



EVER HARVEST GROUP HOLDINGS LIMITED

永豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1549

GLOBAL OFFERING

Sole Sponsor



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

Sole Global Coordinator and Sole Bookrunner



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Securities (Hong Kong) Limited

Joint Lead Managers



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Securities (Hong Kong) Limited

Convoy Investment Services Limited
康宏証券投資服務有限公司

IMPORTANT

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



EVER HARVEST GROUP HOLDINGS LIMITED

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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	350,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	35,000,000 Shares (subject to reallocation)
Number of International Placing Shares	:	315,000,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	:	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	:	1549

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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 and Available for Inspection" in Appendix V to this prospectus, has been registered by 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 Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Thursday, 30 June 2016 and, in any event, not later than Monday, 4 July 2016. The Offer Price will be not more than HK\$0.38 and is currently expected to be not less than HK\$0.30. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK\$0.38 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.38.

The Sole Global Coordinator (for itself and on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the indicative offer price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer on Tuesday, 28 June 2016, cause to be published in The Standard (in English) and Hong Kong Economic Times (in Chinese) notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notices will also be available at our Company's website at www.xhsl.com.hk and the website of the Stock Exchange at www.hkexnews.hk. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on or before Monday, 4 July 2016, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. securities laws.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

23 June 2016

EXPECTED TIMETABLE⁽¹⁾

We will issue an announcement in Hong Kong to be published in The Standard (in English) and Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at www.hkexnews.hk and our website at www.xhsl.com.hk if there is any change in the following expected timetable of the Hong Kong Public Offer.

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website www.hkeipo.hk⁽³⁾ 11:30 a.m. on Tuesday, 28 June 2016

Application lists open⁽²⁾ 11:45 a.m. on Tuesday, 28 June 2016

Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC⁽⁴⁾ 12:00 noon on Tuesday, 28 June 2016

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on Tuesday, 28 June 2016

Application lists close⁽²⁾ 12:00 noon on Tuesday, 28 June 2016

Expected Price Determination Date⁽⁵⁾ Thursday, 30 June 2016

Announcement of the Offer Price, the indication of the levels of interest in the International Placing, the results of applications in respect of the Hong Kong Public Offer and the results and basis of allotment under the Hong Kong Public Offer to be published in The Standard (in English) and Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.xhsl.com.hk⁽⁸⁾ from Tuesday, 5 July 2016

Results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus, including the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.xhsl.com.hk⁽⁸⁾ from Tuesday, 5 July 2016

Results of allocations in the Hong Kong Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function Tuesday, 5 July 2016

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offer on or before⁽⁶⁾ Tuesday, 5 July 2016

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/ refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before⁽⁷⁾ Tuesday, 5 July 2016

Dealings in Shares on the Stock Exchange to commence at 9:00 a.m. on Wednesday, 6 July 2016

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) Unless otherwise stated, all times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus. If there is any change in this expected timetable, an announcement will be published in *The Standard* (in English) and *Hong Kong Economic Times* (in Chinese) and on the Stock Exchange website at www.hkexnews.hk and our website at www.xhsl.com.hk.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 28 June 2016, the application lists will not open and close on that day. Please see the section headed “How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open and close on Tuesday, 28 June 2016, the dates mentioned in this section headed “Expected Timetable” may be affected.
- (3) You will not be permitted to submit your application 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 application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) Applicants who apply by giving electronic application instructions to the HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or about Thursday, 30 June 2016 and, in any event, not later than Monday, 4 July 2016. If, for any reason, the final Offer Price is not agreed by us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering (including the Hong Kong Public Offer) will not proceed and will lapse.
- (6) Applicants who have applied on **WHITE** Application Forms or **HK eIPO White Form** for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer and have provided all required information may collect refund cheques (where applicable) and/or Share certificates (where applicable) in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong between 9:00 a.m. to 1:00 p.m. on Tuesday, 5 July 2016. Applicants being individuals who opt for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer may collect their refund cheques, if any, in person but may not collect their Share certificates as such Share certificates will be deposited into CCASS for the credit of their designated CCASS participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
- (7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Offer Share payable on application. 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 would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.
- (8) None of the website or any of the information contained on the website forms part of this prospectus. Share certificates will only become valid certificates of title provided that the Hong Kong Public Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

EXPECTED TIMETABLE⁽¹⁾

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, 6 July 2016 provided that the Hong Kong Public Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

For further details in relation to the Hong Kong Public Offer, see the sections headed “How to Apply for Hong Kong Offer Shares” and “Structure of the Global Offering” in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offer and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a Hong Kong Public Offer of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in any other jurisdiction are subject to restrictions and may not be made except as permitted under the applicable securities laws of any such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We 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 us, the Sole Global Coordinator, the Joint Lead Managers, the Sole Sponsor, any of the Underwriters, any of their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Offer Shares.

OVERVIEW

We are a well-established waterborne trade and freight service providers in China and Hong Kong. We provide foreign trade transshipment services in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being our major transshipment ports. According to the Euromonitor Report, we ranked the fifth among all foreign trade transshipment service providers and the second among our competitors which are non-state own enterprises in Guangzhou, Shenzhen and Hong Kong, in terms of container transshipment in TEUs in 2015. Founded in 1993, we are headquartered in Hong Kong and well established with over 22 years of history. Including our headquarters in Hong Kong, we had a total of 19 points of operation, including our branches and representative offices in Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province, as at 31 December 2015.

OUR BUSINESS OPERATIONS

During the Track Record Period, we principally provide three kinds of services to our customers:

Note: For the comparison between our feeder shipping services and carrier owned container services, please refer to the paragraph headed "Business – Our business – difference between feeder shipping services and carrier owned containers services" in this prospectus.

1. Feeder shipping services.

Major customers:	Large scale international container lines companies
Specific services provided:	Provide feeder shipping services as a contractor to international container lines companies for part of their whole shipping route, mainly connecting various ports in the PRC and the transshipment ports (i.e. Hong Kong, Shenzhen or Nansha)
Our role and responsibilities in the workflow:	We arrange feeder vessels to collect shipping containers from different ports and transport them to container terminals of transshipment ports where the containers are loaded onto international container liners that operate regular long-distance maritime routes, or vice versa. Upon receipt of direction from the customers requiring delivery of specified items of cargo, deliver such cargo received to the designated facility. In this service, containers of the international container lines companies are used.
Our routes:	Between various ports in the PRC and the transshipment ports (being Hong Kong, Shenzhen and Nansha), and such routes are in turn part of the long distance voyage of the goods to/from overseas countries

2. Carrier owned container services.

Major customers:	PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which carry out Mainland-Hong Kong trade
Specific services provided:	We provide feeder shipping services and also the containers for use by our customers
Our role and responsibilities in the workflow:	Transportation of containers for the whole shipping route of the customers between various ports in the PRC and Hong Kong, and we also provide containers for use by the customers.
Our routes:	Between various ports in the PRC and Hong Kong, which is in turn usually the whole route of the goods in Mainland-Hong Kong trade

SUMMARY

3. Sea freight forwarding agency services.

Major customers:	PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which generally need us to handle transportation of goods from Hong Kong or the PRC to various places in the world
Specific services provided:	We act as a logistics networking expert to arrange logistics of shipments for our customers and we arrange the movement of cargoes from point to point for our customers, by using third party vessels, containers as well as other necessary transportation means.
Our role and responsibilities in the workflow:	On behalf of the customers, order shipment by international container lines for overseas transportation at the specific time and conditions required by the customers; and arrange administration at destination (for example, receiving of goods by the consignees or courier companies, payment of handling fees charged by destination ports, arrange towing services and custom clearance). Depending on the requirement of the customers, we issue our house bills of lading and assume the responsibility for the shipments in NVOCC service; or we arrange the international container lines companies to issue master bills of lading in international freight forwarding agency services.
Our routes:	No specific route as we essentially arrange logistics of shipments to meet the highly customised need of the customers in each of the orders

As at the Latest Practicable Date, our vessel fleet comprises 16 vessels, of which four vessels were used by us under the Usage Priority Agreements and 12 vessels were chartered by us. The four vessels under Usage Priority Agreements are registered in the PRC. We did not own any vessels during the Track Record Period and up to the Latest Practicable Date except that these four vessels were registered under the name of our Group as to 40% of the ownership in respect of one of them and as to 49% of the ownership in respect of each of the other three as at 31 December 2015 and as at the Latest Practicable Date. The Usage Priority Agreement will expire between September 2041 to April 2044. As at the Latest Practicable Date, all the 12 chartered vessels under charterparties have duration ranging from six months to 18 months and will expire between July 2016 and July 2017. Please refer to the section headed “Business – Vessel fleet composition” in this prospectus for details.

The following table sets forth a breakdown of our shipment volume, revenue, gross profit and gross profit margin by our types of services and by routes for the periods indicated. Please note that there are no specific routes in our sea freight forwarding agency service because we essentially arrange logistics of shipments to meet the highly customised need of the customers in each of the orders.

	Year ended 31 December					
	2013		2014		2015	
	TEU	Revenue <i>HK\$'000</i>	TEU	Revenue <i>HK\$'000</i>	TEU	Revenue <i>HK\$'000</i>
Feeder shipping services						
Fujian Routes	66,350	99,366	42,654	62,618	37,908	52,398
Guangdong Routes	193,921	109,252	184,717	103,289	181,015	99,860
Guangxi Routes	101,698	161,438	136,054	213,963	120,471	164,190
Hainan Routes	9,495	5,918	9,016	4,242	22,737	22,460
Sub-total	371,464	375,974	372,441	384,112	362,131	338,908
Carrier owned container services						
Fujian Routes	12,005	21,891	12,284	25,558	12,246	23,728
Guangdong Routes	7,945	8,209	6,731	9,995	7,328	10,275
Guangxi Routes	1,569	3,518	2,073	5,386	1,461	3,427
Hainan Routes	240	317	304	461	60	114
Sub-total	21,759	33,935	21,392	41,400	21,095	37,544
Sea freight forwarding agency services	33,362	181,119	27,172	169,239	19,642	82,719
Total	426,585	591,028	421,005	594,751	402,868	459,171

SUMMARY

	Year ended 31 December					
	2013		2014		2015	
	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %
Feeder shipping services						
Fujian Routes	6,865	6.9%	3,240	5.2%	4,481	8.6%
Guangdong Routes	24,061	22.0%	14,324	13.9%	15,266	15.3%
Guangxi Routes	19,322	12.0%	22,282	10.4%	32,280	19.7%
Hainan Routes	1,346	22.7%	591	13.9%	3,803	16.9%
Sub-total	51,594	13.7%	40,437	10.5%	55,830	16.5%
Carrier owned container services						
Fujian Routes	10,449	47.7%	12,089	47.3%	10,883	45.9%
Guangdong Routes	4,778	58.2%	5,715	57.2%	5,569	54.2%
Guangxi Routes	2,224	63.2%	3,401	63.1%	2,196	64.1%
Hainan Routes	199	62.8%	280	60.7%	72	63.2%
Sub-total	17,650	52.0%	21,485	51.9%	18,720	49.9%
Sea freight forwarding agency services	17,730	9.8%	15,079	8.9%	8,417	10.2%
Total	86,974	14.7%	77,001	12.9%	82,967	18.1%

In 2014, our revenue increased by 0.6%, mainly brought by the increase in revenue from feeder shipping services and carrier owned container services, partially netted off by the decrease in revenue of sea freight forwarding agency services. The increase in revenue from the first two kinds of services was mainly brought by our expansion of routes and operation in Guangxi Zhuang Autonomous Region, while we reduced our resources allocated in sea freight forwarding agency services which were of a relatively lower gross profit margin. Our gross profit decreased by 11.5% and our gross profit margin decreased from 14.7% to 12.9%. It was mainly because there had been port congestion in Hong Kong in 2014, and we had to increase our vessel chartering in order to maintain timely shipping services, resulting in a lower gross profit margin.

In 2015, our revenue decreased by 22.8%. It was mainly because the decrease in total export value of China had led to decrease in our shipping volume and the decrease in fuel price had led to decrease in our price of services. On the other hand, we further shifted our operational resources away from sea freight forwarding agency services with the decline in customers' demand of such services, we focused more on the other two types of services which were of a higher gross profit margin. As a result, our gross profit increased by 7.7% and our gross profit margin increased from 12.9% to 18.1%.

During the Track Record Period, the proportion of contribution from our sea freight forwarding agency services in our revenue decreased. We intend to continue to carry on to provide this service as it complements our service mix so that we can provide all-rounded services to our customers which helps to strengthen our competitiveness and relationship with customers.

SUMMARY

As at 31 December 2015, our feeder shipping services and carrier owned container services cover 19 ports in Southern China, comprising Hong Kong, three ports in Fujian Province, eight ports in Guangdong Province, two ports in Hainan Province and five ports in Guangxi Zhuang Autonomous Region. The length of voyage time on these shipping routes range from approximately 2.5 days to 8 days per round-voyage. Details specifications of our Group's shipping routes for our feeder shipping services and carrier owned container services during the Track Record Period are set out as the following:

Shipping routes	Round-voyage time (approximately)	Year ended 31 December					
		2013		2014		2015	
		Route capacity (TEUs)	Utilisation rates	Route capacity (TEUs)	Utilisation rates	Route capacity (TEUs)	Utilisation rates
Transshipment ports ↔ Fujian routes	7 days	103,754	76%	67,574	81%	67,574	74%
Transshipment ports ↔ Guangdong routes	2.5 days	249,776	81%	275,504	69%	233,225	81%
Transshipment ports ↔ Guangxi routes	8 days	109,294	94%	182,408	76%	148,175	82%
Transshipment ports ↔ Hainan routes	7 days	11,869	82%	12,060	77%	23,929	95%
Overall		<u>474,693</u>	83%	<u>537,546</u>	73%	<u>472,903</u>	81%

Please see the section headed “Business – Our Business - Vessel fleet capacity and utilisation rate” in this prospectus for further details.

Our customers and suppliers

We have a wide range of types of customers in our clientele through our direct business network, including international container lines companies, large PRC or Hong Kong based corporations or manufacturers, trading companies as well as sole proprietorship. For the years ended 31 December 2013, 2014 and 2015, our five largest customers contributed approximately HK\$128.8 million, HK\$154.4 million and HK\$123.0 million to our total revenue, respectively, representing approximately 21.8%, 25.9% and 26.8% of our total revenue, respectively. For the same periods, our largest customer contributed approximately HK\$43.2 million, HK\$46.7 million and HK\$40.5 million to our total revenue, respectively, representing approximately 7.3%, 7.8% and 8.8% of our total revenue, respectively.

