PRC.

For FY2015, FY2016 and FY2017, our revenue was approximately RMB47.3 million, RMB49.0 million and RMB63.6 million, respectively. In general, our revenue during the Track Record Period was benefitted from the government policy which has forced a number of unqualified port operators in Chizhou City to close down their port operations in recent years and hence increased the demand for port logistic services of our terminals. Please refer to the section headed "Industry Overview — Key trends for the terminal operators market in Chizhou City" of this prospectus for details.

(i) Revenue by terminals

The following table sets out our revenue generated from Jiangkou Terminal and Niutoushan Terminal for the years indicated:

	FY2015		FY2016		FY2017	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Jiangkou Terminal	32,340	68.4	34,992	71.4	41,459	65.1
Niutoushan Terminal	14,970	31.6	14,016	28.6	22,179	34.9
Total	47,310	100.0	49,008	100.0	63,638	100.0

We generated stable revenue from our largest terminal, namely Jiangkou Terminal, amounting to approximately RMB32.3 million, RMB35.0 million, and RMB41.5 million for FY2015, FY2016 and FY2017, respectively. The increase of approximately RMB2.7 million or 8.2% for FY2016 was mainly due to (i) the increased demand of mineral products for construction purpose by construction contractors located along the lower-downstream of Yangtze River and (ii) the increased needs of waterway transportation by the local customers as they expanded their operation scales since 2016. For instance, Customer B became our second largest customer for FY2016, primarily because of their expanded business and therefore increased their demand for our bulk cargo handling services. For FY2017, revenue from our Jiangkou Terminal increased by approximately RMB6.5 million or 18.5%. The increase was primarily due to the factors mentioned for the FY2016 growth, resulted from the increase in the need of bulk cargo handling services for mineral products.

With respect to Niutoushan Terminal, the revenue generated decreased by approximately RMB1.0 million or 6.4% for FY2016 and increased by approximately RMB8.2 million or 58.2% for FY2017, compared to the previous year. The decrease in revenue from Niutoushan Terminal for FY2016 was attributable to (i) the decrease of our average handling fee in 2016 as more customers requested handling through conveyor belt which we charged at lower price range as compared to portal crane and (ii) partly offset by the increase in throughput during the year.

For FY2017, our revenue generated in Niutoushan Terminal increased because of the increase in throughput volume handled primarily due to the upgraded conveyor belt which has an estimated annual throughput capacity of approximately 3.3 million tonnes assuming 24 hours and 365 days operation per year at Niutoushan Terminal. The upgraded conveyor belt commenced operation in January 2017 and therefore, our estimated annual maximum throughput capacity had significantly increased. In addition, we had a customer of two years relationship, namely 池州市瑞峰水路運輸有限公司, which is a company in the PRC principally engaged in sales of building materials contributed in revenue of approximately RMB5.6 million for FY2017.

(ii) Revenue by type of services

The following table sets forth a breakdown of our revenue by type of services for the periods indicated:

	FY2015		FY2016		FY2017	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue from provision of uploading and unloading services						
Bulk cargo	37,467	79.2	41,750	85.2	50,142	78.8
Break bulk cargo	3,590	7.6	2,907	5.9	5,426	8.5
Total cargo	41,057	86.8	44,657	91.1	55,568	87.3
Container	2,246	4.7	1,843	3.8	2,485	3.9
Sub-total	43,303	91.5	46,500	94.9	58,053	91.2
Revenue from provision of ancillary port services						
Storage services	1,965	4.2	196	0.4	282	0.5
Transportation and miscellaneous services	2,042	4.3	2,312	4.7	5,303	8.3
Sub-total	4,007	8.5	2,508	5.1	5,585	8.8
Total revenue	47,310	100.0	49,008	100.0	63,638	100.0

The major source of our revenue during the Track Record Period was generated from the provision of uploading and unloading services. Benefited from (i) the government policy to close down unqualified port operators in Chizhou City in recent years and (ii) expanded scale of operations of our local mining and processing customers, we generated growth in revenue from provision of uploading and unloading services during the Track Record Period. For FY2015, FY2016 and FY2017, our total cargo throughput was approximately 5.9 million tonnes, 8.1 million tonnes and 11.6 million tonnes, respectively, and our total throughput of containers amounted to 15,008 TEUs, 9,690 TEUs and 15,196 TEUs for the same year. The quantity of containers we handled in FY2016 decreased as compared to that of FY2015 because we handled a one-off order in FY2015 whereby we provided handling services for more than 5,000 TEUs empty containers during the time when the site of a terminal operator located in other areas of Anhui Province was under temporary renovation. Had such one-off order been excluded in FY2015, our containers throughput during that year would have been about 10,008 TEUs. Apart from FY2015, we did not handle any similar batch of empty containers in FY2016 and FY2017.

We also provide storage, short distance transportation and other miscellaneous services as ancillary port services. As at 31 December 2017, we owned 205,500 sq.m. of land as stacking yards for our storage services. We engage external transportation companies to provide short distance road transportation services to our customers. The decrease in revenue generated from provision of storage services was primarily due to most of our customers required direct uploading and unloading without occupying our storage centre due to faster turnover of their goods. The increase in revenue from transportation services during the Track Record Period was generally in line with our revenue increase in uploading and unloading services as customers required more transportation services when cargo throughput increased.

The following table sets out a breakdown of our cargo handling revenue, throughput and average handling fee of bulk cargo and break bulk cargo, for the years indicated:

	FY2015			FY2016			FY2017		
	Revenue	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**
	RMB'000	*(Thousand tonnes)*	*(RMB/tonne)*	*RMB'000*	*(Thousand tonnes)*	*(RMB/tonne)*	*RMB'000*	*(Thousand tonnes)*	*(RMB/tonne)*
Product Types									
Mineral products									
Limestone	9,214	1,324.7	7.0	6,829	1,690.7	4.0	3,677	680.6	5.4
Calcite	4,347	436.1	10.0	6,287	632.1	9.9	7,545	795.0	9.5
Dolomite	10,384	1,621.4	6.4	9,700	1,597.2	6.1	9,846	1,609.3	6.1
Building and other rocks	13,143	2,254.2	5.8	15,717	3,485.6	4.5	24,976	7,469.5	3.3
Others	3,969	308.7	12.9	6,124	651.7	9.4	9,524	996.1	9.6
Total/overall	41,057	5,945.1	6.9	44,657	8,057.3	5.5	55,568	11,550.5	4.8

Our average handling fee decreased from approximately RMB6.9 per tonne for FY2015 to RMB5.5 per tonne for FY2016 mainly because the throughput of handling building and other rocks increased by approximately 1.2 million tonnes or 54.6% which generally we charge at a lower handling price range, hence resulting in an overall lower average handing fee. For FY2016, the average handling fee of the major types of mineral products maintained relatively stable except for limestone, which decreased from approximately RMB7.0 per tonne in 2015 to RMB4.0 per tonne in 2016. Such decrease was mainly because in 2016, our limestone processing customers changed the shape of their limestone products from large pieces to powder for easier processing and handling through conveyor belt. As transportation by conveyor belt is usually charged at a fee rate lower than portal crane, the handling fee charges per tonne of limestone was reduced accordingly. Our average handling fee decreased to approximately RMB4.8 per tonne for FY2017. Such decrease was mainly because the throughput of handling building and other rocks increased by approximately 4.0 million tonnes or 114.3% which we generally charged at a lower handling fee price range, hence resulting in an overall lower average handing fee for FY2017.

The following table sets forth a breakdown of our revenue from provision of uploading and unloading services of bulk cargo and break bulk cargo by domestic trade and foreign trade for the periods indicated:

	FY2015		FY2016		FY2017	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Domestic trade	39,683	96.7	43,816	98.1	54,769	98.6
Foreign trade	1,374	3.3	841	1.9	799	1.4
Total cargo	41,057	100.0	44,657	100.0	55,568	100.0

For FY2015, FY2016 and FY2017, our revenue from service charges generated from domestic trade was approximately RMB39.7 million, RMB43.8 million and RMB54.8 million, respectively, accounting for approximately 96.7%, 98.1% and 98.6% of our total revenue from provision of uploading and unloading services of bulk cargo and break bulk cargo. For FY2015, FY2016 and FY2017, our revenue from service charges generated from foreign trade was approximately RMB1.4 million, RMB0.8 million and RMB0.8 million, respectively, accounting for approximately 3.3%, 1.9% and 1.4% of our total revenue from provision of uploading and unloading services of bulk cargo and break bulk cargo. The majority of our revenue during the Track Record Period was generated from domestic trade. The decline in the portion of uploading and unloading service charges from foreign trade for FY2016 and FY2017 was mainly because certain downstream customers went through a short-term fluctuation in sales to overseas markets.

The following table sets out our revenue, throughput and average handling fees of containers for the periods indicated:

	FY2015			FY2016			FY2017		
	Revenue	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**	**Revenue**	**Throughput**	**Average handling fee**
	RMB'000	*(TEUs)*	*(RMB/TEU)*	*RMB'000*	*(TEUs)*	*(RMB/TEU)*	*RMB'000*	*(TEUs)*	*(RMB/TEU)*
Container	2,246	15,008	149.7	1,843	9,690	190.2	2,485	15,196	163.5

For FY2016, the average handling fee of containers increased from approximately RMB149.7 per TEU in 2015 to RMB190.2 per TEU, such increase was mainly because in FY2015, we handled an one-off order whereby we provided handling services for more than 5,000 TEUs empty containers during the time when the site of a terminal operator located in other areas of Anhui Province was under temporary renovation. For FY2017, the average handling fee of containers decreased from approximately RMB190.2 per TEU for FY2016 to approximately RMB163.5 per TEU for FY2017. Such decrease was mainly because we handled more domestic containers in FY2017 which generally have a lower average handling fee.

Cost of services

Our cost of services primarily consists of depreciation of property, plant and equipment; staff cost; subcontracting fee; amortisation of land use rights; fuel and oil, consumables, electricity and others. For FY2015, FY2016 and FY2017, our cost of services was approximately RMB33.4 million, RMB34.8 million and RMB40.5 million, respectively, accounting for approximately 70.6%, 71.1% and 63.7% of our total revenue during these years.

The following table sets forth a breakdown of our cost of services for the periods indicated:

	FY2015		FY2016		FY2017	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Depreciation of property, plant and equipment for rendering of services	15,129	45.3	15,476	44.4	15,671	38.7
Amortisation of land use rights	1,412	4.2	1,405	4.0	1,386	3.4
Staff cost	8,502	25.5	9,643	27.7	10,965	27.1
Subcontracting fee	3,178	9.5	2,410	6.9	4,747	11.7
Fuel and oil	1,708	5.1	1,396	4.0	2,052	5.1
Consumables	1,083	3.2	1,518	4.4	1,859	4.6
Electricity	1,209	3.6	1,438	4.1	1,695	4.2
Others	1,188	3.6	1,549	4.5	2,136	5.2
Total	33,409	100.0	34,835	100.0	40,511	100.0

As compared to FY2015, our cost of services increased by approximately RMB1.4 million or 4.3% which was in line with our revenue increase by approximately RMB1.7 million or 3.6% for FY2016. Such increase was mainly attributable to (i) the increase in staff cost of approximately RMB1.1 million or 13.4% due to the annual salary adjustment and the increase in revenue from provision of uploading and unloading service as part of staff cost of our terminal staff linked to the throughput volume; (ii) the increase in consumables and electricity used of approximately RMB0.4 million and RMB0.2 million, respectively, resulting from the increased throughput during FY2016; and such increase was partly offset by the decrease in subcontracting fee of approximately RMB0.8 million due to the increase in direct uploading and unloading through conveyor belt as required by our customers and therefore reduced the needs of subcontracted transportation services.

For FY2017, our cost of services increased by approximately RMB5.7 million or 16.3%. Such an increase was consistent with the increase in our revenue of approximately 29.9% for FY2017 and taking into account that our business is achieving economies of scale as our throughput volume increases towards our facilities maximum operating capacity. The increase in cost of services was mainly attributable to (i) the increase in staff cost of approximately RMB1.3 million or 13.7% due to the increase in revenue as staff cost is partially linked to the financial performance of our port; (ii) the increase in subcontracting fee of approximately RMB2.3 million or 97.0% which was driven by the increase in transportation and handling services as throughput volume rose; and (iii) the increase in fuel and oil cost of approximately RMB0.7 million or 47.0% due to the increase in throughput volume of cargo by approximately 43.4% in terms of tonnes and the increase in throughput of containers by approximately 56.8%, in terms of TEUs, for FY2017.

Gross profit and gross profit margin

For FY2015, FY2016 and FY2017, our gross profit was approximately RMB13.9 million, RMB14.2 million and RMB23.1 million, respectively. For these years, our gross profit margin was relatively stable, at approximately 29.4%, 28.9% and 36.3%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by Jiangkou Terminal and Niutoushan Terminal for the periods indicated:

	FY2015		FY2016		FY2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Jiangkou Terminal	8,102	25.1	9,648	27.6	11,743	28.3
Niutoushan Terminal	5,799	38.7	4,525	32.3	11,384	51.3
Total/overall	13,901	29.4	14,173	28.9	23,127	36.3

In general, the gross profit margin of Niutoushan Terminal is higher than that of Jiangkou Terminal mainly due to the difference in operation model between Niutoushan Terminal and Jiangkou Terminal, i.e. Niutoushan Terminal provides mainly cargo uploading and unloading and port ancillary services for bulk cargo, while Jiangkou Terminal provides all of the services which includes handling containers and therefore incurs higher fixed and overhead cost than that of Niutoushan Terminal.

For FY2016, our gross profit increased by approximately RMB0.3 million, or 2.0% and our gross profit margin decreased slightly from approximately 29.4% in 2015 to 28.9% in 2016. With respect to Jiangkou Terminal, gross profit increased by approximately RMB1.5 million or 19.1% and gross profit margin increase from approximately 25.1% to 27.6%. With respect to Niutoushan Terminal, gross profit decreased by approximately RMB1.3 million or 22.0% and gross profit margin decreased from approximately 38.7% to 32.3%. The decrease in gross profit margin of Niutoushan Terminal was mainly due to the decrease in revenue as more throughout volume at Niutoushan Terminal was handled using conveyor belt for which usage subsequently reduced our average handling fee.

For FY2017, our gross profit and gross profit margin increased to approximately RMB23.1 million and 36.3%, respectively. With respect to Jiangkou Terminal, our gross profit increased by approximately RMB2.1 million or 21.7% and gross profit margin increased slightly from approximately 27.6% to 28.3% which was mainly attributable to the increase in revenue generated from Jiangkou Terminal and partially offset by the higher variable cost incurred, including transportation costs, fuel and oils, as result of the higher throughput volume for FY2017. With respect to Niutoushan Terminal, our gross profit increased by approximately RMB6.9 million or 151.6% and gross profit margin improved from approximately 32.3% to 51.3% which was mainly attributable to the increase in revenue at Niutoushan Terminal of approximately 58.2% which was driven by the commencement of operation of the upgraded conveyor belt at Niutoushan Terminal in January 2017 which increased our throughput capacity and operational efficiency.

The following table sets forth a breakdown of our gross profit and gross profit margin* by service type for the years indicated:

	FY2015		FY2016		FY2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Provision of uploading and unloading services						
Bulk cargo	7,686	20.5	10,801	25.9	17,167	34.2
Break bulk cargo	2,262	63.0	1,408	48.5	2,868	52.9
Total cargo	9,948	24.2	12,209	27.3	20,035	36.1
Container	1,010	45.0	536	29.1	570	22.9
Sub-total	10,958	25.3	12,745	27.4	20,605	35.5
Provision of ancillary port service						
Storage service	1,965	N/A	196	N/A	282	N/A
Transportation and miscellaneous services	978	47.9	1,232	53.3	2,240	42.3
Sub-total	2,943	73.4	1,428	56.9	2,522	45.2
Total/overall	13,901	29.4	14,173	28.9	23,127	36.3

* The gross profit margin of each service type is calculated based on the revenue of the various services, deducting direct costs attributing to the services and apportioning common costs with reference to the revenue of the respective service types.

Bulk cargo

During the Track Record Period, our gross profit margin from provision of uploading and unloading services of bulk cargo was approximately 20.5%, 25.9% and 34.2%, respectively. The increased in gross profit margin was mainly attributable to the upgrade of our conveyor belt for handling of bulk cargo at Niutoushan Terminal in January 2017 which generally increased our throughput capacity and operational efficiency.

The average handling charges for bulk cargo are lower than that of break bulk cargo as the product value of such cargo are usually lower and we primarily use conveyor belt to handle such bulk cargo which we charge a lower handling fee rate.

Break bulk cargo

Generally, our gross profit margin of break bulk cargo uploading and unloading service is higher than that of bulk cargo primarily because (i) we charge higher handling fee for break bulk cargo as the product value of such cargo, such as steel pipes and ore, are higher compared to mineral products such as limestones and dolomite and (ii) higher fixed cost and overhead cost are incurred in bulk cargo as more equipment, such as conveyor belts and stacker-reclaimer, are used in handling bulk cargo.

Our gross profit margin of uploading and unloading services of break bulk cargo decreased from approximately 63.0% in FY2015 to approximately 48.5% in FY2016 primarily because our average handling fee decreased in FY2016 from approximately RMB12.9 per tonne to RMB9.4 per tonne as we handled comparatively fewer high value products, such as steel pipes and iron, in FY2016 than FY2015, whereas our fixed cost and overhead cost such as depreciation charges remained stable during the year. Our gross profit margin in FY2017 increased to approximately 52.9% primarily due to the increased throughput volume for FY2017 and our business achieving economies of scale through greater utilisation of our operating capacity.

Container

During the Track Record Period, our gross profit margin from provision of container services was approximately 45.0%, 29.1% and 22.9%, respectively. We recorded relatively higher gross profit margin in FY2015 primarily because we handled an one-off order whereby we provided handling services for more than 5,000TEUs empty containers during the time when the site of a terminal operator located in other areas of Anhui Province was under temporary renovation in that year.

The decreased in gross profit margin from 29.1% for FY2016 to 22.9% for FY2017 because our average handling fee of containers decreased from approximately RMB190.2 per TEU for FY2016 to approximately RMB163.5 per TEU for FY2017. Such decrease was mainly because we handled more domestic containers in FY2017 which generally involved a lower handling fee rate. For more details on the average handling fee, please refer to the sections headed "Revenue — (ii) Revenue by type of services" in this section.

Storage services

During the Track Record Period, we offered storage services in addition to our cargo uploading and unloading customers that require temporary cargo storage at our stacking yards prior to and after shipments. Generally, we offer free storage service to our customers within a prescribed period of around 15 to 20 days. Therefore, no direct cost would be allocated to the storage service as we have included cost of such services in the provision of uploading and unloading services.

Transportation and miscellaneous services

During the Track Record Period, our gross profit margin from transportation and miscellaneous services were approximately 47.9%, 53.3% and 42.3%, respectively. Our gross profit margin for such services was generally stable throughout the Track Record Period.

Sensitivity analysis

The following is a sensitivity analysis of the impacts of hypothetical fluctuations in our bulk cargo and break bulk cargo throughput (as measured by tonnage), and average handling fees, direct labour costs and subcontracting costs on gross profit and net profit/loss for each year during the Track Record Period, with all other assumptions held constant.

	Hypothetical fluctuations *(Note 1)*	**FY2015**		**FY2016**		**FY2017**	
	Increase/ (decrease) in percentage	**Increase/ (decrease) in gross profit**	**Increase/ (decrease) in profit for the year** *(Note 2)*	**Increase/ (decrease) in gross profit**	**Increase/ (decrease) in profit for the year** *(Note 2)*	**Increase/ (decrease) in gross profit**	**Increase/ (decrease) in profit for the year** *(Note 2)*
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cargo throughput tonnes	45.0%	18,476	13,867	20,096	15,072	25,006	18,754
	(45.0%)	(18,476)	(13,867)	(20,096)	(15,072)	(25,006)	(18,754)
Cargo average handling fees	20.0%	8,211	6,158	8,931	6,699	11,114	8,335
	(20.0%)	(8,211)	(6,158)	(8,931)	(6,699)	(11,114)	(8,335)
Direct labour costs	13.7%	(1,165)	(874)	(1,321)	(991)	(1,502)	(1,127)
	(13.7)%	1,165	874	1,321	991	1,502	1,127
Subcontracting costs	97.0%	(3,083)	(2,312)	(2,338)	(1,753)	(4,605)	(3,453)
	(97.0%)	3,083	2,312	2,338	1,753	4,605	3,453

Notes:

1. The increase or decrease in percentage of hypothetical fluctuations was based on (i) the highest overall increase rate of throughput (as measured by tonnage) for the Track Record Period, being around 45.0%; (ii) the highest overall decrease rate of average handling fees for the Track Record Period, being around 20.0%; (iii) the highest overall increase rate of direct labour cost for the Track Record Period, being 13.7%; and (iv) the highest overall increase rate of subcontracting costs for the Track Record Period, being 97.0%.

2. The PRC enterprise income tax rate of 25.0% is applied for the illustration of increase or decrease in profit/(loss) for the year.

Breakeven analysis

For FY2015, it is estimated that (i) with a decrease in revenue of approximately 11.6% and with all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of services of approximately 16.4% and with all other variables held constant, our Group would achieve breakeven.

For FY2016, it is estimated that (i) with a decrease in revenue of approximately 9.7% and with all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of services of approximately 13.7% and with all other variables held constant, our Group would achieve breakeven.

For FY2017, it is estimated that (i) with a decrease in revenue of approximately 1.6% and with all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of services of approximately 2.5% and with all other variables held constant, our Group would achieve breakeven.

Other income and gains

The following table sets forth our other income and gains for the years indicated:

	FY2015		**FY2016**		**FY2017**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Bank interest income	140	3.2	48	1.0	53	0.9
Interest income from short term investment	—	—	59	1.3	128	2.2
Rental income from investment properties *(Note 1)*	1,347	30.3	1,142	24.1	1,720	28.9
Government grants						
— Relating to investment properties and leasehold land held for own use under operating lease *(Note 2)*	890	20.0	890	18.8	890	15.0
— Other grants/subsidy	—	—	213	4.5	58	1.0
Gain on disposals of property, plant and equipment	—	—	49	1.0	—	—
Refund of freight-based port charges from port authority *(Note 3)*	2,068	46.5	2,323	49.1	2,979	50.0
Others	1	—	7	0.2	124	2.0
Total	4,446	100.0	4,731	100.0	5,952	100.0

Notes:

1. The rental income from investment properties refer to the leased portion of Phase 2, portion of Phase 3 of the port located in Jiangkou Port Area and Logistic Park Lingang Park Area of Economic and Technological Development Zone, Chizhou City, Anhui Province, the PRC. The land use terms were granted for terms expiring on 19 January 2061, 3 January 2059 and 15 May 2061 respectively for industrial and transportation (for port), port and logistic purposes. The Property is currently leased to 12 independent third parties for simple manufacturing processing and storage for terms from 2 years to 15.25 years with the soonest expiry date on 25 December 2018 for a total aggregate annual rent of about RMB1.7 million. For details of our investment properties, please refer to the section headed "Group II — Property held for Investment" in Valuation Report set out in Appendix III to this prospectus.

2. Our government grants primarily consisted of compensation from the local government of Chizhou City to our Group for financing part of the acquisition cost of land, equipment and facilities for construction projects in connection with the development of phases 1, 2 and 3 of our Jiangkou Terminal located at the Economic and Technological Development Zone, Chizhou City, which include properties for our port operation and investment properties (details of which are set out in Appendix III to this prospectus). Such government grants were provided to us as part of Chizhou local government's initiatives to support the construction and development of port logistics infrastructure

and facilities in Jiangkou, Chizhou City. As a condition to the government grants, we were required to achieve certain milestones for the construction project before we were provided with the government grants. Since the government grants were awarded subject to the discretion of the relevant governmental authorities, they were not derived from our ordinary and usual course of business and were therefore not recurring in nature. Please refer to note 28 to the Accountants' Report as set out in Appendix I to this prospectus for further details.

3. According to the applicable guidelines on port charges in the PRC, freight-based port charges represent the administrative charges for the freight owners which use the port and waterway transportation facilities, and these charges are collected by the authority from freight owners in order to support the construction and maintenance of the local port and waterway facilities and infrastructure. According to the said guidelines, 50% of the freight-based port charges are refunded to the port operators. For FY2015, FY2016 and FY2017, the amount of such refund received by us amounted to approximately RMB2.1 million, RMB2.3 million and RMB3.0 million, respectively. Our refund of freight-based port charges from port authority during the Track Record Period was in line with the increase of revenue generated from provision of uploading and unloading services of cargos.

Selling and distribution expenses

The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	FY2015		**FY2016**		**FY2017**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff cost	427	56.5	390	58.7	516	61.7
Entertainment expenses	293	38.8	235	35.4	251	30.0
Advertising and promotion expenses	25	3.3	32	4.8	59	7.0
Others	11	1.4	7	1.1	11	1.3
Total	756	100.0	664	100.0	837	100.0

For FY2016, our selling and distribution expenses decreased by approximately RMB0.1 million or 12.2% which was mainly attributable to the decrease in staff cost as a result of decrease in the number of employees in sales and marketing department and partly offset by the increase in revenue during the year as part of the staff costs was linked to the turnover of our terminals. For FY2017, our selling and distribution expenses increased by approximately RMB0.2 million or 26.1% which was primarily due to the increase in staff cost of approximately RMB0.1 million or 32.3% that was generally in line with the revenue increase during such period.

Administrative expenses

For FY2015, FY2016 and FY2017, our administrative expenses amounted to approximately RMB4.4 million, RMB6.6 million and RMB6.7 million respectively.

The following table sets forth a breakdown of our Group's administrative expenses during the Track Record Period:

	FY2015		FY2016		FY2017	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Depreciation of property, plant and equipment for administrative usage	304	6.8	356	5.4	459	6.9
Motor vehicle expense	325	7.3	252	3.8	251	3.7
Impairment loss on trade receivables	—	—	890	13.6	—	—
Staff cost	2,044	46.0	2,927	44.6	3,432	51.3
Land use tax	329	7.4	665	10.1	768	11.5
Utilities	141	3.2	175	2.7	155	2.3
Others *(Note)*	1,304	29.3	1,298	19.8	1,629	24.3
	4,447	100.0	6,563	100.0	6,694	100.0

Note: Others mainly include the expenses of bank charges, office expenses, repair and maintenance and travelling expenses.

For FY2016, our administrative expenses increased by approximately RMB2.1 million or 47.6% which was mainly attributable to (i) the increase in staff cost of approximately RMB0.9 million or 43.2% resulting from the increase in revenue during the year as part of the staff costs was linked to the turnover of our terminals and the annual salary adjustment; (ii) an impairment loss on trade receivables of approximately RMB0.9 million provided in FY2016 while no such provision was made in previous year; and (iii) the increase in land use tax of approximately RMB0.3 million or 102.1% because certain investment properties enjoyed tax refund in FY2015 while there was no such tax benefits in 2016. For FY2017, our administrative expenses increased by approximately RMB0.1 million or 2.0% which was primarily due to increases in administrative staff costs and other costs of approximately RMB0.5 million and RMB0.3 million, respectively. The overall increase was partially offset by the impairment loss on trade receivables of approximately RMB0.9 million provided in FY2016 while no such provision was made in FY2017.

Finance costs

For details of our bank borrowings, please refer to the paragraph headed "Indebtedness — Bank borrowings" in this section. The following table sets forth a summary of our bank borrowings and loans payable to a related company as at the dates indicated:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
Bank borrowings [(1)]	4,000	5,000	8,000
Loans payable to a related company [(2)]	6,000	—	—
Subtotal	10,000	5,000	8,000
Non-current liabilities			
Bank borrowings [(1)]	47,000	42,000	29,000
Total	57,000	47,000	37,000

Notes:

1. Bank borrowings are interest-bearing at the banks' base lending rate adjusted by certain basis points per agreed interval. As at 31 December 2015, 2016 and 2017, our Group's bank borrowings bore interest at the floating rate ranging from 7.0% to 8.0%, 6.4% to 7.3%, and 6.4% per annum respectively.

2. The balance was unsecured, bearing interest rate at 6% per annum and repayable on demand. The loan balance was fully settled in June 2016.

Our finance costs mainly represent interest expenses on bank borrowings and loans from a related company. During the Track Record Period, the balance of our total bank borrowings and loans payable to a related company was decreasing and accordingly, our finance costs were reduced for each year. The table below sets forth a breakdown of our finance costs during the period indicated:

	FY2015	**FY2016**	**FY2017**
	RMB'000	*RMB'000*	*RMB'000*
Interest on borrowings	3,807	3,331	2,940
Interest on loans from a related company	1,017	116	—
Total interest expenses	4,824	3,447	2,940
Less: Interests capitalised as qualifying assets	(376)	(81)	(184)
	4,448	3,366	2,756

During FY2015, FY2016 and FY2017, the borrowing costs have been capitalised at the weighted average rate of its general borrowing of 7.5%, 6.7% and 6.5%, respectively.

Other expenses

Our other expenses in FY2015 mainly represented a one-off provision of claims amounting to approximately RMB1.5 million (representing the difference between the Settlement Sum of approximately RMB9.1 million and the Storage Fee Damages of approximately RMB7.6 million currently secured at Chizhou City Guichi District People's Court) was provided in FY2015 while there was no such provision in FY2016 and FY2017. Such claims was related to the Litigation Cases and based on our PRC legal adviser's advice, relevant provision in the sum of RMB1.5 million has been made for FY2015. Our Directors are of the view that the payment of the said sum of RMB1.5 million, which expected to be settled by July 2018, will not have a material and adverse impact on our business operation of Niutoushan Terminal, which is operated by Chizhou Niutoushan. Please refer to the section headed "Business — Litigation" in this prospectus for details of the provided claims.

Our other expenses in FY2017 mainly represented the loss on disposal of property, plant and equipment of approximately RMB2.2 million which related to the disposal of one used vessel in FY2017.

Share of profit/(loss) of an associate

For details of our share of profit/(loss) of an associate, please refer to Note 18 to the Accountants' Report set out in Appendix I to this prospectus.

Profit before income tax

For FY2015, FY2016 and FY2017, our profit before income tax amounted to approximately RMB7.1 million, RMB7.2 million and RMB5.1 million, respectively.

Income tax expenses

Income tax expense represents income tax paid or payable by us, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction our Group operates or domiciles. We are subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which we are domiciled and those in which we operate. Under the rules and regulations of the Cayman Islands and the British Virgin Islands, our Group's entities incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

No provision for Hong Kong profits tax has been made in the financial information, as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

Our Group's subsidiaries in the PRC are subject to the PRC enterprise income tax ("**EIT**") at the standard rate of 25% on the estimated assessable profits.