Our suppliers include vessel fuel suppliers, barge services providers, port services providers, vessel owners, PRC ship repairers and international container lines companies which act as our suppliers in our sea freight forwarding agency services. For the years ended 31 December 2013, 2014 and 2015, the cost of services payable to our five largest suppliers amounted to approximately HK\$190.6 million, HK\$186.1 million and HK\$101.4 million, respectively, representing approximately 37.8%, 36.0% and 26.9% of our total cost of services, respectively. For the same periods, the cost of services payable to our largest suppliers amounted to approximately HK\$92.0 million, HK\$93.6 million and HK\$38.7 million, respectively, representing approximately 18.3%, 18.1% and 10.3% of our total cost of services, respectively. Save for China-HK Shipping, all of the five largest suppliers during the Track Record Period are Independent Third Parties and none of the Directors, their respective associates and our Shareholders who own more than 5% of the issued share capital of our Company had any interest in any of the five largest suppliers of our Group during the Track Record Period and as at the Latest Practicable Date.

Our pricing

In determining the pricing of our services, we take into account of: (i) a broad range of economic indicators; (ii) relevant information from trade fairs and our sales teams; (iii) prevailing market rates offered by other sea freight forwarding services providers; (iv) cost analysis including potential increases in wages, bunker charges, fees and locations; and (v) our determination of a reasonable profit margin. Please see the section headed “Business – Sales and Marketing – Our pricing” in this prospectus for further details.

SUMMARY

Set out below is our shipment volume and average price per TEU during the Track Record Period, breakdown by types of services. The average price per TEU is calculated by dividing our revenue with TEU, and our revenue includes freight charge, handling and other recharge income over each TEU. Please note that there are no specific routes in our sea freight forwarding agency services because we essentially act as the agent of the customers to arrange logistic in response to the highly customised need of the customers in each of the orders.

	Year ended 31 December					
	2013		2014		2015	
	TEU	Average price per TEU HK\$	TEU	Average price per TEU HK\$	TEU	Average price per TEU HK\$
Feeder shipping services	371,464	1,012	372,441	1,031	362,131	936
Carrier owned container services	21,759	1,560	21,392	1,935	21,095	1,780
Sea freight forwarding agency services	33,362	5,429	27,172	6,228	19,642	4,211
Total	<u>426,585</u>	<u>1,385</u>	<u>421,005</u>	<u>1,413</u>	<u>402,868</u>	<u>1,140</u>

Our containers

We have a variety of containers to meet different customers' needs, including TEU and FEU standard containers, FEU high cube containers and FEU reefers. The table below sets forth the number and capacity of containers owned and leased by our Group as at each of the dates indicated below:

	2013		As at 31 December 2014		2015		As at the Latest Practicable Date	
	Number	TEUs	Number	TEUs	Number	TEUs	Number	TEUs
Owned	634	963	863	1,421	863	1,421	859	1,413
Leased	229	458	100	150	150	200	200	250
Total	<u>863</u>	<u>1,421</u>	<u>963</u>	<u>1,571</u>	<u>1,013</u>	<u>1,621</u>	<u>1,059</u>	<u>1,663</u>

Please see the section headed "Business – Containers" in this prospectus for further details.

OUR STRENGTHS

We believe the following competitive strengths are the key factors contributing to our success to date and will enable us to increase our market share and capture the future growth opportunities in the market:

- Strong presence in Southern China and extensive international network
- Effective management of the vessel fleet and containers in order to maximise the reliability and flexibility of our services
- Our business model integrates Sea Freight Services to achieve synergies
- Strong customer relationship and broad customer base which diversifies our risk
- Established relationship with international container lines companies and have container interchange agreements to enhance operations efficiency
- Stable management team with substantial industry expertise

SUMMARY

OUR STRATEGIES

Our goal is to become a waterborne trade and freight services market leader in China and to further expand our market share. By leveraging our strengths, we intend to capture additional market share and above-market growth by pursuing the following strategies:

- Continual optimization of our fleet, capacity and resources combination
- Deepen our scope of integrated port and logistics related services
- Broaden our reach to set up new routes and branches
- Strengthen our capacity by expanding our vessel fleet and purchase additional containers
- Continue to increase our operational efficiency and enhance our quality of services
- Strengthen existing relationships with key customers and external agents to seek new customers

SHAREHOLDERS INFORMATION

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which have been or may be granted under the Share Option Scheme), the total issued shares of our Company will be owned as to 63.75% by Ever Winning Investment (which is wholly and beneficially owned by Mr. Lau Yu Leung), as to 3.75% by Ever Forever Investment (which is wholly and beneficially owned by Mr. Lau Yu Leung's spouse, Madam Tong Hung Sum), as to 3.75% by Ever Miracle Investment (which is wholly and beneficially owned by Mr. Lau Tak Fung Wallace), and as to 3.75% by Ever Glorious Investment (which is wholly and beneficially owned by Mr. Lau Tak Kee Henry). Mr. Lau Yu Leung, his spouse Madam Tong Hung Sum, Ever Winning Investment and Ever Forever Investment will be our Controlling Shareholders upon Listing as defined under the Listing Rules.

In addition, we have entered into certain continuing transactions with our connected persons. Please refer to the section headed "Connected Transactions" in this prospectus.

KEY FINANCIAL DATA

The following table sets forth the selected information extracted from our combined income statements during the Track Record Period:

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Revenue	591,028	594,751	459,171
Gross profit	86,974	77,001	82,967
Other income	2,605	23,463	17,039
Profit before tax	34,405	42,772	44,599
Profit for the year	31,288	38,416	39,169

SUMMARY

Included in our other income, there were government grants received amounted to approximately HK\$1.9 million, HK\$15.8 million and HK\$14.5 million, respectively, for each of the year ended 31 December 2013, 2014 and 2015, which represented approximately 6.2%, 41.0% and 36.9% of our net profit for the same period, respectively. These government grants were mainly the incentives for rewarding our efforts in stabilising container shipping capacity and laden containers, and were in the sole discretion of the local government, subject to relevant PRC laws, regulations and policies. If we become unable to obtain or maintain government grants or any other favourable treatments in the future, our Group's results of operations and cash flows may decrease, and we may experience decreases in profitability, and our business, financial condition and results of operations could be affected. For more information about the relevant laws, rules and regulations in relation to the government grants, please refer to the section headed "Regulatory Overview – Provisions Relating to Policy of Logistics Industry and Government Grants" in this prospectus.

The following table sets out a breakdown of our Group's material cost of services during the Track Record Period:

	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Terminal handling charges	185,907	195,689	169,791
Freight charges	138,380	132,082	72,370
Vessel rental charges	45,806	58,044	51,027
Bunker charges	78,548	78,388	44,715
Barge charges	25,393	25,712	21,831

Please refer to the section headed "Financial Information – Principal factors affecting our results of operations" in this prospectus for the sensitivity analysis of terminal handling charges, average freight rate, vessel rental charges and bunker charges.

The following table sets forth our selected information extracted from the combined statements of financial position during the Track Record Period:

	At 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total current assets	128,432	154,000	130,862
Total current liabilities	(120,430)	(114,363)	(77,859)
Net current assets	8,002	39,637	53,003
Total non-current assets	26,221	29,604	25,193
Total non-current liabilities	–	(4,549)	(5,342)
Net assets	<u>34,223</u>	<u>64,692</u>	<u>72,854</u>

The following table sets forth our selected information extracted from the combined statements of cash flows during the Track Record Period:

	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	19,367	13,176	41,787
Net cash from investing activities	1,805	6,170	224
Net cash used in financing activities	(14,258)	(11,142)	(30,330)
Net increase in cash and cash equivalents	<u>6,914</u>	<u>8,204</u>	<u>11,681</u>

For more information, please see the section headed "Financial Information" in this prospectus.

SUMMARY

KEY FINANCIAL RATIOS (Note)

	At 31 December/ Year ended 31 December		
	2013	2014	2015
Gross profit margin ⁽¹⁾	14.7%	12.9%	18.1%
Net profit margin ⁽²⁾	5.3%	6.5%	8.5%
Current ratio	1.1	1.3	1.7
Gearing ratio	5.9%	6.3%	4.5%
Interest coverage ratio	79.2	254.1	161.4
Return on total assets ratio	20.2%	20.9%	25.1%
Return on equity ratio	93.2%	57.5%	52.5%
Average trade receivables turnover days ⁽³⁾	48	51	61
Average trade payables turnover days ⁽⁴⁾	46	47	62

Note. Please see the section headed “Financial Information – Key Financial Ratios” in this prospectus for further details.

- (1) Gross profit margin is calculated by dividing gross profit by revenue.
- (2) Net profit margin is calculated by dividing profit for the year by revenue.
- (3) Average trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days. Average trade receivables equals trade receivables at the beginning of the year plus trade receivables at the end of the year and divided by two. Please refer to the section headed “Financial Information – Discussion of certain line items in the combined statement of financial position – trade receivables – trade receivables ageing analysis” in this prospectus for details.
- (4) Average trade payables turnover days is equal to the average trade payables divided by total cost of services and multiplied by 365 days. Average trade payables equals trade payables at the beginning of the year plus trade payables at the end of the year and divided by two. Please refer to the section headed “Financial Information – Discussion of certain line items in the combined statement of financial position – trade payables – trade payables ageing analysis” in this prospectus for details.

RECENT DEVELOPMENTS

According to the Ministry of Commerce of the PRC, for the year ended 31 December 2015, value of China’s export and import decreased by 1.8% and 13.2% respectively as compared to 2014. According to the General Administration of Customs of the PRC, China’s exports value fell 1.8% and imports value fell 5.0% for the five months end 31 May 2016 as compared with the same period ended 31 May 2015. Based on the unaudited managements of our Group for the four months ended 30 April 2016, our revenue decreased compared with the same period ended 30 April 2015 as affected by the decrease in Chinese demand for imports. Our shipment volume remained stable at approximately 133,000 TEUs in the four months ended 30 April 2016 as compared to the same period in 2015. Nevertheless, both our gross profit and gross profit margin increased, mainly due to the relatively lower bunker charges which were in line with the lower international fuel price as compared with the same period ended 30 April 2015. While the recent slow-down in economic growth and trade environment in the PRC may affect our shipping volume and financial results, China is still the major trading country in the world with container throughput of 209.6 million TEUs in the year ended 31 December 2015. Furthermore, according to the Euromonitor Report, the port container throughput in Southern China are generally growing, and we also expect there will be growth in trade volumes between the PRC and ASEAN countries. As such, we will continue to pursue our strategy of further market penetration by (i) extending our reach of routes and branches and; (ii) expanding our vessels fleet for widening our route coverage and optimizing our fleet given the utilisation rate of our current fleet, in order to expand our source of income and client base, and to focus on operational efficiency in order to maintain our competitiveness and profitability. For further details and reasons of our strategies in optimization our fleet of vessels and further diversifying our routes coverage, please see the section headed “Business – Our Strategies – Continual optimization of our fleet, capacity and resources combination” and “Business – Our Strategies – Broaden our reach to set up new routes and branches” in this prospectus.

On the other hand, as listing expenses of approximately HK\$17.3 million are expected to be charged to our consolidated income statements during the year ending 31 December 2016, we expect this would adversely affect our profit for the year ending 31 December 2016. Save for the above, our Directors confirm that there has been no material adverse change in our financial or trading position since 31 December 2015 (being the date to which the latest audited combined financial statements of our Group were made up) and up to the date of this prospectus.

SUMMARY

OFFERING STATISTICS

	Based on an Offer Price of HK\$0.30 per Share	Based on an Offer Price of HK\$0.38 per Share
Market capitalization of our Share ⁽¹⁾	HK\$420.0 million	HK\$532.0 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$0.11	HK\$0.13

Notes:

- (1) The calculation of market capitalization is based on the 1,400,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after the adjustments set forth in Appendix II to this prospectus and on the basis of 1,400,000,000 Shares expected to be in issue immediately upon completion of the Global Offering. On 29 February 2016, special dividends of HK\$37,400,000 and HK\$7,600,000 were declared by Ever Harvest and Xiamen Harvest to their respective equity holders in proportion to their equity interest. Taking into account the estimated net proceeds from the Global Offering at the Offer Price of HK\$0.30 or HK\$0.38; and the impact of the special dividends on the net tangible assets of the Group of HK\$45 million, the unaudited pro forma adjusted net tangible assets per Share would have been approximately HK\$0.08 or HK\$0.10, respectively.

DIVIDEND POLICY

For the years ended 31 December 2013, 2014 and 2015, we declared dividends in the amount of approximately HK\$10.0 million, HK\$8.4 million and HK\$38.0 million, respectively and they have been fully settled as at the Latest Practicable Date. In February 2016, the Company declared special dividend of HK\$45 million which have been fully paid by our Group's internal resources on 6 June 2016, and such dividend payment would decrease our Group's cash balance as well as the net current assets and net assets balances with the same amount. We currently intend to adopt, after the Listing and subject to the limitations as further described in the section headed "Financial Information – Dividends and Dividend Policy" in this prospectus, a general annual dividend policy of declaring the paying dividends to the Shareholders of approximately 20% of our profit available for distribution after the Global Offering, subject to, in each case, the Board's decision after a comprehensive review of the Company's financial performance, future expectations and other factors deemed relevant by the Board, and the Shareholders' approval.

LISTING EXPENSES

The estimated total listing fees for our Global Offering, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are approximately HK\$28.1 million (based on an Offer Price of HK\$0.34 per Share, being the mid-point of the estimated Offer Price range of HK\$0.30 per Share and HK\$0.38 per Share, and assuming the Over-allotment Option is not exercised). Among the estimated total listing fees, approximately HK\$9.5 million is expected to be capitalised after the Listing. The balance of approximately HK\$18.6 million is expected to be charged to our profit and loss accounts, of which approximately HK\$1.3 million were charged on or before 31 December 2015, approximately HK\$17.3 million is expected to be charged for the year ending 31 December 2016. The actual amount may differ from this estimate.