The following table sets forth details of the amount of taxation in the combined statements of comprehensive income during the Track Record Period:

	FY2015	FY2016	FY2017
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
— PRC enterprise income tax	1,041	2,742	3,352
Deferred tax charged/(credited) to profit or loss	588	(285)	740
	1,629	2,457	4,092

Pursuant to the PRC tax law, its rules and regulations, enterprises that invest in qualifying public infrastructure projects are eligible for certain tax benefits. In accordance with the relevant income tax laws in the PRC, Chizhou Niutoushan is entitled to exemption from PRC EIT for three years (the "**3-Year Exemption Entitlement**") and a 50% reduction for three years thereafter ("**the 3-Year 50% Tax Reduction Entitlement**"). The 3-Year Exemption Entitlement commenced for the financial year beginning on 1 January 2013 up to 31 December 2015 irrespective of whether Chizhou Niutoushan is profit-making during this period and the 3-Year 50% Tax Reduction Entitlement has commenced from the financial year beginning on 1 January 2016 to 31 December 2018.

Withholding tax was calculated at 10% of the dividends declared in respect of profits earned by PRC entities to a non-PRC holding company.

The income tax expense for the Track Record Period can be reconciled to the profit before income tax per the combined statements of comprehensive income as follows:

	FY2015	FY2016	FY2017
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	7,105	7,222	5,118
Taxation calculated at PRC EIT tax rate of 25%	1,776	1,806	1,280
Non-taxable income	(338)	(650)	(240)
Expenses not deductible for tax	1,383	917	4,164
Tax effect of preferential tax rates for certain subsidiaries	(1,192)	(397)	(1,301)
Withholding tax on dividend	—	781	189
Income tax expense	1,629	2,457	4,092

Our income tax expenses amounted to approximately RMB1.6 million, RMB2.5 million and RMB4.1 million for FY2015, FY2016 and FY2017, respectively. Our Directors confirm that our Group's applicable income tax rate during the Track Record Period was 25%. Our effective income tax rate during FY2015, FY2016 and FY2017 was approximately 22.9%, 34.0% and 80.0% respectively. For FY2015, our effective tax rate was lower than that of the PRC EIT standard rate of 25% mainly because of the net impact of (i) the 3-Year Exemption Entitlement for Chizhou Niutoushan on PRC EIT from 2013 to 2015 and (ii) the impact of expenses not deductible for tax such as the litigation claim amounting to approximately HK$1.5 million for FY2015. Our effective income tax rate for FY2016 increased to 34.0% which was primarily due to the higher amount of tax effect of (i) withholding tax charged on dividend declared to non-PRC Group Companies and (ii) expenses not deductible for tax purpose such as fair value change of investment properties and entertainment expenses. Our effective tax rate for FY2017 was approximately 80.0% which was mainly due to the incurred expenses not deductible for PRC tax such as listing expenses of approximately RMB10.8 million. Should the listing expenses of approximately RMB10.8 million incurred in FY2017 be taken into account, the effective tax rate would have been approximately 25.7% which was comparable to that of FY2015 and FY2016 and to the official PRC tax rate of 25%.

Profit for the year and net profit margin

As a result of the foregoing, we recorded profit for the year of approximately RMB5.5 million, RMB4.8 million and RMB1.0 million for FY2015, FY2016 and FY2017, respectively. Our net profit margin was approximately 11.6%, 9.7% and 1.6% for FY2015, FY2016 and FY2017, respectively. Had listing expenses been excluded, our net profit margin for FY2017 would have been approximately 18.6%.

Our net profit margin decreased from approximately 11.6% for FY2015 to 9.7% for FY2016. The decrease was primarily due to (i) the increase in administrative expenses of approximately RMB2.1 million, and partially offset by (ii) the aforementioned increase in gross profit of approximately RMB0.3 million, (iii) the decrease in finance costs of approximately RMB1.1 million, and (iv) the decrease in other expenses as we recognised provision of claims in FY2015 and no such claim in FY2016. Our net profit and net profit margin for FY2017 would have been approximately RMB11.8 million and 18.6%, respectively, had the listing expenses been excluded.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

FY2016 compared with FY2015

Revenue

For FY2015 and FY2016, we recorded stable revenue of approximately RMB47.3 million and RMB49.0 million, respectively, which represented an increase of approximately RMB1.7 million or 3.6%. The increase was primarily due to the government policy which has forced a number of unqualified port operators in Chizhou City to close down their port operations in recent years and hence increased the demand for port logistic services of our terminals, as evidenced by our increase in throughput of total cargo by approximately 2.1 million tonnes or 35.5% in terms of cargo tonnage in 2016.

Revenue of provision of uploading and unloading services

For FY2016, benefited from (i) the government policy to close down the unqualified port operators in Chizhou City in recent years and (ii) expanded scale of operations of our local mining and processing customers, we recorded an increase in revenue from provision of uploading and unloading services during the year. Revenue generated from handling of cargo (including bulk cargo and break bulk cargo) represented approximately 86.8% and 91.1% of our total revenue of FY2015 and FY2016, respectively. Revenue generated from handling of containers represented approximately 4.7% and 3.8% of our total revenue of FY2015 and FY2016, respectively.

With respect to revenue generated from handling cargo, our revenue increased from approximately from RMB41.1 million in 2015 to RMB44.7 million in 2016, representing an increase of approximately RMB3.6 million or 8.8%, such increase was primarily due to our cargo throughput increased by approximately 2.1 million tonnes or 35.5% and partly offset by the decrease in average handling fees as we handled more building and other rocks in 2016 which generally involve a lower handling fee rate as compared to other mineral products.

With respect to the revenue generated from handling containers, our revenue decreased from approximately RMB2.2 million in 2015 to RMB1.8 million in 2016, representing an decrease of approximately RMB0.4 million or 17.9%. Such decrease was primarily due to the container TEUs dropped from 15,008 in 2015 to 9,690 in 2016, because in FY2015 we handled a one-off order whereby provided handling services for more than 5,000 TEUs empty containers during the time when the site of a terminal operator located in other areas of Anhui Province was under temporary renovation and no such similar orders received in 2016.

Revenue of provision of ancillary port services

Revenue generated from provision of ancillary port services including storage services, transportation services represented approximately 8.5% and 5.1% of our total revenue of FY2015 and FY2016, respectively. Our revenue of provision of ancillary port services decreased from approximately RMB4.0 million in 2015 to RMB2.5 million, representing a decrease of approximately RMB1.5 million or 37.4%. Such decrease was primarily because our customers required more direct shipping service without the need of occupying our storage centre in 2016 as they required higher turnover of goods during the year.

Costs of services

For FY2016, our cost of services increased by approximately RMB1.4 million or 4.3% as compared to that of previous year which was mainly attributable to (i) the increase in staff cost of approximately RMB1.1 million or 13.4% due to the increase in revenue as part of staff cost linked to the financial performance of our terminals; (ii) the increase in consumables and electricity used of approximately RMB0.4 million and RMB0.2 million, respectively, due to the increased throughput during FY2016; and partly offset by the decrease in subcontracting fee of approximately RMB0.8 million due to the increase in direct uploading and unloading through conveyor belt as required by the customers and therefore reduced the needs of subcontracted transportation services.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB0.3 million or 2.0% from approximately RMB13.9 million for FY2015 to approximately RMB14.2 million for FY2016. Our gross profit margin slightly decreased from approximately 29.4% for FY2015 to 28.9% for FY2016. For the reasons of the decrease in gross profit and gross profit margin, please refer to paragraph headed ''Description of selected items in combined statements of profit or loss — Gross profit and gross profit margin'' in this section.

Other income and gains

Our other income and gains increased from approximately RMB4.4 million for FY2015 to RMB4.7 million for FY2016, representing an increase of approximately RMB0.3 million or 6.4%. Such increase was primarily due to the increase in our other grants involving a government VAT refund of approximately RMB0.2 million which was recognised in 2016 while there was no such refund in 2015.

Selling and distribution expenses

For FY2016, our selling and distribution expenses decreased by approximately RMB0.1 million or 12.2% was mainly attributable to the decrease in staff cost as the number of employees in sales and marketing decreased from six as at 31 December 2015 to four as at 31 December 2016 and partly offset by the increase in revenue during the year as part of the staff costs was linked to the turnover of our terminals.

Administrative expenses

For FY2016, our administrative expenses increased from approximately RMB4.4 million in 2015 to RMB6.6 million in 2016, representing an increase of approximately RMB2.1 million or 47.6% which was mainly attributable to (i) the increase in staff cost of approximately RMB0.9 million or 43.2% mainly due to the increase in sales during the year as part of the staff costs was linked to the turnover of our terminals; (ii) an impairment loss on trade receivables of approximately RMB0.9 million provided in 2016 while no such provision was made in previous year; and (iii) the increase in land use tax of approximately RMB0.3 million or 102.1% because certain investment properties enjoyed tax refund in 2015 while there were no such tax benefits in 2016.

Finance costs

Our finance costs decreased by approximately RMB1.0 million or 24.3% from approximately RMB4.4 million for FY2015 to approximately RMB3.4 million for FY2016, primarily due to the decrease in interest on loans from a related company by approximately RMB0.9 million, which carried a balance of RMB6.0 million as at 31 December 2015 and was fully settled in June 2016.

Other expenses

For FY2015, a one-off provision of claims amounting to approximately RMB1.5 million was provided in 2015 while no such provision in 2016. Please refer to the section headed ‘‘Business — Litigation’’ in this prospectus for the details of the provided claims.

Share of profit/(loss) of an associate

Our share of profits of an associate was approximately RMB0.1 million in 2015 while we recorded share of loss of an associate amounting to approximately RMB0.6 million in 2016 as our associate company recorded loss during the year. Please refer to Note 18 to the Accountants' Report set out in Appendix I to the prospectus for details.

Profit before income tax

As a result of the factors described above, profit before income tax increased from approximately RMB7.1 million in 2015 to RMB7.2 million in 2016, representing a increase of approximately RMB0.1 million or 1.6%, primarily due to (i) the aforementioned increase in gross profit of approximately RMB0.3 million and (ii) the decrease in other expenses as we recognised provision of claims in 2015 and no such claim in 2016 and (iii) partly offset by the increase in administrative expenses of approximately RMB2.1 million primarily due to the increase in staff costs and impairment loss on trade receivables.

Income tax expense

Our income tax expense increased by approximately RMB0.8 million or 50.8% from approximately RMB1.6 million for FY2015 to approximately RMB2.5 million for FY2016. The increase was primarily because Chizhou Niutoushan was entitled to the 3-Year Exemption Entitlement from 2013 to 2015 irrespective of whether Chizhou Niutoushan is profit-making during this period, and the 3-Year 50% Tax Reduction Entitlement has commenced from the financial year beginning on 1 January 2016 to 31 December 2018 and therefore, our Group enjoyed less tax benefits in FY2016.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year decreased by approximately RMB0.7 million or 13.0% from approximately RMB5.5 million for FY2015 to approximately RMB4.8 million for the FY2016. Our net profit margin decreased from approximately 11.6% for FY2015 to 9.7% for FY2016.

FY2017 compared with FY2016

Revenue

Our revenue increased by approximately RMB14.6 million or 29.9%, from approximately RMB49.0 million for FY2016 to approximately RMB63.6 million for the FY2017. The increase was primarily due to the increase in revenue generated from Niutoushan Terminal which increased by approximately RMB8.2 million or 58.2% for FY2017.

Revenue of provision of uploading and unloading services

Revenue generated from handling of cargo (including bulk cargo and break bulk cargo) represented approximately 91.1% of our total revenue for FY2016 and 87.3% of our total revenue for FY2017, respectively. Revenue generated from handling of containers represented approximately 3.8% and 3.9% of our total revenue of FY2016 and FY2017 respectively.

With respect to the revenue generated from handling cargo, our revenue increased from approximately RMB44.7 million to RMB55.6 million, representing an increase of approximately RMB10.9 million or 24.4%. Such increase was primarily because our cargo throughput increased by approximately 3.5 million tonnes or 43.4% and was partially offset by the decrease in average handling fees as we handled more building and other rocks in 2017 which generally involve a lower handling fee rate as compared to other mineral products.

With respect to the revenue generated from handling containers, our revenue increased from approximately RMB1.8 million to RMB2.5 million, representing an increase of approximately RMB0.7 million or 34.8%. Such increase was primarily because the container throughput increased from 9,690 TEUs to 15,196 TEUs, representing an increase of 5,506 TEUs, or 56.8%.

Revenue of provision of ancillary port services

Revenue generated from provision of ancillary port services including storage services and transportation services represented approximately 5.1% and 8.8% of our total revenue for FY2016 and FY2017, respectively. Our revenue from provision of ancillary port services increased from approximately RMB2.5 million to RMB5.6 million, representing an increase of approximately RMB3.1 million or 122.6%. Such increase was mainly due to the increase in transportation and miscellaneous services provided of approximately RMB5.3 million for FY2017, as our throughput volume increased and more customers required direct shipping due to faster turnover without the need of occupying our storage centre.

Costs of services

For FY2017, our cost of services increased by approximately RMB5.7 million or 16.3%. Such increase was generally in line with the increase of our revenue by approximately 29.9% as our throughput volume increased and our operating capacity was greater utilised. The increase in cost of services was mainly attributable to (i) the increase in staff cost of approximately RMB1.3 million or 13.7% due to the increase in revenue as part of staff cost linked to the financial performance of the port; (ii) the increase in subcontracting fee of approximately RMB2.3 million or 97.0% and the increase in fuel and oil cost of approximately RMB0.7 million or 47.0% due to the increase in throughput of cargo by approximately 43.4% in terms of tonnes and containers by approximately 56.8% in terms of TEUs for FY2017.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB9.0 million or 63.2% from approximately RMB14.2 million for FY2016 to approximately RMB23.1 million for FY2017. Our gross profit margin increased from approximately 28.9% for FY2016 to 36.3% for FY2017. For the reasons of the increase in gross profit and the increase in gross profit margin, please refer to the paragraph headed "Description of selected items in combined statements of profit or loss — Gross profit and gross profit margin" in this section.

Other income

Our other income increased from approximately RMB4.7 million for FY2016 to RMB6.0 million for FY2017, representing an increase of approximately RMB1.3 million or 25.8% primarily due to the increase in refund of freight-based port charges from port authority by approximately RMB0.7 million and the increase in rental income from investment properties by approximately RMB0.6 million.

Selling and distribution expenses

For FY2017, our selling and distribution expenses increased by approximately RMB0.2 million or 26.1% which was primarily due to the increase in staff cost as a result of salary adjustment of our sales and marketing staff.

Administrative expenses

For FY2017, our administrative expenses increased slightly by approximately RMB0.1 million or 2.0% primarily due to the increase in staff costs and other administrative expenses due to the growth of our business in FY2017. The overall increase was partially offset by the decrease in impairment loss incurred on trade receivables from approximately RMB0.9 million for FY2016 to nil for FY2017.

Finance costs

Our finance costs decreased by approximately RMB0.6 million or 18.1% from approximately RMB3.4 million for FY2016 to approximately RMB2.8 million for FY2017. The decrease was primarily due to the decrease of the outstanding balance of bank borrowings throughout FY2017.

Other expenses

For FY2017, we recognised the loss on disposal of property, plant and equipment of approximately RMB2.2 million which was non-recurring in nature, while no any other expenses recognised in FY2016.

Listing expenses

For FY2017, we incurred listing expenses of approximately RMB10.8 million. Please refer to paragraph headed "Listing expenses" in this section.

Share of loss of an associate

Our share of loss of an associate was approximately RMB0.6 million and RMB0.7 million for FY2016 and FY2017 respectively as our associate company has recorded loss since FY2016. Please refer to Note 18 to the Accountants' Report set out in Appendix I to this prospectus for details.

Profit before income tax

As a result of the factors described above, profit before income tax decreased by approximately RMB2.1 million, or 29.1%, from RMB7.2 million for FY2016 to RMB5.1 million for FY2017, primarily due to the incurred listing expenses of approximately RMB10.8 million and the loss on disposal of property, plant and equipment of approximately RMB2.2 million for FY2017, all of which were non-recurring in nature.

Income tax expense

Our income tax expense increased by approximately RMB1.6 million or 66.5% from approximately RMB2.5 million for FY2016 to approximately RMB4.1 million for FY2017. The increase was primarily due to the tax effect of non-deductible expenses increased for FY2017 when compared to FY2016, as we incurred listing expenses of approximately RMB10.8 million for FY2017 which were non-deductible for tax purpose.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year decreased by approximately RMB3.7 million or 78.5% from approximately RMB4.8 million for FY2016 to RMB1.0 million for FY2017. Our net profit margin decreased from 9.7% for FY2016 to 1.6% for FY2017. The decrease was primarily due to the listing expenses incurred during FY2017 of approximately RMB10.8 million and the loss on disposal of property, plant and equipment of approximately RMB2.2 million for FY2017 all of which were non-recurring in nature. Had the listing expenses been excluded, our net profit and net profit margin for FY2017 would have been approximately RMB11.8 million and 18.6%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are mainly to finance our operations and satisfy our capital expenditure needs. During the Track Record Period, our principal sources of liquidity and capital resources were cash flow generated from operating activities and borrowings.

Cash flows

The following table sets forth a selected summary of our Group's combined cash flow statements for the years indicated:

	FY2015	**FY2016**	**FY2017**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities before working capital changes	29,336	28,838	27,377
Net cash generated from operating activities	13,017	31,284	26,068
Net cash used in investing activities	(2,453)	(10,800)	(13,471)
Net cash used in financing activities	(13,309)	(16,134)	(11,735)
Net (decrease)/increase in cash and cash equivalents	(2,745)	4,350	862
Cash and cash equivalents at beginning of the year	8,040	5,295	9,645
Cash and cash equivalents at end of the year	5,295	9,645	10,507

Net cash generated from operating activities

Our Group derived our cash inflow from operating activities principally from the provision of our port logistic services. Our cash used in operating activities primarily comprises cash used in payments of staff costs, subcontracting fees and fuel and oil and electricity expenses.

For FY2015, net cash generated from operating activities of approximately RMB13.0 million was a combined result of operating cash inflow before movements in working capital of approximately RMB29.3 million, the net decrease in working capital changes of approximately RMB15.4 million and income tax paid of approximately RMB0.9 million. Net decrease in working capital changes primarily reflected (i) increase in trade and bills receivables of approximately RMB1.6 million, (ii) decrease in trade and bills payables of approximately RMB17.8 million; partially offset by (iii) a decrease in deposits, prepayments and other receivables of approximately RMB2.7 million and (iv) increase in other payables, accruals and receipt in advance of approximately RMB1.2 million.

For FY2016, net cash generated from operating activities of approximately RMB31.3 million was a combined result of operating cash inflow before movements in working capital of approximately RMB28.8 million, the net increase in working capital changes of approximately RMB3.9 million and income tax paid of approximately RMB1.4 million. Net increase in working capital changes primarily reflected (i) decrease in trade and bills receivable of approximately RMB2.3 million, (ii) decrease in deposits, prepayments and other receivables of approximately RMB2.0 million, (iii) increase in trade and bills payable of approximately RMB0.2 million and partially offset by (iv) decrease in other payables, accruals and receipt in advance of approximately RMB0.6 million.

For FY2017, net cash generated from operating activities of approximately RMB26.1 million was a combined result of operating cash inflow before movements in working capital of approximately RMB27.4 million, net increase in working capital changes of approximately RMB3.7 million and income tax paid of approximately RMB5.0 million. Net increase in working capital changes primarily reflected (i) increase in other payables, accruals and receipt in advance of approximately RMB3.7 million, (ii) decrease in trade and bills receivables of approximately RMB2.3 million, (iii) increase in trade and bills payable of approximately RMB1.1 million and partially offset by (iv) increase in deposits, prepayments and other receivables of approximately RMB3.3 million.

Net cash used in investing activities

For FY2015, net cash used in investing activities of approximately RMB2.5 million was primarily attributable to (i) purchase of property, plant and equipment of approximately RMB10.1 million; partially offset by (ii) decrease in restricted deposits of approximately RMB6.7 million, (iii) decrease in amount due from related companies/parties of approximately RMB0.7 million, (iv) interest received of approximately RMB0.1 million and (v) dividends received from an associate of approximately RMB0.1 million.

For FY2016, net cash used in investing activities of approximately RMB10.8 million was primarily attributable to (i) purchase of short term investments of approximately RMB28.0 million, (ii) purchase of property, plant and equipment of approximately RMB2.0 million, (iii) payment incurred for investment properties of approximately RMB0.5 million; partially offset by (iv) disposal of short term investments approximately RMB18.0 million, (v) decrease in amount due from related companies/parties of approximately RMB0.6 million, (vi) decrease in amount due from non-controlling interests of approximately RMB0.5 million, (vii) decrease in restricted deposits of approximately RMB0.3 million, (viii) interest received of approximately RMB0.1 million and (ix) dividends received from an associate of approximately RMB0.1 million.

For FY2017, net cash used in investing activities of approximately RMB13.5 million was primarily attributable to (i) purchase of property, plant and equipment of approximately RMB24.7 million, (ii) purchase of short-term investments of approximately RMB12.3 million, (iii) increase in restricted deposits of approximately RMB0.4 million; partially offset by (iv) disposal of short term investments of approximately RMB21.8 million, (v) decrease in amount due from related companies/parties of approximately RMB1.2 million and (vi) proceeds from disposal of property, plant and equipment of approximately RMB0.8 million.

Net cash used in financing activities

For FY2015, net cash used in financing activities of approximately RMB13.3 million was attributable to (i) repayments of borrowings of approximately RMB33.9 million, (ii) repayments to related companies of approximately RMB31.1 million, (iii) interest paid of approximately RMB3.9 million; partially offset by (iv) new bank borrowings of approximately RMB37.5 million and (v) advances from related companies of approximately RMB18.0 million.

For FY2016, net cash used in financing activities of approximately RMB16.1 million was attributable to (i) repayments to related companies of approximately RMB9.4 million, (ii) repayments of borrowings of approximately RMB4.0 million, (iii) interest paid of approximately RMB3.3 million, (iv) dividends paid to non-controlling interests of approximately RMB3.0 million and partially offset by (v) advances from related companies of approximately RMB3.6 million.

For FY2017, net cash used in financing activities of approximately RMB11.7 million was attributable to (i) repayments of borrowings of approximately RMB10.0 million, (ii) repayments to related companies of approximately RMB4.3 million, (iii) interest paid of approximately RMB2.9 million, (iv) dividends paid to non-controlling interests of approximately RMB1.3 million; and partially offset by advances from related companies of approximately RMB6.8 million.

NET CURRENT ASSETS/LIABILITIES

The table below sets out the breakdown of our Group's current asset and current liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Current assets				
Inventories	670	561	689	918
Trade and bills receivables	18,575	15,435	13,172	13,272
Deposits, prepayments and other receivables	4,630	1,881	5,918	8,409
Due from non-controlling interests	474	—	—	—
Due from related companies/parties	8,880	8,233	7,027	—
Short term investment	—	10,000	500	—
Restricted deposits	268	—	412	413
Cash and cash equivalents	5,295	9,645	10,507	24,929
	38,792	45,755	38,225	47,941
Current liabilities				
Trade payables	1,799	2,047	3,168	6,122
Other payables, accruals and receipt in advance	24,058	23,474	28,574	24,626
Bank borrowings	4,000	5,000	8,000	36,000
Due to non-controlling interests	—	349	—	—
Due to related companies	9,814	4,164	6,657	10,892
Due to an associate	183	183	183	183
Deferred government grant	890	890	890	890
Income tax payable	1,613	2,927	1,286	1,421
	42,357	39,034	48,758	80,134
Net current (liabilities)/assets	(3,565)	6,721	(10,533)	(32,193)

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, we recorded net current liabilities of approximately RMB3.6 million, net current assets of approximately RMB6.7 million and net current liabilities of RMB10.5 million and RMB32.2 million, respectively. Our current assets as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018 mainly comprised (i) trade and bills receivables of approximately RMB18.6 million, RMB15.4 million, RMB13.2 million and RMB13.3 million, respectively; and (ii) cash and bank balances of approximately RMB5.3 million, RMB9.6 million, RMB10.5 million and RMB24.4 million, respectively.

Our current liabilities as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018 mainly comprised (i) other payables, accruals and receipt in advance of approximately RMB24.1 million, RMB23.5 million, RMB28.6 million and RMB24.6 million, respectively; (ii) bank borrowings of approximately RMB4.0 million, RMB5.0 million, RMB8.0 million and RMB36.0 million, respectively; (iii) amounts due to related companies of approximately RMB9.8 million, RMB4.2 million, RMB6.7 million and RMB10.9 million, respectively; and (iv) tax payable of approximately RMB1.6 million, RMB2.9 million, RMB1.3 million and RMB1.4 million, respectively.

As at 31 December 2016, we recorded an increase in net current assets of approximately RMB10.3 million which was primarily because (i) in 2015, we repaid amounts due to related companies amounting to approximately RMB31.1 million and bank borrowings amounting to approximately RMB33.9 million while we did not record such high repayment in 2016; and (ii) in 2016, we recorded net cash generated from operating activities amounting to approximately RMB31.3 million which enhanced our net current assets position.

As at 31 December 2017, we recorded a decrease in net current assets of approximately RMB17.3 million which was primarily attributable to (i) our purchase of property, plant, and equipment of approximately RMB24.7 million; (ii) repayments to related companies and bank borrowings of approximately RMB4.3 million and RMB10.0 million respectively; which were partially offset by our cash generated from operating activities of approximately RMB26.1 million during such year.

As at 30 April 2018, we recorded an increase in net current liabilities by approximately RMB21.7 million which was primarily attributable to the increase in short term bank borrowings by approximately RMB28.0 million for the purpose of settlement of listing expenses and the amount due to related companies/parties.

Reasons for our net current liabilities position as at 31 December 2015, 31 December 2017 and 30 April 2018 along with measures to improve our net current liabilities position

We recorded net current liabilities in the amount of approximately RMB3.6 million as at 31 December 2015. Our net current liabilities as at 31 December 2015 were mainly attributable to (i) the amount due to related companies of approximately RMB9.8 million, of which RMB6.0 million was due to Anhui Guanhai, a related company, and such loan payable was unsecured, bearing interest rate at 6% per annum and repayable on demand. The loan balance was fully settled in June 2016. For FY2016, our net current assets position had improved to approximately RMB6.7 million which was mainly attributable to (i) increase in cash and cash equivalents by approximately RMB4.4 million; (ii) purchase of short term investment of RMB28.0 million during the year; (iii) aforementioned settlement of the loan payable of RMB6.0 million to Anhui Guanhai, a related company, during the year; and such improvement in net current asset was partially offset by (iv) disposal of short term investments of approximately RMB18.0 million; (v) decrease in deposit, prepayments and other receivables by approximately RMB2.7 million; (vi) increase in income tax payable by approximately RMB1.3 million; and (vii) increase in bank borrowings by approximately RMB1.0 million.

We recorded net current liabilities in the amount of approximately RMB10.5 million as at 31 December 2017. Our net current liabilities as at 31 December 2017 were mainly attributable to (i) purchases of property, plant and equipment totaling approximately RMB24.7 million as part of our business growth plans, (ii) the repayment of our non-current bank borrowings totaling approximately RMB10.0 million and (iii) the increase in other payables, accruals and receipts of approximately

RMB5.1 million that were primarily driven by listing expenses accrued for the year; which were partially offset by the net cash generated from our operating activities of approximately RMB26.1 million.

As at 30 April 2018, we recorded net current liabilities in the amount of approximately RMB32.2 million which was mainly attributable to the short term bank borrowings increased to approximately RMB36.0 million for the purpose of settlement of listing expenses and the amount due to related companies/parties.

Despite our net current liabilities position, as at 30 April 2018, we have sufficient resources to meet our working capital requirements, for at least the next twelve months, as we have historically generated net cash from our operating activities throughout the Track Record Period amounting to approximately RMB13.0 million, RMB31.3 million and RMB26.1 million, respectively. In addition, we maintain banking facilities and as at 30 April 2018, we have unutilised banking facilities amounting to approximately RMB12.0 million. In December 2017, we secured a letter of intent from a commercial bank headquartered in Hefei City, Anhui Province, agreeing to offer banking facilities of RMB50.0 million to ensure we will have sufficient resources to finance our business growth plans.

Our Directors confirm that we had no default or delay in settlement of debts or trade payables during the Track Record Period that would have a material impact on or business, financial condition or results of operation. We will keep on monitoring our liquidity requirements on a regular basis to ensure that sufficient working capital is maintained.

ANALYSIS OF SELECTED ITEMS ON THE COMBINED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories primarily consist of consumables including spare parts for equipment, tools and fuel. The following table sets out the inventories balance as at the dates of:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Consumables	670	561	689

Trade and bills receivables

Our trade and bills receivables represent the outstanding amounts receivable from our customers. The following table sets out our trade and bills receivables as of the dates indicated:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	11,968	5,387	5,393
Less: Provision for impairment	(9)	(899)	(891)
	11,959	4,488	4,502
Bills receivables	6,616	10,947	8,670
	18,575	15,435	13,172

Our total trade and bills receivables maintained at relatively stable balance of approximately RMB18.6 million, RMB15.4 million, and RMB13.2 million as at 31 December 2015, 31 December 2016 and 31 December 2017 respectively.

The credit period for trade receivables is generally ranging from 15 to 55 days, whereas the maturity period for bills receivables is ranging from 3 to 6 months. Our Directors consider that the fair values of the trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Based on invoices date, the following table below sets forth the ageing analysis of trade receivables as of the dates indicated:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	4,366	3,496	3,591
31 to 90 days	1,624	572	482
91 to 120 days	549	178	63
121 to 365 days	454	—	366
Over 1 year	4,966	242	—
	11,959	4,488	4,502

Ageing analysis of our Group's trade receivables as at the reporting dates that are not impaired is as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	3,001	1,138	3,980
1 to 30 days past due	2,136	2,904	67
31 to 90 days past due	1,271	204	90
91 to 120 days past due	375	—	7
Over 120 days	5,176	242	358
	11,959	4,488	4,502

Our Group's trade receivables as at the reporting dates were neither past due nor impaired have no recent history of default. Our Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. Our Group does not hold any collateral in respect of trade receivables past due but not impaired.

The below table reconciled the provision of impairment loss on trade receivables in the Track Record Period:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of the year	9	9	899
Impairment loss recognised	—	890	—
Bad debt written off	—	—	(8)
Balance at end of the year	9	899	891

In determining impairment losses, our Group conducts regular reviews of aging analysis and evaluates collectability. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the trade receivables may not be collectible. The management closely reviews the trade receivables balances and overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances. Trade receivables that were past due but not impaired relate to a number of independent customers.

Up to 30 April 2018, we had received subsequent settlement of approximately RMB3.2 million, or 71.6% of our outstanding trade receivables as at 31 December 2017. For bills receivables, up to 30 April 2018, all the outstanding bills receivables as at 31 December 2017 had been fully settled.

The following table sets forth the trade receivables turnover days during the Track Record Period:

	FY2015	FY2016	FY2017
	days	*days*	*days*
Trade receivables turnover days	99	61	26

Our trade receivables turnover days is calculated based on the average of the trade receivables as of the beginning and as of the end of a particular year, dividing such average by the revenue during the year, and multiplying by 365 days for FY2015, FY2017 and 366 days for FY2016. The high turnover days of 99 days for FY2015 was mainly due to the long outstanding balance of approximately RMB3.8 million from the customer which we have provided services and recorded the revenue in the year ended 31 December 2014. Such balance was settled in FY2016. Had we excluded such balance brought forward from FY2014 as well, the trade receivable turnover days for FY2015 would have been approximately 70 days.

Deposits, prepayments and other receivables

The table below sets out the deposits, prepayments and other receivables of our Group as at the dates indicated:

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Deposits	484	1,256	527
Prepayments	88	248	3,722
Other receivables	4,529	1,620	2,183
	5,101	3,124	6,432
Classified as:			
Non-current assets	471	1,243	514
Current assets	4,630	1,881	5,918
	5,101	3,124	6,432

Our Group considers that other receivables that were neither past due nor impaired under review are of good credit quality. Our Group does not hold any collateral over these balances. The increase in prepayment from approximately RMB0.2 million as at 31 December 2016 to approximately RMB3.7 million as at 31 December 2017 was mainly due to the prepayment of listing expenses which consisted of fees due to professional parties as a result of the Listing exercise.

Short term investment

As at 31 December 2016 and 31 December 2017, our Group has a short term investment in wealth management products with principal balance of RMB10.0 million and RMB0.5 million, respectively, purchased from Bank of China, Chizhou branch. Our Group is entitled to redeem the investment at its principal amount with the bank at anytime unconditionally.

According to the documents provided by Bank of China, the wealth management products are diversified portfolio-based products containing financial bonds, central bank bills, corporate bonds, short term financing bonds and other financial instruments. These products are classified as medium to low risk with high liquidity, suggesting that the risk of losing the principal was low though the actual rate of return was not fixed. Our investment returns from investing in such wealth management products ranged from 2.5% to 3.2% per annum in FY2016 and 2.5% to 3.7% per annum in FY2017. Given that the bank allows its investors to redeem the wealth management products at any given time and that the returns from such products were higher compared to the PRC's average RMB current amount interest rate of approximately 0.35% per annum at the time, our Group believes such short term investment would enable our Group to generate better investment returns compared to cash deposits with the bank. After listing, our Group does not expect to purchase similar wealth management products in the near future.

Our Directors considered an appropriate short term treasury arrangement with low risk exposure could enhance the utilisation of capital from surplus cash that might happen for a short period of time. In relation to the risk management and monitoring procedures for our Group's treasury management policy, please refer to the section headed "Business — Internal control and risk management" in this prospectus.

Our Directors confirm that our Group did not have any present intention to invest further on wealth management products as at the Latest Practicable Date. The Company will comply with Chapter 19 of the GEM Listing Rules for our future investments in wealth management products when applicable.

Cash and bank deposits

(a) Cash and cash equivalents

Bank balances earn interest at floating rates based on daily bank deposit rates. Our cash and cash equivalents balances were approximately RMB5.3 million, RMB9.6 million and RMB10.5 million as at 31 December 2015, 31 December 2016 and 31 December 2017 respectively. The increases of the balances of cash and cash equivalents during the Track Record Period was mainly attributable to the net cash generated from our operating activities. For details, please refer to the paragraphs headed "Liquidity and capital resources — Cash flows" in this section.

(b) Restricted deposits

The restricted deposits earn interest at floating rates based on daily bank deposit rates. During the Track Record Period, our Group was subject to legal proceedings with 中基寧波集團有限公司. As at 31 December 2015, 31 December 2016 and 31 December 2017, restricted deposits represented bank deposits of approximately RMB0.3 million, nil and RMB0.4 million, respectively, under asset preservation executed by the court. The restricted deposits would be released upon settlement of the legal proceedings. For details of the Litigation Cases, please refer to the section headed "Business — Litigation — Civil litigation between a customer (as plaintiff) and Chizhou Niutoushan (as defendant)" in this prospectus.

As at 31 December 2015, 31 December 2016 and 31 December 2017, our Group has cash and bank balances denominated in RMB which amounted to approximately RMB5.6 million, RMB9.6 million and RMB9.3 million respectively, of which the remittance of cash out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

Trade payables

During the Track Record Period, our trade payables represented the outstanding amount payable to our suppliers. The following table sets forth our trade payables as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,799	2,047	3,168

Our trade payables increased from approximately RMB1.8 million as at 31 December 2015 to approximately RMB2.0 million as at 31 December 2016 and further increased to approximately RMB3.2 million as at 31 December 2017. The increases were mainly due to the higher volume of purchases and overhead costs incurred as our throughput volume grew.

The credit period is generally 30 days. Based on invoices date, the following table sets out an ageing analysis of our trade payables as at the dates indicated:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	806	1,340	2,168
31–90 days	523	371	413
91–120 days	180	54	2
121 to 365 days	176	120	386
Over 1 year	114	162	199
	1,799	2,047	3,168

Up to 30 April 2018, the subsequent settlement of trade payables was approximately RMB2.5 million which represented approximately 80.3% of total trade payables as at 31 December 2017.

The table below sets out the trade payables turnover days of our trade payables during the Track Record Period:

	FY2015	FY2016	FY2017
	days	*days*	*days*
Trade payables turnover days	15	14	15

Our trade payables turnover days is calculated based on the average of the trade payables as of the beginning and as of the end of a particular year, dividing such average by our sales for the year, and multiplying by 365 days for FY2015 and FY2017 and 366 days for FY2016. Our trade payables turnover days during the FY2015, FY2016 and FY2017 were generally in line with the credit terms offered to us by our suppliers.

Other payables, accruals and receipt in advance

The balance of other payables, accruals and receipt in advance was approximately RMB24.1 million, RMB23.5 million and RMB28.6 million as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively. The increase in other payables as at 31 December 2017 was mainly due to the increase in listing expenses payable to professional parties as a result of the Listing exercise. The following table sets out the breakdown of other payables, accruals and receipt in advance as at the dates indicated:

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Other payables	17,728	15,178	18,806
Accruals	5,764	6,716	8,464
Receipt in advance	566	1,580	1,304
	24,058	23,474	28,574

Income tax payable

Our Group's tax payable as at 31 December 2015, 31 December 2016 and 31 December 2017 were approximately RMB1.6 million, RMB2.9 million and RMB1.3 million, respectively.

NON-CURRENT ASSETS AND LIABILITIES

Our non-current assets primarily consist of property, plant and equipment, investment properties, interests in an associate, payments for leasehold land held for own use under operating leases and deferred tax assets. As at 31 December 2015, 31 December 2016 and 31 December 2017, we had non-current assets of approximately RMB351.3 million, RMB336.2 million and RMB339.0 million, respectively.

Our non-current liabilities primarily consist of bank borrowings, deferred government grant and deferred tax liabilities. Our non-current liabilities were approximately RMB85.7 million, RMB79.4 million and RMB65.9 million as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively.

Property, plant and equipment

Our property, plant and equipment consists of terminal facilities, buildings, port machinery and equipment, vessels, motor vehicles, furniture and office equipment and leasehold improvements. As at 31 December 2015, 31 December 2016 and 31 December 2017, the carrying amount of our property, plant and equipment amounted to approximately RMB252.0 million, RMB238.1 million and RMB243.7 million, respectively, representing approximately 71.7%, 70.8% and 71.9% of our Group's total non-current assets, respectively.

The following table sets out the breakdown of the net carrying value of our property, plant and equipment as at the dates indicated:

	As at 31 December					
	2015		2016		2017	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Terminal facilities	191,398	75.9	182,450	76.6	188,830	77.5
Buildings	14,605	5.8	14,327	6.0	14,108	5.8
Port machinery and equipment	34,001	13.5	29,098	12.2	29,449	12.1
Vessels	7,012	2.8	6,392	2.7	3,201	1.3
Motor vehicles	1,247	0.5	1,313	0.6	1,463	0.6
Furniture and office equipment	445	0.2	286	0.1	570	0.2
Leasehold improvements	2,232	0.9	2,560	1.1	2,427	1.0
Construction-in-progress	1,077	0.4	1,719	0.7	3,691	1.5
	252,017	100.0	238,145	100.0	243,739	100.0

For details of the movement of the net carrying value of our property, plant and equipment, please refer to Note 15 to Accountants' Report set out in Appendix I to this Prospectus.

Investment properties

Investment properties refer to the leased portion of Phase 2, portion of Phase 3 of the port located in Jiangkou Port Area and Logistic Park Lingang Park Area of Economic and Technological Development Zone, Chizhou City, Anhui Province, the PRC. The land use terms of the property were granted for terms expiring on 19 January 2061, 3 January 2059 and 15 May 2061 respectively for industrial and transportation (for port), port and logistic purposes. The property is currently leased to 12 independent third parties for simple manufacturing processing and storage uses for terms from 2 years to 15.25 years with the soonest expiry date on 25 December 2018 for a total aggregate annual rent of about RMB1.7 million. Of the above 12 lessees, 10 are our customers. For details of our investment properties, please refer to the section headed "Group II — Property held for Investment" in Valuation Report set out in Appendix III to this prospectus. The following table sets forth a movement of the carrying value of our investment properties as at the dates indicated:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Fair value			
At beginning of the year	27,500	27,300	28,236
Additions	—	473	—
Transfer from payments for leasehold hand held for own use under operating leases	—	597	667
Change in fair value	(200)	(134)	397
At end of the year	27,300	28,236	29,300

The fair value of our Group's investment properties at 31 December 2015, 31 December 2016 and 31 December 2017 have been arrived at based on market value basis carried out by D&P China (HK) Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

For the details of our investment properties, please refer to Note 17 to the Accountants' Report set out in Appendix I to this prospectus and the valuation report prepared by D&P China (HK) Limited set out in Appendix III to this prospectus.

Property interests and property valuation

Details relating to our property interests are set out in Appendix III to this prospectus. Our Property Valuer has valued the properties (buildings and terminal facilities) and leasehold land with building/land certificates (the "**Relevant Lands and Properties**") owned by us as at 30 April 2018. The text of their letters, summaries of values and valuation certificates are set out in Appendix III to this prospectus.

A reconciliation of the aforesaid net book value of the Relevant Lands and Properties as at 31 December 2017 to their fair value as at 30 April 2018 as stated in Appendix III to this prospectus is as follows:

	RMB'000
Net book value of the Relevant Lands and Properties of our Group as at 31 December 2017	242,488
Movement from 31 December 2017 to 30 April 2018 (unaudited):	
Depreciation and amortisation	(3,399)
Addition	108
Disposal(Note)	(5,212)
Net book value of the Relevant Lands and Properties as of 30 April 2018 (unaudited)	233,985
Net valuation surplus	91,715
Valuation of the Relevant Lands and Properties by our Group as at 30 April 2018 as set out in the property valuation report in Appendix III to this prospectus	325,700

Note: The change of titleship of the land parcel is in progress as at the Latest Practicable Date. However, we have not considered such land parcel in the course of our valuation as of the valuation date (i.e. 30 April 2018). For details of the disposal, please refer to section headed "Owned Properties — Disposal of the Relevant Land".

Purchase of assets from a related company

Chizhou Niutoushan has entered into an asset rental agreement in the year ended 31 December 2012 with Anhui Ocean Line, of which Mr. Kwai and Ms. Cheung are the beneficial owners, for the usage of certain terminal facilities (the "**Terminal Assets**") which are situated on Niutoushan Terminal. Anhui Ocean Line was established in the PRC with limited liability on 8 May 2008 and was owned as to 60% by Mr. Kwai and 40% by Ms. Cheung through Ocean Line Holdings. Anhui Ocean Line is an investment holding company. Upon the disposal of 33.325% equity interest in Chizhou Niutoushan and the entire equity interest in Chizhou Qianjiang, which is part of the Reorganisation, its remaining material investments only consist of non-port-related securities listed in the PRC. The rental expenses charged by the related company amounted to approximately RMB0.7 million, RMB0.7 million and nil for FY2015, FY2016 and FY2017, respectively.

On 1 January 2017, Chizhou Niutoushan entered into a transfer agreement with Anhui Ocean Line to acquire the Terminal Assets from Anhui Ocean Line at a total consideration of approximately RMB11.6 million. The consideration of the transfer is determined with reference to the fair values of the Terminal Assets on the date of transfer.

A related company provided corporate guarantee for a bank facility and loan balances of approximately RMB30.0 million, RMB28.0 million and RMB21.0 million as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively. Mr. Kwai and Ms. Cheung are the beneficial owners of the related company. The corporate guarantee provided by the related company will be released upon Listing.

The above transactions with the related companies were negotiated and conducted in the ordinary course of business and at terms agreed between the Group and the related companies.

Accumulated loss as at 1 January 2015

None of the PRC subsidiaries in the Group recorded an accumulated loss per PRC audited accounts/management accounts as at 1 January 2015. The Group recorded accumulated loss of approximately RMB7 million as at 31 December 2014 (i.e. 1 January 2015). It is mainly arising from the adjustment of government grant received prior to Track Record Period of approximately RMB15.6 million.

The government grant received (net of tax) in prior years were fully transferred to statutory reserve in the year of the government grant being received pursuant to the approval by the PRC board of directors of the PRC subsidiaries in the PRC audited accounts and management accounts.

For the preparation of accountants' report adopting HKFRSs, the government grant for capital investments should be recorded as deferred income and recognised in the profit and loss over the estimated useful life of the relevant port facilities. As aforementioned, adjustments had been made by the Company in retained earnings instead of statutory reserve. This is because statutory reserve is a PRC legal reserve and its movements are governed by PRC laws.

INDEBTEDNESS

The following table sets forth a summary of our indebtedness as at the dates indicated. As at 30 April 2018, being the latest practicable date for the purpose of indebtedness statement, except as disclosed in the table below, our Group did not have any other outstanding debt securities, borrowings, indebtedness, mortgage, contingent liabilities and guarantees on a combined basis. Since 30 April 2018, there has been no material adverse change in our indebtedness.

	As at 31 December			As at 30 April
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Indebtedness				
Current Liabilities				
Bank borrowings	4,000	5,000	8,000	36,000
Due to non-controlling interests	—	349	—	—
Due to related companies	9,814	4,164	6,657	10,892
Due to an associate	183	183	183	183
Sub-total	13,997	9,696	14,840	47,075
Non-current Liabilities				
Bank borrowings	47,000	42,000	29,000	10,000
Total	60,997	51,696	43,840	57,075

Bank borrowings

	As at 31 December			As at 30 April
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Current liabilities				
Secured bank borrowings				
— Amounts repayable within one year	2,000	3,000	6,000	36,000
Secured and guaranteed bank borrowings				
— Amounts repayable within one year	2,000	2,000	2,000	—
	4,000	5,000	8,000	36,000
Non-current liabilities				
Secured bank borrowings				
— Amounts repayable after one year	19,000	16,000	10,000	10,000
Secured and guaranteed bank borrowings				
— Amounts repayable after one year	28,000	26,000	19,000	—
	47,000	42,000	29,000	10,000
Total bank borrowings	51,000	47,000	37,000	46,000

Notes:

(a) Bank borrowings are interest-bearing at fixed rate and at the banks' base lending rate adjusted by certain basis points per agreed interval. As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, the Group's bank borrowings bore interest at the floating rate ranging from 7.0% to 8.0%, 6.4% to 7.3%, 6.4% and 6.4% per annum, respectively. As at 30 April 2018, the Group's bank borrowings also bore interest at the fixed rate of 5.7% per annum.

(b) As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, bank borrowings of approximately RMB30.0 million, RMB28.0 million, RMB21.0 million and Nil, respectively, are attached with financial covenants. The Group regularly monitors our compliance with these covenants. During the Track Record Period, all these covenants have been complied by our Group.

(c) Based on the schedule repayment dates set out in the loan agreements, the bank borrowings are repayable as follows:

	As at 31 December			As at 30 April
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Within one year	4,000	5,000	8,000	36,000
More than one year, but not exceeding two years	5,000	8,000	12,000	10,000
More than two years, but not exceeding five years	24,000	24,000	16,000	—
After five years	18,000	10,000	1,000	—
	51,000	47,000	37,000	46,000

(d) Our Group's banking facilities and the bank borrowings are secured by:

(i) the pledge of certain property, plant and equipment of our Group with net carrying amount of approximately RMB31.3 million, RMB27.8 million, RMB25.0 million and RMB59.7 million as at 31 December 2015, 2016, 31 December 2017 and 30 April 2018, respectively;

(ii) the pledge of leasehold land under operating lease of our Group with net carrying amount of approximately RMB59.9 million, RMB58.0 million, RMB56.0 million and RMB14.6 million as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, respectively;

(iii) the pledge of investment properties under operating lease of our Group of approximately RMB22.6 million, RMB23.5 million, RMB24.6 million and RMB1.9 million as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, respectively;

(iv) the corporate guarantee by a related company as at 31 December 2015, 31 December 2016 and 31 December 2017.

(e) Our Group's aggregate banking facility amount to approximately RMB63.0 million, RMB59.0 million, RMB49.0 million and RMB58.0 million of which approximately RMB51.0 million, RMB47.0 million, RMB37.0 million and RMB46.0 million has been utilised as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, respectively.

In December 2017, we have secured a letter of intent from a commercial bank with headquarter located in Hefei City, Anhui Province agreeing to offer banking facilities of RMB50.0 million to our Group for the construction and development of the new phase of Jiangkou Terminal to ensure we will have sufficient financial resources to fund our expansion plan.

Due to non-controlling interests, related companies and an associate

	As at 31 December			As at 30 April
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Amounts due to related companies[(a)(e)]	3,814	4,164	6,657	10,892
Loans payable to a related company[(b)(e)]	6,000	—	—	—
Due to non-controlling interests[(c)(e)]	—	349	—	—
Due to an associate[(d)(e)]	183	183	183	183

Notes:

(a) The balances are unsecured, interest free and repayable on demand.

(b) The balance represented loans payable to Anhui Guanhai which was unsecured, bearing interest rate at 6% per annum and repayable on demand. The loan balance was fully settled in June 2016.

(c) The balances are amounts due to non-controlling shareholders of non-wholly owned subsidiaries, which are unsecured, interest free and repayable on demand.

(d) The balance is due to an associate, Chizhou Guichi, which is unsecured, interest free and repayable on demand.

(e) The balances are non-trade in nature.

The outstanding balance of the amount due to related parties were non-trade in nature and will be fully settled either by way of internal resources or borrowing from financial institutions before Listing.

During the Track Record Period, the Group was under an ongoing civil proceeding. As at 31 December 2015, 31 December 2017 and 30 April 2018, the Group's payments for leasehold land held for own use under operating leases with net carrying amount of approximately RMB16,356,000, RMB15,684,000 and RMB15,572,000, respectively, and the Group's bank deposits of approximately RMB268,000, RMB412,000 and RMB413,000, respectively, were under asset preservation executed by the court.

During the Track Record Period, a PRC subsidiary of the Company was under an ongoing civil proceeding. Pursuant to the deed of indemnity, the controlling shareholders and Vital Force Development Limited, the shareholding company of the Company have jointly and severally, agreed to indemnify the Group against, all costs/charges of the civil proceeding and the relevant claims.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration our Group's internal resources, available banking facilities and the estimated net proceeds from the Public Offer, our Group has sufficient working capital for its present requirements and for at least the next 12 months from the date of this prospectus.

RELATED PARTY TRANSACTIONS

Please refer to Note 33 to the Accountants' Report set out in Appendix I to the prospectus.

COMMITMENTS

Operating lease arrangement

Our Group as lessor

As at each of the reporting dates, the minimum rent receivables under non-cancellable operating leases are as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	755	1,394	1,335
Later than one year and not later than five years	2,850	3,705	4,642
Later than five years	2,460	2,918	3,387
	6,065	8,017	9,364

Our Group leased our investment properties under operating leases. As at 31 December 2017, the leases run for initial periods from 1 to 15 years, with options to renew the lease terms upon expiry when all terms are re-negotiated. Certain leases include contingent rentals which are refundable if certain annual sales targets from the tenants are met. No contingent rent in respect of these leases was recognised in profit or loss during the Track Record Period.

Our Group as leasee

In November 2017, Ocean Line (Hong Kong) and a related company, of which Mr. Kwai and Ms. Cheung are the beneficial owners, entered into a tenancy agreement pursuant to which the related party as the landlord agreed to lease certain premises to Ocean Line (Hong Kong) as the tenant. The annual rental under the tenancy agreement is amounted to approximately of HK$480,000 from 1 January 2018 and expiring on 31 December 2020. The tenancy run for an initial period of 3 years with no term included contingent rentals. Either party would be entitled to early terminate the tenancy agreement by serving not less than 2 months' written notice or by paying 2 months' rent in lieu to the other party provided that the said written notice would not be served before the expiration of the twelfth month of the rental period. The future minimum rental payables under non-cancellable operating leases of our Group totally amounted to approximately HK$560,000 as at 31 December 2017, which is derived from the commitment within one year and in second to fifth year of approximately HK$480,000 and HK$80,000, respectively. For details, please refer to the Note 33(a) to the Accountants' Report set out in Appendix I to the prospectus.

Capital commitments

As at each of the reporting dates, our Group had the following capital commitments:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for			
— Construction in progress	4,041	3,564	3,360
— Plant and machineries	482	3,426	—
	4,523	6,990	3,360

KEY FINANCIAL RATIOS

The following table sets out the major financial ratios of our Group during the Track Record Period:

	Year ended or as at 31 December		
	2015	**2016**	**2017**
Return on assets[1]	1.4%	1.2%	0.3%
Return on equity[2]	2.1%	1.8%	0.4%
Current ratio[3]	0.9 times	1.2 times	0.8 times
Quick ratio[4]	0.9 times	1.2 times	0.8 times
Gearing ratio[5]	23.4%	19.6%	16.7%
Debt to equity[6]	21.3%	16.0%	12.7%
Interest coverage[7]	2.6 times	3.1 times	2.9 times

Notes:

1. Return on assets is calculated based on the profit for the year divided by the average assets as at the start and end of the year.

2. Return on equity is calculated based on the profit for the year divided by the average equity at the start and end of the year.

3. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.

4. Quick ratio is calculated as total current assets less inventories and divided by total current liabilities.

5. Gearing ratio is calculated based on the total debts which include payable incurred not in the ordinary course of business, divided by total equity at the end of the year.

6. Debt to equity ratio is calculated by the net debt (total debts net of cash and cash equivalents) divided by the total equity as at the end of the year multiplied by 100%.

7. Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for the year.

Return on assets

Our return on assets increased from approximately 1.4% for FY2015 to approximately 1.2% for FY2016. The increase primarily reflected the increase in our profit for FY2016 as explained in the paragraph headed "Description of selected items in combined statement of profit or loss — Profit for the year and net profit margin" in this section.

Our return on assets decreased to 0.3% for FY2017 primarily due to the listing expenses incurred during FY2017, which were partially offset by the increase in gross profit for the year. Had the listing expenses been excluded, our return on assets for FY2017 would have been 3.1%.

Return on equity

Our return on equity decreased from approximately 2.1% for FY2015 to approximately 1.8% for FY2016. The decrease was mainly attributable to (i) the decrease in profit for FY2016 and partially offset by (ii) the relatively higher equity balance for as at 31 December 2016.

Our return on equity decreased to 0.4% for FY2017 primarily due to the listing expenses incurred during FY2017, which were partially offset by the increase in gross profit for the year. Had the listing expenses been excluded, our return on equity for FY2017 would have been 4.5%.

Current ratio and quick ratio

Since we do not have material balance of inventories which were mainly consumables, our quick ratio was close to that of current ratio. Our current ratio increased slightly from approximately 0.9 times as at 31 December 2015 to approximately 1.2 times as at 31 December 2016. The increase primarily reflected the increase in current assets, in particular our cash and bank balances, as a result of the recovery of our trade receivables, deposits and other receivables.

As at 31 December 2017, our current ratio decreased to 0.8 times. The decrease primarily reflected the increases in (i) other payables, accruals and advance receipts arising from provision of listing expenses and (ii) bank borrowings as at 31 December 2017.

Gearing ratio

Our gearing ratio decreased from approximately 23.4% as at 31 December 2015 to approximately 19.6% times as at 31 December 2016. The decrease was primarily due to the decrease in bank borrowings as at 31 December 2016.

As at 31 December 2017, our gearing ratio decreased to approximately 16.7%. The decrease was primarily due to the combined effect of (i) the increase in total equity as a result of increase in retained earnings and (ii) the partial settlement of bank borrowings during FY2017. For details of the bank borrowings, please refer to the paragraph headed "Indebtedness — Bank borrowings" in this section.

Debt to equity ratio

Our debt to equity ratio decreased from approximately 21.3% as at 31 December 2015 to approximately 16.0% as at 31 December 2016. The decrease primarily reflected the increase in (i) cash and bank balances, (ii) total equity and (iii) the decrease in our bank borrowings as at 31 December 2016. For details of cash flow, please refer to the paragraph headed "Liquidity and capital resources — Cash flows" in this section.

As at 31 December 2017, our debt to equity ratio decreased to approximately 12.7%. The decrease was mainly due to the increases in (i) bank borrowings and (ii) total equity as at 31 December 2017.

Interest coverage

Our interest coverage slightly increased from approximately 2.6 times for FY2015 to 3.1 times for FY2016, primarily due to our reduced finance costs as the balance of the interest-bearing borrowings decreased steadily throughout FY2016. Our interest coverage decreased to approximately 2.9 times for

FY2017, primarily due to the listing expenses incurred during FY2017 which significantly reduced our net profit before interest and tax. The listing expenses incurred were partially offset by the increase in gross profit earned for FY2017. Had the listing expenses been excluded, our interest coverage for FY2017 would have increased to 6.8 times.

CONTINGENT LIABILITIES

As at 31 December 2015, 31 December 2016 and 31 December 2017, our Group did not have any material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

Our Directors confirm that our Group did not have any material off-balance sheet transactions or arrangements during the Track Record Period.

DISTRIBUTABLE RESERVES

As at 31 December 2017, our Company did not have any distributable reserves available for distribution to our Shareholders.

DIVIDEND

No dividend has been declared or paid by our Company since its incorporation.

Dividends had been declared by (i) Ocean Line Chizhou to its then equity shareholders for FY2017 in the amount of approximately RMB8.7 million on 11 January 2018. Of the above amount, approximately RMB7.0 million was applied to offset the Group's receivables from Ocean Line Holdings Limited as at 31 December 2017 and the balance of approximately RMB1.7 million was paid in cash to the then equity shareholders of Ocean Line Chizhou; (ii) on 18 August 2016 and 13 July 2017, Chizhou Niutoushan (a) to its then equity shareholders for the two years ended 31 December 2015 and FY2016 in the amount of approximately RMB2.3 million and RMB1.4 million respectively; and (b) to non-controlling interests for the two years ended 31 December 2015 and FY2016 in the amount of approximately RMB0.3 million and RMB0.2 million respectively; and (iii) on 1 April 2016 and 11 July 2017 Chizhou Port Holdings to non-controlling interests for the two years ended 31 December 2015 and FY2016 in the amount of approximately RMB3.0 million and RMB0.7 million respectively.

All the above dividends, which were declared out of the distributable profit, had been paid as at the Latest Practicable Date.

We do not have a fixed dividend policy. The form, frequency and amount of future dividends on the Shares will be at the discretion of our Board and will depend on factors such as our results of operations, cash flows, financial conditions, future prospects and regulatory restrictions on the payment of dividends by us or our operating subsidiaries. There can be no assurance that any dividends will be paid. Investors should consider the risk factors affecting our Group as set forth in the section headed "Risk Factors" in this prospectus and the cautionary notice regarding forward-looking statements contained in the section headed "Forward- looking statements" in this prospectus.

QUANTITATIVE AND QUALITATIVE ANALYSIS OF FINANCIAL RISKS

In the normal course of business, our Group is exposed to foreign exchange risk, credit risk, liquidity risk and interest rate risk. Our Group's exposure to these risks and the financial risk management policies and practices used by our Group to manage these risks are described below.

Interest rate risk

Our Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose our Group to cash flow interest rate risk and fair value interest risk respectively.

Other than cash at banks and on hand, interest-bearing borrowings, and due to related companies, our Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to our Group.

Our Group's interest rate risk arises primarily from the floating rate borrowings. Borrowings at floating rates expose our Group to cash flow interest rate risk.

As at 31 December 2015, 31 December 2016 and 31 December 2017, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase our Group's profit for the period (through the impact on our Group's interest-bearing borrowings subject to floating interest rate) by approximately RMB0.3 million, RMB0.2 million and RMB0.2 million respectively. No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at each of the reporting dates and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

The measures to manage interest rate risk have been followed by our Group since prior years and are considered to be effective.

Foreign currency risk

Our Group has no significant exposure to foreign currency risk as our Group's substantial transactions are denominated in RMB.

Credit risk

As at 31 December 2015, 31 December 2016 and 31 December 2017, our Group's maximum exposure to credit risk which will cause a financial loss to our Group due to failure to discharge an obligation by the counterparties is primarily attributable to trade and other receivables, due from related companies/parties, short term investment and bank deposits. Our Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and our Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

Our Group enters into trading transaction with the recognised and reputable third parties. Before accepting any new contract, evaluations were considered on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, our Group does not obtain collateral from customers.

Our Group has concentration of credit risk from various customers. In view of their good payment record and long established relationships with our Group, our management does not consider our Group's credit risk to be significant. At 31 December 2015, 31 December 2016, and 31 December 2017, approximately 10%, 7% and 10% of the total trade receivable balance was due from our Group's largest customer, respectively, and approximately 32%, 23% and 26% of the total trade receivable balance was due from our Group's five largest customers, respectively.

Liquidity risk

Our Group monitors and maintains a level of cash and cash equivalents assessed as adequate by our management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. Our Group relies on internally generated funding and borrowings as significant sources of liquidity. Our Group also monitors the utilisation of borrowings and ensures compliance with loan covenants.

The maturity profile of our Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, are as follows:

	Carrying amount	Total contractual undiscounted cash flow	On demand or within one year	More than one year but not exceeding two years	More than two years but not more than five years	More than five years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015						
Trade payables	1,799	1,799	1,799	—	—	—
Other payables and accruals	23,492	23,492	23,492	—	—	—
Due to related companies	9,814	10,174	10,174	—	—	—
Due to an associate	183	183	183	—	—	—
Bank borrowings	51,000	64,730	7,265	7,972	29,905	19,588
	86,288	100,378	42,913	7,972	29,905	19,588

	Carrying amount	Total contractual undiscounted cash flow	On demand or within one year	More than one year but not exceeding two years	More than two years but not more than five years	More than five years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016						
Trade payables	2,047	2,047	2,047	—	—	—
Other payables and accruals	21,894	21,894	21,894	—	—	—
Due to related companies	4,164	4,164	4,164	—	—	—
Due to an associate	183	183	183	—	—	—
Due to non-controlling interests	349	349	349	—	—	—
Bank borrowings	47,000	57,465	7,972	10,623	28,293	10,577
	75,637	86,102	36,609	10,623	28,293	10,577

	Carrying amount	Total contractual undiscounted cash flow	On demand or within one year	More than one year but not exceeding two years	More than two years but not more than five years	More than five years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017						
Trade payables	3,168	3,168	3,168	—	—	—
Other payables and accruals	27,270	27,270	27,270	—	—	—
Due to related companies	6,657	6,657	6,657	—	—	—
Due to an associate	183	183	183	—	—	—
Bank borrowings	37,000	42,881	10,300	13,610	17,961	1,010
	74,278	80,159	47,578	13,610	17,961	1,010

Fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and bills receivables, deposits and other receivables, amounts due from non-controlling interests, and related companies, trade payables, other payables and accruals, bank borrowings, amounts due to non-controlling interests, related companies and an associate.