SUMMARY

REASONS FOR LISTING AND USE OF PROCEEDS

Our Company is seeking the Listing in order to (i) enhance our Group's corporate profile and assist in reinforcing its brand awareness and market reputation; (ii) enable our Group to have access to capital market for raising funds both at the time of Listing and at later stages in order to support our expansion plan and our strategy pursued as discussed in this prospectus; and (iii) offer our Company a broader shareholder base which will provide liquidity in the trading of the Shares. In addition, amongst the use of proceeds, a large part is capital expenditure. In particular, as mentioned in the section headed "Business – Our Strategies" in this prospectus, we plan to apply approximately 45% of the net proceeds from the Global Offering to add vessels, and approximately 5% of the net proceeds from the Global Offering to purchase additional containers and upgrade computer system and software. Besides, our strategy of deepening our scope of services by establishing a logistic service center and cargo depot in Pingtan Free Trade Zone may require significant amount of capital expenditure of approximately HK\$74.4 million and we plan to finance such development plan by applying approximately HK\$36.4 million of the net proceeds from the Global Offering (assuming an Offer Price of HK\$0.34 per Share) and the balance by a combination of internal resources and banking facilities. We believe that the listing proceeds would facilitate the implementation of our Group's expansion plan. Please also refer to the section headed "Business – Our reasons for Listing" in this prospectus for further details.

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$90.9 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK\$0.34 per Share, being the mid-point of the indicative Offer Price range of HK\$0.30 per Share to HK\$0.38 per Share in this prospectus. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately HK\$40.9 million, representing approximately 45% of the net proceeds from the Global Offering, will be applied to expand our vessel fleet;
- approximately HK\$36.4 million, representing approximately 40% of the net proceeds from the Global Offering, will be applied to the development of our container depot and the associated logistics service center;
- approximately HK\$4.5 million, representing approximately 5% of the net proceeds from the Global Offering, will be applied to acquiring additional containers and upgrading computer system and software to support our business growth; and
- approximately HK\$9.1 million, representing approximately 10% of the net proceeds from the Global Offering, will be applied to general working capital of our Group.

Regarding our plan to add vessels to our fleet as mentioned above, we may consider to achieve this aim by entering into additional Usage Priority Agreement(s) for additional vessels, on similar terms as our existing Usage Priority Agreements. According to our Group's accounting policy and HKFRS, vessels under Usage Priority Agreements are accounted for as property, plant and equipment of our Group and would incur depreciation charges. Based on our estimation, assuming the cost of about HK\$10 million for an additional vessel under Usage Priority Agreements, we expect that the additional depreciation would be about HK\$0.6 million per year and additional operational costs would be about HK\$0.4 million per year. In contrast, the rental cost of chartering a vessel is estimated to be about HK\$1.1 million to HK\$5.4 million per year in general.

During each of the year in the Track Record Period, the overall utilization rate of our existing fleet was 83%, 73% and 81% respectively. As the vessels used by our Group generally operate regular routes according to predetermined timetable, there are times that the utilization rate of our vessels of particular routes reached a high level. For example, utilization rate of vessels in our Hainan routes reached 95% in 2015 and that in Guangxi routes reached 94% in 2013. In addition, having considered that (i) the aforesaid utilization rate of the fleet is calculated by reference to shipment volume in terms of TEU while the practical utilization of the fleet may sometimes be limited by the predetermined timetable of the routes and the maximum weight limits of each feeder vessels; (ii) it is our strategy to extend our reach of routes and branches; and (iii) we chartered more than 10 vessels during each year in the Track

SUMMARY

Record Period, and if we have more vessels under Usage Priority Agreements, we could reduce our vessel chartering and have better cost control, we consider that it is appropriate for us to apply listing proceeds in entering into additional Usage Priority Agreement(s).

Regarding our plan to develop container depot and logistic service center in Pingtan Free Trade Zone as mentioned above, we plan to establish a container depot in Pingtan Free Trade Zone as a logistics services centre equipped with warehousing, lifting and transloading facilities systems. We intend to provide services including stuffing and unstuffing of containers, repairing and maintenance of containers, warehousing and storing of containers and other relevant services. Based on the development plan of the PRC Government, Pingtan Free Trade Zone is being developed into a bonded area with series of encouraging policy and tax benefits attracting the establishment of various industrial enterprises. It is expected that there would be a lot of trading to be carried out in Pingtan Free Trade Zone and there would be a large demand for logistic services there. Riding on our established presence in Fujian Province (including Fuzhou, Quanzhou and Xiamen ports) as well as our experience in the Sea Freight Services industry, we believe that Pingtan Free Trade Zone would be an ideal and strategic location for us to develop and deepen our port and logistics related business.

For more details, please see the sections headed “Future Plans and Use of Proceeds” and “Business – Our strategies” in this prospectus.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the Global Offering. Some of the risks generally associated with our business and industry include the following:

- A decline in demand for our Sea Freight Services would decrease our revenue and profitability
- Cargo space freight rates fluctuations could have adverse impact on our results of operations
- The unavailability of any favourable regulatory treatment, particularly government grants, could materially and adversely affect our business, financial condition and results of operations
- Increases in bunker prices or shortage of bunker supply may indirectly and adversely affect the demand for our services
- The waterborne trade and freight services market in which we are involved is highly cyclical
- Diminishing role of Hong Kong as a transshipment port may lead to a decline in demand for our Sea Freight Services and decrease our revenue and profitability

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risks set forth the section headed “Risk Factors” in this prospectus in deciding whether to invest in our Shares.

NON-COMPLIANCE MATTERS

Our Directors confirm that there had been no material non-compliance incidents during the Track Record Period and up to the Latest Practicable Date. Please see the section headed “Business - Our Business – Our licences and regulatory compliance” in this prospectus for further details.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report on our Group for the Track Record Period set out in Appendix I to this prospectus
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) relating to the Hong Kong Public Offer, or where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company as amended, supplemented and otherwise modified from time to time, a summary of which is set out the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus
“associate(s)” or “close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of 1,049,990,000 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and General Information – Further Information about our Company – 3. Written resolutions passed by our Shareholders on 10 June 2016” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by the 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, joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, excluding for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“China-HK Shipping”	China-HK Shipping Limited (華港船務有限公司), a company incorporated in Hong Kong on 1 November 1999 which is directly owned as to 52.5% by Mr. Lau Yu Leung and 47.5% by other Independent Third Parties, and hence a connected person of our Company
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the 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”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Ever Harvest Group Holdings Limited (永豐集團控股有限公司), a company incorporated on 15 October 2015 under the laws of the Cayman Islands as an exempted company with limited liability
“connected person(s)” or “core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules, and, in the case of our Company, means Mr. Lau Yu Leung, Madam Tong Hung Sum, Ever Winning Investment and Ever Forever Investment, individually and as a group of persons
“Deed of Indemnity”	the deed of indemnity dated 10 June 2016 and executed by our Controlling Shareholders with and in favour of our Company (for itself and as trustee for each of its present subsidiaries), the particulars of which are set forth in the section headed “Statutory and General Information – 14. Estate duty, tax and other indemnity” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 10 June 2016 and executed by our Controlling Shareholders in favour of our Company, the particulars of which are set forth in the section headed “Relationship with our Controlling Shareholders – Deed of Non-Competition” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company

DEFINITIONS

“EHIHL”	Ever Harvest International Holdings Limited (永豐國際控股集團有限公司) (formerly known as Ever & Forever Harvest Company Limited (永世豐有限公司)), a limited liability company incorporated in Hong Kong on 24 December 2015, which is an indirect wholly-owned subsidiary of our Company
“EHIL”	Ever Harvest International Logistics (Shenzhen) Ltd.* (永豐國際貨運(深圳)有限公司), (formerly known as Shenzhen Ever Harvest Logistics Co., Ltd. (永豐國際貨運(深圳)有限公司)), a company established in the PRC on 18 October 2004 and is an indirect wholly-owned subsidiary of our Company
“Euromonitor”	Euromonitor International Limited
“Euromonitor Report”	an independent market research report commissioned by our Company prepared by Euromonitor issued in June 2016
“Ever Forever Investment”	Ever Forever Investment Company Limited, a limited liability company incorporated in the BVI on 12 November 2015, which is wholly-owned by Madam Tong Hung Sum, and is one of our Controlling Shareholders
“Ever Glorious Investment”	Ever Glorious Investment Company Limited, a limited liability company incorporated in the BVI on 12 November 2015, which is wholly-owned by Mr. Lau Tak Kee Henry
“Ever Harvest”	Ever Harvest Shipping Limited (永豐船務有限公司), a limited liability company incorporated in Hong Kong on 11 August 1992, which is an indirect wholly-owned subsidiary of our Company
“Ever Harvest (BVI)”	Ever Harvest Investments Limited (永豐投資有限公司), a company incorporated in the BVI on 16 November 2015 with limited liability, which is a wholly-owned subsidiary of our Company
“Ever Miracle Investment”	Ever Miracle Investment Company Limited, a company incorporated in the BVI on 17 November 2015 with limited liability, which is wholly-owned by Mr. Lau Tak Fung Wallace
“Ever Winning Investment”	Ever Winning Investment Company Limited, a company incorporated in the BVI on 12 November 2015, which is wholly-owned by Mr. Lau Yu Leung, and is one of our Controlling Shareholders
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offer and the International Placing

DEFINITIONS

“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group” or “we” or “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of our Group at the relevant time
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “Hong Kong dollars” and “cents”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HK eIPO White Form”	the application process for Hong Kong Offer Shares with applications issued in the applicant’s own name and submitted online through the designated website of www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website www.hkeipo.hk
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong Offer Shares”	the 35,000,000 new Shares initially offered for subscription under the Hong Kong Public Offer, representing 10% of the initial number of the Offer Shares, subject to re-allocation as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offer”	the offer for subscription or for sale of Hong Kong Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company

DEFINITIONS

“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offer listed in the section headed “Underwriting – Underwriters – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated 22 June 2016 entered into between our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters relating to the Hong Kong Public Offer, particulars of which are described in the section headed “Underwriting” in this prospectus
“Independent Third Party(ies)”	a party which, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of our Company within the meanings of the Listing Rules
“International Placing”	the conditional placing of the International Placing Shares at the Offer Price to selected professional, institutional and private investors as set out under the section headed “Structure of the Global Offering” in this prospectus
“International Placing Agreement”	the conditional international placing underwriting agreement relating to the International Placing and expected to be entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date
“International Placing Shares”	the 315,000,000 new Shares, expected to be initially offered for subscription or sale pursuant to the International Placing, representing 90% of the initial number of the Offer Shares, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Placing, who are expected to enter into the International Placing Agreement to underwrite the International Placing
“IRD”	Inland Revenue Department of the government of Hong Kong
“Joint Lead Managers”	Guotai Junan Securities and Convoy Investment Services Limited
“Latest Practicable Date”	15 June 2016, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication

DEFINITIONS

“Lau’s Family”	Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace, and Mr. Lau Tak Kee Henry, or any one or more of such person(s)
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings of the Shares on the Main Board of the Stock Exchange first commence, which is currently expected to be on Wednesday, 6 July 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board of the Stock Exchange
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company as amended or otherwise modified from time to time, a summary of which is contained in Appendix III to this prospectus
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOT”	Ministry of Transport of the PRC (中華人民共和國交通運輸部)
“Offer Price”	the final price per Share in Hong Kong dollars (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section headed “Structure of the Global Offering – Determining the Offer Price” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option granted by our Company to the Sole Global Coordinator (for itself and on behalf of the International Underwriters), pursuant to the International Placing Agreement, exercisable at any time up to the 30th day after the last date for the lodging of applications under the Hong Kong Public Offer, to require our Company to allot and issue up to an aggregate of 52,500,000 additional new Shares, representing 15% of the initial Offer Shares, at the Offer Price per Share to cover any over-allocations (if any) in the International Placing

DEFINITIONS

“PRC Government”	the central government of China and its political subdivisions, including provincial, municipal and other regional or local government bodies or, as the context requires, any of them
“PRC Legal Advisers”	Commerce & Finance Law Offices, the legal advisers to our Company as to PRC law
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the Offer Price
“Price Determination Date”	the date, expected to be on or around Thursday, 30 June 2016 (or such later date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)), on which the Offer Price is fixed for the purpose of the Global Offering and in any event no later than Monday, 4 July 2016
“Regulation S”	Regulation S under the Securities Act
“Reorganisation”	the reorganisation arrangements undergone by our Group as set out in the section headed “History, Development and Reorganisation” in this prospectus
“RMB” or “CNY”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAIC”	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“sea freight forwarding agency services”	one of our Sea Freight Services, which comprises international freight forwarding agency services and NVOCC services
“Sea Freight Services”	has the meaning ascribed to it in the section headed “Business – Overview” in this prospectus
“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“SEHL”	Shenzhen Ever Harvest Logistics Co., Ltd.* (深圳市永豐物流有限公司), a company established in the PRC on 15 April 2002 and owned as to 69% by EHIL and as to 31% by SFHL

DEFINITIONS

“SFC”	Securities and Futures Commission of Hong Kong
“SFHL”	Shenzhen Forever Harvest Logistics Ltd.* (深圳市永世豐物流有限公司), a company established in the PRC on 24 July 2013 and is an indirect wholly-owned subsidiary of our Company
“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 nominal value of HK\$0.01 each, in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 10 June 2016, a summary of its principal terms is set out under the section headed “Statutory and General Information – Other Information – 13. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Shares
“Sole Global Coordinator”, “Sole Bookrunner”, or “Guotai Junan Securities”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO
“Sole Sponsor” or “Guotai Junan Capital”	Guotai Junan Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities as defined in the SFO
“Southern China”	Hong Kong and the southern region of the PRC, which comprises Guangdong Province, Guangxi Zhuang Autonomous Region, Fujian Province and Hainan Province
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into on or about the Price Determination Date between Ever Winning Investment and the Sole Global Coordinator
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Tax Adviser”	RSM Tax Advisory (Hong Kong) Limited
“Track Record Period”	the financial years ended 31 December 2013, 2014 and 2015
“transshipment port(s)”	the port(s) in Hong Kong, Shenzhen and Nansha where our Group import goods/containers with the purpose of re-exporting to another ports
“Ultimate Controlling Party”	has the meaning ascribed to it in Note 1 to the Accountants’ Report in Appendix I to this prospectus
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Placing Agreement
“US” or “United States”	the United States of America
“US\$” or “US dollars” and “USD”	United States dollars and cents, respectively, the lawful currency of US
“Usage Priority Agreement(s)”	contracts entered into by our Group with certain Independent Third Parties to secure our Group’s right to use those four vessels exclusively for a span of 29 years to 35 years
“ WHITE Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus
“Xiamen Harvest”	Xiamen Harvest Shipping Limited (鷺豐船務有限公司), a limited liability company incorporated in Hong Kong on 23 June 1993, which is an indirect wholly-owned subsidiary of our Company
“ YELLOW Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus
“%”	per cent
“*”	is for transliteration and identification purpose only

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

In this prospectus, if there is any inconsistency between the Chinese names of the entities, authorities, organisations, institutions or enterprises established in the PRC or the awards, certificates given in the PRC and their English translations, the Chinese language version shall prevail. English translation of company names in Chinese or another language which are marked with “” is for identification purpose only.*

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.