The fair values of our Group's financial assets and liabilities were not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of non-current liabilities were not disclosed because the carrying values were not materially different from the fair value.

LISTING EXPENSES

Assuming an Offer Price of HK$0.4 per Offer Share (being the mid-point of the indicative Offer Price range), the listing expenses, which are non-recurrent in nature, are estimated to be approximately HK$25.6 million (equivalent to RMB21.6 million). Approximately HK$8.4 million (equivalent to RMB7.0 million) of our estimated listing expenses is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK$17.2 million (equivalent to RMB14.6 million) has been or is to be charged to the combined statements of comprehensive income, of which (i) approximately HK$12.9 million (equivalent to RMB10.8 million) were recognised for FY2017; and (ii) approximately HK$4.5 million (equivalent to RMB3.8 million) is expected to be recognised before Listing (according to our current estimation).

Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for FY2018 would be materially and adversely affected by the listing expenses mentioned above.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please refer to "Unaudited Pro Forma Financial Information" set out in Appendix II to this prospectus.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 31 December 2017 and up to the date of this prospectus, save as the listing expenses, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

FUTURE PLANS

Please refer to the section headed "Business — Our Business Strategy" for a detailed description of our future plans.

BASES AND KEY ASSUMPTIONS

Investors should note that our implementation plans set out in the paragraph headed "Implementation Plans" in this section below are formulated on the bases and key assumptions set out below:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in the existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the Public Offer will be completed in accordance with as described in the section headed "Structure and Conditions of the Public Offer" of this prospectus;
- our Group will not be materially affected by the risk factors as set out under the section headed "Risk Factors" of this prospectus; and
- our Group will be able to continue our business operation substantially the same way as it has been operating and there will be no disasters, natural, political or otherwise, which would materially disrupt our business or operations of our Group and the implementation of our development plans.

IMPLEMENTATION PLANS

Our Group's implementation plans are set forth below for each of the six-month periods until 31 December 2020. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and key assumptions referred to in the paragraph headed "Bases and Key Assumptions" in this section above. These bases and key assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed "Risk Factors" of this prospectus. Our Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all. Our Directors intend to carry out the following implementation plans to achieve our Group's business objectives:

From the Latest Practicable Date to 30 June 2018

Business Strategy	**Implementation activities**	**Source of funding**
Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	• Carrying out preparatory works including (a) conducting preliminary design review and preparing design plans of the new phase of our Jiangkou Terminal; (b) inviting architects/engineers to submit tenders for appointment of construction contractors; and (c) carrying out environmental and safety assessments. • Applying and obtaining various types of preliminary approval (including preliminary design, shoreline usage, environment, fire safety, etc.) from the relevant local authorities. • Applying and obtaining the construction works planning permit, approval for preliminary design and approval for construction drawing design, which are mandatory prior to commencement of the construction works. • Purchasing machineries and equipment necessary for the operation of the new phase of our Jiangkou Terminal, including floating barges, conveyor belts and portal cranes.	To be funded by bank loan

1 July 2018 to 31 December 2018

Business Strategy	**Implementation activities**	**Source of funding**
Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	• Commencement of construction works involving (a) construction of terminal infrastructure primarily including two berths with an aggregate annual estimated maximum throughput capacity of 4.6 million tonnes; (b) construction of roads, stacking yards and storage facilities with a total area of approximately 58,500 sq.m. for bulk cargo and other cargos to meet the anticipated increase in demand for port logistic services and (iii) installation of utilities and drainage facilities. • Commencement of the construction of environmental protection facilities primarily including a green zone to separate our Jiangkou Terminal from the neighbouring properties in order to minimise the environmental impact of our operations. • Purchasing additional machineries and equipment necessary for the operation of the new phase of our Jiangkou Terminal, including floating barges, conveyor belts and portal cranes.	To be funded by net proceeds of approximately HK$54.4 million (RMB46.1 million) from the Public Offer and by bank loans

From 1 January 2019 to 30 June 2019

Business Strategy	Implementation activities	Source of funding
Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	• Completion of the new phase of our Jiangkou Terminal. • Purchasing additional conveyor belts. • Applying and obtaining (a) the written approval for completion and acceptance of environment protection for construction project; and (b) the trial port operation permit prior to trial operation of the new phase of our Jiangkou Terminal. • Inspection by the relevant local authorities on the performance of the construction works. • Commencement of trial operation of the new phase of the Jiangkou Terminal to ensure our operation can fulfil the relevant environmental, health and safety, quality and fire safety standards and requirements. • Carrying out marketing and promotional activities on our services of the new phase of our Jiangkou Terminal to existing and potential customers	To be funded by bank loans

From 1 July 2019 to 31 December 2019

Business Strategy	Implementation activities	Source of funding
Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	• Evaluating the performance and operating efficiency of the new phase of our Jiangkou Terminal.	—

From 1 January 2020 to 30 June 2020

Business Strategy	Implementation activities	Source of funding
Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	• Obtaining the port operation licence and commencing full operation of the new phase of our Jiangkou Terminal. • Continue to evaluate the performance and operating efficiency of the new phase of our Jiangkou Terminal.	—

From 1 July 2020 to 31 December 2020

Business Strategy	Implementation activities	Source of funding
Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	• Continuing to evaluate the performance and operating efficiency of the new phase of our Jiangkou Terminal. *(Note)*	—

Note: We intend to expend our net proceeds and complete the implementation of our business plans by the end of 30 June 2020. Therefore, there is no implementation plan laid out for this period.

USE OF PROCEEDS

Based on the Offer Price of HK$0.4 per Offer Share, being the mid-point of the indicative Offer Price ranged from HK$0.38 to HK$0.42 per Offer Share, the net proceeds from the Public Offer are estimated to be approximately HK$54.4 million, after deducting the related underwriting fees and estimated expenses in connection with the Public Offer. The following table sets forth a breakdown of how the net proceeds to be received by us from the Public Offer are intended to be applied and the timing of application:

	From the Latest Practicable Date to 30 June 2018	From 1 July 2018 to 31 December 2018	From 1 January 2019 to 30 June 2019	From 1 July 2019 to 31 December 2019	From 1 January 2020 to 30 June 2020	From 1 July 2020 to 31 December 2020	Approximate % of the total net proceeds
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Constructing and developing new phases of our Jiangkou Terminal in order to expand our operational capacity and to further improve our efficiency	—	54,400	—	—	—	—	100%

In December 2017, we have secured a letter of intent from a commercial bank with headquarter located in Hefei City, Anhui Province to lend RMB50.0 million to our Group for the construction and development of the new phase of Jiangkou Terminal, to ensure we will have sufficient financial resources to fund our expansion plan.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK$0.42 per Offer Share, the net proceeds we receive from the Public Offer will increase by approximately HK$4.0 million. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK$0.38 per Offer Share, the net proceeds we receive from the Public Offer will decrease by approximately HK$4.0 million.

To the extent that the net proceeds are not immediately applied to the above purposes due to any factors, and to the extent permitted by applicable laws and regulations, we will carefully evaluate the situations and it is our present intention to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules.

REASONS FOR THE LISTING

Our Directors believe that the net proceeds of the Public Offer will provide us with the necessary funding to expand our Group's business by constructing and developing a new phase of our Jiangkou Terminal so as to enhance our operational capacity and to further improve our efficiency. As at 31 December 2017, our Group recorded cash and cash equivalents of approximately RMB10.5 million and had an unutilised banking facilities of RMB12.0 million for general working capital use as at 30 April 2018, being the latest practicable date for the purpose of the indebtedness statement prior to the issue of the prospectus. Our Directors consider that the current financial resources available to our Group are only sufficient for our Group's daily operations for at least the next 12 months after the date of this prospectus. Our Directors consider that our current available resources are not sufficient to meet our capital expenditure for the construction and development of the new phase of our Jiangkou Terminal (the "**New Phase Project**") in view of its significant cash outflow exposure including costs for the relevant construction works and the purchase of the additional machinery and equipment associated with the New Phase Project. As such, our Directors believe that our Group needs to generate funds to finance the New Phase Project while maintaining sufficient working capital for our Group's operations.

We have secured a letter of intent from a commercial bank headquartered in Hefei City, Anhui agreeing to offer our Group banking facilities in the sum of RMB50.0 million for the New Phase Project and we intend to finance the New Phase Project partly by such banking facilities.

Assuming the total estimated bank borrowing will be RMB96.0 million (including the RMB50 million loans) and the total equity of RMB272 million (equivalent to HK$320 million, based on the Offer Price of HK$0.4 per Offer Share, being the mid-point of the indicative Offer Price range), the estimated gearing ratio would be 35% after Listing.

While bank borrowings will be one of our funding sources to finance the New Phase Project, our Directors consider that it would not be feasible to rely solely on banking facilities to finance the New Phase Project because it would be difficult to obtain further bank borrowings without additional guarantees and/or fixed assets as collateral. As most of our Group's fixed assets would have been charged as collateral following our securing of the RMB50 million banking facility, even if our Group manages to secure additional banking facilities, it might not be easy for our Group to obtain further banking facilities to satisfy our funding needed for the New Phase Project at a competitive and favourable rate. Our Directors believe that if we rely on bank borrowings, our Group's financial performance and liquidity might be negatively affected if market uncertainty suddenly occurred, such as increase in interest rate and any unexpected deterioration in the prevailing market condition in the port logistic industry, resulting in the imposition of further stringent requirements on debt financing. As such, our Directors consider that it is in the interest of our Group to proceed with the equity financing by way of the Public Offer for the purpose of the New Phase Project as opposed to a debt financing in the long run.

Further, our Directors believe that listing of the Shares on GEM will allow us to gain access to the capital market for raising funds in the future. More importantly, a public listing status will enhance our corporate profile and recognition, which our Directors believe can strengthen our relationships with our existing customers and suppliers and promote our image to potential customers.

UNDERWRITERS

Joint Lead Managers (in alphabetical order)

Alliance Capital Partners Limited
China Goldjoy Securities Limited
First Shanghai Securities Limited
Guoyuan Capital (Hong Kong) Limited
Pacific Foundation Securities Limited

Underwriters (in alphabetical order)

Alliance Capital Partners Limited
China Goldjoy Securities Limited
First Shanghai Securities Limited
Guoyuan Capital (Hong Kong) Limited
Pacific Foundation Securities Limited

The Public Offer is fully underwritten by the Underwriters under the terms of the Underwriting Agreement and is subject to our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Underwriting Agreement was entered into on 26 June 2018. Pursuant to the Underwriting Agreement, our Company has agreed to offer the Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Stock Exchange and to certain other conditions set out in the Underwriting Agreement, the Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreement.

Grounds for termination

The Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) may in their sole and absolute discretion, upon giving written notice to our Company, terminate the Underwriting Agreement with immediate effect if any of the following events occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be Tuesday, 10 July 2018):

(a) there has come to the notice of the Sponsor and the Joint Lead Managers:

(i) any statement contained in this prospectus, the formal notice, any submission(s), document(s) or information provided to the Sponsor and the Joint Lead Managers, any announcement(s) or document(s) issued by our Company in connection with the Public Offer (including any supplement(s) or amendment(s) thereto) (the "**Public Offer Documents**"), considered by any of the Sponsor or the Joint Lead Managers in their opinion was, when it was issued, or has become, or has been discovered to be untrue, incorrect, inaccurate or misleading in any material respect, or any forecasts, expressions of opinion, intention or expectation expressed in any of the Public Offer Documents are not, in the opinion of the Sponsor and the Joint Lead Managers, fair, honest and made in good faith and based on reasonable assumptions, when taken as a whole;

(ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission therefrom;

(iii) any material breach of any of the warranties, obligations or undertakings given by or imposed upon any party to the Underwriting Agreement (other than any of the Underwriters) or any matter or event showing any of such warranties, obligations or undertakings to be untrue, incorrect, inaccurate or misleading or having been breached in any material respect when given or repeated;

(iv) any matter, event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and Controlling Shareholders pursuant to the indemnity provisions under the Underwriting Agreement;

(v) any event, series of events, matter or circumstance occurs or arises on or after the date of this prospectus and prior to 8:00 a.m. on the Listing Date, would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement, in the opinion of the Sponsor and the Joint Lead Managers, untrue, incorrect, inaccurate or misleading in any material respect;

(vi) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued or sold under the Public Offer is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(vii) our Company withdraws the Public Offer Documents or the Public Offer;

(viii) any expert whose consent is required for the issue of any of the Public Offer Documents with inclusion of its reports and/or letters (as the case may be) and references to its name in the form and context in which they appear has withdrawn or sought to withdraw its consent to the issue of any of the Public Offer Documents;

(ix) any material adverse change or development involving a prospective change or development (whether or not permanent) in the earnings, business, operations, assets, liabilities, conditions, business affairs, prospects, profits, losses, results of operations or in the financial or trading position or performance of any member of our Group or the industry our Group is operating in or the macroeconomics relevant to our Group's operations; or

(x) any information, matter or event which in the absolute opinion of the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) (A) is inconsistent in any material respect with any information or declaration provided by any

Director in the relevant Director's declaration, undertaking and acknowledgment (Appendix 6, Form A of the GEM Listing Rules), or (B) would cast any serious doubt on the integrity or reputation of any Director or the reputation of our Group.

(b) there shall develop, occur, happen, exist or come into effect:

(i) any change or development involving a prospective change, or any event or series of events, matters or circumstances likely to result in or represent any change or development involving a prospective change or development, in the local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market or exchange control conditions or any monetary or trading settlement system (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets, investment markets, credit markets and inter-bank markets, or a change in the system under which the value of the currency of Hong Kong is linked to that of the United States, or a material fluctuation in the exchange rate of Hong Kong dollar or Renminbi against any foreign currency, or any interruption in securities settlement or clearance or procedures) in or affecting Hong Kong, China, Japan, Singapore, the United States, the European Union (or any member thereof), BVI, the Cayman Islands or any other jurisdiction in which any Group Company is incorporated, operates or conducts business (collectively, the "**Relevant Jurisdictions**" and each a "**Relevant Jurisdiction**"); or

(ii) any event, or series of events, in the nature of force majeure including, without limitation, acts of government or orders of any court, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not was is or has been declared) or other states of emergency or calamity or crisis, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, epidemics, pandemics, outbreak of diseases (including, without limitation, SARS, H1N1, H5N1 and other related/mutated forms), labour disputes, strikes, lock-outs (whether or not covered by insurance), acts of God, fire, explosion, flooding, accident, interruption or delay in transportation in or affecting any Relevant Jurisdiction; or

(iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions;

(iv) the imposition of economic sanctions or changes in existing economic sanctions, in whatever form, directly or indirectly, by the United States or by the European Union (or any member thereof) on any of the Relevant Jurisdictions;

(v) the change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment laws or regulations or the implementation of any exchange control in any of the Relevant Jurisdictions;

(vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" of this prospectus;

(vii) any litigation, legal action, or claim or legal proceeding of any third party being threatened or instigated against any member of our Group, any Director or any of the Controlling Shareholders;

(viii) any Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;

(ix) the chairman of our Company vacating his office;

(x) the commencement by any governmental, judicial or regulatory or political body or organisation of any action against any Director or member of our Group or an announcement by any governmental, judicial or regulatory or political body or organisation of any intention to take any such action;

(xi) any contravention by any member of our Group of the Companies Ordinance, the Companies (WUMP) Ordinance, the Cayman Companies Law, the GEM Listing Rules, the SFO or any applicable law(s) and regulation(s);

(xii) any prohibition on our Company from allotting the Offer Shares pursuant to the terms of the Public Offer for whatever reason;

(xiii) non-compliance of this prospectus (and/or any other documents used in connection with the subscription of the Offer Shares) or any aspect of the Public Offer with the GEM Listing Rules or any other applicable law(s) and regulation(s);

(xiv) other than with the written approval of Sponsor and the Joint Lead Managers, the issue or requirement to issue by our Company of a supplement or amendment to any of the Public Offer Documents (and/or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies (WUMP) Ordinance, the Cayman Companies Law, the GEM Listing Rules, the SFO or any applicable law(s) and regulation(s), or any requirement or request of the Stock Exchange and/or the SFC;

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or any of the Controlling Shareholders or in respect of which any member of our Group or any of the Controlling Shareholders is liable prior to its stated maturity;

(xvi) any loss or damage sustained by any member of our Group or any of the Controlling Shareholders (howsoever caused and whether or not the subject of any insurance or claim against any person);

(xvii) any change or prospective change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Group taken as a whole;

(xviii) any petition or order is presented for the winding up or liquidation of any member of our Group or any of the Controlling Shareholders or any composition or arrangement made by any member of our Group or any of the Controlling Shareholders with its creditors or any scheme of arrangement entered into by any member of our Group or any of the Controlling Shareholders, or any resolution being or having been passed for the winding-up of any member of our Group or any of the Controlling Shareholders or the appointment of any provisional liquidator, receiver or manager over all or part of any material assets or undertaking of any member of our Group or any of the Controlling Shareholders, or anything analogous thereto having occurred in respect of any member of our Group or any of the Controlling Shareholders;

(xix) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions or any jurisdiction where any of the stock exchanges referred to in paragraph (i) above is located; or

(xx) the imposition of any moratorium, suspension, limitation or restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the New York Stock Exchange, the Nasdaq Global Market, the London Stock Exchange, or any other major international stock exchanges;

which each case or in aggregate in the opinion of the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters):

(A) has or will or may have an adverse effect on the business, results of operations, financial, trading or other condition or prospects of our Company or our Group as a whole;

(B) has or will have or may have an adverse effect on the success of the Public Offer or the level of applications under the Public Offer;

(C) makes or will or may make it inadvisable, inexpedient or impracticable to proceed with or to market the Public Offer or the delivery of the Offer Shares on the terms and in the manner contemplated in this prospectus; or

(D) has or will or may have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Offer or pursuant to the Underwriting Agreement.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to the Public Offer, he/she/it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the date on which dealings in the Shares commence on the Stock Exchange, he/she/it will:

(i) when he/she/it pledges or charges any Shares beneficially owned by he/she/it in favour of an authorised institution pursuant to Rule 13.19 of the GEM Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

UNDERTAKINGS PURSUANT TO THE UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken with each of the Joint Lead Managers, the Sponsor and the Underwriters that, except pursuant to the Public Offer and the Capitalisation Issue, we will not, and will procure our subsidiaries will not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, at any time from the date of the Underwriting Agreement and ending on the date which is six months after the Listing Date (the "**First Six-Month Period**"):

(a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any Shares or other securities of our Company or any shares or other securities of other member of our Group or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(c) enter into any transaction with the same economic effect as any of the above transactions; or

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the First Six-Month Period, our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Our Controlling Shareholders, pursuant to the Underwriting Agreement, has agreed and undertaken with each of our Company, the Joint Lead Managers, the Sponsor, and the Underwriters that, except pursuant to the Public Offer and the Capitalisation Issue, they will not, and will procure that none of their relevant registered holder(s) and associates will, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the GEM Listing Rules,

(a) at any time during the First Six-Month Period:

  (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein) whether now owned or hereinafter acquired, directly or indirectly by our Controlling Shareholders (including holding as a custodian) or with respect to which our Controlling Shareholders has beneficial interest or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(b) at any time during the period of six months after the First Six-Month Period expires (the "**Second Six-month Period**"), enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) or (a)(iv) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal, or upon the exercise or enforcement of such offer, pledge, charge, option, right, interests or encumbrances, our Controlling Shareholders will, directly or indirectly, cease to be a group of controlling shareholders (as defined in the GEM Listing Rules) of our Company; and

(c) until the expiry of the Second Six-month Period, in the event that our Controlling Shareholders enters into the foregoing transactions above or agrees or contracts to, or publicly announce any intention to enter into any such transactions, our Controlling Shareholders will take all reasonable steps to ensure that it/he/she will not create a disorderly or false market in the Shares or other securities of our Company.

Each of the Controlling Shareholders further undertakes to and covenants with each of our Company, the Sponsor, the Joint Lead Managers and the Underwriters that:

(a) in the event that it/he/she pledges or charges any of its/his/her direct or indirect interest in the Shares or other securities of our Company or interests or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution in the securities of our Company pursuant to Rule 13.18(1) of the GEM Listing Rules or pursuant to any rights or waiver granted by the Stock Exchange under Rule 13.18(4) of the GEM Listing Rules at any time before the expiry of the Second Six-month Period, it/he/she shall inform our Company, the Sponsor, the Joint Lead Managers and the Underwriters in writing immediately, disclosing details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(b) if and when it/he/she receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in or rights attaching to the securities of our Company will be sold, transferred or disposed of, or it/he/she becomes aware that such pledgee or chargee has disposed of or intends to dispose such interest, it/he/she shall immediately inform the Company, the Sponsor, the Joint Lead Managers and the Underwriters in writing of such indications or disposal and the number of Shares or other securities of our Company so involved.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above by the relevant Controlling Shareholder and disclose such matters by way of an announcement to be published in accordance with Rule 17.43 of the GEM Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders.

COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission, praecipium and selling concession will be paid. In addition, the Underwriters may, at our Company's discretion, receive an incentive fee of 1% of the aggregate Offer Price of all the Offer Shares.

Based on the Offer Price of HK$0.40 per Offer Share, being the mid-point of the estimated Offer Price range, such underwriting commissions, together with the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Public Offer which are estimated to be approximately HK$25.6 million in aggregate and are payable by our Company.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligation under the Underwriting Agreement or as disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested, directly or indirectly, in any shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of our Group.

COMPLIANCE ADVISER'S AGREEMENT

Under the compliance adviser's agreement dated 15 December 2017 and made between Alliance Capital and our Company ("**Compliance Adviser's Agreement**"), our Company appoints Alliance Capital and Alliance Capital agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a period from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the Compliance Adviser's Agreement is terminated, whichever is earlier.

SPONSOR'S INDEPENDENCE

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

THE PUBLIC OFFER

This prospectus is published in connection with the Public Offer. The listing of the Shares on the Stock Exchange is sponsored by the Sponsor. The Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

200,000,000 Offer Shares will be made available under the Public Offer.

The Offer Shares will represent 25% of the total Shares in issue immediately following the completion of the Public Offer.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Public Offer.

Number of Offer Shares offered

We are offering 200,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 100% of the total number of Offer Shares available under the Public Offer.

The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and other investors in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions set out in the paragraph headed "Conditions of the Public Offer" below in this section.

Allocation

Allocation of Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Offer Shares, and those applicants who are not successful in the ballot may not receive any Offer Shares.

The total number of Offer Shares available for subscription under the Public Offer is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will consist of 100,000,000 Offer Shares (being 50% of the total number of Offer Shares available under the Public Offer) and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of HK$5.0 million or less (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). The Offer Shares in pool B will consist of 100,000,000 Offer Shares (being 50% of the total number of Offer Shares available under the Public Offer) and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5.0 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "subscription price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than 100,000,000 Offer Shares, being the number of Offer Shares allocated to each pool, are liable to be rejected.

Applications

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may require any investor who has made an application under the Public Offer to provide sufficient information to the Joint Lead Managers so as to allow them to identify the relevant applications under the Public Offer.

Multiple or suspected multiple applications and any application for more than 50% of the Offer Shares initially comprised in the Public Offer are liable to be rejected.

Applicants under the Public Offer are required to pay, on application, the maximum Offer Price of HK$0.42 per Offer Share in addition to 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK$3,393.86 per board lot of 8,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and allocation" of this section, is less than the maximum Offer Price of HK$0.42 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Offer Shares" of this prospectus.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the Public Offer will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, 3 July 2018 by agreement among the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$0.42 per Offer Share and is expected to be not less than HK$0.38 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Public Offer must pay, on application, the maximum Offer Price of HK$0.42 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$3,393.86 for one board lot of 8,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, where they deem appropriate, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus on the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event no later than the Price Determination Date, cause there to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.oceanlineport.com** a notice of reduction and to be issued a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Public Offer and/or the indicative Offer Price range, extend the period under which the Public Offer was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who had applied for the Offer Shares the right to withdraw their applications under the Public Offer. Upon issue of such a notice and a supplemental prospectus, the number of Offer Shares offered in the Public Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Such notice and supplemental prospectus shall also include confirmation or revision, as appropriate, of the working capital statement, Public Offer statistics and any financial or other information in this prospectus which may change as a result of any such reduction.

Before submitting applications for the Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the Price Determination Date. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Public Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of applications in the Public Offer, the basis of allotment of the Offer Shares and the results of allocations in the Public Offer are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for the Offer Shares — 10. Publication of Results" in this prospectus.

UNDERWRITING

The Public Offer is fully underwritten by the Underwriters under the terms of the Underwriting Agreement and is subject to the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price.

The Underwriting Agreement is summarised in the section headed "Underwriting" of this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interest.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional on:

(a) the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Public Offer and Capitalisation Issue (including any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme);

(b) the Offer Price having been fixed on or before the Price Determination Date; and

(c) the obligations of the Underwriters under the Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) by Tuesday, 3 July 2018, the Public Offer will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Public Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published on our Company's website at **www.oceanlineport.com** and the Stock Exchange's website at **www.hkexnews.hk** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Offer Shares" of this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on Monday, 9 July 2018 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 10 July 2018 provided that (i) the Public Offer has become unconditional in all respects and (ii) the right of termination as described in the paragraph headed "Underwriting — Underwriting Arrangements and Expenses — Grounds for termination" of this prospectus has not been exercised.

DEALINGS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 10 July 2018, it is expected that dealings in the Shares on GEM will commence at 9:00 a.m. on Tuesday, 10 July 2018.

The Shares will be traded in board lots of 8,000 Shares each. The stock code of the Shares is 8502.

1. HOW TO APPLY

To apply for the Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR THE OFFER SHARES

You can apply for the Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (unless permitted by all applicable PRC laws and regulations to subscribe to the Public Offer).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Offer Shares if you:

- are an existing beneficial owner of Shares and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;

- are a core connected person of our Company or will become a core connected person of our Company immediately upon completion of the Public Offer; or
- are a close associate (as defined in the GEM Listing Rules) of any of the above.

3. APPLYING FOR OFFER SHARES

Which application channel to use

For Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply only to the **HK eIPO White From** Service Provider at www.hkeipo.hk.

For Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 27 June 2018 to 12:00 noon on Tuesday, 3 July 2018 from:

(i) any of the following offices of the Underwriters:

Underwriters	Address
Alliance Capital Partners Limited	Room 1502–1503A Wing On House 71 Des Voeux Road Central Central Hong Kong
China Goldjoy Securities Limited	Unit 1703–1706, 17/F Infinitus Plaza 199 Des Voeux Road Central Hong Kong
First Shanghai Securities Limited	19/F & Room 2505–10, Wing On House 71 Des Voeux Road Central Hong Kong
Guoyuan Capital (Hong Kong) Limited	22/F, CCB Tower 3 Connaught Road Central Hong Kong
Pacific Foundation Securities Limited	11/F New World Tower II 16–18 Queen's Road Central Hong Kong

(ii) any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

District	Branch	Address
Hong Kong Island	Wanchai Road Branch	G/F Times Media Centre, No. 133 Wanchai Road, Hong Kong
	Fortress Hill Branch	Shop A–C, G/F., Kwong Chiu Terrace, 272–276 King's Road, Hong Kong
Kowloon	Oi Man Branch	Shop F18&F19, Oi Man Plaza, Oi Man Estate, Homantin, Kowloon
	Tsim Sha Tsui East Branch	Shop B, G/F., Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
New Territories	Tai Wo Branch	Shop 216, 2/F., Tai Wo Plaza, Tai Wo Estate, Tai Po, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 27 June 2018 until 12:00 noon on Tuesday, 3 July 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**ICBC (Asia) Nominee Limited — Ocean Line Port Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 27 June 2018 — 9:00 a.m. to 5:00 p.m.
Thursday, 28 June 2018 — 9:00 a.m. to 5:00 p.m.
Friday, 29 June 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, 30 June 2018 — 9:00 a.m. to 1:00 p.m.
Tuesday, 3 July 2018 — 9:00 a.m. to 12:00 noon

The application lists will be opened from 11:45 a.m. to 12:00 noon on Tuesday, 3 July 2018, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the applications lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or by applying to the **HK eIPO White Form** Service Provider, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person of whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company, the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Public Offer in this prospectus;

(vi) agree that none of our Company, the Sponsor, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Public Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sponsor, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(viii) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(ix) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(x) agree that your application will be governed by the laws of Hong Kong;

(xi) represent, warrant and undertake that (i) you understand that the Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xii) warrant that the information you have provided is true and accurate;

(xiii) agree to accept the Offer Shares applied for, or any lesser number allocated to you under the application;

(xiv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xv) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvi) understand that our Company and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

(xviii) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "*Who Can Apply for the Offer Shares*" above in this section may apply through the **HK eIPO White Form** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** Service Provider.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, 27 June 2018 until 11:30 a.m. on Tuesday, 3 July 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 3 July 2018, the last day for applications, or such later time as described in the paragraph headed "9. Effect of Bad Weather on the Opening of the Application Lists" below.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Offer Shares applied for or any lesser number allocated;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Lead Managers, the Underwriters, the Sponsor, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Public Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Lead Managers, the Underwriters, and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for the Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions)** to observe and comply with the Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Memorandum and Articles of Association of our Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 8,000 Offer Shares. Instructions for more than 8,000 Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 27 June 2018	—	9:00 a.m. to 8:30 p.m. *(Note)*
Thursday, 28 June 2018	—	8:00 a.m. to 8:30 p.m. *(Note)*
Friday, 29 June 2018	—	8:00 a.m. to 8:30 p.m. *(Note)*
Tuesday, 3 July 2018	—	8:00 a.m. *(Note)* to 12:00 noon

Note: These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 27 June 2018 until 12:00 noon on Tuesday, 3 July 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 3 July 2018 the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Sponsor and the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for the Offer Shares through the **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day to make your electronic application. Our Company, the Sole Sponsor, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers or representatives or any other person involved in the Public Offer and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allocated any Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 3 July 2018.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 8,000 Offer Shares. Each application or electronic application instruction in respect of more than 8,000 Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and conditions of the Public Offer" of this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 July 2018.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 3 July 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" of this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of applications in the Public Offer and the basis of allocation of the Offer Shares on Monday, 9 July 2018 on our Company's website at **www.oceanlineport.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.oceanlineport.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Monday, 9 July 2018;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 9 July 2018 to 12:00 midnight on Sunday, 15 July 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 9 July 2018 to Thursday, 12 July 2018; or

- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 9 July 2018 to Wednesday, 11 July 2018 at the designated receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Offer Shares if the conditions of the Public Offer are satisfied and the Public Offer is not otherwise terminated. For further details, please refer to the section headed "Structure and conditions of the Public Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of the Offer Shares is void:

The allotment of the Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instruction, terms and conditions on the designated website at **www.hkeipo.hk**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreement does not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.42 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and conditions of the Public Offer — Conditions of the Public Offer" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 9 July 2018.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, 9 July 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 10 July 2018 provided that the Public Offer has become unconditional and the right of termination described in the section headed "Underwriting" of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell

Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 9 July 2018 or such other date as notified by us on the website of Stock Exchange at **www.hkexnews.hk** or the website of our Company at **www.oceanlineport.com**.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 9 July 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 9 July 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 9 July 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 9 July 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through HK eIPO White Form service:

- If you apply for 1,000,000 Offer Shares or more through the **HK eIPO White Form** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 9 July 2018, or any other place or date notified by our Company in the newspapers as the place or date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

- If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

- If you apply for less than 1,000,000 Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 9 July 2018 by ordinary post and at your own risk.

- If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

For the purposes of allocating Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 9 July 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-paragraph headed "Publication of results" above in this section on

Monday, 9 July 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 9 July 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 9 July 2018. Immediately following the credit of the Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 9 July 2018.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF OCEAN LINE PORT DEVELOPMENT LIMITED AND ALLIANCE CAPITAL PARTNERS LIMITED

Introduction

We report on the historical financial information of Ocean Line Port Development Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages I-4 to I-53, which comprises the combined statements of financial position as at 31 December 2015, 2016 and 2017, and the statement of financial position of the Company as at 31 December 2017, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2015, 2016 and 2017 (the "**Track Record Period**"), and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 27 June 2018 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as at 31 December 2017, the Group's financial position as at 31 December 2015, 2016 and 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in note 2 and note 3 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

BDO Limited
Certified Public Accountants
Lam Hung Yun, Andrew
Practising Certificate Number P04092

Hong Kong
27 June 2018

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing (the "**HKSAs**") issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

Combined Statements of Comprehensive Income

		Year ended 31 December		
		2015	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*8(a)*	47,310	49,008	63,638
Cost of services rendered		(33,409)	(34,835)	(40,511)
Gross profit		13,901	14,173	23,127
Other income and gains	*8(b)*	4,446	4,731	5,952
Change in fair value of investment properties	*17*	(200)	(456)	24
Selling and distribution expenses		(756)	(664)	(837)
Administrative expenses		(4,447)	(6,563)	(6,694)
Finance costs	*9*	(4,448)	(3,366)	(2,756)
Listing expenses		—	—	(10,799)
Other expenses		(1,501)	—	(2,223)
Share of profit/(loss) of an associate		110	(633)	(676)
Profit before income tax	*10*	7,105	7,222	5,118
Income tax expense	*12*	(1,629)	(2,457)	(4,092)
Profit for the year		5,476	4,765	1,026
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on leasehold land		—	322	373
Deferred tax on fair value adjustment of leasehold land		—	(80)	(93)
Other comprehensive income, net of tax		—	242	280
Total comprehensive income for the year, net of tax		5,476	5,007	1,306

	Year ended 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) for the year attributable to:			
Owners of the Company	4,063	3,441	(1,940)
Non-controlling interests	1,413	1,324	2,966
	5,476	4,765	1,026
Total comprehensive income for the year attributable to:			
Owners of the Company	4,063	3,615	(1,738)
Non-controlling interests	1,413	1,392	3,044
	5,476	5,007	1,306

Combined Statements of Financial Position

		As at 31 December		
		2015	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*15*	252,017	238,145	243,739
Investment properties	*17*	27,300	28,236	29,300
Interests in an associate	*18*	4,341	3,621	2,945
Payments for leasehold land held for own use under operating leases	*16*	63,527	61,525	59,472
Deposits	*21*	471	1,243	514
Deferred tax assets	*12(b)*	3,630	3,425	3,044
		351,286	336,195	339,014
Current assets				
Inventories	*19*	670	561	689
Trade and bills receivables	*20*	18,575	15,435	13,172
Deposits, prepayments and other receivables	*21*	4,630	1,881	5,918
Due from non-controlling interests	*27(a)*	474	—	—
Due from related companies/parties	*27(b)*	8,880	8,233	7,027
Short term investment	*22*	—	10,000	500
Restricted deposits	*23*	268	—	412
Cash and cash equivalents	*23*	5,295	9,645	10,507
		38,792	45,755	38,225
Current liabilities				
Trade payables	*24*	1,799	2,047	3,168
Other payables, accruals and receipt in advance	*25*	24,058	23,474	28,574
Bank borrowings	*26*	4,000	5,000	8,000
Due to non-controlling interests	*27(a)*	—	349	—
Due to related companies	*27(b)*	9,814	4,164	6,657
Due to an associate	*27(c)*	183	183	183
Deferred government grant	*28*	890	890	890
Income tax payable		1,613	2,927	1,286
		42,357	39,034	48,758
Net current (liabilities)/assets		(3,565)	6,721	(10,533)
Total assets less current liabilities		347,721	342,916	328,481

		As at 31 December		
		2015	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Bank borrowings	*26*	47,000	42,000	29,000
Deferred government grant	*28*	37,874	36,984	36,094
Deferred tax liabilities	*12(b)*	781	371	823
		85,655	79,355	65,917
Net assets		262,066	263,561	262,564
EQUITY				
Share capital	*29*	—	—	—
Reserves	*30*	195,728	199,217	196,115
Equity attributable to owners of the Company		195,728	199,217	196,115
Non-controlling interests		66,338	64,344	66,449
Total equity		262,066	263,561	262,564

Statement of Financial Position

	Note	**2017**
		RMB'000
ASSETS AND LIABILITIES		
Current asset		
Prepayment		3,516
		3,516
Current liabilities		
Accruals		6,963
Due to a related company		6,562
Due to a subsidiary		790
		14,315
Net liabilities		(10,799)
EQUITY		
Share capital	*29*	—
Accumulated loss		(10,799)
Total deficits		(10,799)

Combined Statements of Changes in Equity

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 29)	**Special reserve** RMB'000 (Note 30(a))	**Statutory reserve** RMB'000 (Note 30(b))	**Other reserve** RMB'000 (Note 30(c))	**Assets revaluation reserve** RMB'000	**Accumulated loss** RMB'000	**Subtotal** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2015	—	2,053	25,996	170,660	—	(7,044)	191,665	64,925	256,590
Profit for the year	—	—	—	—	—	4,063	4,063	1,413	5,476
Total comprehensive income for the year	—	—	—	—	—	4,063	4,063	1,413	5,476
Transfer to statutory reserve	—	—	1,012	—	—	(1,012)	—	—	—
Appropriations and utilisation of reserve	—	460	—	—	—	(460)	—	—	—
At 31 December 2015 and 1 January 2016	—	2,513	27,008	170,660	—	(4,453)	195,728	66,338	262,066
Profit for the year	—	—	—	—	—	3,441	3,441	1,324	4,765
Other comprehensive income									
— Fair value adjustment on leasehold land	—	—	—	—	232	—	232	90	322
— Deferred tax on fair value adjustment of leasehold land	—	—	—	—	(58)	—	(58)	(22)	(80)
Total comprehensive income for the year	—	—	—	—	174	3,441	3,615	1,392	5,007
Transfer to statutory reserve	—	—	2,302	—	—	(2,302)	—	—	—
Appropriations and utilisation of reserve	—	357	—	—	—	(357)	—	—	—
Issue of shares *(note 30(c))*	—	—	—	2,200	—	—	2,200	—	2,200
Dividends paid *(note 13)*	—	—	—	—	—	(2,326)	(2,326)	—	(2,326)
Dividends declared to non-controlling interests *(note 13)*	—	—	—	—	—	—	—	(3,386)	(3,386)
At 31 December 2016 and 1 January 2017	—	2,870	29,310	172,860	174	(5,997)	199,217	64,344	263,561

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 29)	Special reserve RMB'000 (Note 30(a))	Statutory reserve RMB'000 (Note 30(b))	Other reserve RMB'000 (Note 30(c))	Assets revaluation reserve RMB'000	Accumulated loss RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2016 and 1 January 2017	—	2,870	29,310	172,860	174	(5,997)	199,217	64,344	263,561
Profit/(loss) for the year	—	—	—	—	—	(1,940)	(1,940)	2,966	1,026
Other comprehensive income									
— Fair value adjustment on leasehold land	—	—	—	—	269	—	269	104	373
— Deferred tax on fair value adjustment of leasehold land	—	—	—	—	(67)	—	(67)	(26)	(93)
Total comprehensive income for the year	—	—	—	—	202	(1,940)	(1,738)	3,044	1,306
Transfer to statutory reserve	—	—	2,581	—	—	(2,581)	—	—	—
Appropriations and utilisation of reserve	—	621	—	—	—	(621)	—	—	—
Issue of shares	—	—	—	—*	—	—	—	—	—
Dividends paid *(note 13)*	—	—	—	—	—	(1,364)	(1,364)	—	(1,364)
Dividends declared to non-controlling interests *(note 13)*	—	—	—	—	—	—	—	(939)	(939)
At 31 December 2017	—	3,491	31,891	172,860	376	(12,503)	196,115	66,449	262,564

* Noble Century issued share capital of US$10 (equivalent to approximately RMB69) which was recorded as other reserve account on a combination basis.

Combined Statements of Cash Flows

		Year ended 31 December		
		2015	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Profit before income tax		7,105	7,222	5,118
Adjustments for:				
Interest income	*8(b)*	(140)	(107)	(181)
Interest expenses	*9*	4,824	3,447	2,940
Share of (profit)/loss of an associate		(110)	633	676
Amortisation of payments for leasehold land held for own use under operating leases	*10*	1,412	1,405	1,386
Depreciation of property, plant and equipment	*10*	15,434	15,831	16,129
Loss/(gain) on disposal of property, plant and equipment	*10*	1	(49)	2,223
Impairment loss on trade receivables	*10*	—	890	—
Provision for claims	*10*	1,500	—	—
Loss/(gain) of change in fair value of investment properties	*17*	200	456	(24)
Amortisation of deferred government grant	*10*	(890)	(890)	(890)
Net cash inflow generated from operating activities		29,336	28,838	27,377
Decrease/(increase) in inventories		25	109	(128)
(Increase)/decrease in trade and bills receivables		(1,610)	2,250	2,263
Decrease/(increase) in deposits, prepayments and other receivables		2,664	1,977	(3,308)
(Decrease)/increase in trade and bills payables		(17,754)	248	1,121
Increase/(decrease) in other payables, accruals and receipt in advance		1,248	(710)	3,736
Cash generated from operations		13,909	32,712	31,061
Income tax paid, net		(892)	(1,428)	(4,993)
Net cash generated from operating activities		13,017	31,284	26,068

	Year ended 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from investing activities			
Purchases of property, plant and equipment	(10,131)	(1,977)	(24,718)
Decrease/(increase) in restricted deposits	6,732	268	(412)
Payment incurred for investment properties	—	(473)	—
Proceeds from disposal of property, plant and equipment	5	67	772
Dividends received from an associate	97	87	—
Purchase of short term investments	—	(28,000)	(12,300)
Disposal of short term investments	—	18,000	21,800
Decrease in amount due from related companies/parties	704	647	1,206
Decrease in amount due from non-controlling interests	—	474	—
Interest received	140	107	181
Net cash used in investing activities	(2,453)	(10,800)	(13,471)
Cash flows from financing activities			
Advances from related companies	18,046	3,602	6,828
Repayments to related companies	(31,129)	(9,368)	(4,335)
New bank borrowings	37,500	—	—
Dividends paid to non-controlling interests	—	(3,037)	(1,288)
Repayments of bank borrowings	(33,850)	(4,000)	(10,000)
Interest paid	(3,876)	(3,331)	(2,940)
Net cash used in financing activities	(13,309)	(16,134)	(11,735)
Net (decrease)/increase in cash and cash equivalents	(2,745)	4,350	862
Cash and cash equivalents at beginning of the year	8,040	5,295	9,645
Cash and cash equivalents at end of the year	5,295	9,645	10,507
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand	5,295	9,645	10,507

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

(a) Corporate information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 October 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2715–16, 27th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in port operation in Chizhou (the "**Listing Business**").

(b) Reorganisation and subsidiaries forming the Group

Pursuant to a group reorganisation carried out by the Group in preparation for the listing of shares of the Company on GEM of the Stock Exchange (the "**Reorganisation**"), the Company became the holding company and the subsidiaries now comprising the Group on 1 June 2018. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in this document issued by the Company.

Upon completion of a group reorganisation and as of the date of this report, the particulars of subsidiaries in which the Company has direct or indirect interests are set out as follows:

Company name	Place and date of incorporation	Particulars of issued and fully paid up share capital	Effective interest held by the Company	Principal activities	*Notes*
Ocean Line Group (Chizhou) Port Development Inc. ("**Ocean Line Chizhou**")	British Virgin Islands ("**BVI**") 9 October 2007	US$2	100.00%	Investment holding	*(i)*
Noble Century Ventures Limited ("**Noble Century**")	BVI 26 April 2017	US$10	100.00%	Investment holding	*(i)*
Chizhou Port Ocean Line Holdings Limited ("**Chizhou Port Holdings**")	The People's Republic of China (the "**PRC**") 18 December 2007	RMB200,000,000	72.00%	Port operation	*(ii)*
Yuan Hang Port Development (Chizhou) Limited ("**Yuan Hang Port**")	The PRC 28 November 2017	RMB100,000	100.00%	Investment holding	*(iii)*
Chizhou Ocean Line Niutoushan Limited ("**Chizhou Niutoushan**")	The PRC 11 April 2012	RMB80,000,000	77.73%	Port operation	*(ii)*
Chizhou Qianjiang Chemical Port Terminal Limited ("**Chizhou Qianjiang**")	The PRC 27 October 2015	RMB2,200,000	100.00%	Port operation	*(i)*
Ocean Line Port Development (Hong Kong) Limited ("**Ocean Line (Hong Kong)**")	Hong Kong 30 October 2017	HK$1	100.00%	Investment holding	*(iv)*

Notes:

(i) As at the date of this report, no audited financial statements have been prepared for Ocean Line Chizhou, Chizhou Qianjiang and Noble Century as there is no statutory audit requirement under the relevant rules and regulations in the jurisdictions of incorporation.

(ii) The financial statements of Chizhou Port Holdings and Chizhou Niutoushan for the years ended 31 December 2015, 2016 and 2017 were audited by 安徽億川會計師事務所, a firm of certified public accountants registered in the PRC. These statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises registered in the PRC.

(iii) No statutory financial statements have been issued for Yuan Hang Port as it is newly incorporated on 28 November 2017.

(iv) No statutory financial statements have been issued for Ocean Line (Hong Kong) as it is newly incorporated on 30 October 2017.

2. BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, the Listing Business was carried on by companies now comprising the Group (hereinafter collectively referred to as the "**Operating Companies**"). Mr. Kwai Sze Hoi ("**Mr. Kwai**") and Ms. Cheung Wai Fung ("**Ms. Cheung**") are the controlling shareholders of the Operating Companies throughout the Track Record Period.

The Company has not been involved in any business prior to the Reorganisation, there is no change in any management or controlling shareholders of the Listing Business, before and after the Reorganisation.

The combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Track Record Period include the financial performance and cash flow of all companies now comprising the Group, as if the group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, or since the date when the combining companies first came under the control of the controlling shareholders, whichever is the shorter period. The combined statements of financial position of the Group as at 31 December 2015 and 2016 and 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies comprising the Group are combined using the existing book values. All significant intra-group transactions and balances between listing group companies have been eliminated on combination.

3. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with the basis of presentation set out in note 2 and the accounting policies in note 5 below which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA. The Historical Financial Information also includes the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. All HKFRSs effective for the accounting periods commencing from 1 January 2017 and relevant to the Group, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information consistently throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention except for investment properties which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 6.

As at 31 December 2017, the Group and the Company had recorded net current liabilities of approximately RMB10,533,000 and RMB10,799,000, respectively. In preparing the Historical Financial Information, the directors of the Company has given consideration on the future liquidity of the Group and the Company in light of the fact that their current liabilities exceeded their current assets at 31 December 2017. Notwithstanding these, the going concern basis has been adopted, taking into account the following measures: (a) the controlling shareholders have confirmed to provide continuing financial support to the Company and the Group before the completion of the initial listing of shares of the Company (the "**Listing**") so as to enable the Company and the Group to meet their obligation and liabilities as and when they fall due and to continue their day-to-day business operations as a going concern; and (b) the directors of the Company are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group and the Company have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information is presented in RMB, which is also the functional currency of its major subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

At the date of this report, the following new/revised HKFRSs, have been issued but are not yet effective, and have not been early adopted by the Group in the preparation of the Historical Financial information.

Amendments to HKAS 40	Transfer of investment property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle[2]
HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HKFRS 16	Leases[2]
HK(IFRIC) Interpretation 22	Foreign Currency Transaction and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 28	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 19	Employee Benefits[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 No mandatory date yet determined but is available for early adoption

Amendments to HKFRS 2 — Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss ("**FVTPL**").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company have reviewed the Group's financial assets as at 31 December 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised cost. Despite that the new impairment model may result in an earlier recognition of credit losses, based on the current assessment, the directors of the Company do not anticipate the adoption of HKFRS 9 in the future will have significant impact on the Group's results including the measurement to the Group's financial statements in respect of the Group's existing financial assets and liabilities which the HKFRS 9 is effective for annual period beginning on 1 January 2018. The Group will apply the new rules from 1 January 2018, with the practical expedients permitted under the standard, and accordingly will not restate comparative periods in the year of initial application.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company anticipate the adoption of HKFRS 15 in the future might result in more disclosures, however the directors of the Company do not anticipate that the application of HKFRS 15 will have a significant impact on the timing and amounts of revenue recognised in the respective reporting periods. Accordingly they anticipated that there is no significant impact on the Group's operating results based on the existing business model. HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group, as the lessee, has non-cancellable operating lease commitments of approximately HK$560,000 as disclosed in note 33(a). The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that the commitments due after 31 December 2019 will be required to be recognised in the combined statement of financial position as right-of-use assets and lease liabilities.

The new standard is effective for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's future financial performance and position.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Historical Financial Information are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries comprising the Group for the Track Record Period.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination. All differences between the cost of acquisition and the amount at which the assets and liabilities are recorded have been recognised directly in equity as part of reserve.

The Historical Financial Information includes the results and financial positions of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination.

All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on combination. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case the loss is recognised in profit or loss. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associate is accounted for using the equity method whereby they are initially recognised at cost and thereafter, its carrying amount is adjusted for the Group's share of the post-acquisition change in the associate's net assets except that losses in excess of the Group's interest in the associate is not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associate are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is provided over their estimated useful lives, using the straight line method. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each of the reporting dates. The estimated useful lives are as follows:

Terminal facilities	25 years
Buildings	10–40 years
Port machinery and equipment	8–12 years
Vessels	25 years
Motor vehicles	5–8 years
Furniture and office equipment	5 years
Leasehold improvements	The shorter of the lease terms and 5–30 years

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the services in the ordinary course of the Group's activities. Revenue is shown net of discounts, returns and value added taxes. The Group recognises revenue when the amount of the revenue can be reliably measured; and when the specific criteria have been met for each type of the Group's activities as described below:

(i) Provision of services

Port service income (including container handling, storage and other service, logistic service, general and bulk cargoes handling service) is recognised when service is rendered.

(ii) Interest income

Interest income is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(iii) Rental income

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly liquid investments with original maturities of three months or less that are readily convertible into know amounts of cash which are subject to an insignificant risk of changes in value.

Financial instruments

(i) Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group' loans and receivables comprise trade and bills receivables, deposits and other receivables, due from non-controlling interests, due from related companies, restricted deposits and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Objective evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(ii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, due to non-controlling interests, related companies and an associate, and bank borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Foreign currency

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the Track Record Period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, investment properties and interests in an associate to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Related parties

(1) A person or a close member of that person's family is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of key management personnel of the Group or the Company's parent.

(2) An entity is related to the Group if any of the following conditions apply:

   (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern consideration

The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group and the Company have the capability to continue as a going concern and the going concern assumption is set out in Note 3.

Key sources of estimation uncertainty

In addition to disclosed elsewhere in the Historical Financial Information, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial period are as follows:

Impairment of non-financial assets (including interests in an associate)

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made. The Group assesses at the end of each reporting period whether there is an indication that the interests in an associate, namely Chizhou Guichi Port Limited ("**Chizhou Guichi**") may be impaired. As at each reporting date, the directors of the Company considered that there were no significant changes with an adverse effect on Chizhou Guichi in the near future. Considering that the operation and economic performance during the Track Record Period was not worse than expected, the Group did not record any impairment on its interests in an associate.

Impairment of trade and other receivables

The Group's management assesses the collectability of trade and other receivables on a regular basis to determine if any provision for impairment is necessary. This estimate is based on, where appropriate, the evaluation of an ageing analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these outstandings, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required. Management reassesses the provision for impairment at the reporting dates. The carrying amounts of trade and other receivables are disclosed in note 20 and note 21, respectively.

Estimated useful lives of property, plant and equipment

In determining the useful lives of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Estimated useful lives are reviewed, at the end of each of the reporting period, based on changes in circumstances. The carrying amount of property, plant and equipment is disclosed in note 15.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the combined statement of comprehensive income.

Impairment of investments

The directors of the Company review investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Income taxes

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the year in which such determination is made.

Judgments on the cost and completion date of construction-in-progress

The construction of terminal facilities involves various points in time and different part of the construction projects to complete and reach to its intended use. The Group transfers the construction-in-progress to relevant categories of property, plant and equipment in batches upon the completion of respective parts of the terminal facilities. The cost of terminal facilities may not be paid in full when the construction is completed and ready for its intended use. The Group estimates the completion progress, time to reach its intended use and the cost of the construction-in-progress to be transferred to property, plant and equipment where necessary. If the estimation differs significantly from the final settlement of the completed construction projects, the difference will impact the cost of property, plant and equipment and the depreciation charge.

Government grants

Government grants should be recognised in the profit or loss to match them with the expenditure towards which they are intended to compensate. Management will recognise the grants as grants to asset or income according to terms. Sometimes there will be some conditions attached to the grants, management will carefully assess whether the Group will comply with the conditions and grants will be only recognised when the Group is certain to comply with the conditions even if the grants has already been received.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**fair value hierarchy**"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures investment properties at fair value (note 17).

For more detailed information in relation to the fair value measurement of the item above, please refer to the applicable note.

7. SEGMENT INFORMATION

(i) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in the internal reporting to the executive directors, which is the provision of port services.

(ii) Geographical information

The geographical location of revenue allocated is based on the location at which services provided. The Group renders port services in the PRC. The geographical location of non-current assets is based on the physical location of the assets. The Group's non-current assets are based in the PRC.

(iii) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Track Record Period is as follows:

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Company A	N/A	N/A	7,803

N/A: Transactions during the year did not exceed 10% of the Group's revenue

8. REVENUE, OTHER INCOME AND GAINS

(a) Revenue represents the income from provision of service and sales excluding related tax, where applicable.

Revenue recognised during the Track Record Period is as follows:

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Port service income	47,310	49,008	63,638

(b) An analysis of the Group's other income and gains during the Track Record Period is as follows:

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	140	48	53
Interest income from short term investment	—	59	128
Rental income from investment properties	1,347	1,142	1,720
Government grants			
— relating to investment properties and leasehold land held for own use under operating leases#	890	890	890
— other grants##	—	213	58
Gain on disposal of property, plant and equipment	—	49	—
Refund of freight-based port charges from port authority	2,068	2,323	2,979
Other	1	7	124
	4,446	4,731	5,952

The amount represents government subsidy received in advance in relation to acquisition of investment properties and leasehold land held for own use.

It represents unconditional cash subsidies from government.

9. FINANCE COSTS

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Interest on borrowings	3,807	3,331	2,940
Interest on due to a related company	1,017	116	—
Total interest expenses	4,824	3,447	2,940
Less: Interests capitalised as qualifying assets	(376)	(81)	(184)
	4,448	3,366	2,756

During the years ended 31 December 2015, 2016 and 2017, the borrowing costs have been capitalised at the weighted average rate of its general borrowing of 7.5%, 6.7% and 6.5%, respectively.

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Auditor's remuneration	8	8	6
Costs of inventories recognised as an expense (included under cost of service rendered)	2,791	2,914	3,911
Employee benefit expenses (including directors' emoluments *(note 11)*)			
— Wages, salaries and other benefits	9,099	11,035	12,818
— Defined contributions	1,874	1,925	2,098
	10,973	12,960	14,916
Direct operating expenses arising from investment properties that generated rental income	329	665	768
Impairment loss on trade receivables	—	890	—
Depreciation of property, plant and equipment	15,434	15,831	16,129
Amortisation of payments for leasehold land held for own use under operating leases	1,412	1,405	1,386
Amortisation of deferred government grant	(890)	(890)	(890)
Provision for claims *(note i)*	1,500	—	—
Loss/(gain) on disposal of property, plant and equipment *(note ii)*	1	(49)	2,223
Listing expenses	—	—	10,799

Notes:

i. During the Track Record Period, a PRC subsidiary of the Company has ongoing civil proceedings with one of the customers of the Group. Pursuant to the advice from the Group's PRC legal advisor on civil proceedings against the PRC subsidiary, in the opinion of the Company's directors, the Group has made the best estimation on litigation liabilities and recorded provision for claims, of approximately RMB1,500,000 during the year ended 31 December 2015 under "other expenses".

According to a civil litigation mediation certificate (民事調解書) (the "**Mediation Certificate**") endorsed by the Intermediate People's Court of Ningbo City, Zhejiang Province, the PRC, on 6 June 2018, the PRC subsidiary and the customer had tentatively agreed to settle all claims/counter claims in the aforementioned civil proceedings. Both counterparties had voluntarily and mutually agreed, that an one-off settlement in the amount of approximately RMB9,091,000 (the "**Settlement Sum**") under various instalments should be paid by the PRC subsidiary to the customer.

The Settlement Sum comprised of (i) relevant provision of RMB1,500,000 recorded by the Group during the year ended 31 December 2015 as aforementioned, and (ii) port service income of approximately RMB7,591,000 not recognised by the Group resulting from the relevant revenue recognition criteria not being fulfilled. The amount of approximately RMB7,591,000 (the "**Secured Sum**") was secured by Chizhou City Guichi District People's Court. The Secured Sum and the preserved assets as mentioned in notes 16 and 23 would be released upon the final execution of settlement made by the PRC subsidiary in various stages pursuant to the Mediation Certificate.

ii. Loss on disposal of property, plant and equipment have been included in other expenses of approximately RMB1,000 and RMB2,223,000 during the years ended 31 December 2015 and 2017, respectively.

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

The emolument of each of the directors for the Track Record Period is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Defined contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2015					
Executive directors:					
Mr. Kwai	—	—	—	—	—
Mr. Huang Xueliang	—	201	—	52	253
	—	201	—	52	253
Non-executive director					
Ms. Cheung	—	—	—	—	—
Year ended 31 December 2016					
Executive directors:					
Mr. Kwai	—	—	—	—	—
Mr. Huang Xueliang	—	230	—	52	282
	—	230	—	52	282
Non-executive director					
Ms. Cheung	—	—	—	—	—
Year ended 31 December 2017					
Executive directors:					
Mr. Kwai	—	—	—	—	—
Mr. Huang Xueliang	—	233	—	47	280
	—	233	—	47	280
Non-executive director					
Ms. Cheung	—	—	—	—	—

(b) Five highest paid individuals

The five highest paid individuals of the Group included 1, 1 and 1 director for the years ended 31 December 2015, 2016 and 2017 respectively, whose emoluments are reflected in note (a).

The analysis of the emolument of the 4, 4 and 4 highest paid non-director individuals for the years ended 31 December 2015, 2016 and 2017, respectively, are set out below:

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	619	664	682
Pension scheme contributions	9	17	30
	628	681	712

The emolument paid or payables to each of the above non-director individuals for the Track Record Period fell within the following band:

	Year ended 31 December		
	2015	**2016**	**2017**
	Number of individuals	**Number of individuals**	**Number of individuals**
Nil to HK$1,000,000	4	4	4

During the Track Record Period, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

(a) Income tax

The amount of taxation in the combined statements of comprehensive income during the Track Record Period represents:

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
— PRC enterprise income tax	1,041	2,742	3,352
Deferred tax charged/(credited) to profit or loss	588	(285)	740
	1,629	2,457	4,092

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax ("**EIT**") at the standard rate of 25% on the estimated assessable profits.

Pursuant to the PRC tax law, its rules and regulations, enterprises that invest in qualifying public infrastructure projects are eligible for certain tax benefits. In accordance with the relevant income tax laws in the PRC, Chizhou Niutoushan, is engaging in qualifying public infrastructures, is entitled to exemption from PRC enterprise income tax for three years (the "**3-Year Exemption Entitlement**") and a 50% reduction for three years thereafter (the "**3-Year 50% Tax Reduction Entitlement**"). The 3-Year Exemption Entitlement commenced for the financial year beginning on 1 January

2013 up to 31 December 2015 irrespective of whether Chizhou Niutoushan is profit-making during this period and the 3-Year 50% Tax Reduction Entitlement has commenced from the financial year beginning on 1 January 2016 to 31 December 2018.

Withholding tax was calculated at 10% of the dividends declared in respect of profits earned by PRC entities to a non-PRC holding company.

The income tax expense for the Track Record Period can be reconciled to the profit before income tax per the combined statements of comprehensive income as follows:

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	7,105	7,222	5,118
Taxation calculated at PRC EIT tax rate of 25%	1,776	1,806	1,280
Non-taxable income	(338)	(650)	(240)
Expenses not deductible for tax	1,383	917	4,164
Tax effect of preferential tax rates for certain subsidiaries	(1,192)	(397)	(1,301)
Withholding tax on dividend	—	781	189
Income tax expense	1,629	2,457	4,092

(b) Deferred tax

Details of the deferred tax assets and (liabilities) recognised and movements in the Track Record Period:

	Deferred government grant	**Fair value adjustment of investment properties**	**Interests capitalised as qualifying assets**	**Withholding tax on undistributed dividends**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2014 and 1 January 2015	5,345	(1,414)	(41)	(453)	3,437
Charged to profit or loss	(116)	(56)	(88)	(328)	(588)
As at 31 December 2015 and 1 January 2016	5,229	(1,470)	(129)	(781)	2,849
(Charged)/credited to profit or loss	(116)	5	(14)	410	285
Charged to other comprehensive income	—	(80)	—	—	(80)
As at 31 December 2016 and 1 January 2017	5,113	(1,545)	(143)	(371)	3,054
Charged to profit or loss	(116)	(135)	(37)	(452)	(740)
Charged to other comprehensive income	—	(93)	—	—	(93)
As at 31 December 2017	4,997	(1,773)	(180)	(823)	2,221

As at 31 December 2015, 2016 and 2017, the Group recognised deferred tax liabilities of approximately RMB781,000, RMB371,000 and RMB823,000 for withholding tax that would be payable on the retained profits of the Group's subsidiaries established in the PRC. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

For the purpose of presentation in statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	3,630	3,425	3,044
Deferred tax liabilities	(781)	(371)	(823)

13. DIVIDENDS

No dividend has been declared or paid by the Company since its incorporation.