GLOSSARY

To facilitate a better understanding of our business, the following glossary provides explanations of some of the technical terms and abbreviations commonly found in our industry. The terms and their meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms:

“bunkers”	fuel, consisting of fuel oil and diesel, burn in the vessel’s engines
“carrier owned container services”	a term commonly used in the industry to describe a service model in the market which refers to carriers who provide both the transportation services and the containers
“CCA(s)”	connecting carrier agreement(s), contract(s) between the originating carrier and us, where we agrees to carry goods to a final destination on a through bill of lading
“charter”	the chartering or hiring of a vessel for a certain purpose at a fixed rate for a fixed period of time or for a designated voyage
“charterparty(ies)”	a contract(s) for commercial leasing of a vessel
“container(s)”	a weatherproof box(es) designed for shipment of freight
“FEU(s)”	forty-foot equivalent unit(s), a standard unit of measurement of the volume of a container with a length of 40 feet, height of 8 feet and 6 inches and width of 8 feet
“freight forwarder”	one who assembles and consolidates shipment and performs or provides for break-bulk and distribution operations of shipments. A freight forwarder may act as a principal who assumes responsibility for the transportation from the place of receipt to the place of delivery by issuing his own house bill of lading to individual shippers whose goods he is consolidating, or as an agent, who is entrusted by shippers and consignees to handle transportation of goods or related business in the names of the shippers and consignees
“GPS”	a space-based global navigation satellite system that provides location and time information anywhere on earth
“NVOCC”	non-vessel operating common carrier, which mean a carrier which does not own or operate vessels and is engaged in the provision of shipping services, normally issuing a bill of lading
“per diem rate”	per day container rental rate
“reefer(s)”	the generic name for a temperature controlled container(s). The containers, which are insulated, are specially designed to allow temperature controlled air circulation within the container. A refrigeration plant is built into the rear of the container

GLOSSARY

“TEU(s)”	twenty-foot equivalent unit(s), a standard of measurement used in container transport for describing the volume of trade and the capacity of container ships, and for other statistical purposes, as well as for freight quotations. It is based on the dimension of a cargo container which is 20 feet long, 8 feet high and 8 feet wide
“UCIRC”	unified container inspection and repair criteria, a criteria that are designed for the use at container inspections
“waterborne trade and freight service providers”	companies that provide waterway transportation services

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as “expect”, “believe”, “plan”, “intend”, “project”, “anticipate”, “seek”, “may”, “will”, “would” and “could” or similar words or statements, in particular, in the sections headed “Business” and “Financial Information” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus, and the following:

- our business and prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed “Financial Information” in this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

FORWARD-LOOKING STATEMENTS

We caution you that, subject to the requirements of applicable laws, rules and regulations, we do 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 we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors before making any investment decision in relation to the Offer Shares. If any of the possible events described below occur, our business, financial condition or results of operations could be materially and adversely affected and the market price of the Offer Shares could fall significantly and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

A decline in demand for our Sea Freight Services would decrease our revenue and profitability

We principally provide Sea Freight Services to our customers in Southern China. We are therefore dependent on our customers' business performance and developments in their respective markets and industries. If our customers' sourcing volume or sales decline, it will likely lead to a corresponding decrease in demand for our Sea Freight Services. We are also dependent on general economic conditions, which any adverse economic developments in Asia, in particular China, could lead to a general decline in domestic consumption and a slowdown in international trade. Such decline could have a significant adverse impact on our businesses. During the years ended 31 December 2013, 2014 and 2015, the shipment volume of our Sea Freight Services was 426,585 TEUs, 421,005 TEUs and 402,868 TEUs respectively, representing a decrease of 1.3% and 4.3% during the Track Record Period. During the Track Record Period, despite of the decrease in shipment volume, our net profit increased as a result of our efficient management. However, if there is any economic downturn, this would adversely impact on the demand for our Sea Freight Services and adversely affect our profitability.

Cargo space freight rates fluctuations could have adverse impact on our results of operations

Our cargo space freight rates charge to our customers fluctuate based on market conditions. If we cannot pass on the prevailing market rates in full to our customers, our results of operations may be materially and adversely affected. As part of our vessel fleet capacity management, we entered into certain charterparties whereby we are committed to charter the vessels during the chartering period regardless of the actual volume that we could utilise. Should the prevailing market rates of cargo space at the time when we charge to our customers fall below the average cost of the average cargo space of the charterparties, we may not be able to increase the cargo space freight rates in full to our customers and our results of operations may be materially and adversely affected.

RISK FACTORS

The financial performance of our Group for the year ending 31 December 2016 will be affected by certain non-recurring expenses incurred by our Group in relation to the Listing

The financial results of our Group will be affected by certain non-recurring expenses incurred by our Group in relation to the Listing. Our estimated listing expenses primarily consist of fees paid or payable to professional parties and underwriting fees and commission in relation to the Listing. Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$0.34 per Share, being the mid-point of the estimated Offer Price range of HK\$0.30 per Share and HK\$0.38 per Share, the total listing expenses will be HK\$28.1 million. Among the estimated total listing fees, approximately HK\$9.5 million is expected to be capitalised after the Listing. The remaining amount of approximately HK\$18.6 million is expected to be charged to our profit and loss accounts, of which approximately HK\$1.3 million were charged on or before 31 December 2015, HK\$17.3 million is expected to be charged for the year ending 31 December 2016. The actual amount may differ from this estimate. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred. Such listing expenses will adversely affect the financial results of our Group for the financial year ending 31 December 2016.

An increase in fuel prices that we cannot pass on to our customers may reduce our profitability

Fuel price represents about 15.6%, 15.1% and 11.9% of our cost of services for the years ended 31 December 2013, 2014 and 2015. Our profitability of feeder shipping services and carrier owned container services is correlated with the fluctuation of fuel price. According to Euromonitor Report, oil price experienced fluctuations between 2012 and 2013 and witnessed a sharp decline in the second half of year 2014 and a further decline during the year of 2015. Conversely, if the oil price surges suddenly, without a corresponding increase in our freight charges, our profitability may be adversely affected. The fluctuation of the fuel cost is mainly subject to many economic and political factors that are out of our control, including but not limited to the political instability in oil exporting regions.

Termination or non-renewal of significant numbers of our connecting carrier agreements (CCAs) could have adverse effect on our business

As at 31 December 2015, we provided feeder shipping services for over 60 customers which are mainly international lines companies, with terms due to expire in the next one month to twelve months. Generally, these agreements were one year non-exclusive agreement with automatic renewal rights for one additional year after the initial term provided that either party shall have the right to prevent renewal of the agreement by informing the other party in writing one month prior to conclusion of any term. There can be no assurance that these CCAs will not be terminated before expiry of their terms or will be renewed. The termination or non-renewal of significant numbers of these CCAs may cause material adverse impact on our results of operations.

RISK FACTORS

Termination or non-renewal of our charterparties with vessel owners could have adverse effect on our business

As at the 31 December 2015, we had entered into 12 charterparties with several vessel owners, which are all Independent Third Parties, with terms due to expire in the next one month to twelve months. Generally, these chartered vessels are to ensure the reliability of our vessel fleet capacity over durations ranging from three months to twelve months, and are terminable by one to three months' notice. As our Group does not have any interest in the chartered vessels or in any of the vessel owners, there can be no assurance that these charterparties will not be terminated before expiry of their terms or will be renewed. We also cannot assure you that we will be able to obtain new charters at comparable rates. Our chartered vessels contributed approximately 84.7% of our total capacity in TEUs as at the 31 December 2015. The termination or non-renewal of a significant number of these charterparties may result in insufficient vessel fleet capacity for our Sea Freight Services or expose us fully to the prevailing sea cargo space market, and may cause material adverse impact on our results of operations.

The unavailability of any favourable regulatory treatment, particularly government grants, could materially and adversely affect our business, financial condition and results of operations

We enjoy certain favourable regulatory treatments, particularly government grants, which are offered by relevant governmental authorities. For the years ended 31 December 2013, 2014 and 2015, the total amount of government grants we received amounted to approximately HK\$1.9 million, HK\$15.8 million and HK\$14.5 million, respectively, representing approximately 6.2%, 41.0% and 36.9% of our net profit for the same periods, respectively. Please refer to the section headed "Financial Information – Principal Components of the Combined Income Statements – Other Income" in this prospectus for further details.

It is in the local government authorities' sole discretion, subject to relevant PRC laws, regulations and policies, to decide whether and when to provide government grants to us. We cannot assure you that we will be able to receive government grants in the future. Furthermore, although we believe that government grants are provided by authorities in compliance with current policies, laws and regulations in China, we face uncertainty relating to the availability of government grants due to potential unexpected changes in the PRC laws, regulations and policies. As government grants contribute significantly to our profitability, if we are unable to obtain or maintain government grants or any other favourable treatments in the future, the reduction in the amount of government grants received will impact our Group's results of operations and cash flows for the year ending 31 December 2016 and 2017, and we may experience decreases in profitability, and our business, financial condition and results of operations could be affected.

Failure in maintaining our gross and net profit margins could adversely affect our financial condition

For the years ended 31 December 2013, 2014 and 2015, we reported gross profit margins of approximately 14.7%, 12.9% and 18.1%, respectively, and net profit margin of approximately 5.3%, 6.5% and 8.5%, respectively. There is no assurance that we will be able to continue to maintain similar gross and net profit margins during the Track Record Period. Failure in maintaining our gross and net profit margins could adversely affect our financial condition.

RISK FACTORS

Our insurance may be insufficient to cover all losses associated with our business operations

The operation of any vessel involves risks such as mechanical failure, collision, fire, contact with floating objects, property loss, cargoes loss or damage, business interruption due to political circumstances and labor strikes. In addition, marine disasters are inherent risks associated with our operations of the Sea Freight Services. We procure insurance for our operations against third-party liability, transportation risks, property loss and damage, key management and workers' compensation for injury and death. Our existing insurance coverage may be insufficient to cover all the risks associated with our business and operations. In the case of an uninsured loss or a loss in excess of insured limits, we may be required to pay for losses, damages and liabilities out of our own funds, which could materially and adversely affect our business, financial condition and results of operations. Even if our insurance coverage is adequate to cover our direct losses, we may not be able to take remedial actions or other appropriate measures. Furthermore, our claim records may affect the premiums insurance companies charge us in the future. We may also be subject to additional calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability.

Labor disputes could disrupt or hinder our business operations

We rely upon third-party employees, such as stevedores at our ports of call, as part of our day-to-day operations. Industrial action or other labor unrest with respect to such external labor are impossible for us to predict or control. Such risk, if materialised, could adversely affect or hinder our normal operating activities, and, if not resolved in a timely manner, may cause material adverse impact on our results of operations.

Operational risks inherent to our Group's feeder shipping services and carrier owned container services

Major risks associated with operations of our Group's feeder shipping services and carrier owned container services include (i) marine disasters; environmental accidents, such as oil spills; (ii) cargo and property losses or damage; (iii) bad weather such as thunderstorm and typhoon; (iv) grounding, fire, explosions and collision; (v) business interruption caused by mechanical failures, human error, strike, adverse weather conditions as well as (vi) political trade embargo imposed by local government or international organization.

Such occurrences could result in death or injury to persons, loss of property or environmental damage, delays in the delivery of cargo, loss of revenue from or termination of contracts, government penalty, fines or restrictions on conducting our business, high insurance rates and jeopardising our client relationship. If any of these situation occurs, would materially affect our Group's operations and cause negative financial impacts to us. Also, any involvement of the vessels chartered by us or used by us to provide shipping service for our Group in any accidents mentioned above might harm our reputation and hence cause negative impact to our business.

RISK FACTORS

Failure in our information technology systems could adversely affect our operations

Our Sea Freight Services are highly dependent on our ability to communicate and manage information on various aspects of freight forwarding effectively. Therefore, we have an in-house freight operation system, *DOC2000*, that allows us efficiently manage daily operations and to better serve our customers' needs. We cannot assure you that we will be able to successfully keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our services less competitive or attractive. Also, any failure in our IT systems due to faulty interaction with systems of other industry players, viruses, unauthorised access, wear and tear, failures on the part of internet service providers or other vendors or other factors could have adverse impact on our results of operations. Our information technology system is also subject to hacking or other cyber attacks. We cannot assure you that we can successfully block and prevent all hackings or other cyber attacks. As a result, failure to meet our customers' demand or to protect against technological disruptions of our operations or operations of our customers could materially and adversely affect our business, financial condition and results of operations.

We depend on our existing management and our business may be severely disrupted if we lose their services

Our future success depends substantially on the continued services of our executive Directors and senior management team. If one or more of our executive Directors or the senior management team are unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. In addition, if any of our key employees joins a competitor or forms a competing company, we may lose know-how, key professionals and staff members as well as suppliers and customers. If any of these were to happen, our competitive position and business prospects may be materially and adversely affected.

Our landlords do not possess the relevant building ownership certificates for some properties leased to us

Properties leased to us primarily consist of office premises. As at the Latest Practicable Date, for our leased properties in the PRC, our landlords had not provided proper title certificates or proofs of authority to lease the nine properties with a gross floor area of approximately 701 square meters, accounting for approximately 37.5% of the total gross floor area of our leased properties. For further details of our leased properties, please refer to the section headed "Business – Properties – Leased Properties" in this prospectus. If any of our leases is terminated as a result of challenges by third parties or if we fail to renew them upon expiration, we may be forced to relocate the affected operations or subsidiaries and may incur additional costs associated therewith.

In the event that the IRD or the relevant PRC tax authorities do not agree our tax computation, our financial results would be adversely affected.

As we are engaged in shipping business involving the incoming and outgoing of vessels, our Tax Adviser advised that, according to Section 23B of the Inland Revenue Ordinance ("IRO"), part of our shipping income (e.g. shipment of goods from foreign ports to Hong Kong) would not be taxable in Hong Kong. Prior to the year of assessment 2014/15, our two major operating subsidiaries in Hong Kong,

RISK FACTORS

namely Ever Harvest and Xiamen Harvest offered all their profits for tax in Hong Kong as they were not aware of the tax treatment for shipping profit under Section 23B of IRO before appointing the Tax Adviser for handling their profits tax filing for the year of assessment 2014/15.

After the appointment of the Tax Adviser, Ever Harvest and Xiamen Harvest has lodged the Section 23B claim to the IRD when filing their profits tax returns for the year of assessment 2014/15 and requested the IRD to reopen Ever Harvest's profits tax filing position for the years of assessment 2012/13 and 2013/14; and Xiamen Harvest's profits tax filing position for the year of assessment 2013/14.

The IRD has issued 2014/15 tax assessment to Ever Harvest in accordance with the 2014/15 profits tax return and tax computation filed. The IRD has not raised any queries on Ever Harvest's Section 23B claim.

For Xiamen Harvest, the IRD has issued its statement of loss for 2014/15 and revised tax assessment for 2013/14 in accordance with the 2014/15 profits tax return and the revised 2013/14 profits tax computation filed. Although the IRD has not yet confirmed their exemption claims as at the Latest Practicable Date, our Tax Adviser is of the view that they have strong grounds to lodge the exemption claims for part of their shipping profits. However, in the event that the IRD does not agree such partial exemption claims, our tax expenses would increase during Track Record Period as follows:

Additional tax expenses	2013/14	2014/15	2015/16
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Ever Harvest	1,999	2,049	2,785
Xiamen Harvest	785	–	116
	<hr/>	<hr/>	<hr/>
Group's Total	<u>2,784</u>	<u>2,049</u>	<u>2,901</u>

In respect of our subsidiaries in the PRC, although we have not encountered any material tax dispute with the PRC tax authorities, we cannot assure you that the relevant PRC tax would not raise any challenges on our tax provision and if they do so, our tax expenses may also increase and adversely affect our financial results.

We may not be able to implement our business strategies and future plans successfully

Our Group's business strategies and future plans are set out in the section headed "Business – Our Strategies" and the section headed "Future Plans and Use of Proceeds" in this prospectus, respectively. However, the successful implementation of these strategies and plans depends on a number of factors including, among other things, changes in the market, the availability of funds, competition, government policy and our Group's ability to obtain governmental consents, permits and licences. Some of these factors are beyond the control of our Group and by nature, are subject to uncertainty. There is no assurance that the business strategies and future plans can be implemented successfully. Any failure or delay in the implementation of any or all of these strategies and plans may have a material adverse effect on profitability and prospects of our Group.

RISK FACTORS

As stated in the section headed “Future Plans and Use of Proceeds”, we intend to apply approximately 40.0% of our net proceeds to finance part of the expenditure to develop our container depot and the associated logistics service center in Pingtan Free Trade Zone in Fujian Province. If there is deficiency in funding, further expenditure would be financed by our internal resources and/or external financing. Besides, the benefits generated from such development may take a considerable time to materialise and there is no assurance that the aforesaid development may produce the intended benefits to the Group in the future.

We may need additional financing to fund our operations and growth but we may be unable to obtain financing on terms acceptable to us

Our Group may come across other opportunities to expand our business. In such circumstances, the proceeds from the Global Offering may not be sufficient to capitalise on and develop these opportunities and our Group may need to obtain additional financing to fund our future capital expenses. We may be unable to obtain any financing, comprising both new and replacement financing on commercially reasonable terms or at all. If we incur additional debt, our interest expense would increase. If we raise capital through the sale of equity securities, the percentage ownership of our existing stockholders would be diluted and any new equity securities also may have rights, preferences or privileges senior to those of our ordinary shares. If we are unable to obtain additional or replacement financing when we need it, our ability to fund our operations and meet our expansion plan would be materially and adversely affected.

We may not be able to continue or effectively manage our expansion

We seek to further expand our business by expanding our shipping routes as well as establishing new branches. However, our efforts to continue and effectively manage our business expansion may not be successful. If we expand too rapidly resulting in an overleveraged financial condition, we may encounter financial difficulties in a business downturn. On the other hand, if we fail to expand at a sufficiently rapid pace, we may lose market share and potential customers to our competitors. Our business expansion is subject to many risks and uncertainties, including, for example: (i) the growth and development of the waterborne trade and freight services market in China and ASEAN countries; and (ii) the development of our businesses in accordance with our projected costs and within our estimated time frame.

We cannot assure you that we will be able to address all the risks involved in expanding our business or that we will be successful in expanding our business beyond our current services or geographical network. Failure to adequately address expansion or acquisition risks could materially and adversely affect our business, financial condition and results of operations.

We may be exposed to claims by third parties which, if successful, could cause us to pay significant damage awards and incur other costs

We are exposed to litigation and other legal proceedings that may arise from time to time in our ordinary courses of our business. Any of these proceedings is inherently unpredictable, and excessive verdicts do occur. Although we plan to vigorously defend our interests in any legal proceedings that arise in the ordinary courses of our business, we could in future incur judgments or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular periods.

RISK FACTORS

Diminishing role of Hong Kong as a transshipment port may lead to a decline in demand for our Sea Freight Services and decrease our revenue and profitability

We principally provide Sea Freight Services to our customers in Southern China, with Hong Kong, Nansha and Shenzhen being our major transshipment ports. We are therefore dependent on the performance of these transshipment ports.

According to the Euromonitor Report, the total value of external merchandise re-exports in Hong Kong decreased by approximately 1.6%, from HK\$3,617.5 billion to HK\$3,558.4 billion.

If the role of Hong Kong as a transshipment port continue to diminish, we may shift our resources to other transshipment ports in China such as Shenzhen and Nansha. Currently, we have our operation in Shenzhen and Nansha already which are the major transshipment ports in China. However, we cannot assure you that our revenue and profitability would not be affected if the role of Hong Kong as a transshipment port continues to diminish.

The loss of our containers may increase the costs of our Group's operations and reduce demand for our Group's services

Risk of loss of container is inherent to the nature of our Group's business. Even though the Group uses container inventory reports to keep track of the location and movement status of our containers, there is no guarantee that incident of loss of container will not occur. As disclosed in the section headed "Business – Risk Management and Insurance Coverage – Operational risks" in the prospectus, we have maintained insurance coverage on, among other things, cargoes in the containers, subject to the detailed clauses of our insurance policies. Nevertheless, it is uncertain as to whether our insurance policy can cover all of our losses in the event of loss of containers.

The potential impacts of the loss of container on our Group include the loss of revenue, and the increase of the costs of our Group's operation due to increased security and insurance costs and delays due to tightened security. In such event, the demand for our Group's services may reduce and the reputation, business and results of operations of our Group may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

We operate in a very competitive industry

Our Directors believe that we directly and indirectly compete with other service providers on a local, regional and international basis in the form of pricing, range of services provided, information technology and network of customers. Some of our customers, being freight forwarders, face competition from international freight forwarders, logistics providers and express service providers. Any decline in their business will reduce their use of our services, which may materially and adversely affect our business operations and financial performance. Increased competition may reduce the growth in our customer base, reduce our market share and result in higher sales and marketing expenses. There is no assurance that we could continue to compete successfully in the future, and if we fail to do so, our business and results of operations would be adversely affected.

Increases in bunker prices or shortage of bunker supply may indirectly and adversely affect the demand for our services

Increases in bunker prices may lead to increases in the cost of our Sea Freight Services. If bunker prices continue to rise significantly, our business and results of operations may be materially and adversely affected. Also, there can be no assurance that we will be able to find alternative bunker suppliers on similar terms and on a timely basis, or at all, and this could result in the temporary cessation or operations of our business in a particular location.

The waterborne trade and freight services market in which we are involved is highly cyclical

The waterborne trade and freight services market is highly cyclical, with demand for cargo space affected by factors such as level of international trade activities, global and regional economic and political conditions, economic sanctions, outbreak of wars, changes in regulatory regimes and extreme weather conditions. These factors are beyond our control and the nature, timing and degree of changes in industry conditions are largely unpredictable. Any decrease in demand for our Sea Freight Services due to cyclical downturns could materially and adversely affect our business, results of operations and financial position.

Our results of operations are affected by international trading volumes, global and regional economic conditions

A majority of our revenue is derived from transportation of cargo from Hong Kong and Southern China to various overseas destinations. Our results of operations are thus affected by global trade volume, in particular, the export volume of Hong Kong and Southern China. The global trade volume and export volume from Southern China are affected by changes or developments in global economic, financial and political conditions. We are also affected by economic cycles and changes in our customers' business cycles. Other extraneous factors, such as impositions of trade restrictions, sanctions, boycotts and other measures, trade disputes, currency appreciation, policy shift of the PRC Government from export growth to domestic consumption and work stoppages, particularly in the waterborne trade and freight industry, could adversely affect Chinese export volume and lead to a material decline in the demand for our services and our results of operations may be adversely affected.

RISK FACTORS

Natural disasters, acts of war, epidemics and other events may adversely affect our operations

Natural disasters, acts of war, epidemics, material interruptions in service or stoppages in transportation, whether caused by strike, work stoppage or lock-out, and other events which are beyond our control may adversely affect local economies, infrastructures, port facilities and international trade. They may also cause closure of ports and access to ports as well as disruptions to cargo flows, any of which could materially and adversely affect our results of operations and financial position.

RISKS RELATING TO DOING BUSINESS IN THE PRC

We depend on our operating subsidiaries in the PRC, to distribute dividends and there are certain restrictions on payment of dividends under the PRC laws

Many of our PRC business operations are conducted through our PRC operating subsidiaries. Our ability to pay dividends to our Shareholders is dependent upon the earnings of our PRC operating subsidiaries and its distribution of funds to us, primarily in the form of dividends. The ability to make distributions to us depends upon, among other things, its distributable earnings. Under the PRC laws, dividends may be paid only out of distributable profits. Distributable profits of our PRC operating subsidiaries refer to its after tax profits (as determined under PRC the Accounting Standards and Accounting Regulations for Business Enterprises and its supplementary regulations (the “**PRC GAAP**”)), less any recovery of accumulated losses and allocations to statutory funds. Any distributable profits that are not distributed in a given year are retained and are available for distribution in subsequent years. The calculation of distributable profits under PRC GAAP differs in many aspects from the calculation under HKFRSs. The PRC laws require our PRC operating subsidiary to maintain a general reserve fund. Our PRC operating subsidiary is also required to set aside a percentage of its after-tax profit based on PRC GAAP each year to its general reserves. These reserves are not available for distribution as cash dividends. As a result, our PRC operating subsidiaries may not be able to pay any dividend in a given year to our Company if it does not have distributable profits as determined under PRC GAAP, even if it has distributable profits for that year as determined under HKFRSs. In addition, if our PRC operating subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Accordingly, our PRC operating subsidiary is restricted in its ability to transfer its net profit to us in the form of dividends. We may not have sufficient distributable profits to pay dividends to our Shareholders, even if there is such an amount as shown in our accounts prepared under HKFRSs.

Extensive government regulation of the waterborne trade and freight industry may limit our flexibility to respond to market conditions, competition or changes in our cost structure

The waterborne trade and freight industry in the PRC is subject to a broad range of laws and regulations. Any change in the scope or application of these laws, regulations or approvals may limit our ability to conduct our businesses, increase our costs, increase competition and could have a material adverse effect on our financial results. In addition, complying with such laws and regulations may give rise to unexpected compliance costs that could have an effect on our financial condition and results of operations. Our failure to comply with such laws and regulations could also result in fines, penalties or lawsuits.

RISK FACTORS

Furthermore, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited. As such, the outcome of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain swift or equitable enforcement under the PRC laws, or to obtain enforcement of judgment by a court of another jurisdiction.

We are subject to stringent licensing requirements in China

We are required to comply with the regulatory requirements to obtain and maintain certain licences and permits in the jurisdictions in which we operate. These licences and permits are subject to regular review, replacement or renewal. In particular, the PRC Government imposes stringent requirements for the issuance, replacement and renewal of these licences and permits. We cannot assure you that the licences and permits applied for or held by us in China will be issued or approved under these regulatory reviews and be replaced or renewed in a timely manner, or at all, or that we will be able to respond successfully to new legal and regulatory requirements in a timely manner, or at all. Furthermore, we may incur significant costs in complying with the conditions for the inspection, approval or renewal of licences and permits in China. In the event that we are unable to successfully complete the reviews on a timely basis or to receive or obtain replacement or renewal of the licences and permits, our business may be suspended in part or in its entirety. In the event that we are fined for non-compliance with regulatory requirements, or if we are unable to obtain necessary permits to provide certain services, or if we are unable to pass on any costs of increased regulation to our customers, our business, financial condition and results of operations could be materially and adversely affected.

Political and economic considerations relating to the PRC

The PRC economy has, for many years, been a centrally planned economy, operating on the basis of annual, five-year and ten-year state plans adopted by central PRC government authorities, which set out national production and development targets. Prior to the PRC Government's adoption of reform and the "Open Door" policies in 1978, China was a planned economy. Since then, the PRC Government has implemented a number of measures to encourage growth and to guide the allocation of resources, thus resulting in significant economic and social development in the past 30 years. China has since transitioned into a more market-oriented economy. The PRC economy has experienced periods of high economic growth and fluctuations, as it has been one of the world's fastest growing economies as measured by GDP in recent years. However, there are risks that China may not be able to sustain such a growth rate.

In addition, the recent slowdown in the economies of USA, the European Union and certain Asian nations, with which the PRC has important trade relationships, may adversely affect the economic growth of the PRC, which may in turn lead to a decrease in China's cargo import and export and correspondingly, demand for shipping services. We cannot assure potential investors that our financial condition and operational results, as well as its future prospects, will not be adversely affected by an economic downturn in the PRC. Furthermore, there may be new regulations or policies, or the readjustments of previously implemented regulations requiring us to change our business plan, increase our costs or limit our ability to operate. All of these could adversely affect our business and operating results. We could not predict whether changes in the PRC's political, economic and social conditions, laws regulations and policies will have any adverse effect on our current or future business, results of operations or financial position.

RISK FACTORS

Currency conversion and exchange rate risks

The value of Renminbi against Hong Kong dollar, US dollar and other foreign currencies is affected by, among other things, changes in the PRC's economic and political conditions. There can be no assurance that the RMB will be stable. Since a substantial amount of our expenses is denominated in RMB, any increase in the value of the RMB may adversely affect the quantum of dividends, if any, payable on the Shares in Hong Kong dollars to its Shareholders.

Uncertainties in the legal system

Our PRC business operations are primarily conducted through our PRC operating subsidiaries and substantial amount of our assets are located within the PRC. The PRC legal system is based on written statutes and their legal interpretations by the Standing Committee of the National People's Congress. Due to the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. Therefore, it may not be possible for investors to enforce any judgments obtained from non-PRC courts against us, our PRC subsidiary and/or our Directors or members of our senior management in the PRC.