Dividends of approximately RMB2,326,000 for the two years ended 31 December 2015 and RMB1,364,000 for the year ended 31 December 2016 were declared by Chizhou Niutoushan to its then equity shareholders on 18 August 2016 and 13 July 2017, respectively.

Dividends of approximately RMB3,037,000 for the two years ended 31 December 2015 and RMB734,000 for the year ended 31 December 2016 were declared by Chizhou Port Holdings to non-controlling interests on 1 April 2016 and 11 July 2017, respectively.

Dividends of approximately RMB349,000 for the two years ended 31 December 2015 and RMB205,000 for the year ended 31 December 2016 were declared by Chizhou Niutoushan to non-controlling interests on 18 August 2016 and 13 July 2017, respectively.

Subsequent to reporting date on 11 January 2018, dividend of approximately RMB8,692,000 was declared by Ocean Line Chizhou to its then equity shareholders. Of the above amount, approximately RMB7,026,000 was applied to offset the Group's receivables from a related company, of which Mr. Kwai and Ms. Cheung are the beneficial owners, which represents a non-cash transaction, and the balance of approximately RMB1,666,000 was paid in cash to the then equity shareholders.

The rates for dividends and the ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

14. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation, and the presentation of the financial performance of the Group for the Track Record Period on a combined basis as disclosed in note 2 above.

15. PROPERTY, PLANT AND EQUIPMENT

	Terminal facilities	Buildings	Port machinery and equipment	Vessels	Motor vehicles	Furniture and office equipment	Leasehold improvements	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015									
Cost	224,946	14,653	61,036	10,457	3,010	1,972	2,177	3,470	321,721
Accumulated depreciation	(33,464)	(1,878)	(22,645)	(2,945)	(1,645)	(1,313)	(505)	—	(64,395)
Net carrying amount	191,482	12,775	38,391	7,512	1,365	659	1,672	3,470	257,326
Year ended 31 December 2015									
Opening net carrying amount	191,482	12,775	38,391	7,512	1,365	659	1,672	3,470	257,326
Additions	325	—	121	—	139	13	—	9,533	10,131
Transfers in/(from)	8,457	2,240	564	—	—	—	665	(11,926)	—
Disposals	—	—	—	—	(125)	—	—	—	(125)
Depreciation	(8,866)	(410)	(5,075)	(500)	(251)	(227)	(105)	—	(15,434)
Eliminated on disposals	—	—	—	—	119	—	—	—	119
Closing net carrying amount	191,398	14,605	34,001	7,012	1,247	445	2,232	1,077	252,017
At 31 December 2015 and 1 January 2016									
Cost	233,728	16,893	61,721	10,457	3,024	1,985	2,842	1,077	331,727
Accumulated depreciation	(42,330)	(2,288)	(27,720)	(3,445)	(1,777)	(1,540)	(610)	—	(79,710)
Net carrying amount	191,398	14,605	34,001	7,012	1,247	445	2,232	1,077	252,017
Year ended 31 December 2016									
Opening net carrying amount	191,398	14,605	34,001	7,012	1,247	445	2,232	1,077	252,017
Additions	3	198	137	—	371	23	8	1,237	1,977
Transfers in/(from)	150	—	8	—	—	—	437	(595)	—
Disposals	—	—	—	—	(369)	—	—	—	(369)
Depreciation	(9,101)	(476)	(5,048)	(620)	(287)	(182)	(117)	—	(15,831)
Eliminated on disposals	—	—	—	—	351	—	—	—	351
Closing net carrying amount	182,450	14,327	29,098	6,392	1,313	286	2,560	1,719	238,145
At 31 December 2016 and 1 January 2017									
Cost	233,881	17,091	61,866	10,457	3,026	2,008	3,287	1,719	333,335
Accumulated depreciation	(51,431)	(2,764)	(32,768)	(4,065)	(1,713)	(1,722)	(727)	—	(95,190)
Net carrying amount	182,450	14,327	29,098	6,392	1,313	286	2,560	1,719	238,145
Year ended 31 December 2017									
Opening net carrying amount	182,450	14,327	29,098	6,392	1,313	286	2,560	1,719	238,145
Additions	11,793	—	3,112	—	498	121	10	9,184	24,718
Transfers in/(from)	4,190	266	2,462	—	—	294	—	(7,212)	—
Disposals	—	—	(1,976)	(5,380)	—	—	—	—	(7,356)
Depreciation	(9,603)	(485)	(4,963)	(456)	(348)	(131)	(143)	—	(16,129)
Eliminated on disposals	—	—	1,716	2,645	—	—	—	—	4,361
Closing net carrying amount	188,830	14,108	29,449	3,201	1,463	570	2,427	3,691	243,739
At 31 December 2017									
Cost	249,864	17,357	65,464	5,077	3,524	2,423	3,297	3,691	350,697
Accumulated depreciation	(61,034)	(3,249)	(36,015)	(1,876)	(2,061)	(1,853))	(870)	—	(106,958)
Net carrying amount	188,830	14,108	29,449	3,201	1,463	570	2,427	3,691	243,739

As at 31 December 2015, 2016 and 2017, the Group's property, plant and equipment with net carrying amount of approximately RMB31,308,000, RMB27,836,000, RMB24,973,000, respectively were pledged to banking facilities as set out in note 26.

As at 31 December 2015, 2016 and 2017, the Group is in the process of obtaining the building ownership certificates of certain buildings with carrying amount of approximately RMB8,139,000, RMB8,086,000 and RMB118,000, respectively of which carrying amount of approximately RMB8,011,000, RMB7,963,000 and Nil, respectively have been subsequently obtained. The land use rights certificates of these buildings have been obtained by the Group. In the opinion of the directors, the Group does not expect any legal obstacles in obtaining the remaining building ownership certificates with carrying amount of approximately RMB128,000, RMB123,000 and RMB118,000, respectively as at 31 December 2015, 2016 and 2017.

16. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	RMB'000
Cost	
At 1 January 2015, 31 December 2015 and 1 January 2016	68,774
Transfer to investment properties	(639)
At 31 December 2016 and 1 January 2017	68,135
Transfer to investment property	(728)
At 31 December 2017	67,407
Accumulated amortisation	
At 1 January 2015	3,835
Amortisation	1,412
At 31 December 2015 and 1 January 2016	5,247
Transfer to investment properties	(42)
Amortisation	1,405
At 31 December 2016 and 1 January 2017	6,610
Transfer to investment properties	(61)
Amortisation	1,386
At 31 December 2017	7,935
Net carrying amount	
At 31 December 2015	63,527
At 31 December 2016	61,525
At 31 December 2017	59,472

The Group's interest in land use rights are located in the PRC with medium-term lease terms ranging from 38 to 50 years.

As at 31 December 2015, 2016 and 2017, the Group has payments for leasehold land held for own use under operating leases with net carrying amount of approximately RMB2,472,000, RMB2,421,000 and RMB2,370,000, respectively for which the Group is still in the process of obtaining the land use rights certificates. In the opinion of the directors of the Company, the Group has obtained the rights to use these lands under medium-term operating lease agreement.

As at 31 December 2015, 2016 and 2017, certain of the Group's leasehold land held for own use under operating leases with net carrying amount of approximately RMB59,938,000 RMB58,014,000 and RMB56,038,000, respectively were pledged to banking facilities as set out in note 26.

On 28 March 2018, Chizhou Port Holdings and a non-controlling shareholding company of Chizhou Port Holdings, entered into an agreement (the "**Disposal Agreement**"), pursuant to which Chizhou Port Holdings disposed of, and the non-controlling shareholding company acquired the Group's certain leasehold land held for own use under operating leases, with a site area of approximately 36,666 sq. m. (the "**Relevant Land**"). Chizhou Port Holdings agreed to dispose of the Relevant Land, to facilitate Chizhou Municipal Government's plan for developing the Chizhou City Sand Distribution Hub. The carrying value of the Relevant Land was approximately RMB5,242,000 as at 31 December 2017. The consideration of the abovementioned disposal was approximately RMB6,160,000.

During the Track Record Period, the Group was under legal proceedings with one of the customers. As at 31 December 2015 and 2017, the Group's payments for leasehold land held for own use under operating leases with net carrying amount of approximately RMB16,356,000 and RMB15,684,000, respectively were under asset preservation executed by the court. The asset preservation would be released upon settlement of the legal proceedings.

17. INVESTMENT PROPERTIES

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Fair value			
At beginning of the year	27,500	27,300	28,236
Additions	—	473	—
Transfer from payments for leasehold land held for own use under operating leases	—	597	667
Change in fair value	(200)	(134)	397
At end of the year	27,300	28,236	29,300

The fair value of the Group's investment properties at 31 December 2015, 2016 and 2017 have been arrived at based on market value basis carried out by D&P China (HK) Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Information about level 3 fair value measurements:

	Valuation techniques	**Unobservable input**	**Range**
Land and buildings in the PRC	Direct comparison method	Properties — specific adjustment rate taking into account of individual factors such as location, property condition, economic environment, usage, size and time etc.	(5%) to 15%

The fair value measurement is positively correlated to the property condition, economic environment and negatively correlated to the property age.

There were no changes to the valuation techniques during the Track Record Period.

A reconciliation of the opening and closing fair value balance is provided below.

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Opening balance (level 3 recurring fair value)	27,500	27,300	28,236
Cost incurred	—	473	—
Transfer from payments for leasehold land held for own use under operating leases	—	597	667
Fair value adjustment on revaluation included in other comprehensive income, upon transfer	—	322	373
(Loss)/Gains on change in fair value included in profit or loss	(200)	(456)	24
Closing balance (level 3 recurring fair value)	27,300	28,236	29,300
Change in unrealised gains or losses for the year included in profit or loss	(200)	(456)	24

There were no transfers between Level 1, Level 2 and Level 3 during the Track Record Period.

As at 31 December 2015 and 2016, the Group is in the process of obtaining the building ownership certificates of certain buildings classified as investment properties of approximately RMB3,700,000 and RMB3,600,000, respectively. The building ownership certificates have been subsequently obtained.

As at 31 December 2015, 2016 and 2017, the Group's investment properties of approximately RMB22,600,000, RMB23,536,000 and RMB24,600,000 were pledged to banking facilities as set out in note 26.

18. INTERESTS IN AN ASSOCIATE

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	4,228	3,508	2,832
Goodwill	113	113	113
	4,341	3,621	2,945

Particulars of the associate, which is accounted for using the equity method in the combined financial statements, are as follows:

Name	Place and date of incorporation	Issued and fully paid up share capital	Percentage of equity interest held by Chizhou Port Holdings	Principal activity
Chizhou Guichi	The PRC 5 October 1998	RMB10,000,000	40%	Port operation

The associate is an unlisted corporate entity whose quoted market price is not available.

The summarised financial information of Chizhou Guichi extracted from management accounts prepared in accordance with HKFRS is set out below:

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	4,729	4,367	3,816
Current assets	6,153	4,861	3,736
Current liabilities	(253)	(319)	(294)
Non-current liabilities	(58)	(138)	(177)

	Year ended 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Revenue	5,403	2,630	1,349
Other comprehensive income	—	—	—
Post tax profit/(loss) and total comprehensive income	275	(1,583)	(1,690)
Dividends received from the associate	97	87	—

Reconciliation to the Group's interests in Chizhou Guichi as at reporting dates:

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Net assets of Chizhou Guichi	10,571	8,771	7,081
Percentage of equity interest attributable to the Group	40%	40%	40%
The Group's share of Chizhou Guichi's net assets	4,228	3,508	2,832
Goodwill	113	113	113
Carrying amount of the Group's interest in Chizhou Guichi	4,341	3,621	2,945

A PRC subsidiary of the Group, has entered into a non-legally binding memorandum of understanding with an independent third party for a possible disposal of its entire interest in Chizhou Guichi in December 2017. Both parties will further discuss and negotiate the terms of the formal sale and purchase agreement including the amount of consideration, which will not be less than 40% of net asset value of Chizhou Guichi as at 31 October 2017. As at 31 December 2017, the formal sale and purchase agreement has not been entered into. Accordingly the directors of the Company considered that, Chizhou Guichi should not be classified as a disposal group held for sale as at 31 December 2017.

19. INVENTORIES

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Consumables	670	561	689

20. TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	11,968	5,387	5,393
Less: Provision for impairment	(9)	(899)	(891)
	11,959	4,488	4,502
Bills receivables	6,616	10,947	8,670
	18,575	15,435	13,172

The credit period for trade receivables is generally ranging from 15 to 55 days, whereas the maturity period for bills receivables is ranging from 3 to 6 months. The directors of the Company consider that the fair values of the trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Based on invoices date, ageing analysis of the Group's trade receivables as at the reporting dates is as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	4,366	3,496	3,591
31 to 90 days	1,624	572	482
91 to 120 days	549	178	63
121 to 365 days	454	—	366
Over 1 year	4,966	242	—
	11,959	4,488	4,502

Ageing analysis of the Group's trade receivables as at the reporting dates that are not impaired is as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	3,001	1,138	3,980
1 to 30 days past due	2,136	2,904	67
31 to 90 days past due	1,271	204	90
91 to 120 days past due	375	—	7
Over 120 days	5,176	242	358
	11,959	4,488	4,502

The Group's trade receivables as at the reporting dates that were neither past due nor impaired have no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. The Group does not hold any collateral in respect of trade receivables past due but not impaired.

The below table reconciled the provision of impairment loss on trade receivables in the Track Record Period:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of the year	9	9	899
Impairment loss recognised	—	890	—
Bad debt written off	—	—	(8)
Balance at end of the year	9	899	891

As at 31 December 2015, 2016 and 2017, the Group endorsed certain bills receivables accepted by banks in the PRC to certain of its suppliers to settle the payables to these suppliers with carrying amounts in aggregate of approximately RMB820,000, RMB140,000 and RMB2,742,900, respectively (collectively referred to as the "**Derecognised Bills**"). The Derecognised Bills have a maturity term from 3 to 6 months at the end of each reporting periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated advances on payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their face amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

No gains or losses were recognised from the Continuing Involvement, both during the Track Record Period or cumulatively. The endorsement of bills receivables have been made evenly throughout the Track Record Period.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Deposits	484	1,256	527
Prepayments	88	248	3,722
Other receivables	4,529	1,620	2,183
	5,101	3,124	6,432
Classified as:			
Non-current assets	471	1,243	514
Current assets	4,630	1,881	5,918
	5,101	3,124	6,432

The Group considers that other receivables that were neither past due nor impaired under review are of good credit quality. The Group does not hold any collateral over these balances.

22. SHORT TERM INVESTMENT

As at 31 December 2016 and 2017, the Group has a short term investment with principal balance of RMB10,000,000 and RMB500,000 purchased from a major bank in the PRC and the balance was not subject to maturity. The Group is entitled to redeem the investment at its principal amount with the bank at anytime unconditionally with immediate effect. The accrued and unpaid interest will be received monthly from the bank. The directors consider that the carrying value of the short-term investment approximates the fair value as at the reporting dates.

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value are grouped into the fair value hierarchy as follows:

	As at 31 December 2017 Level 3 *RMB'000*
Short term investment — unlisted	500

	As at 31 December 2016 Level 3 *RMB'000*
Short term investment — unlisted	10,000

Information about level 3 fair value measurements:

	Valuation techniques	**Unobservable input**	**Range**
Unlisted short term investment	Latest transaction price	Expected annual interest rate	N/A

There were no changes to the valuation techniques during the Track Record Period.

There were no transfer in Level 1, Level 2 and Level 3 during the Track Record Period.

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance (level 3 recurring fair value)	—	—	10,000
Purchases	—	28,000	12,300
Disposals	—	(18,000)	(21,800)
Net gain/losses (included in other comprehensive income) of assets	—	—	—
Closing balance (level 3 recurring fair value)	—	10,000	500

The unobservable input used in the fair value measurement of the short term investment is expected annual interest rate. As at 31 December 2016 and 2017, if the expected annual interest rates were 5% higher/lower, the fair value gain/loss would be RMB500,000 and RMB25,000 higher/lower, respectively.

23. CASH AND BANK DEPOSITS

(a) Cash and cash equivalents

Bank balances earn interest at floating rates based on daily bank deposit rates.

(b) Restricted deposits

The restricted deposits earn interest at floating rates based on daily bank deposit rates. During the Track Record Period, the Group was under legal proceedings with one of the customers. As at 31 December 2015 and 2017, restricted deposits represented bank deposits of approximately RMB268,000 and RMB412,000 respectively under asset preservation executed by the court. The restricted deposits would be released upon settlement of the legal proceedings.

As at 31 December 2015, 2016 and 2017, the Group has cash and bank balances denominated in RMB amounted to approximately RMB5,563,000, RMB9,645,000 and RMB9,254,000 respectively, of which the remittance of cash out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

24. TRADE PAYABLES

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,799	2,047	3,168

The credit period is generally 30 days.

Based on invoices date, ageing analysis of the Group's trade payable as at the reporting dates is as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	806	1,340	2,168
31 to 90 days	523	371	413
91 to 120 days	180	54	2
121 to 365 days	176	120	386
Over 1 year	114	162	199
	1,799	2,047	3,168

25. OTHER PAYABLES, ACCRUALS AND RECEIPT IN ADVANCE

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Other payables	17,728	15,178	18,806
Accruals	5,764	6,716	8,464
Receipt in advance	566	1,580	1,304
	24,058	23,474	28,574

26. BANK BORROWINGS

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
Secured bank borrowings			
— Amounts repayable within one year	2,000	3,000	6,000
Secured and guaranteed bank borrowings			
— Amounts repayable within one year	2,000	2,000	2,000
	4,000	5,000	8,000
Non-current liabilities			
Secured bank borrowings			
— Amounts repayable after one year	19,000	16,000	10,000
Secured and guaranteed bank borrowings			
— Amounts repayable after one year	28,000	26,000	19,000
	47,000	42,000	29,000
Total bank borrowings	51,000	47,000	37,000

Notes:

(a) Bank borrowings are interest-bearing at the banks' base lending rate adjusted by certain basis points per agreed interval. As at 31 December 2015, 2016 and 2017, the Group's bank borrowings bore interest at the floating rate ranging from 7.0% to 8.0%, 6.4% to 7.3%, and 6.4% per annum respectively.

(b) As at 31 December 2015, 2016, and 2017, bank borrowings of approximately RMB30,000,000, RMB28,000,000, and RMB21,000,000, respectively, are attached with financial covenants. The Group regularly monitors its compliance with these covenants. During the Track Record Period, all these covenants have been complied by the Group.

(c) Based on the schedule repayment dates set out in the loan agreements, the bank borrowings are repayable as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	4,000	5,000	8,000
More than one year, but not exceeding two years	5,000	8,000	12,000
More than two years, but not exceeding five years	24,000	24,000	16,000
After five years	18,000	10,000	1,000
	51,000	47,000	37,000

(d) The Group's banking facilities and the bank borrowings are secured by:

(i) the pledge of certain property, plant and equipment of the Group with net carrying amount of approximately RMB31,308,000, RMB27,836,000 and RMB24,973,000 as at 31 December 2015, 2016, and 2017, respectively (note 15);

(ii) the pledge of leasehold land under operating leases of the Group with net carrying amount of approximately RMB59,938,000, RMB58,014,000 and RMB56,038,000 as at 31 December 2015, 2016 and 2017, respectively (note 16);

(iii) the pledge of investment properties under operating lease of the Group of approximately RMB22,600,000, RMB23,536,000 and RMB24,600,000 as at 31 December 2015, 2016 and 2017, respectively (note 17);

(iv) the corporate guarantee by a related company as at 31 December 2015, 2016 and 2017.

(e) The Group's aggregate banking facility amount to approximately RMB63,000,000, RMB59,000,000 and RMB49,000,000 of which approximately RMB51,000,000, RMB47,000,000 and RMB37,000,000 has been utilised as at 31 December 2015, 2016 and 2017, respectively.

(f) In December 2017, the Group has secured a letter of intent from a PRC commercial bank to lend RMB50,000,000 to the Group for construction and development of the Group's facilities.

(g) As a result of early repayment of a bank borrowing, subsequent to 31 December 2017, in March 2018, the corporate guarantee of RMB21,000,000 granted by a related company for the said bank borrowing as at 31 December 2017 was released. The pledge of the Group's certain property, plant and equipment, leasehold land held for own use under operating leases and investment properties as at 31 December 2017, with net carrying amounts of approximately RMB24,973,000, RMB41,442,000 and RMB22,600,000, respectively were also released.

27. DUE FROM/(TO) NON-CONTROLLING INTERESTS, RELATED COMPANIES/PARTIES AND AN ASSOCIATE

(a) Due from/(to) non-controlling interests

Included in the balances are amounts due from/(to) non-controlling shareholders of non-wholly owned subsidiaries, of which are unsecured, interest free, repayable on demand and non-trade in nature.

(b) Due from/(to) related companies/parties

The details of due from/(to) related companies/parties at the reporting dates are as follows:

		As at 31 December		
		2015	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from related companies/parties	*(i)*	8,880	8,233	7,027
Amounts due to related companies	*(i)*	(3,814)	(4,164)	(6,657)
Loans payable to a related company	*(ii)*	(6,000)	—	—
		(9,814)	(4,164)	(6,657)

Notes:

(i) The balances are unsecured, interest free, repayable on demand and non-trade in nature.

As at 31 December 2015, 2016 and 2017, included in the balances of the amounts due from related companies, of which Mr. Kwai and Ms. Cheung are the beneficial owners, represent receivable of approximately RMB8,880,000, RMB8,233,000 and RMB7,027,000, respectively. The maximum amount due from the related companies during the years ended 31 December 2015, 2016 and 2017 amount to approximately RMB10,186,000, RMB9,594,000 and RMB9,017,000, respectively. Furthermore, amounts of RMB41 and RMB28, respectively as at 31 December 2017, were due from Mr. Kwai and Ms. Cheung, which were also the maximum amount due from them during the year ended 31 December 2017.

(ii) The balance is unsecured, bearing interest rate at 6% per annum, repayable on demand and non-trade in nature. The loan balance was fully settled in June 2016.

(c) Due to an associate

The balance is unsecured, interest free, repayable on demand and non-trade in nature.

28. DEFERRED GOVERNMENT GRANT

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	39,654	38,764	37,874
Amortisation during the year	(890)	(890)	(890)
At end of the year	38,764	37,874	36,984
Classified as:			
Non-current liabilities	37,874	36,984	36,094
Current liabilities	890	890	890
	38,764	37,874	36,984

The Group's deferred government grants mainly related to the Group's acquisition payments for investment properties and leasehold land held for own use under operating leases.

The Group does not have any unfulfilled conditions and other contingencies attaching to government assistance in regard to the government grants at the reporting dates.

29. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 30 October 2017. Upon incorporation, the authorised share capital of HK$380,000 was divided into 38,000,000 ordinary shares of HK$0.01 each. One nil-paid share was allotted and issued on the same date.

30. RESERVES

(a) Special reserve

In accordance with the regulations of the State Administration of Work Safety, the PRC subsidiaries have commitment to appropriate 1% of corresponding turnover to a special reserve which will be used for enhancement of safety production environment and improvement of facilities.

(b) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the PRC subsidiaries, they are required to appropriate 10% of the annual net profits of the PRC subsidiaries after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve before distributing any net profit. Such appropriation is applicable to Chizhou Niutoushan and Chizhou Qianjiang, the subsidiaries of the Group.

When the balance of the statutory reserve reaches 50% of the registered capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of registered capital.

In accordance with the relevant laws and regulations in the PRC and Articles of Association of Chizhou Port Holdings, as a Sino-foreign equity joint venture, it is required to appropriate 20% of its annual net profit, determined by the board of directors, to the statutory reserve fund before distributing any net profit.

(c) Other reserve

Other reserve represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital and capital reserve (if any) of the Company's subsidiaries.

During the year ended 31 December 2016, Chizhou Qianjiang issued share capital of RMB2,200,000 which was recorded as other reserve account on a combination basis.

31. OPERATING LEASE ARRANGEMENT

The Group as lessor

As at each of the reporting dates, the minimum rent receivables under non-cancellable operating leases are as follows:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	755	1,394	1,335
Later than one year and not later than five years	2,850	3,705	4,642
Later than five years	2,460	2,918	3,387
	6,065	8,017	9,364

The Group leased its investment properties under operating leases. The leases run for an initial period of 1 to 15 years, with options to renew the lease terms upon expiry when all terms are re-negotiated. Certain leases include contingent rentals which are refundable if certain annual sales targets from the tenants are met. No contingent rent in respect of these leases was recognised in profit or loss during the Track Record Period.

32. CAPITAL COMMITMENTS

As at each of the reporting dates, the Group had the following capital commitments:

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for			
— Construction in progress	4,041	3,564	3,360
— Plant and machineries	482	3,426	—
	4,523	6,990	3,360

33. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Historical Financial Information, the Group had the following related party transactions during the Track Record Period:

		Year ended 31 December		
		2015	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Service income received from a related company	*(i)*	47	36	141
Interest charged by related companies	*(ii)*	1,017	116	—
Commission fee paid to a related company	*(iii)*	316	38	—
Rental expenses paid to a related company	*(iv)*	672	731	—
Purchase of assets from a related company	*(iv)*	—	—	11,633

Notes:

(i) The service income was contributed from a related company which is wholly owned by Mr. Kwai and Ms. Cheung. The amount due to the related company as at 31 December 2015, 2016 and 2017 are detailed in note 27(b)(i).

(ii) The Group has paid interest of approximately RMB948,000 and RMB116,000 during the years ended 31 December 2015 and 2016, respectively to a related company, which is controlled by a close member of family of Mr. Kwai and Ms. Cheung. The loans payable to a related company as at 31 December 2015, 2016 and 2017 are detailed in note 27(b)(ii).

The Group has paid loan interest of approximately RMB69,000 during the year ended 31 December 2015 to a related company, which was controlled by Mr. Kwai and Ms. Cheung.

(iii) The commission fee was paid to a related company which is wholly owned by Mr. Kwai and Ms. Cheung. The amount due to the related company as at 31 December 2015, 2016 and 2017 are detailed in note 27(b)(i).

(iv) Chizhou Niutoushan, a subsidiary of the Company, has entered an asset rental agreement in the year ended 31 December 2012 with a related company, of which Mr. Kwai and Ms. Cheung are the beneficial owners, for the usage of certain terminal facilities (the "**Terminal Assets**"). The rental expenses charged by the related company was amounted to approximately RMB672,000 and RMB731,000 for the years ended 31 December 2015 and 2016, respectively.

In 2017, Chizhou Niutoushan entered into a sales and purchase agreement with the related company to acquire the Terminal Assets from the related company at a consideration of approximately RMB11,633,000. The consideration of the transfer is approximate to their fair values of the Terminal Assets on the date of transfer.

A related company provided corporate guarantee for a bank facility and loan balances of approximately RMB30,000,000, RMB28,000,000 and RMB21,000,000, granted to the Group as at 31 December 2015, 2016 and 2017, respectively. Mr. Kwai and Ms. Cheung are the beneficial owners of related company.

In November 2017, Ocean Line (Hong Kong) and a related company, of which Mr. Kwai and Ms. Cheung are the beneficial owners, entered into a tenancy agreement pursuant to which the related party as the landlord agreed to lease certain premises to Ocean Line (Hong Kong) as the tenant. The annual rental under the tenancy agreement amounted to approximately of HK$480,000 from 1 January 2018 and expiring on 31 December 2020. The tenancy runs for an initial period of 3 years with no contingent rentals. Either party would be entitled to early termination of the tenancy agreement by serving not less than 2 months' written notice or by paying 2 months' rent in lieu to the other party provided that the said written notice would not be served before the expiration of the twelfth month of the rental period. The future minimum rental payables under non-cancellable operating leases of the Group amounted to approximately HK$560,000 as at 31 December 2017, which is derived from the commitment within one year and in second to fifth year of approximately HK$480,000 and HK$80,000, respectively.

The above transactions with the related companies were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related parties.

(b) Key management personnel compensation

The directors of the Company consider that the key management personnel compensation comprises only the emoluments of the directors as disclosed in note 11.

34. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

			Non-cash changes	
	As at 1 January 2015	**Financing cash flow**	**Interest expense recognised**	**At 31 December 2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2015				
Due to related companies	21,949	(13,152)	1,017	9,814
Bank borrowings	47,350	(157)	3,807	51,000

			Non-cash changes		
	As at 1 January 2016	**Financing cash flow**	**Interest expense recognised**	**Dividend declared**	**At 31 December 2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2016					
Due to related companies	9,814	(5,766)	116	—	4,164
Bank borrowings	51,000	(7,331)	3,331	—	47,000
Due to non-controlling interests	—	(3,037)	—	3,386	349

			Non-cash changes		
	As at 1 January 2017	**Financing cash flow**	**Interest expense recognised**	**Dividend declared**	**At 31 December 2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2017					
Due to related companies	4,164	2,493	—	—	6,657
Bank borrowings	47,000	(12,940)	2,940	—	37,000
Due to non-controlling interests	349	(1,288)	—	939	—

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These risks are limited by the Group's financial management policies and practices described below.

Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively.

Other than cash at banks and on hand (note 23), interest-bearing borrowings (note 26), and due to related companies (note 27(b)), the Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group's interest rate risk arises primarily from the floating rate borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk.

At 31 December 2015, 2016 and 2017, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the period (through the impact on the Group's interest-bearing borrowings subject to floating interest rate) by approximately RMB255,000, RMB235,000 and RMB185,000 respectively. No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at each of the reporting dates and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

The measures to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

Foreign currency risk

The Group has no significant exposure to foreign currency risk as the Group's substantial transactions are denominated in RMB.

Credit risk

As at 31 December 2015, 2016 and 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is primarily attributable to trade and other receivables, due from related companies, short term investments and bank deposits. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

Cash and short term investments are deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

The Group enters into trading transaction with the recognised and reputable third parties. Before accepting any new contract, evaluations were considered on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group has concentration of credit risk from various customers. In view of their good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. At 31 December 2015, 2016, and 2017, 10%, 7% and 10% of the total trade receivable balance was due from the Group's largest customer respectively and 32%, 23% and 26% of the total trade receivable balance was due from the Group's five largest customers respectively.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity. The Group also monitors the utilisation of borrowings and ensures compliance with loan covenants.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, are as follows:

	Carrying amount	Total contractual undiscounted cash flow	On demand or within one year	More than one year but not exceeding two years	More than two years but not more than five years	More than five years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015						
Trade payables	1,799	1,799	1,799	—	—	—
Other payables and accruals	23,492	23,492	23,492	—	—	—
Due to related companies	9,814	10,174	10,174	—	—	—
Due to an associate	183	183	183	—	—	—
Bank borrowings	51,000	64,730	7,265	7,972	29,905	19,588
	86,288	100,378	42,913	7,972	29,905	19,588

	Carrying amount	Total contractual undiscounted cash flow	On demand or within one year	More than one year but not exceeding two years	More than two years but not more than five years	More than five years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016						
Trade payables	2,047	2,047	2,047	—	—	—
Other payables and accruals	21,894	21,894	21,894	—	—	—
Due to related companies	4,164	4,164	4,164	—	—	—
Due to an associate	183	183	183	—	—	—
Due to non-controlling interests	349	349	349	—	—	—
Bank borrowings	47,000	57,465	7,972	10,623	28,293	10,577
	75,637	86,102	36,609	10,623	28,293	10,577

	Carrying amount	Total contractual undiscounted cash flow	On demand or within one year	More than one year but not exceeding two years	More than two years but not more than five years	More than five years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017						
Trade payables	3,168	3,168	3,168	—	—	—
Other payables and accruals	27,270	27,270	27,270	—	—	—
Due to related companies	6,657	6,657	6,657	—	—	—
Due to an associate	183	183	183	—	—	—
Bank borrowings	37,000	42,881	10,300	13,610	17,961	1,010
	74,278	80,159	47,578	13,610	17,961	1,010

Fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and bills receivables, deposits and other receivables, amounts due from non-controlling interests and related companies, trade payables, other payables and accruals, bank borrowings, amounts due to non-controlling interests, related companies and an associate.

The fair values of the Group's financial assets and liabilities were not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of non-current liabilities were not disclosed because the carrying values were not materially different from the fair value.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

Financial assets

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Loans and receivables			
— Trade and bills receivables	18,575	15,435	13,172
— Other receivables	4,529	1,620	2,183
— Due from non-controlling interests	474	—	—
— Due from related companies/parties	8,880	8,233	7,027
— Restricted deposits	268	—	412
— Cash and cash equivalents	5,295	9,645	10,507
Short term investment	—	10,000	500
	38,021	44,933	33,801

Financial liabilities

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
At amortised costs			
— Trade payables	1,799	2,047	3,168
— Other payables and accruals	23,492	21,894	27,270
— Due to non-controlling interests	—	349	—
— Due to related companies	9,814	4,164	6,657
— Due to an associate	183	183	183
— Bank borrowings	51,000	47,000	37,000
	86,288	75,637	74,278

37. CAPITAL MANAGEMENT

The Group's capital management objectives include:

(i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;

(ii) to support the Group's stability and growth; and

(iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, legal reserve and accumulated loss.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts.

38. NON-CONTROLLING INTERESTS

Chizhou Port Holdings, a 72% owned subsidiary of the Company and Chizhou Niutoushan, a 77.7% owned subsidiary of the Company, have material non-controlling interests ("**NCI**"). Summarised financial information in relation to Chizhou Port Holdings and Chizhou Niutoushan, before intra-group eliminations, is presented below:

(a) Chizhou Port Holdings

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	32,340	34,992	41,459
Profit for the year	2,647	8,425	6,658
Total comprehensive income	2,647	8,667	6,938
Total comprehensive income allocated to NCI	772	1,044	1,045
Dividends paid to NCI	—	(3,037)	(734)
Cash flows generated from operating activities	16,408	24,987	12,702
Cash flows (used in)/generated from investing activities	(1,651)	(9,270)	10,769
Cash flows used in financing activities	(18,449)	(13,710)	(26,166)
Net cash (outflows)/inflows	(3,692)	2,007	(2,695)

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	30,093	31,231	19,146
Non-current assets	302,932	291,488	284,706
Current liabilities	(73,260)	(66,024)	(43,734)
Non-current liabilities	(37,874)	(36,984)	(36,093)
Net assets	221,891	219,711	224,025
Accumulated non-controlling interests	60,495	58,502	58,812

(b) Chizhou Niutoushan

	Year ended 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	14,970	14,016	22,179
Profit for the year	2,878	1,562	8,976
Total comprehensive income	2,878	1,563	8,976
Total comprehensive income allocated to NCI	641	348	1,999
Dividends paid to NCI	—	—	(554)
Cash flows (used in)/generated from operating activities	(1,220)	(3,239)	16,326
Cash flows (used in)/generated from investing activities	(20,830)	11,922	(1,713)
Cash flows generated from/(used in) financing activities	22,996	(7,332)	(12,940)
Net cash inflows	946	1,351	1,673

	As at 31 December		
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	58,627	52,032	31,367
Non-current assets	95,648	92,876	103,214
Current liabilities	(17,520)	(18,570)	(16,360)
Non-current liabilities	(47,000)	(42,000)	(29,000)
Net assets	89,755	84,338	89,221
Accumulated non-controlling interests	5,843	5,842	7,637

39. EVENT AFTER THE REPORTING PERIOD

Except as disclosed elsewhere in this report, the Group has the following subsequent events undertaken by the Company or by the Group after 31 December 2017.

The companies in the Group underwent the Reorganisation in preparation for the listing of shares of the Company on the Stock Exchange. Further details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the "History, Reorganisation and corporate structure" to the Prospectus.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 December 2017.

The information set out in this appendix does not form part of the accountants' report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" to this prospectus and the "Accountants' Report" set forth in Appendix I to this prospectus.

For illustrative purpose, only the unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules is set forth below to provide the prospective investors with further information on how the Public Offer might have affected the net tangible assets of the Group attributable to owners of the Company after the completion of the Public Offer.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted combined net tangible assets prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Public Offer on the combined net tangible assets of the Group attributable to owners of the Company as if the Public Offer had taken place on 31 December 2017. This unaudited pro forma statement of combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company had the Public Offer been completed as of 31 December 2017 or at any future dates.

	Combined net tangible assets attributable to the owners of the Company as at 31 December 2017	**Estimated net proceeds from the Public Offer**	**Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company**	**Unaudited pro forma adjusted combined net tangible assets per Share**
	RMB'000	*RMB'000*	*RMB'000*	*RMB*
	(note 1)	*(note 2)*		*(notes 3 to 4)*
Based on an Offer Price of HK$0.38 per Share	196,115	53,530	249,645	0.31
Based on an Offer Price of HK$0.42 per Share	196,115	59,740	255,855	0.32

Notes:

(1) The audited combined net tangible assets attributable to owners of the Company as at 31 December 2017 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Public Offer are based on 200,000,000 Offer Shares and the indicative Offer Price of HK$0.38 and HK$0.42 per Share, being the lower and higher end of the stated Offer Price range per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company in connection with the Public Offer. No account has been taken of the Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme. The estimated net proceeds are converted from HK$ into RMB at an exchange rate of HK$1 to RMB 0.84, which was the rate prevailing on 31 December 2017.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 800,000,000 Shares in issue immediately following the completion of the Public Offer and the Capitalisation Issue as set out in the "Share Capital" section to this prospectus, without taking into account of any Share which may be issued pursuant to the exercise of any option that may be granted under the Share Option Scheme or any Share which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchases of Shares.

(4) The unaudited pro forma adjusted combined net tangible assets per Share is equal to approximately HK$0.37 per Share based on the Offer Price of HK$0.38 per Share and HK$0.38 per Share based on the Offer Price of HK$0.42 per Share, respectively. The conversion of HK$ into RMB is at an exchange rate of HK$1 to RMB0.84, which was the rate prevailing on 31 December 2017.

(5) The unaudited pro forma adjusted net tangible assets does not take into account the dividends of approximately RMB8,692,000 declared by Ocean Line Group (Chizhou) Port Development Inc. on 11 January 2018. The unaudited pro forma adjusted net tangible assets per Share would be reduced to HK$0.36 and HK$0.37 per Share based on the Offer Price of HK$0.38 and HK$0.42 per Share, after taking into account the declaration of the dividends in the sum of approximately RMB8,692,000. The conversion of HK$ into RMB is at an exchange rate of HK$1 to RMB0.84, which was the rate prevailing on 31 December 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Ocean Line Port Development Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ocean Line Port Development Limited (the "Company") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of combined net tangible assets of the Company as at 31 December 2017, and related notes as set out on pages II-1 to II-2 of Appendix II of the Company's prospectus dated 27 June 2018 (the "Prospectus") in connection with the proposed initial public offering of the shares of the Company (the "Public Offer"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Public Offer on the Company's combined financial position as at 31 December 2017 as if the Public Offer had taken place at 31 December 2017. As part of this process, information about the Company's combined financial position has been extracted by the directors of the Company from the Company's financial information for the year ended 31 December 2017, on which an accountants' report set out in Appendix I of the Prospectus has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 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" issued by the HKICPA 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.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Public Offer would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

27 June 2018

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DUFF & PHELPS

27 June 2018

Ocean Line Port Development Limited
Room 2715–16, 27th Floor,
Hong Kong Plaza
188 Connaught Road West
Hong Kong

Dear Sirs,

In accordance with your instructions to value four properties (the "**Properties**" or the "**property interests**") of Ocean Line Port Development Limited (the "**Company**" or "**Ocean Line**"), its subsidiaries and its jointly controlled entities (hereinafter together referred to as the "**Group**") located at Anhui Province in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for providing the market values of such property interests as of 30 April 2018 (referred to as the "**Valuation Date**").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

No third party shall have the right of reliance on this valuation report and neither receipt nor possession of this valuation report by any third party shall create any express or implied third-party beneficiary rights.

BASIS OF VALUATION

Our valuation is our opinion of the ***Market Value*** which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

For Property 1 and Property 2 of Group I for owner-occupation for port and ancillary use, the valuations have been based on the depreciated replacement cost of the building and structures (referred to as the "**Building**") which is defined as the gross replacement cost of the Buildings, from which appropriate deductions may then be made to allow for the age, condition, economic/external and functional obsolescence and environmental factors etc. All of these might result in the existing Buildings being worth less to the undertaking in occupation than would a new replacement. For the land parcels, we have made reference to the similar transaction in the locality.

For Property 3 of Group I and the property interests in Group II for investment purpose, it has been valued by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the Property in order to arrive at a fair comparison.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Properties. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information provided by the Company and the PRC legal opinion provided by the PRC legal adviser, GFE Law Office, on the PRC Law regarding the Properties located in the PRC.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificates.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

No allowance has been in our valuations for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have assumed that the owner of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner or permitted to be occupied by the owner.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate.

Other special assumptions of the Properties, if any, have been stated in the footnotes of the respective valuation certificates.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificates are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land areas or building areas in respect of the property but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Mr. Robert Hu has inspected the Properties included in the attached valuation certificates on 27–28 September 2017. No structural survey has been made and we are therefore unable to report as to whether the Properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 8 to the GEM Listing Rules Governing the listing of securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

We hereby certify that we have neither present nor prospective interest in the real Properties or the values reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

We enclose herewith our valuation certificates.

Yours faithfully,
For and on behalf of
D&P China (HK) Limited
Calvin K.C. Chan
CFA, MRICS, MHKIS, MCIREA, RPS (GP)
Director

Notes:

Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 20 years' experience in valuation of properties in the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with that takeovers and mergers.

Mr. Robert Hu, who is a Chinese Registered Real Estate Appraiser has over 20 years' experience in valuation of properties in the PRC.

SUMMARY OF VALUES

Group I — Properties held for Owner-Occupation

No.	Property	Market Value in Existing State as at 30 April 2018 *(RMB)*
1.	Phase 1, Portion of Phase 2 and Portion of Phase 3 of the port located at Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province, the PRC 中國安徽省池州市經濟技術開發區江口港區之港口一期，二期部份及三期部份	222,000,000
2.	A Port located in Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province, the PRC 中國安徽省池州市貴池區前江工業園之港口	102,900,000
3.	Qiupudong Road Residential/Commercial Building located on the Right side of Guizhong Damen, Qiupudong Road, Guichi District, Chizhou City, Anhui Province, the PRC 中國安徽省池州市貴池區秋浦東路貴中大門右側秋浦東路商住樓	800,000
	Sub-total:	**325,700,000**

Group II — Property held for Investment

No.	Property	Market Value in Existing State as at 30 April 2018 *(RMB)*
4.	Portion of Phase 2, Portion of Phase 3 of the port located in Jiangkou Port Area and Logistic Park Lingang Park Area of Economic and Technological Development Zone, Chizhou City, Anhui Province, the PRC 中國安徽省池州市經濟技術開發區江口港區之港口二期部份，港口三期部份以及臨港園區之物流園	29,000,000
	Sub-total:	**29,000,000**
	Grand-Total:	**354,700,000**

VALUATION CERTIFICATE

Group I — Properties held for Owner-Occupation

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 30 April 2018
1.	Phase 1, Portion of Phase 2 and Portion of Phase 3 of the port located at Jiangkou Port of Economic and Technological Development Zone, Chizhou City, Anhui Province, the PRC 中國安徽省池州市經濟技術開發區江口港區之港口一期，二期部份及三期部份	The Property comprises a single storey warehouse, a 5-storey composite building, a pump room, a power distribution room, a pound room and other ancillary facilities of a port erected on 4 land parcels with a total site area of approximately 314,193.35 square metres. The total gross floor area of the buildings is approximately 11,118.60 square metres. They were built in between 2004 and 2013. The land use terms of the Property were granted for terms expiring on 29 September 2058, 3 January 2059 and 19 January 2061 respectively for port, industrial and transportation (for port) purposes.	The Property is currently occupied by the Group for office, warehouse, berth, stacking areas, workshops and other ancillary port facilities uses.	RMB222,000,000

Notes:

1. Pursuant to four State-owned Land Use Rights Certificates (國有土地使用證), Chi Tu Guo Yong 2008 Di No. CHZ-252/2008, Chi Guo Yong 2011 Di No. 125 and Chi Tu Guo Yong 2013 Di Nos. 125–126, issued by the People's Government of Chizhou City (池州市人民政府) dated 24 November 2008, 20 June 2011 and 31 May 2013 respectively, the land use rights of the Property are held by Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司") for terms expiring on 29 September 2058, 19 January 2061 and 3 January 2059 respectively for port, industrial and transportation (for port) purposes. The salient summary of the land parcels are as follows:

No.	Certificate No.	Land Use Term Expiry	Phase of Port	Site Area *(sq.m.)*	Uses
1	Chi Tu Guo Yong 2008 Di No. CHZ- 252/2008	29 September 2058	Phase 1	113,728.76	Port
2	Chi Tu Guo Yong 2011 Di No. 125	19 January 2061	Phase 3	65,216(#1)	Industrial, Transportation (For Port)
3	Chi Tu Guo Yong 2013 Di No. 125	3 January 2059	Phase 2	80,071.50	Port
4	Chi Tu Guo Yong 2013 Di No. 126	3 January 2059	Phase 2	55,177.09(#2)	Port
			Total:	**314,193.35**	

(#1) *The total site area of this land parcel is 177,029.00 sq.m., of which 36,666 sq.m. was agreed to be sold out, 65,216 sq.m. is owner-occupied whereas the remaining portion 75,147.00 sq.m. (see Property 4) is intended to be leased out to third party. The change of titleship of the abovementioned 36,666 sq.m. land parcel is in process. However, we have not considered such land parcel in the course of our valuation as of the Valuation Date.*

(#2) *The total site area of this land parcel is 66,577.10 sq.m. of which 55,177.09 sq.m. was owner-occupied and the remaining portion (see Property 4) was leased out to third party as of the valuation date.*

2. Pursuant to five Real Estate Rights Certificates and five Real Property Rights Certificate (房地產權證、不動產權證), issued by Chizhou Real Estate Management Bureau (池州房地產管理局) and Chizhou Real Estate Registration Bureau (池州市不動產登記局), the building ownership rights of the Property with a total gross floor area of approximately 11,118.60 square metres are held by Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司") ("**Chizhou Port Holdings**"). The salient details are tabulated below:

No.	**Building Name**	**Certificate No.**	**No. of Storey**	**Gross Floor Area** *(sq.m.)*
1	Pump Room	Fang Di Quan Chi Zi Di No. 0847944B	1	26.73
2	Power distribution room	Fang Di Quan Chi Zi Di No. 0847945B	2	253.05
3	Warehouse	Fang Di Quan Chi Zi Di No. 0847946B	1	5,128.22
4	Composite Room	Fang Di Quan Chi Zi Di No. 0847947B	5	2,004.40
5	Pound Room	Fang Di Quan Chi Zi Di No. 0847948B	1	45.02
6	Canteen Works	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012526	2	1,058.30
7	New Office	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012528	5	2,134.06
8	Center Substation works	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012530	1	196.26
9	Tool Library Works	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012534	1	136.28
10	Duty Room & Staff Lounge	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012532	1	136.28
			Total:	**11,118.60**

3. The PRC legal opinion states, inter alias, that:

a. Chizhou Port Holdings possesses the proper title of the land use rights and building ownership rights of the Property as captioned in Notes 1 and 2 above and is entitled to use, transfer, lease out or mortgage the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

b. Pursuant to two Real Property Rights Certificate (不動產權證), issued by Chizhou Real Estate Registration Bureau (池州市不動產登記局), Wan (2017) Chizhou City Real Property Rights Di No. 0138451 and Wan (2017) Chizhou City Real Property Rights Di No. 0138449, the site improvement rights of the Property with gross floor area of 3,468 square metres and 5,952 square metres respectively are held by Chizhou Port Holdings, which are entitled to use, transfer, lease out or mortgage the site improvement of the Property.

c. Pursuant to the two Highest Amount Mortgage Agreements (最高抵押合同) provided, the land use rights for construction of Land Parcel Nos. 3 and 4 of the Property (as captioned in Note 1 above) and site improvement (as captioned in Note 3 above) were subject to mortgages with Chizhou Jiuhua Rural Commercial Bank — Fu Xue Sub-branch ("**Commercial Bank**") or Huishang Bank Corporation Limited — Chizhou Sub-branch ("**Huishang Bank**"). Pursuant to the State-owned Land Use Certificates (國有土地使用證) provided (as captioned in Note 1 above), mortgage registration in respect of the land use rights for construction of Land Parcel Nos. 3 and 4 of the Property (as captioned in Note 1 above) and site improvement of the Property have been made. Details of the agreements are as follows:

No.	**Agreement No.**	**Bank**	**Date of Agreement**	**Term Start**	**Term End**	**Highest Balance Amount** *(RMB)*
1	(Fu Xue Zhi) Xing Zui Gao E Di (Zhi) Zi Di No. 7733612013130013	Commercial Bank	22 August 2013	26 August 2013	26 August 2019	34,500,000
2	2018 Nian Gao Di Di No. 05	Huishang Bank	N/A	N/A	N/A	8,000,000
					Total	**42,500,000**

4. Our valuation has been made on the following basis and analysis:

   In determining the market value of this property, we have adopted the general accepted cost approach for specific purpose-built port property. For land portion, we have made reference to both industrial and port land comparables recently transacted in the proximity. The unit rates of these land comparables are ranging from RMB152 per square metre to RMB173 per square metre. With regards to the differences in the characteristics of the land parcels of the Property and land comparables, we have made appropriate adjustments. The average unite rate of the land of the Property adopted is about RMB171 per square metre.

   For the Buildings and site improvement, costs of replacement new have been estimated based on the cost data of industrial property searched in the market, while we have considered the original costs of some specific structures like berth and stacking area. The depreciation is based on the observed conditions, with consideration given to the age and economic life of the improvements and remaining land tenure. The average unit rate of the buildings adopted is about RMB1,200 per square metre.

5. Chizhou Port Holdings is an indirect non wholly-owned subsidiary of the Group.

6. As informed by the Company, portion of land with site area of about 36,666 square meters, held under the Land Use Rights Certificate Chi Tu Guo Yong 2011 Di No.125, was transferred to a third party at a consideration of approximately RMB6,160,000 in March 2018. The said consideration falls within the reasonable range of our valuation and the unit rate is similar to our market value of the subject Property. However, we have not considered such transaction in the course of our valuation as of the Valuation Date of this report.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 30 April 2018
2.	A Port located in Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province, the PRC 中國安徽省池州市貴池區前江工業園之港口	The Property comprises stacking areas, berth and other ancillary port facilities erected on two land parcels with a total site area of approximately 118,177 square metres. There are six buildings erected on the land parcels of the Property with a total gross floor area of approximately 1,598.55 square metres. They were built in between 2015 and 2017. The respective Building Ownership Certificates or Real Estate Rights Certificates have not been obtained. The land use terms of the Property were granted both for a term expiring on 15 September 2064 for logistic and port purposes.	The Property is currently occupied by the Group for stacking area, berth and ancillary port facilities uses.	RMB102,900,000

Notes:

1. Pursuant to two State-owned Land Use Rights Grant Contracts (國有建設用地使用權出讓合同), No. 3417022014B00169 and 3417022014B00170, entered into between Chizhou City Land Resources Bureau — Guichi Branch (“**Grantor**”) and Chizhou Ocean Line Niutoushan Limited (池州遠航牛頭山港務有限公司) (“**Grantee**”) dated 1 September 2014, the land use rights of the Property with a total site area of 118,177 square metres have been granted to Chizhou Ocean Line Niutoushan Limited at a total consideration of RMB16,800,000 for a term of 50 years for port and logistic uses. The salient details are as follows:

Contract No.	Site Area	Land Use	Land Premium	Land Use Term
Gui 2014-7	82,721 sq.m.	Port	RMB11,450,000	50 years
Gui 2014-8	35,456 sq.m.	Logistic	RMB5,350,000	50 years
Total	**118,177 sq.m.**		**RMB16,800,000**	

2. Pursuant to two State-owned Land Use Rights Certificates (國有土地使用證), Chi Tu Guo Yong (2014) Di Nos. 142 and 143, issued by the People’s Government of Chizhou City (池州市人民政府) dated 21 October 2014, the land use rights of the Property are held by Chizhou Ocean Line Niutoushan Limited (池州遠航牛頭山港務有限公司) both for a term expiring on 15 September 2064 for logistic and port purposes.

3. Pursuant to five Real Property Rights Certificates (不動產權證), issued by Chizhou Real Estate Registration Bureau (池州市不動產登記局), the building ownership rights of the Property with a total gross floor area of approximately 1,549.53 square metres are held by Chizhou Ocean Line Niutoushan Limited (池州遠航牛頭山港務有限公司). The salient details are tabulated below:

No.	Building Name	Certificate No.	No. of Storey	Gross Floor Area *(sq.m.)*
1	Canteen	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0014724	2	993.08
2	Power distribution room	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0014726	1	154.78
3	Riverfront weighbridge and foundation	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0014728	1	48.42
4	Staff Dormitory	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0014722	1	222.75
5	Staff Canteen	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0014720	1	130.50
			Total:	**1,549.53**

4. The PRC legal opinion states, inter alias, that:

(a) Chizhou Ocean Line Niutoushan Limited ("池州遠航牛頭山港務有限公司") ("**Chizhou Niutoushan**") possesses the proper title of the land use rights and building ownership rights of the Property as captioned in Notes 2 and 3 above.

(b) Pursuant to a Real Property Rights Certificate (不動產權證), issued by Chizhou Real Estate Registration Bureau (池州市不動產登記局), Wan (2017) Chizhou City Real Property Rights Di No. 00138447, the site improvement rights of the Property with a total gross floor area of 5,032 square metres are held by Chizhou Niutoushan, which is entitled to use, transfer, lease out or mortgage the site improvement of the Property.

(c) Pursuant to the two Highest Amount Mortgage Agreements (最高抵押合同) provided, the site improvement of the Property was subject to mortgages with Huishang Bank Corporation Limited — Chizhou Sub-branch ("**Huishang Bank**"). Pursuant to the Real Property Rights Certificate (不動產權證) provided, mortgage registration in respect of the site improvement ownership rights of the Property have been made. Details of the agreements are as follows:

No.	**Agreement No.**	**Bank**	**Date of Agreement**	**Term Start**	**Term End**	**Highest Balance Amount** *(RMB)*
1	2018 Nian Gao Di Di No. 02	Huishang Bank	25 January 2018	25 January 2018	25 January 2023	14,000,000
2	2018 Nian Gao Di Di No. 06	Huishang Bank	12 March 2018	12 March 2018	12 March 2023	14,000,000
					Total	**28,000,000**

(d) As advised, there is a guard building with a gross floor area of 47.3 sq.m. has not been granted with Real Property Rights Certificate, the Company is applying for the relevant title document.

(e) According to the Civil Adjudication Notice (民事裁定書) ((2017) Zhe 0212 Min Chu 394, issued by the People's Court of Ningbo Yinzhou District dated 18 January 2017), there is a dispute between Zhongji Ningbo Bo Group Co., Ltd. and Chizhou Niutoushan, the cash amount of RMB 13 million or the same value assets have been preserved. On the other hand, according to "Notice of Assisting Execution" ((2017) Zhe 0212 Min Chu No. 394) issued by Ningbo Yinzhou District People's Court dated 20 January 2017, Civil Ruling ((2017) Zhe 0212 Min Chu No. 394) has taken legal effect, Chizhou Real Estate Registration Center is requested to assist in preserving the land use rights of the Property (as captioned in Note 1 above), the asset preservation period is three years from 20 January 2017 to 19 January 2020. According to Chinese law, property that is preserved according to law may not be transferred or mortgaged. Chizhou Niutoushan cannot transfer or pledge the land use rights and the building ownership rights of the Property (as captioned in Notes 1 and 3 above) during the above-mentioned preservation period.

5. Our valuation has been made on the following basis and analysis:

In determining the market value of this property, we have adopted the general accepted market approach in the course of our valuation. We have made reference to both industrial and port land comparables recently transacted in the proximity. The unit rates of these land comparables are ranging from RMB157 per square metre to RMB173 per square metre. With regards to the differences in the characteristics of the land parcels of the Property and land comparables, we have made appropriate adjustments. The total average unit rate of the land of the Property adopted is about RMB169 per square metre.

6. Chizhou Niutoushan is an indirect non wholly-owned subsidiary of the Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 30 April 2018
3.	6th Floor of the "Qiupudong Road Residential/Commercial Building" located on the Right side of Guizhong Damen, Qiupudong Road, Guichi District, Chizhou City, Anhui Province, the PRC 中國安徽省池州市貴池區秋浦東路貴中大門右側「秋浦東路商住樓」的第6層	The Property comprises the entire floor of 6th Floor of 6-storey residential/commercial building erected on a residential land parcel with a total site area of approximately 570 square metres. It was built in 2004. The total gross floor area of the building of the Property is approximately 110.76 square metres. The land use term of the Property was granted for terms expiring on 15 April 2049 for residential purposes.	The Property is currently occupied by the Group staff quarter uses.	RMB800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Chi Tu Guo Yong Commodity Housing Di No. 2614/2009, issued by the People's Government of Chizhou City (池州市人民政府) dated 9 June 2009, the land use rights of the Property are held by Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司") for terms expiring on 15 April 2049 for residential purposes.

2. Pursuant to a Real Estate Rights Certificate (房地產權證), Fang Di Quan Chi Zi Di No. 0950121B, issued by the Chizhou City Real Estate Management Bureau (池州市房地產管理局) dated 22 May 2009, the building ownership rights of the Property with a gross floor area of 110.76 square metres have been granted to by Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司").

3. The PRC legal opinion states, inter alias, that:

   Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司") ("**Chizhou Port Holdings**") possesses the proper title of the land use rights and building ownership rights of the Property as captioned in Notes 1 and 2 above and is entitled to use, transfer, lease out or mortgage the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

4. Our valuation has been made on the following basis and analysis:

   In determining the market value of this property, we have adopted the general accepted market approach for residential property. We have made reference to similar residential comparables recently transacted in the proximity. The unit rates of the comparables are ranging from RMB6,837 per square metre to RMB8,461 per square metre. With regards to the differences in the characteristics of the Property and comparables, we have made appropriate adjustments. The unit rate of the Property adopted is about RMB7,396 per square metre.

5. Chizhou Port Holdings is an indirect non wholly-owned subsidiary of the Group.

VALUATION CERTIFICATE

Group II — Property held for Investment

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 30 April 2018
4.	Portion of Phase 2, Portion of Phase 3 of the port located in Jiangkou Port Area and Logistic Park Lingang Park Area of Economic and Technological Development Zone, Chizhou City, Anhui Province, the PRC 中國安徽省池州市經濟技術開發區江口港區之港口二期部份，港口三期部份以及臨港園區之物流園	The Property comprises a portion (approximately 75,147 square metres) of Phase 3 Land of Property 1, a portion (approximately 11,400.01 square metres) of Phase 2 Land Property 1 and a logistic land parcel with a site area of approximately 54,667 square metres. There are three buildings, built in 2011, with a total gross floor area of about 4,205.68 square metres erected on the logistic land parcel of the Property. The land use terms of the Property were granted for terms expiring on 19 January 2061, 3 January 2059 and 15 May 2061 respectively for industrial and transportation (for port), port and logistic purposes.	The Property is currently leased to 12 independent third parties for logistic use for terms from 5 years to 15.25 years with the latest expiry date on 25 December 2018 at a total aggregated annual rent of about RMB1,743,999.	RMB29,000,000

Notes:

1. Pursuant to three State-owned Land Use Rights Certificates (國有土地使用證), Chi Guo Yong 2011 Di No. 125, Chi Tu Guo Yong 2013 Di No. 126 and Chi Tu Guo Yong 2013 Di No. 137, issued by the People's Government of Chizhou City (池州市人民政府) dated 20 June 2011, 31 May 2013 and 8 June 2013 respectively, the land use rights of the Property are held by Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司") for terms expiring on 19 January 2061, 3 January 2059 and 15 May 2061 respectively for industrial and transportation (for port), port and logistic purposes. The salient summary of the land parcels are as follows:

No.	Certificate No.	Land Use Term Expiry	Phase of Port	Site Area *(sq.m.)*	Uses
1	Chi Guo Yong 2011 Di No. 125	19 January 2061	Phase 3	75,147.00 (#1)	Industrial, Transportation (For Port)
2	Chi Tu Guo Yong 2013 Di No. 137	15 May 2061	—	54,667.00	Logistic
3	Chi Tu Guo Yong 2013 Di No. 126	3 January 2059	Phase 2	11,400.01 (#2)	Port
			Total	**141,214.01**	

(#1) The total site area of this land parcel is 177,029.00 sq.m., of which 75,147.00 sq.m. is intended to be leased out to third party, 36,666 sq.m. was sold out in March 2018, while the remaining portion 65,216 sq.m. was owner-occupied as of the valuation date. As advised, only 23,333.35 was leased out as of the valuation date.

(#2) The total site area of this land parcel is 66,577.10 sq.m., of which 11,400.01 sq.m. was leased out to third party, while the remaining portion was owner-occupied as of the valuation date.