The PRC regulation of direct investment and loans by offshore holdings companies to the PRC entities could delay or limit us from using the proceeds of the Global Offering to make additional contribution or loans to our PRC subsidiary

Any capital contribution or loans that we, as an offshore entity, make to our PRC subsidiary, including the proceeds of the Global Offering, are subject to the PRC regulations. For example, any of our loans to our PRC subsidiary must not exceed the difference between the total amount of investment that our PRC foreign-invested subsidiary was allowed to make under relevant PRC laws and their respective registered capital, and any such loans must be registered with the local branch of SAFE. In addition, our additional capital contributions to our PRC subsidiary must be approved by MOFCOM and registered with SAFE or their local counterpart. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contribution or provide loans to our PRC subsidiary or to fund our operations may be adversely affected, which could harm our PRC subsidiary's liquidity and our ability to fund working capital, expansion projects, meet our obligations and commitments.

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained

Prior to the Global Offering, no public market for our Shares existed. Following completion of the Global Offering, the Hong Kong Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for our Shares will develop or be sustained after the Global Offering. In addition, we cannot assure you that our Shares will trade in the public market subsequent to the Global Offering at or above the Offer Price. The Offer Price for the Shares is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of Shares could be materially and adversely affected.

The trading prices of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the trading price performance of other shipping logistics companies based in Asia may affect trading price of our Shares. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

Since there will be a gap of several days between pricing and trading of the Shares, holders of our Shares are subject to the risk that the price of the Shares could fall during the period before trading of the Shares begins

The Offer Price of the Shares is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several days after the Price Determination 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 time of sale and the time trading begins.

RISK FACTORS

Because the Offer Price of the Shares is higher than our net tangible book value per Share, purchasers of the Shares in the Global Offering will experience immediate dilution and may experience further dilution if our Group issues additional Shares in the future

If you purchase Shares in the Global Offering, you will pay more for your Shares than our net book value on a per Share basis. You will experience an immediate dilution of approximately HK\$0.25 per Share, representing the difference between our pro forma net tangible book value per Share upon Listing, after giving effect to the Global Offering and the impact of the special dividends on the net tangible assets of the Group of HK\$45 million declared on 29 February 2016 as set out in Note 4 to Section A of Appendix II to this prospectus, and the assumed initial public offering price of HK\$0.34 per Share (being the mid-point of the estimated Offer Price range of HK\$0.30 and HK\$0.38 per Offer Share).

Based on the unaudited pro forma financial information as set out in Appendix II to this prospectus, the unaudited pro forma adjusted net tangible assets attributable to equity owners of the Company would be HK\$0.11 based on the Offer Price of HK\$0.30, and HK\$0.13 based on the Offer Price of HK\$0.38

Besides, our Group may need to raise additional funds in the future to finance expansion of our new developments relating to its existing operations. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares. In addition, the exercise of options granted under the Share Option Scheme, if any, may have dilution effect to the existing shareholding of the Shareholders.

The laws of the Cayman Islands relating to the protection of minority shareholders are different from those in Hong Kong

Our corporate affairs are governed by our Articles of Association and by Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those of Hong Kong or other jurisdiction where investors may be located. This may mean that the remedies available to our Company's minority shareholders may be different from those they would have under the laws of other jurisdictions. A summary of Cayman Islands company law is set out in section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

Our ability to pay dividends and utilise cash resources in our subsidiaries is dependent upon the earnings of, and distributions by, our subsidiaries

We are a holding company incorporated under the laws of Cayman Islands with limited liability. All of our business operations are conducted through our subsidiaries. Our ability to pay dividends to our Shareholders is dependent upon the earnings of our subsidiaries and their distribution of funds to us, primarily in the form of dividends. The ability of our subsidiaries to make distributions to us depends upon, among other things, their distributable earnings, cash flow conditions, restrictions contained in their articles of associations, withholding tax and other arrangements. These restrictions could reduce the amount of distributions that we receive from our subsidiaries, which in turn would restrict our ability to pay dividends on the Shares.

RISK FACTORS

The sale or availability for sale of substantial amounts of our Shares could adversely affect their trading price

Sales of substantial amounts of our Shares in the public market after completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

In connection with the Global Offering, the Controlling Shareholders have agreed, among other things, not to sell our Shares for six months, after the Listing Date. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

The availability of Shares for sale in the future could reduce the market price of the Shares

In the future, we may issue additional Shares, or securities convertible into the Shares, to raise capital. We may also acquire interests in other companies by issuing Shares, or using a combination of cash and Shares. Any of these events may dilute your ownership interest in our Company and could adversely affect the market price of the Shares.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS AND FROM OTHER SOURCES

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various public data sources and other independent third party sources contained in this prospectus

The information presented in the section headed “Industry Overview” in this prospectus is derived from the Euromonitor Report as well as various official or publicly available sources, unless indicated otherwise. The information derived from the Euromonitor Report reflects estimates of market conditions based on primary research, secondary research, project data and independent analysis, and is prepared primarily as a marketing research tool. References to Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or the advisability of investing in our Group. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. We, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, or their affiliates or advisors or any other party involved in the Global Offering have not independently verified, and make no representation as to, the accuracy of the information from official government and non-official sources. Such information may not be consistent with other information compiled within or outside the PRC or Hong Kong. Accordingly, the official government and non-official sources contained herein may not be accurate and should not be unduly relied upon in making, or refraining from making, any investment decision.

RISK FACTORS

Forward-looking statements in this prospectus may prove inaccurate

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

You should not place any reliance on any information contained in press articles or other media regarding us and the Global Offering

You should not place any reliance on any information contained in press articles or other media regarding us and the Global Offering. There has been prior to the date of this prospectus, and there may be, after the date of this prospectus, press and media coverage regarding us and the Global Offering, which may cite certain financial information, financial projections, valuations and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media. We do not 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 inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, you should not rely on any such information.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

CONTINUING CONNECTED TRANSACTIONS

After the Listing, certain transactions, whereby our Group has entered into or will continue to conduct, will constitute non-exempt continuing connected transactions for our Company under the Listing Rules. The transactions under respective agreements are subject to report, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, and our Company has applied for waivers from compliance with the applicable requirements under Rule 14A.105 of the Listing Rules and the Stock Exchange has agreed to grant a waiver from strict compliance with the announcement, circular, and independent Shareholders' approval requirements set forth in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further information on such waiver is set forth in the section headed "Connected Transactions" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains 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) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Our Directors confirm that, having made all reasonable enquiries and 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 facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered 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 to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, 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 that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

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

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offer which forms part of the Global Offering. The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement on a conditional basis. One of the conditions is that we and the Sole Global Coordinator (for itself and on behalf of the Underwriters) have agreed on the Offer Price. For applicants under the Hong Kong Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offer. The International Placing will be fully underwritten by the International Underwriters under the terms of the International Placing Agreement. The Global Offering is managed by the Sole Global Coordinator.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

The Offer Price is expected to be fixed by agreement among the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 30 June 2016 and, in any event, not later than Monday, 4 July 2016. If, for any reason, the Offer Price is not agreed among us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed. For more information about the Underwriters and the underwriting arrangements, please see the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON SALE OF OFFER SHARES

We offer the Hong Kong Offer Shares 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 contained in this prospectus and the Application Forms.

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus 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 distribution of this prospectus and the offering and sales 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 pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Capitalisation Issue and the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme). None of our Shares or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek such listing or permission to deal in our Shares on any other stock exchange.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply 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 Listing Date or any other date as determined by HKSCC.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second trading day after a trading transaction. You should seek advice from your stockbroker or other professional advisers for details of such settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of your operations, domicile, residence, citizenship or incorporation. We emphasise that none of the Sole Global Coordinator, the Sole Sponsor, the Joint Lead Managers, the Underwriters, us and any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchasing, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offer will be registered on our register of members to be maintained in Hong Kong. Our Company's principal register of members will be maintained by Estera Trust (Cayman) Limited, our Company's principal share registrar in the Cayman Islands. Our register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

No stamp duty is payable by applicants in the Global Offering.

Dealings in the Shares registered in our Company's register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty. Only Shares registered on our Hong Kong register of members may be traded on the Stock Exchange.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

EXCHANGE RATE CONVERSION

For the purpose of illustration only and unless otherwise specified in this prospectus, the translations of Renminbi into Hong Kong dollars have been made at the rates of RMB0.84 to HK\$1.00. No representation is made that the RMB amounts could have been, or could be, converted into Hong Kong dollars at such rates or at any other rate.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, 6 July 2016. The Shares will be traded in board lots of 8,000 Shares each. The stock code of the Shares will be 1549.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

OVER-ALLOTMENT AND STABILISATION

Details of the arrangement relating to the Over-allotment Option and stabilisation are set out under the section headed “Structure of the Global Offering” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Lau Yu Leung (劉與量) (<i>Chairman</i>)	House B1, Chateau Royale 1 Yung Yi Road Wong Yi Au, Tai Po Hong Kong	Chinese
Mr. Lau Tak Fung Wallace (劉德豐) (<i>Chief Executive Officer</i>)	House A1, Chateau Royale 1 Yung Yi Road Wong Yi Au, Tai Po Hong Kong	Chinese
Mr. Lau Tak Kee Henry (劉德祺)	House B2, Chateau Royale 1 Yung Yi Road Wong Yi Au, Tai Po Hong Kong	Chinese
<i>Non-executive Director</i>		
Madam Tong Hung Sum (唐鴻琛)	House B1, Chateau Royale 1 Yung Yi Road Wong Yi Au, Tai Po Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Lo Wan Sing Vincent (盧溫勝)	Flat A4, 9/F Block A, North Point Centre 286 King's Road Hong Kong	Chinese
Mr. Lam Lo (林潞)	Flat B, 39/F The Signature 8 Chun Fai Terrace Hong Kong	Chinese
Mr. Lee Ka Lun (李家麟)	Flat C, 19/F Block 1, Illumination Terrace 5-7 Tai Hang Road Hong Kong	Chinese

Please refer to the section headed “Directors and Senior Management” in this prospectus for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
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INDUSTRY OVERVIEW

The information presented in this section is derived from the Euromonitor Report as well as various official or publicly available sources, unless indicated otherwise. The information derived from the Euromonitor Report reflects estimates of market conditions based on primary research, secondary research, project data and independent analysis, and is prepared primarily as a marketing research tool. References to Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or the advisability of investing in our Group. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. We, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, or their affiliates or advisors or any other party involved in the Global Offering have not independently verified, and make no representation as to, the accuracy of the information from official government and non-official sources. Such information may not be consistent with other information compiled within or outside the PRC or Hong Kong. Accordingly, the official government and non-official sources contained herein may not be accurate and should not be unduly relied upon in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We commissioned Euromonitor International Limited, an independent market research and consulting company, to conduct an independent assessment of the waterborne trade and the provision of freight services in the PRC and Hong Kong. Established in 1972, Euromonitor International Limited is a provider of global market intelligence, with offices around the world and analysts in 80 countries. Euromonitor International Limited is one of the world leading market researchers in strategy research for both consumers and industrial markets. Comprehensive international coverage and leading edge innovation make its products an essential resource for companies large and small, national and global.

The purpose of the Euromonitor Report is to robustly assess the size and prospects of overall waterborne trade and freight industry in mainland China and Hong Kong, and analyse the competitive landscape and key drivers within the market. This prospectus also records some information excerpted from Euromonitor Report, which can be referred to in the sections headed “Summary”, “Risk Factors”, “Business” and “Financial Information”. Our Company has agreed to pay a fee of US\$60,000 for the Euromonitor Report, and US\$60,000 has been paid as at the Latest Practicable Date. Our Company is of the view that the payment of such fee does not affect the fairness of the conclusions drawn in the Euromonitor Report.

The Euromonitor Report includes both historical and forecast information on the waterborne trade and freight industry and other economic data in the PRC and Hong Kong. When preparing the Euromonitor Report, Euromonitor International Limited utilised the following methodologies to approach multiple sources, compile the data and information collected, and cross-check each respondent’s views against those of others in order to ensure reliability and minimise bias as well as to reach findings on industry consensus of the waterborne trade and freight services industry:

- (i) Primary research, which involved trade interviews with leading industry players and industry observers for latest data and insights on existing size and market drivers, development trends and competitive landscape, etc. It is noted that Euromonitor conducted qualitative

INDUSTRY OVERVIEW

and quantitative based trade interviews. These were not identified by the number of survey samples, but were based on the assessment of the quality of answers received, which were analysed intelligently and transparently.

- (ii) Secondary research, which involved reviewing publically available sources including National statistics and official sources such as National Bureau of Statistics, Ministry of Transport, Provincial Bureau of statistics of Hainan, Provincial Bureau of statistics of Fujian, Provincial Bureau of statistics of Guangdong, Provincial Bureau of statistics of Guangxi, Census and Statistics Department of the Government of the Hong Kong Special Administrative Region, company websites and reports including audited financial statements where available, independent 3rd party research reports, and Euromonitor International's syndicated Passport database.
- (iii) Project data were obtained from a review over the historic data and market development trend, plotted against macroeconomic data with reference to specific industry-related drivers, and a cross-check through trade interviews with industry players as well as established government numbers where available.
- (iv) Review, cross-checks and integrity assessment of all sources (secondary and primary) and independent analysis to build industry consensus as much as possible on all final research estimates including the size, drivers, competitive landscape and future trends of the waterborne trade and freight services industry and prepare the final report.

Based on the above, our Directors consider that the data and statistics in the Euromonitor Report are reliable. Also, Euromonitor International Limited built its report on the following bases and assumptions:

- (i) The Chinese overall social, economic and political environment is expected to remain stable in the forecast period;
- (ii) The Chinese economy and value of foreign trade are anticipated to maintain steady growth over the forecast period;
- (iii) There will be no external shock, such as financial crisis or significant raw material shortage or cost inflation that affects the demand and supply of the waterborne trade and freight service in mainland China and Hong Kong during the forecast period;
- (iv) The Chinese foreign trade business models do not alter significantly;
- (v) Key market drivers such as decrease of fuel price, depreciation of CNY and leading players further commitment to expansion, are expected to boost the future development of China's waterborne trade and freight services industry.

On these bases, our Directors and the Sponsor are satisfied that the future outlook and development trend disclosed in this section are not misleading.

INDUSTRY OVERVIEW

Our Directors, after taking reasonable care, confirm that there is no adverse change in the market information since the date of the Euromonitor Report, which may qualify, contradict or have adverse impact on the information in this section.

MACRO ECONOMY IN SOUTHERN CHINA AND HONG KONG

Our business operations are principally located in the Southern China, which consists Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province. Such provinces are key regions where we generated a significant portion of our revenue during the Track Record Period.

Macro economy in Fujian Province

Fujian Province is one of the fastest developing provinces in China, and ranked 11th in 2015 in terms of GDP. According to the National Bureau of Statistics, Fujian's GDP reached RMB2,598 billion in year 2015, recording 3.8% share of national GDP. The real GDP growth rate in Fujian Province was 9.0% in 2015.

The freight traffic of waterways reached 293.7 million tonnes in Fujian in 2015, representing a CAGR of 11.8% during 2010 to 2015, which growth was in line with Fujian's active foreign trade. Container throughput went up 7.1% to 13.6 million TEU in 2015.

Chart 1 Value of trading import vs. exports, Fujian Province, 2010-2015

Value of trading imports vs. exports		2010	2011	2012	2013	2014	2015
Total value of imports	<i>USD billion</i>	43.9	53.9	57.4	60.2	67.0	56.3
Total value of exports	<i>USD billion</i>	66.6	80.7	88.8	94.3	97.6	113.0

Source: National Bureau of Statistics of China, 2015 Fujian economic and social development statistical report

Macro economy in Guangdong Province

Guangdong Province has been among China's most developed areas, and recognised as one of the most important trading markets. According to government statistics, Guangdong dominated the top spot in its value contribution to the national GDP, recording a share of around 10.8% in 2015. The real GDP growth rate in Guangdong Province was 8.0% in 2015.

Although the total foreign trade value of Guangdong Province experienced a decline of 5.0% in 2015, the overall trend was still optimistic. According to the 2015 Guangdong economic and social development statistical report, the total value of imports was recorded at USD379.3 billion in 2015, representing a CAGR of 0.7% during 2010 to 2015. The total value of exports had a CAGR of 6.6% during 2010 to 2015 with the value of USD643.6 billion in 2015.

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Chart 2 Value of import trading vs. exports, Guangdong Province, 2010-2015

Value of import trading vs. exports		2010	2011	2012	2013	2014	2015
Total value of imports	<i>USD billion</i>	366.8	443.6	479.1	549.4	496.7	379.3
Total value of exports	<i>USD billion</i>	467.2	563.2	636.2	731.8	745.5	643.6

Source: National Bureau of Statistics of China, 2015 Guangdong economic and social development statistical report

Macro economy in Guangxi Zhuang Autonomous Region

Guangxi Zhuang Autonomous Region used to be one of the fastest developing provincial-level districts but has been in decline in recent years. According to the National Bureau of Statistics, Guangxi ranked 17th in mainland China, two ranking up from the previous year, in terms of nominal GDP with RMB1,680 billion in 2015. The real GDP growth rate in Guangxi Zhuang Autonomous Region was 8.1% in 2015.

Guangxi's import trade value was USD22.2 billion in 2015, representing a CAGR of 11.3% during 2010 to 2015. The value of exports reached USD26.6 billion in 2015, representing a CAGR of 32.6% during 2010 to 2015.

Chart 3 Value of trading import vs. exports, Guangxi Zhuang Autonomous Region, 2010-2015

Value of trading import vs. exports		2010	2011	2012	2013	2014	2015
Total value of imports	<i>USD billion</i>	13.0	23.7	31.7	29.3	31.9	22.2
Total value of exports	<i>USD billion</i>	6.5	8.6	9.2	9.4	13.0	26.6

Source: National Bureau of Statistics of China, 2015 Guangxi Zhuang Autonomous Region Bureau of Statistics

Macro economy in Hainan Province

Hainan Province is the only provincial-level special economic zone in China. Since 1980 Hainan has been one of the five special economic zones as well as the largest in terms of area. Its GDP spiked after the opening up policy and reached RMB370.3 billion nominal GDP in 2015, ranking 28th in mainland China. The real GDP growth rate in Hainan Province was 7.8% in 2015.

According to the Statistics from People's government of Hainan Province issued by Hainan provincial government in 2016, the waterways freight traffic achieved 115.8 million tonnes in 2015, a drop of 1.5% compared to 2014. In 2015, the port cargo throughput achieved an increase of 9.0% compared with 2014, achieving 130.5 million tonnes.

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Chart 4 Value of trading import vs. exports, Hainan Province, 2010-2015

Value of trading imports vs. exports		2010	2011	2012	2013	2014	2015
Total value of imports	<i>USD billion</i>	8.2	11.2	11.8	11.6	12.8	11.6
Total value of exports	<i>USD billion</i>	2.2	2.2	2.8	3.2	4.2	3.6

Source: National Bureau of Statistics of China, 2015 Hainan economic and social development statistical report

Macro economy in Hong Kong

Hong Kong's GDP performance maintained an upward trend in the historic period from 2010 to 2015 with a CAGR of 6.2%. Nominal GDP in Hong Kong during 2010 to 2015 was surging from HK\$1,776.3 billion to HK\$2,402.5 billion. The real GDP growth rate in Hong Kong was 2.4% in 2015.

Hong Kong is geographically located along a major sea route, and this advantageous position enables it to bridge China with the rest of the world. In 2015, Hong Kong ranked fifth as one of the world's busiest container ports, with a throughput of 20.1 million TEUs, following Shanghai, Singapore, Shenzhen and Ningbo-Zhoushan. The table below sets forth the external merchandise trade of export to China from 2010 to 2015:

Chart 5 External merchandise trade, export to China, Hong Kong, 2010-2015

		2010	2011	2012	2013	2014	2015
Total value of external merchandise trade – imports	<i>HK\$ billion</i>	3,364.8	3,764.6	3,912.2	4,060.7	4,219.0	4,046.4
External merchandise trade – domestic exports	<i>HK\$ billion</i>	69.5	65.7	58.8	54.4	55.3	46.9
External merchandise trade – re-exports	<i>HK\$ billion</i>	2,961.5	3,271.6	3,375.5	3,505.3	3,617.5	3,558.4
Total exports to China	<i>HK\$ billion</i>	1,598.2	1,747.4	1,857.8	1,949.2	2,011.1	1,936.5
Domestic exports to mainland China	<i>HK\$ billion</i>	31.2	30.7	26.0	24.8	55.3	20.4
Re-exports to China	<i>HK\$ billion</i>	1,567.0	1,716.7	1,831.7	1,924.5	1,955.8	1,916.1
Imports from China	<i>HK\$ billion</i>	1,529.8	1,696.8	1,840.9	1,942.1	1,987.0	1,984.0
Re-exports of China origin to other places	<i>HK\$ billion</i>	1,821.0	2,015.0	2,104.4	2,159.9	2,168.3	2,163.0

Source: Census and Statistics Department of the Government of the Hong Kong

INDUSTRY OVERVIEW

OVERVIEW OF THE WATERBORNE TRADE AND FREIGHT SERVICES IN CHINA

Waterborne trade is the most widely used mode of transportation compared with the other two modes, namely land and air. Waterborne trade can be used to carry large volumes of goods and is the least costly and green one. Waterborne trade and freight service providers refer to companies that provide waterway transportation services. According to Ministry of Transport of the People's Republic of China, RMB127.8 billion was invested in inland and coastal construction from January 2015 to November 2015, of which RMB80 billion was invested in coastal ports. From January 2015 to November 2015, port cargo throughput reached 10.5 billion tonnes, two percentage points higher than the first 11 months of 2014.

Chart 6 Cargo and container throughput, freight traffic of waterways & freight handled in main coastal ports in the PRC, 2005-2015

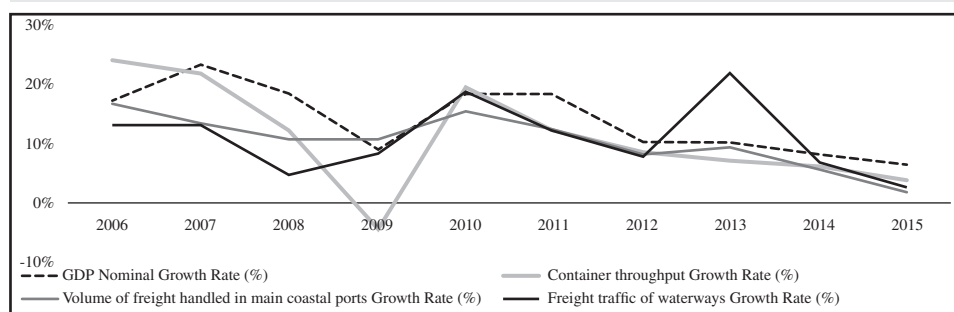
		2005	2006	2007	2008	2009	
Container throughput	TEUs '000	75,640	93,610	114,000	128,000	122,400	
Volume of freight handled in main coastal ports	Tonnes '000	2,927,770	3,421,910	3,882,000	4,295,990	4,754,810	
Freight traffic of waterways	Tonnes '000	2,196,480	2,487,030	2,811,990	2,945,100	3,189,960	
		2010	2011	2012	2013	2014	2015
Container throughput	TEUs '000	146,130	163,670	177,470	190,210	202,000	209,590
Volume of freight handled in main coastal ports	Tonnes '000	5,483,580	6,162,920	6,652,450	7,280,980	7,695,570	7,840,000
Freight traffic of waterways	Tonnes '000	3,789,490	4,259,680	4,587,050	5,597,850	5,982,830	6,140,000

Source: National Bureau of Statistics of China, 2006-2015 port yearbook, National Development and Reform Commission

The growth of shipping industry is paralleled with economic development

The cyclical nature of shipping industry is demonstrated by its parallel growth with the nominal growth rate of GDP in the PRC in the past ten years. For instance, during 2007 to 2009, the Chinese economy experienced slowdown in terms of nominal growth rate of GDP, and thus the growth rate of container throughput (-4.4%), and volume of freight handled in main coastal ports (10.7%) reached their bottom in this period; further, the situation was quite similar in the following five years, i.e. during 2011 to 2015.

Chart 7 Cyclical Nature of shipping industry, Growth rate in Mainland China, 2006-2015



Source: National Bureau of Statistics of China, 2006-2015 port yearbook, National Development and Reform Commission

INDUSTRY OVERVIEW

Key trends and drivers

Customization and ship utilization are gaining importance

Shipping space utilization is very important to shipping companies due to high fixed cost. Sharing shipping space is used to improve the utilization rate. Within the waterborne trade and freight industry, some shipping companies allow the ordering of shipping space from each other according to the volume and size of cargo, while considering the departure time and shipping lines/routes to best utilise and the shipping capacity.

Continual investment in infrastructure and technology innovation improves capacity and efficiency

The development of logistics is always closely connected with the development of ports. Investment in inland port infrastructure continues to increase, facilitating the construction of deep-water berths. On the other hand, inland river port construction will benefit from *Action Plan to Accelerate the Development of Inland Water Transportation* 《加快推進長江等內河水運發展行動方案(2013-2020年)》, issued by the Ministry of Transport.

Smart ports play an important role in ports' modern transformation in China, and directs the future development of ports. The level of digitalization is gaining significance in port development, which is an important indicator of comprehensive competitive advantage. Digitalization construction has gained the attention of the Chinese government, and investment in port technology is increasing. Also, port information technology construction helps to provide more comprehensive support services such as logistics, customs clearance and supply chain management.

Key challenges

Weak global demand

The main challenge for the waterborne trade and freight service will face is slowly recovering global economy which may hinder the global trading value. As a key exporter in the global market, China's waterborne trade services may face challenges caused by slow growth of overseas demand.

OVERVIEW OF THE WATERBORNE TRADE AND FREIGHT SERVICES INDUSTRY IN SOUTHERN CHINA AND HONG KONG

The waterborne trade and freight services industry in Fujian Province

Geographical advantages for ports construction and expansion

Fujian Province has geographical advantages for constructing deep-water ports and expanding port scale. Fujian's deep-water stretch of coast ranked first in China according to Port yearbook of Fujian, with total 47 kilometers and 23 locations, which can be used to construct 80 ports of 200 thousand anchorage capacity. Increasing infrastructure investment and ongoing port construction provides solid future growth factors for the waterborne trade and freight services industry. According to the 2015 Fujian economic and social development statistical report, container throughput reached 13.6 million TEUs in 2015, an increase of 7.3% compared with year 2014.

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Favourable policy and foreign investment has laid a solid foundation for future growth

Multiple government policies have been made to support and guide the investment for the waterborne trade and freight services industry in Fujian. *Several Opinions on Accelerating Port Group to Promote Intermodal Among Three Groups* 《關於加快港口群促進「三群」聯運的若干意見》、*Ten Actions to Further Accelerate the Development of Haixi Port Group* 《關於進一步加快海西港口群發展十條措施》 and *The Outline of the Plan for Accelerating the Development of Port Groups* 《關於加快港口發展的行動綱要（2014—2018年）》 provide explicit guides to the reorganisation of assets for ports in Fujian to be carried out by Fujian Provincial Communication Transportation Group and Xiamen Port Holding Group jointly. As a result, Fuzhou ports strengthened their container function by improving the integrated operation level.

The waterborne trade and freight services industry in Guangdong Province

Strong waterborne trade with foreign and domestic trade

The performance of waterborne trade and freight services in Guangdong province was strong with stable growth during 2010 to 2015. The actively growing trade triggered the prosperity of waterborne trade and freight services. Guangdong province has a large economic hinterland to facilitate the growth of domestic and foreign trade, thus ports such as Guangzhou ports and Shenzhen Ports act as an important foreign trade window and as the marine logistics centre of southern China. The cargo throughput and container throughput were both at the forefront in mainland China.

The waterborne trade and freight services industry in Guangxi Zhuang Autonomous Region

Strong performance in port productivity

According to the release by Guangxi government, the total cargo through put reached 314.2 million tonnes, registering a 1.1% increase in 2015. International cargo throughput recorded 127.2 million tonnes in 2015, a 1.5% decrease as compare with 2014. The growth of total container throughput in Guangxi reached double digit, a 18.1% increase in 2015 as compared with 2014, reaching 2.0 million TEUs.

New shipping lines are opened up

New shipping routes continue to increase for both inland and ocean shipment. Length of inland waterways continues to increase and width continues to expand. New inland shipping routes have also been created. In terms of international waterborne, new ocean shipping routes have been created and the first shipping routes from Guangxi port to Taiwan port opened in 2013, which could bring more cargo resources to Guangxi ports.

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New regulatory model promotes efficiency and utilization

The Beibu Gulf Economic Zone located in the southwest coastal area was established in 2006. The *Development plan of Guangxi Beibu Gulf Economic Zone* (《廣西北部灣經濟區發展規劃》) was issued to guide its development during 2006-2020, and the government has carried out a strategic plan to transform the Beibu Gulf Economic Zone into an international regional economic cooperation zone. Nanning customs issued a new customs clearance supervision model to provide guidance for the development of port operating groups in order to create a supportive environment for ports' comprehensive development. The goal is to build a solid trade relationship with ASEAN countries and favour the cooperation of ports.