2. Pursuant to three Real Property Rights Certificates (不動產權證), issued by Chizhou Real Estate Management Bureau (池州房地產管理局), the building ownership rights of the Property with a total gross floor area of approximately 4,205.68 square metres are held by Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司"). The salient details are tabulated below:

No.	Building Name	Certificate No.	No. of Storey	Gross Floor Area (sq.m.)
1	Workshop 2	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012536	1	1,809.06
2	Workshop 4	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012538	1	1,809.06
3	Composite Building	Wan (2017) Chi Zhou Shi Real Estate Rights Di No. 0012540	2	587.56
			Total:	**4,205.68**

3. The Property was subject to 13 tenancy agreements as of the valuation date and all these tenancy agreement were made between the Group to independent third parties at an aggregated annual rent of about RMB1,743,999. The salient details are as follows:

No.	Agreement Name & No.	Date Signed	Land located	Use	Leased Land Area (sq.m.) (approx.)	Leased Building Area (sq.m.)	Term Started	Term Ended	Annual Rent (RMB)
1	Chizhou Port Ocean Line Holdings Limited Logistics Processing Zone Site Lease Agreement (Chi Yuan Hang (2013) No. 56	10 December 2013	Land No. 2	Coal processing, stockpiling operation	16,666.68	—	1 March 2014	28 February 2029	125,000#1
2	Site Lease Agreement	15 August 2015	Land No. 2	Storage	4,000.00	—	15 August 2015	14 August 2024	78,000#2
3	Site Lease Agreement (No. YHWL2016004)	13 June 2016	Land No. 2	Storage	2,550.67	—	1 May 2016	30 April 2026	49,738#2
4	Site Lease Agreement (No. YHWL2016007)	4 August 2016	Land No. 2	Marble processing and storage	3,600.00	—	1 August 2016	31 July 2026	70,000
5	Site Lease Agreement (No. YHWL2016005)	22 April 2016	Land No. 3	Storage	5,333.34	—	22 April 2016	21 April 2026	104,000#3
6	Site Lease Agreement	28 October 2014	Land No. 2	Dolomite processing and storage	3,333.34	—	1 December 2014	30 November 2024	85,000#2
7	Lease Agreement and its Supplementary Agreement	12 December 2011 & 1 April 2012	Land No. 2	Storage Operation	4,634.00	Workshop Building, Composite Building 593 sq.m., Guardroom 38.6 sq.m.	1 January 2012	1 January 2022	359,461#4
8	Site Lease Agreement (No. YHJ(W)2017 013)	31 August 2017	Land No. 2	Materials Storage	4,720.00	—	1 September 2017	31 August 2027	92,040#2
9	Site Lease Agreement and its Supplementary Agreement (No. YHJ(W)2017 002)	26 December 2016	Land No. 1	Materials Storage and Processing	23,333.35	—	26 December 2016	25 December 2018	420,000#2
10	Site Lease Agreement (No. YHJ(W)2017 015)	18 April 2017	Land No. 2	Materials Storage and Processing	1,480.00	—	1 June 2017	31 May 2027	28,860#2
11	Site Lease Agreement (No. YHJ(W)2017 014)	12 May 2017	Land No. 2	Materials Storage and Processing	3,333.34	—	15 April 2017	14 April 2027	75,000#5
12	Site Lease Agreement (No. YHJ(W)2017 010)	1 May 2017	Land No. 2	Materials Storage and Processing	1,793.33	A Workshop Building 1,756 sq.m & two 2T electric hoists	1 May 2017	30 April 2022	175,000#2
13	Site Lease Agreement (No. YHJ(W)2017 012)	19 June 2017	Land No. 3	Materials Storage and Processing	6,066.67	—	1 April 2017	30 June 2032	81,900#6
				Total	**80,844.70**				**1,743,999**

#1: *The annual rent is exclusive of land use tax. There is rent review for every 3 years. There will be a total rent free when the lessee's loading fee of the leased property has reached RMB4,800,000/year.*

#2: The annual rent is inclusive of land use tax.

#3: The annual rent is exclusive of land use tax.

#4: The total annual rent is inclusive of both building rent and land rent.

#5: The annual rent is exclusive of land use tax. There is rent review for every 3 years. There will be a total rent free when the lessee's loading amount on the leased property has reached 400,000 tons/year.

#6: The annual rent is exclusive of land use tax. There is rent review for every 3 years. There will be a RMB2,000/mu rent free when the lessee's loading amount on the leased property has reached 200,000 tones/year before 31 December 2019. After that, a total rent free will be offered to the lessee for the loading amount at 200,000 tones/year or more.

4. The PRC legal opinion states, inter alias, that:

(a) Chizhou Port Ocean Line Holdings Limited ("池州港遠航控股有限公司") ("**Chizhou Port Holdings**") possesses the proper title of the land use rights and building ownership rights of the Property as captioned in Notes 1 and 2 above and is entitled to use, transfer, lease out or mortgage the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

(b) Pursuant to the provided the Highest Amount Mortgage Agreements (最高抵押合同), the land use rights for construction of Land No. 3 (as captioned in Note 1 above) of the Property were subject to mortgages with Chizhou Jiuhua Rural Commercial Bank — Fu Xue Sub-branch ("**Commercial Bank**"). Pursuant to the provided State-owned Land Use Rights Certificates (國有土地使用證) (as captioned in Note 1 above), the land use rights for construction of Land No. 3 (as captioned in Note 1 above) of the Property have been made mortgage registration. The salient details of the agreement are as follows:

Agreement No.	**Bank**	**Date of Agreement**	**Term Start**	**Term End**	**Highest Balance Amount** *(RMB)*
(Fu Xue Zhi) Xing Zui Gao E Di (Zhi) Zi Di No. 7733612013130013	Commercial Bank	22 August 2013	26 August 2013	26 August 2019	12,000,000
				Total	**12,000,000**

(c) The lease agreements as captioned in Note 3 above are legally valid and legally binding in between the lessor(s) and lessee(s).

(d) According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), the lessor and the lessee of building lease agreement should apply to the relevant construction (real estate) administrative authority for building lease registration. If a lessor or lessee fail to do so, the competent authority may order the parties to make correction within the given period. The parties who failed to apply for such registration within the given period required by the competent authority, may be subject to a penalty of not less than RMB1,000 but not more than RMB10,000 for each unregistered lease agreement. As advised by Chizhou Port Holdings, they have not yet apply for the lease registration for Lease Nos. 7 and 11 which involve buildings and have not received any notification, requirement and/or been subject to a penalty in respect of the non-registration lease agreement from the relevant authority. If Chizhou Port Holdings apply for such registration within the given period required by the competent authority, the possibility of the captioned penalty is extremely low.

5. Our valuation has been made on the following basis and analysis:

   In determining the market value of this property, we have adopted the general accepted market approach in the course of our valuation. We have made reference to both industrial and port land comparables recently transacted in the proximity. The unit rate of these land comparables are ranging from RMB152 per square metre to RMB173 per square metre. With regards to the differences in the characteristics of the land parcels of the Property and land comparables, we have made appropriate adjustments. The average unit rate of the Property adopted is about RMB168 per square metre.

6. Chizhou Port Holdings is an indirect non wholly-owned subsidiary of the Group.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 October 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 1 June 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles. Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed. An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 21 November 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 30 October 2017. Our Company's registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established its principal place of business in Hong Kong at Room 2715–16, 27th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 December 2017. In connection with such registration, Ms. Law Kit Yu, our company secretary, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operation is subject to the laws of the Cayman Islands and its constitution comprising the Memorandum and the Articles. A summary of certain provisions of our Company's constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The following alterations in the share capital of our Company have taken place since the date of its incorporation:

(a) on the date of incorporation of our Company, one nil-paid Share was allotted and issued to the initial subscriber, which was transferred to Vital Force on the same date at nil consideration;

(b) on 1 June 2018, our Company acquired from Mr. Kwai and Ms. Cheung (i) two shares in Ocean Line Chizhou, representing the entire issued share capital of Ocean Line Chizhou; and (ii) ten shares in Noble Century, representing the entire issued share capital of Noble Century in consideration of our Company allotting and issuing 99 new Shares to Vital Force (as directed by Mr. Kwai and Ms. Cheung), credited as fully paid and the crediting of the one nil-paid Share, which was registered in the name of Vital Force, as fully paid;

(c) pursuant to the written resolutions of the sole Shareholder passed on 1 June 2018, our Company increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by the creation of an additional 4,962,000,000 Shares of HK$0.01 each to rank *pari passu* in all respects with the existing Shares; and

(d) immediately following completion of the Public Offer and the Capitalisation Issue, the authorised share capital of our Company will be HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each and the issued share capital of our Company will be HK$8,000,000 divided into 800,000,000 Shares of HK$0.01 each, all fully paid or credited as fully paid and 4,200,000,000 Shares will remain unissued.

Save as aforesaid and as mentioned in the section headed "History, Reorganisation and corporate structure" in this prospectus, there has been no other alteration in the share capital of our Company since the date of its incorporation.

There is no present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

3. Written resolutions of the sole Shareholder passed on 1 June 2018

Pursuant to the written resolutions of the sole Shareholder passed on 1 June 2018:

(a) our Company approved and adopted the Memorandum with immediate effect and the Articles, with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares to rank *pari passu* with the existing Shares in all respects;

(c) conditional on (A) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Public Offer and the Capitalisation Issue or the exercise of any options which may be granted under the Share Option Scheme); and (B) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreement:

(i) the Public Offer was approved and our Directors were authorised to allot and issue the Offer Shares subject to the terms and conditions stated in this prospectus;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed "D. Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme and at their absolute discretion to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares upon the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

(iii) conditional upon the share premium account of our Company being credited as a result of the Public Offer, an amount of HK$5,999,999 which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of 599,999,900 Shares for allotment and issue to our sole Shareholder whose name appeared on the register of members of our Company at the close of business on 1 June 2018, and our Directors were authorised to give effect to the Capitalisation Issue and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank *pari passu* in all respects with all the then existing Shares;

(iv) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of a rights issue, any scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles, or under the Public Offer or the Capitalisation Issue or issue of Shares upon the exercise of any options which may be granted under the Share Option Scheme) Shares of not exceeding 20% of the total number of Shares in issue and as enlarged immediately following completion of the Public Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders at general meeting revoking or varying the authority given to our Directors, whichever is the earliest;

(v) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the Public Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders at general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and

(vi) conditional on the passing of the resolutions referred to in sub-paragraphs (iv) and (v) above, the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition of the number of Shares which may be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group, in preparation for the listing of our Shares on GEM. For information relating to the Reorganisation, please refer to the section headed "History, Reorganisation and corporate structure" in this prospectus.

5. Changes in share capital of subsidiaries of our Company

The subsidiaries of our Company are listed in the paragraph headed "A. Further Information about our Company — 7. Particulars of subsidiaries" in this appendix.

Save as disclosed in the section headed "History, Reorganisation and corporate structure" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of Shares

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of Shares.

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase Shares that are listed on GEM subject to certain restrictions.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) by a company listed on GEM must be approved in advance by an ordinary resolution of our Shareholders at general meeting, either by way of general mandate or by specific approval of a particular transaction.

The Repurchase Mandate was granted to our Directors by our sole Shareholder pursuant to the written resolutions of the sole Shareholder passed on 1 June 2018 authorising them to exercise all powers of our Company to repurchase Shares of not exceeding 10% of the total number of Shares in issue immediately following completion of the Public Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders at general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(c) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Under the Cayman Islands law, any repurchase of Shares by our Company may be made out of profits or share premium account of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the provisions of the Companies Law, out of capital.

(d) Trading restrictions

Our Company may repurchase up to 10% of the total number of Shares in issue immediately following completion of the Public Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing the Shares on GEM if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a share repurchase as the Stock Exchange may require. In addition, our Company is prohibited from repurchasing its Shares on GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on GEM.

(e) Status of Shares repurchased

All Shares repurchased (whether on GEM or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares repurchased may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(f) Suspension of repurchase

Repurchases of Shares are prohibited after inside information has come to the knowledge of our Company until such information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), our Company may not repurchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchases of Shares on GEM if our Company has breached the GEM Listing Rules.

(g) Reporting requirements

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on GEM or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchases, where relevant, and the aggregate prices paid. The directors' report is also required to contain reference to the repurchases made during the year and the directors' reasons for making such repurchases.

(h) Core connected persons

According to the GEM Listing Rules, a company is prohibited from knowingly repurchase securities on GEM from a "core connected person", that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to the company on GEM.

(i) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(j) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(k) General

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after completion of the Public Offer and the Capitalisation Issue, would result in up to 80,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge and belief having made all reasonable inquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate immediately after the listing of the Shares on GEM.

No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following completion of the Capitalisation Issue and the Public Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 80,000,000 Shares, being 10% of the total issued share capital of our Company based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 83.33% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the GEM Listing Rules requirements regarding the public float under Rule 11.23 of the GEM Listing Rules. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the GEM Listing Rules.

7. Particulars of subsidiaries

As at the Latest Practicable Date, our Group has seven subsidiaries, namely Ocean Line Chizhou, Chizhou Port Holdings, Noble Century, Ocean Line (Hong Kong), Yuan Hang Port, Chizhou Niutoushan and Chizhou Qianjiang. Set out below is a summary of the corporate information of the aforementioned subsidiaries:

(a) Ocean Line Chizhou

Place of incorporation:	British Virgin Islands
Date of incorporation:	9 October 2007
Registered Office:	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110
Nature:	Limited liability company
Principal business activities:	Investment holding
Issued share capital:	US$2.00
Paid up share capital:	US$2.00
Shareholder:	Our Company

(b) Chizhou Port Holdings

Place of establishment:	PRC
Date of establishment:	18 December 2007
Registered Office:	安徽省池州市經濟技術開發區江口港區一期工程綜合樓 (for transliteration purpose only, economic and technology development zone, Jiangkou Port, Phase One, comprehensive building, Chizhou City, Anhui Province)
Nature:	Limited liability company (Sino-foreign joint venture)
Principal business activities:	Cargo uploading and unloading, container heaping, storage services at our terminals prior to and/or after shipments, short distance road transportation services as requested by our customers as well as modern logistics integrated services
Registered capital:	RMB200 million
Shareholders:	72% by Ocean Line Chizhou and 28% by an independent third party

(c) Noble Century

Place of incorporation:	British Virgin Islands
Date of incorporation:	26 April 2017
Registered Office:	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Nature:	Limited liability company
Principal business activities:	Investment holding
Issued share capital:	US$10.00
Paid up share capital:	US$10.00
Shareholder:	Our Company

(d) Ocean Line (Hong Kong)

Place of incorporation:	Hong Kong
Date of incorporation:	30 October 2017
Registered Office:	Room 2715–16, 27th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong
Nature:	Limited liability company
Principal business activities:	Investment holding
Issued share capital:	HK$1.00
Paid up share capital:	HK$1.00
Shareholder:	Noble Century

(e) Yuan Hang Port

Place of establishment:	PRC
Date of establishment:	28 November 2017
Registered Office:	安徽省池州市貴池區經濟技術開發區江口港區 (for transliteration purpose only, Jiangkou Port, Economic and Technological Development Zone, Guichi District, Chizhou City, Anhui Province)
Nature:	Limited liability company

Principal business activities:	Investment holding
Registered capital:	RMB500,000
Shareholder:	Ocean Line (Hong Kong)

(f) Chizhou Niutoushan

Place of establishment:	PRC
Date of establishment:	11 April 2012
Registered Office:	安徽省池州市貴池區牛頭山鎮前江工業園區 (for transliteration purpose only, Niutoushan Qianjiang, Industrial Zone, Guichi County, Chizhou City, Anhui Province)
Nature:	Limited liability company
Principal business activities:	Cargo uploading and unloading and storage services
Registered capital:	RMB80 million
Shareholder:	61.675% by Chizhou Port Holdings 33.325% by Yuan Hang Port 5% by an independent third party

(g) Chizhou Qianjiang

Place of establishment:	PRC
Date of establishment:	27 October 2015
Registered Office:	安徽省池州市貴池區牛頭山鎮前江工業園區 (for transliteration purpose only, Niutoushan Qianjiang, Industrial Zone, Guichi County, Chizhou City, Anhui Province)
Nature:	Limited liability company
Principal business activities:	Leasing of terminal equipment to Chizhou Niutoushan
Registered capital:	RMB2,200,000
Shareholder:	Yuan Hang Port

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by us or any member of our Group within two years immediately preceding the date of this prospectus, and are or may be material:

(a) the asset transfer agreement dated 1 January 2017 and entered into between Chizhou Niutoushan and Anhui Ocean Line in relation to the acquisition of certain terminal facilities by Chizhou Niutoushan from Anhui Ocean Line at a total consideration of approximately RMB11,634,000;

(b) the equity transfer agreement dated 10 March 2018 and entered into between Yuan Hang Port and Anhui Ocean Line for the transfer of 33.325% registered capital in Chizhou Niutoushan from Anhui Ocean Line to Yuan Hang Port, at a consideration of RMB1.00;

(c) the equity transfer agreement dated 10 March 2018 and entered into between Yuan Hang Port and Anhui Ocean Line for the transfer of the entire registered capital in Chizhou Qianjiang from Anhui Ocean Line to Yuan Hang Port, at a consideration of RMB1.00;

(d) the agreement for sale and purchase dated 1 June 2018 and entered into among our Company, Mr. Kwai and Ms. Cheung for the transfer of the entire issued share capital of Ocean Line Chizhou and Noble Century in consideration of our Company allotting and issuing 99 new Shares, credited as fully paid, to Mr. Kwai and Ms. Cheung (or their nominee) and the crediting of the one nil-paid Share, which was registered in the name of Vital Force, as fully paid;

(e) the Deed of Indemnity;

(f) the Deed of Non-competition; and

(g) the Underwriting Agreement.

2. Intellectual property rights

(a) Trademark

As at the Latest Practicable Date, our Group was the registered owner of the following trademark in Hong Kong:

Trademark	Name of registrant	Class(es)	Validity period	Registration No.
遠航港口發展有限公司 OCEAN LINE PORT DEVELOPMENT LIMITED	our Company	35, 39	4 December 2017– 3 December 2027	304355460

(b) Domain Name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registered owner	Registration date	Expiry date
www.oceanlineport.com	our Company	6 November 2017	6 November 2018

Information contained in the above websites does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, registered designs, patents or other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests and short positions of Directors and the chief executives of our Company in the shares, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Public Offer and the Capitalisation Issue (without taking into account of any Shares that may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register required to be kept therein, or which once the Shares are listed, will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

(a) Long position in our Shares

Name of Director	Capacity/Nature of interest	Number of Shares held*(Note 1)*	Percentage of issued share capital
Mr. Kwai	Interest of a controlled corporation*(Note 2)*	600,000,000 (L)	75%
Ms. Cheung*(Note 3)*	Interest of a controlled corporation*(Note 2)*	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. Vital Force is legally and beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung. Mr. Kwai and Ms. Cheung are deemed to be interested in all the Shares held by Vital Force under Part XV of the SFO.
3. Ms. Cheung is the spouse of Mr. Kwai.

(b) Long position in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity/Nature of interest	Number of Shares held(Note 1)	Percentage of issued share capital
Vital Force	Mr. Kwai	Beneficial owner(Note 2)	12 (L)	60%
Vital Force	Ms. Cheung(Note 3)	Beneficial owner(Note 2)	8 (L)	40%

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. Vital Force is legally and beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung. Mr. Kwai and Ms. Cheung are deemed to be interested in all the Shares held by Vital Force under Part XV of the SFO.
3. Ms. Cheung is the spouse of Mr. Kwai.

2. Interests and/or short positions of substantial Shareholders in the shares, and underlying shares of our Company and its associated corporations

So far as our Directors are aware, immediately following completion of the Public Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who will be, directly or indirectly, interested in 10% or more of the Shares carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in our Shares

Name	Capacity	Number of Shares held(Note 1)	Percentage of issued share capital
Vital Force	Beneficial owner(Note 2)	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes to the long position in the Shares.

2. Vital Force is legally and beneficially owned as to 60% by Mr. Kwai and 40% by Ms. Cheung. Mr. Kwai and Ms. Cheung are deemed to be interested in all the Shares held by Vital Force under Part XV of the SFO.

3. Particulars of services contracts

Each of Mr. Kwai and Mr. Huang, all being our executive Directors, has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our executive Directors is entitled to their respective basic salary set out below.

Our non-executive Director and each of our independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Our non-executive Director and each of our independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. Directors' remuneration

(i) For FY2015, FY2016 and FY2017, the aggregate remuneration paid and benefits in kind granted by our Group to our Directors were approximately RMB0.3 million, RMB0.3 million and RMB0.3 million, respectively.

(ii) Under the arrangements currently in force, the aggregate remuneration payable by our Group to and benefits in kind receivable by our Directors for FY2018 is expected to be approximately HK$1.2 million.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of FY2015, FY2016 and FY2017 (a) as an inducement to join or upon joining our Company or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any remuneration for each of FY2015, FY2016 and FY2017.

(v) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	*HK$*
Mr. Kwai	336,000
	RMB
Mr. Huang Xueliang	880,000
Non-executive Director	*HK$*
Ms. Cheung	240,000
Independent non-executive Directors	*HK$*
Mr. Wong Chin Hung	180,000
Mr. Nie Rui	180,000
Dr. Li Weidong	180,000

Each of the above remunerations is determined by our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

(vi) Each of our Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under his/her service contract.

5. Agency fees or commissions received

The Underwriters will receive an underwriting commission, and the Sponsor will receive a documentation/advisory fee, as referred to under the section headed "Underwriting — Commission and expenses" in this prospectus.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries.

6. Related party transactions

Save as disclosed in note 33 to the Accountants' Report set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Group has not engaged in any other material related party transactions.

7. Disclaimers

Save as disclosed in this prospectus:

(i) Our Directors are not aware of any person who immediately following completion of the Public Offer will have an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the Shares carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

(ii) none of our Directors or chief executives of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests or short positions in our Shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of the SFO) or any interests which will be required to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;

(iii) none of our Directors nor any of the persons whose names are listed in the section headed "E. Other Information — 6. Qualifications of experts" in this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(iv) none of our Directors nor any of the persons whose names are listed in the section headed "E. Other Information — 6. Qualifications of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(v) none of the parties whose names are listed in the section headed "E. Other Information — 6. Qualifications of experts" in this appendix (a) is interested legally or beneficially in any securities of any member of our Group; or (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(vi) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest supplier of our Group.

D. SHARE OPTION SCHEME

1. Summary of the terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner who, in the absolute discretion of our Board, has contributed or may contribute to our Group (the "**Eligible Participants**") as incentive or reward for their contribution to our Group to subscribe for our Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in our Shares on the Stock Exchange or an integral multiple thereof.

(c) Price of our Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of our Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of our Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

(i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the date of approval of the Share Option Scheme. On the basis of a total of 800,000,000 Shares in issue as at the Listing Date, the relevant limit will be 80,000,000 Shares, which represent 10% of the issued Shares on the Listing Date. Our Company may seek approval by our Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(ii) Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to our Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

(iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.

(iv) If our Company conducts a share consolidation or subdivision after the 10% limited has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the share option schemes (including the Share Option Scheme) of our Company under the 10% limit as a percentage of the total number of Shares at the date immediately before and after such consolidation or subdivision shall be the same.

(v) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of our Shares in issue. Where any further grant of options to an Eligible Participant would result in our Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person). Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before our Shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot our Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by our Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or estate of the grantee) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by our Directors under the following circumstances:

(i) after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and

(ii) during the period commencing one month immediately preceding the earlier of:

(aa) the date of the Board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and

(bb) the deadline for our Company to announce its results for any year, half year or quarter-year period under Rule 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

For the avoidance of doubt, no option may be granted during any period of delay in the publication of a results announcement.

(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

In the event of the grantee ceasing to be an Eligible Participant by resignation, retirement, expiry of employment contract or termination of employment for any reason other than any of the events specified in this paragraph above or paragraph (i) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors may determine otherwise in which event the grantee or as appropriate, his personal representative(s), may exercise the option (to the extent not already exercised) in whole or in part within a period of three months following the date of such cessation or termination or, if any of the events referred to in paragraph (l) or (m) occurs during such period, exercise the Option pursuant to paragraph (l) or (m) respectively.

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is any employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time at its absolute discretion cancel any option granted but not exercised.

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), repurchase, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(aa) the number or nominal amount of our Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(bb) the subscription price; and/or

(cc) the maximum number of Shares referred to in paragraph (d); and/or

(dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

(1) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

(2) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

(3) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(4) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(5) to the advantage in any respect of the grantee without specific prior approval of our Shareholders.

(B) in respect of any such adjustment, other than any made on a capitalisation issue, the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements set out in the above.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided in the Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alterations to the terms of the Share Option Scheme

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of our Directors except that the following alterations shall require the prior sanction of an ordinary resolution of our Shareholders in general meeting (with all grantees, prospective grantees and their close associates abstaining from voting and the votes taken by poll):

(i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Eligible Participant without the prior approval of our Shareholders in general meeting;

(ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and

(iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

(i) the Listing Committee granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;

(ii) commencement of dealings in Shares on the GEM; and

(iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal in Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to core connected persons or any of their associates

Each grant of options to any of our Directors, chief executive of our Company or substantial Shareholder or an independent non-executive Director (as defined in the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of his associates, would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1 per cent. of our Shares in issue; and

(ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by Shareholders. Our Company must send a circular to our Shareholders. All the grantee, his close associates and all core connected persons of the Company must abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

(i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before our Shareholders' meeting and the date of the meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and

(iii) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder of or an independent non-executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraphs (i) or (n) or subparagraph (iv) below;

(iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);

(iv) the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute);

(v) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (g) by the grantee in respect of that or any other option;

(vi) the date of the commencement of the winding-up of our Company referred to in paragraph (m);

(vii) the date on which the grantee commits a breach of paragraph (g); and

(viii) the date on which the option is cancelled by our Board as set out in paragraph (j).

(v) Termination

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Miscellaneous

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, our Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of our Shares in issue upon completion of the Public Offer and the Capitalisation Issue.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that our Board will not approve the exercise of any option if as a result of which our Company will not be able to comply with the public float requirements under the GEM Listing Rules.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Each of our Controlling Shareholders and our Company entered into the Deed of Indemnity referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in this appendix, under which they have given joint and several indemnities in favour of our Group in respect of, among other things, (a) the amount of any and all taxation falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any event or transaction entered into or occurring on or before the Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and (b) any liability for estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent or similar thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Listing Date.

The indemnity contained above shall not apply:

(i) to the extent that full provision or reserve has been made for such taxation in the audited combined financial statements of our Group for each of the year ended 31 December 2015, 31 December 2016 and 31 December 2017, as set out in Appendix I to this prospectus; or

(ii) to the extent that such taxation would not have arisen but for some act or omission of, or transaction entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations of that company or carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date;

(iii) to the extent that any provisions or reserve made for taxation in the audited combined financial statements of our Group for each of the year ended 31 December 2015, 31 December 2016 and 31 December 2017, which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied pursuant to the Deed of Indemnity to reduce the indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

(iv) to the extent that such taxation liability or claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules or regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department, the taxation authority (whether in Hong Kong, the PRC or any part of the world) coming into force after the Listing Date or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect.

Under the Deed of Indemnity, our Controlling Shareholders have also given indemnities in favour of our Group whereby they would jointly and severally indemnify and at all times keep each member of our Group fully indemnified on demand from and against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group (i) as a result of directly or indirectly or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules or regulations of any jurisdiction by any member of our Group on or before the Listing Date; (ii) as a result of directly or indirectly or in connection with any litigation (including but not limited to the Litigation Cases), proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body which (i) our Group, their respective directors and/or licensed representatives or any of them is/are involved; and/or (ii) arises due to some act or omission of, or transaction voluntarily effected by, our Group or any member of our Group (whether alone or in conjunction with some other act, omission or transaction) on or before the Listing Date.

The indemnity contained above shall not apply to the extent that provision has been made for such claim in the audited combined financial statements of our Group for each of the year ended 31 December 2015, 31 December 2016 and 31 December 2017. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Hong Kong and other jurisdictions in which the companies comprising our Group are incorporated.

2. Litigation

As at the Latest Practicable Date and save as disclosed in this prospectus, neither our Company nor any of our subsidiaries was engaged in any litigation or arbitration of material importance, and no litigation or claim of material importance was known to our Directors to be pending or threatened against our Company or any of our subsidiaries which would have a material adverse effect on our business, result of operations or financial conditions.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of any options which may be granted under the Share Option Scheme.

The Sponsor satisfies the independence criteria applicable to sponsors under Rule 6A.07 of the GEM Listing Rules. The Sponsor is entitled to the sponsor's fee in the amount of HK$4,800,000.

4. Preliminary expenses

The preliminary expenses of our Company are approximately US$6,000 and have been paid by our Company.

5. Promoter

(a) Our Company has no promoter for the purpose of the GEM Listing Rules.

(b) Within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter of our Company in connection with the Public Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The qualifications of the experts who have given opinions and/or advice which are included in this prospectus are as follows:

Name:	Qualifications
Alliance Capital Partners Limited	Licensed corporation holding a licence to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
BDO Financial Services Limited	IC Adviser
BDO Limited	Certified Public Accountants
China Insights Consultancy Limited	Independent industry consultant
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
D&P China (HK) Limited	Property valuer
GFE Law Office	Legal advisers as to PRC law

7. Consents of experts

Each of the experts named in the section headed "E. Other Information — 6. Qualifications of experts" in this appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or the references to its name included herein in the form and context and/or opinion in which they are respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Share registrars

Our Company's principal register of members will be maintained in the Cayman Islands by our Cayman Islands share registrar, Conyers Trust Company (Cayman) Limited, and a branch register of members will be maintained in Hong Kong by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company will appoint the Sponsor as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

11. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

12. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(b) no share, warrant or loan capital of Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(d) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;

(e) our Company has no outstanding convertible debt securities;

(f) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares or management shares or deferred shares or any debentures;

(g) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;

(h) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2017 (being the date to which the latest audited combined financial statements of our Group were made up);

(i) there has not been any interruption in the business of our Group which may have or have had a material adverse effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus;

(j) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and

(k) none of the experts listed in the section headed "E. Other Information — 6. Qualifications of experts" in this appendix:

    (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

    (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed "Statutory and General Information — E. Other Information — 7. Consents of experts" in Appendix V to this prospectus and a copy of each of the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co. at 19th Floor, Prosperity Tower, No. 39 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the accountants' report of our Group prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;

(c) the report on unaudited pro forma financial information of our Group issued by BDO Limited, the text of which is set out in Appendix II to this prospectus;

(d) the audited combined financial statements of our Group for the three years ended 31 December 2017;

(e) the letter, a summary of values and valuation certificates relating to our property interests prepared by D&P China (HK) Limited, the text of which is set out in Appendix III to this prospectus;

(f) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;

(g) the Companies Law;

(h) the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further Information about the business of our Group — 1. Summary of material contracts" in Appendix V to this prospectus;

(i) the service contracts and letters of appointment referred to in the paragraph headed "Statutory and General Information — C. Further information about our Directors and substantial shareholders — 3. Particulars of service contracts" in Appendix V to this prospectus;

(j) the Share Option Scheme;

(k) the CIC Report;

(l) the internal control report prepared by BDO Financial Services Limited;

(m) the written consents referred to in the paragraph headed "Statutory and General Information — E. Other information — 7. Consents of experts" in Appendix V to this prospectus; and

(n) the PRC legal opinions issued by GFE Law Office, the legal adviser to our Company as to PRC laws.

遠航港口發展有限公司
OCEAN LINE PORT DEVELOPMENT LIMITED