The waterborne trade and freight services industry in Hainan Province

Encouraging new launches of shipping lines

To implement the strategy, Haikou Harbour Overall Layout Arrangement Plan (《海口港總體布局規劃》), of promoting Haikou to become the biggest container port in Beibu gulf rim, opening up new international shipping routes to ASEAN countries by large shipping companies was encouraged. Also, following the strategic plan that the Pan-Beibu gulf logistics development forum (泛北部灣物流發展論壇) in 2013 raised, both domestic and foreign shipping routes were to be continually increased. For example, Dyna International Shipping opened the first shipping route from Haikou to Vietnam, making up for the lack of freight directed to southwest countries.

The waterborne trade and freight services industry in Hong Kong

Hong Kong is a close trade partner with mainland China

Hong Kong and mainland China have been close trading partners. In 2014, there was HK\$1,937 billion of goods in value, which accounts for 53.7% of the total export value, being exported to China by all means of transport. Improving living standards and purchasing power of mainland consumers has generated strong demand for imported goods. On the other hand, 49.0% or HK\$1,984 billion of imported goods to Hong Kong were from the mainland. Hong Kong has been dependent on the resources from the mainland, ranging from foods and raw materials to finished products. Hong Kong also acts as a re-export centre for goods originating from mainland China to other Asian countries or the rest of the world. In 2015, 53.8% or HK\$1,916.2 billion of re-exported goods were of mainland China origin. High efficiency, well developed infrastructure and being located along major transporting routes have underpinned the success of Hong Kong as a re-export centre.

Free trade port and low tax rate

Hong Kong is a free port with an open door policy, which means Hong Kong maintains no barriers on trade. The territory does not impose tariffs on the importation or exportation of goods in general. Also, low tax rates appeal to international companies that want to set up subsidiaries and build up their presence in Asia, and as a stepping stone into mainland China, a country with potential growth and that has yet to be explored.

INDUSTRY OVERVIEW

FUTURE OUTLOOK AND DEVELOPMENT TRENDS IN SOUTHERN CHINA AND HONG KONG

Establishment of free trade zone in Fujian Province

Pingtang integrated experimental areas was first established in year 2009 according to Guiding Opinions of Supporting Fujian Province to Accelerate the Development of Western Taiwan Straits Economic Zone (《關於支持福建省加快建設海峽西岸經濟區的若干意見》) by the State Department. Later two additional documents were issued to raise the development of Pingtan to national strategy level and to provide more preferential policy to Pingtan in year 2011.

Pingtang is located in a key strategic position for waterborne trade and freight service, sitting on the main channel of Taiwan Strait acting as an important hub of One Belt, One Road. It also has good harbours and abundant resources of deep-water port, which can be built into medium to large sized port. As the deepening cooperation and stronger connection between mainland China and other ASEAN countries and regions, waterborne trades and freight services is expecting a continual growth in the future.

In December 2014, Pingtan free trade zone was set up, with preferential policies introduced, such as exempting value added tax to shipping companies, tax-free or bonded tax policy for manufacturing-related import goods, which are likely to attract attentions and business opportunities from international manufacturing enterprises. Such potential new setup of operation hub will provide solid base for the increase of waterborne trades and freight services industry in Pingtan.

Domestic demand will act as a main force in waterborne trade development in Guangdong Province

Foreign trade is expected to grow as the global economy recovers. Growing domestic and foreign trade will together pull the waterborne trade and freight industry forward in the future. Digitalization technology will also gain increasing attention that will assure a strong and fully equipped modern port. Favourable open policies in the ‘free trade zone’ will facilitate the progress of its main ports like Guangzhou and Shenzhen in becoming the international waterborne trade hub. Shenzhen will be gaining global attention and strengthen its position in terms of international container trade.

Increasing amount of interactive trade activities between Guangxi Zhuang Autonomous Region and other ASEAN countries

Guangxi ports’ future development is expected to maintain healthy growth and has the potential to be the maritime shipping hub linking the Beibu gulf area and ASEAN countries. Port resources integration in the Beibu gulf area would meet the need for an improved transportation solution, and help Guangxi ports gain a competitive advantage. Additionally, the number of shipping routes connecting ASEAN countries still needs to improve in order to cater to increasing trade, which would provide Guangxi with the opportunity to transform into an ASEAN trade centre.

The increasing investment into port infrastructure will also continue to facilitate port development in Guangxi, allowing it to equip itself with greater port capability. It provides more opportunity for the development of the waterborne trade and freight services industry.

INDUSTRY OVERVIEW

Government policy and trade cooperation drive waterborne trade and freight services development in Hainan Province

A fast growth in cargo and container throughput is expected in Hainan, which will mainly be driven by the following factors: i) there are still a number of deep-water ports that remain in construction, but with future investments in ports, port productivity has great potential to be further improved; ii) constant infrastructure investment will speed up to contribute to the improvement of port function. Port resources utilization will be more optimised under the policy-led resources integration which will bring development in the efficiency of ports in Hainan; iii) tourism in Hainan will continue to act as the main growth driver for the economy; and iv) there will be more trade engagement with Southwest Asia as promoted by the open policy, along with the loosening in foreign ports investment, and more marine logistics cooperation with ASEAN countries will provide more opportunities for future growth of waterborne trade for Hainan.

COMPETITIVE LANDSCAPE

There are over 800 operators engaged in foreign trade transshipment business among Guangzhou, Shenzhen and Hong Kong, and the market is rather concentrated in the reviewed region. The following table sets out the ranking for top five foreign trade transshipment services providers at transshipment ports:

Chart 8 Ranking of top five foreign trade transshipment service providers in Guangzhou, Shenzhen and Hong Kong, 2015*

Ranking	Company Name	Container Transshipment (approximately TEUs)	State owned or non state owned
1	Company A	1,120,000	State owned
2	Company B	1,090,000	non state owned
3	Company C	730,000	State owned
4	Company D	660,000	State owned
5	Our Group	403,000	non state owned

Source: Euromonitor estimates from trade interview & desk research

* The data reported above has been determined via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break down the revenue numbers into the relevant categories which were covered in this study. For these companies as well as those companies that are included in the market shares but are not publicly listed, we have estimated the market shares based on estimates provided by various trade sources (i.e. not just the companies themselves) while seeking a consensus on these estimates as much as possible.

Feeder shipping services providers usually collect shipping containers from different ports (e.g. usually inland ports) and transport them with their own vessels to container terminals of transshipment ports (e.g. large-scale ports in Shenzhen and Hong Kong) where they are loaded onto international container liners for further shipment, as these international liners cannot reach inland ports with their own ships. Feeder shipping service is common in southern part of China, in this type of service, connection with large shipping liners will provide a stable source of business opportunities and for large companies, a very competitive edge.

Carrier owned container services, refers to carriers who provide both the transportation services and the containers, and as a result, this kind of services is normally carried out by sizable companies with stronger financial background and network. It has a rather small base of competitors and higher concentration level for its high entry barriers.

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Sea freight forwarding agency services, mainly describe a service mode in which companies act as logistics experts to arrange shipments for customers. This type of service operators use third parties vessels and containers to conduct business since they do not own vessels or containers. Companies with better connection with ports and higher efficiency can usually provide better services and wide coverage of services (such as custom clearance, warehouse, pickup etc.).

Entry barriers

Feeder shipping services, which is usually used by international container liners, mainly has four types of entry barrier: (a) widespread network covering major ports within local markets to meet the needs of a wide spectrum of customers; (b) sufficient capacity of vessels which require large capital investment or fee for annual leasing; (c) enduring reputation that secures stable relationship with large container companies to guarantee stable revenue and reduce cost; and (d) stable cooperation with port operators.

Carrier owned container services, which is usually used by foreign trade companies, mainly has three types of entry barrier: (a) sufficient capacity of both vessels and containers which require large capital investment or fee for annual leasing; (b) enduring reputation that secures stable relationship with large container companies under container interchange agreements to reduce cost; and (c) stable cooperation with port operators.

The entry barriers to sea freight forwarding agency services, which usually procure from large international container companies and provide such services to foreign trade companies, mainly lie with the NVOCC business. NVOCC mainly has three types of entry barriers: a). according to the Regulation of the People's Republic of China on International Marine Transportation (《中華人民共和國國際海運條例》), a NVOCC company must register at Ministry of Transport (交通部) a bill of lading and obtain required license; b). cash deposit of RMB800,000 is required for the registration. c). capability of providing export related services such as custom clearance; and d). for every branch added, RMB200,000 would be added to the performance guarantee deposit.

Price Trend

The cost of foreign trade transshipment service (comprising feeder shipping service, carrier owned container services, and sea freight forwarding agency service) depends on various aspects such as shipping distance, if the container is empty or loaded, fuel price etc. The industry consensus of the cost under the shipping term "CY/TACKLE" (i.e. Container Yard) (carrier receives container at the port of loading and is responsible for transportation to the port of discharge to the pick truck) cost, judging from the foreign transshipment between Guangzhou and Shenzhen, Guangzhou and Hong Kong in 2015, is around RMB400 (about HK\$476.2) for every loaded twenty feet container, RMB600 (about HK\$714.3) for every loaded forty feet container and RMB200 (HK\$238.1) for every empty container.

It should be pointed out that the price for feeder service usually stands alone while carrier owned container services and sea freight forwarding agency services tends to provide a package price covering miscellaneous items such as trailer, dock, customs etc.

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Our position in the market

We provide foreign trade transshipment services in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being our major transshipment ports. According to the Euromonitor Report, we ranked the fifth among all foreign trade transshipment service providers in Guangzhou, Shenzhen and Hong Kong and we ranked the second among our competitors which are non-state own enterprises, in terms of container transshipment in TEUs in 2015.

In addition, as our competitive strength, we have strong container transshipment performance (over 20,000 TEU annually) in many ports in Southern China such as Shenzhen, Huangpu, Xiamen, Beihai, Fangchenggang and Fuzhou. Years of cooperation have helped forge close relationships between our Group and the ports, where our containers could be handled promptly. These relationships also represent one of our competitive strengths and ensure a smoother customs procedure and quality service when going through these ports. Particularly in Fuzhou, Quanzhou and Zhanjiang ports, where we have strong performance and a leading position in terms of container transshipment volume.

As another competitive strength of our Group, our services cover feeder services, carrier owned container services, and sea freight forwarding agency services. According to Euromonitor Report, it is not common that one group has all of the three types of service in its portfolio in the industry. Such wide coverage of services enables us to accommodate needs of a wide variety of customers and thus brings ample opportunities for our business development.

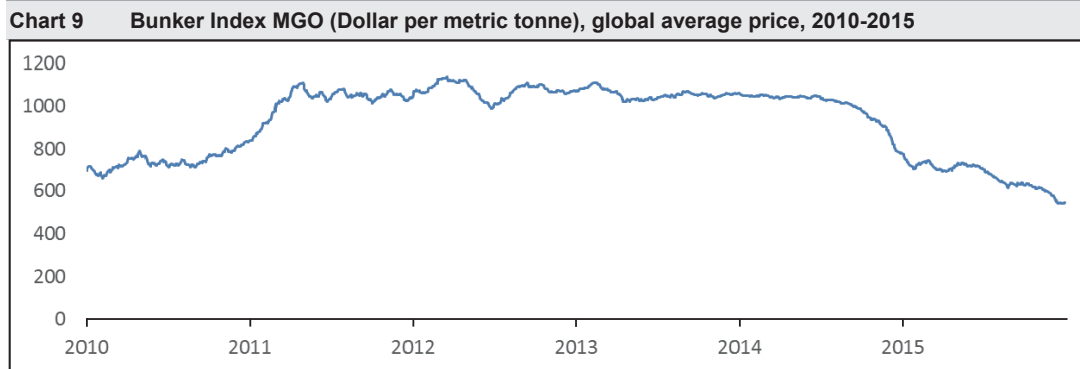
RAW MATERIALS FOR THE WATERBORNE TRADE AND FREIGHT SERVICES INDUSTRY

Lower oil price benefits the industry

Crude oil price impacts the waterborne trade and freight service industry. Fuel cost comprises about 25-30% of the total operation cost for container vessel operators, and represent one of the major operating costs for vessels.

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The global average price trends of marine gas oil (“MGO”) has been in line with the trends of crude oil price during the Track Record Period. The average price peaked in year 2012 with USD1,137.9 per metric tonne and maintained relatively stable around USD1,000 per metric tonne till September 2014, since then the price started dropping and reached bottom on December 2015 with USD543.0 per metric tonne. MGO price witnessed a 30% drop in year 2015. The table below sets forth the global average price of bunker index MGO from 2010 to 2015:



Source: Bunker Index

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We principally provide three kinds of services, namely (i) feeder shipping services; (ii) carrier owned container services; and (iii) sea freight forwarding agency services. Our services principally involve in handling containers by our vessel fleet between Hong Kong and Southern China region and transship them from and onto the ocean carriers, as to deliver the consigned shipments to the destinations required by our customers.

Below sets out the summaries of certain aspects of major laws and regulations which are relevant to our Group's operation and business. They can generally be categorised as Hong Kong laws and regulations and the PRC laws and regulations.

1. HONG KONG LAWS AND REGULATIONS

Common law

(a) Liabilities under contract

While we are engaging in the provision of Sea Freight Services, our rights and obligations towards our customers are generally governed by the terms of the contracts we formed with them. These contracts are subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong), pursuant to which any exemption clauses restricting liabilities for loss or damage to property due to parties' negligence are valid only if such clauses satisfy the reasonableness test.

When we act as a shipping carrier for our customers, the carriage contract is usually formed on our standard terms as contained in our bills of lading. One of our standard terms provides that our liability as carrier shall be governed by the Hague-Visby Rules.

When we act as freight forwarding agent for our customers, we may form contracts with different carriers on our customers' behalf. As a general principle of agency law, when an agent forms a contract for his principal, the principal alone can sue or be sued upon the contract and the agent would not be personally liable. This principle is subject to a number of conditions, including that the agent is adhering to the instructions of the principal and acting within the principal's authority.

(b) Liabilities in tort

When we provide freight forwarding services in the capacity of a carrier, we owe a duty of care to the good-owners and to persons entitled to possession of the goods. If the goods are lost or damaged because of our omissions, we may be liable to them in tort for negligence. If we wrongly deliver the goods to a party not entitled to its possession, we may be liable in tort for conversion. When we act as an agent in delivering the goods, as a general doctrine of agency law, if any loss or injury is caused to a third party by our wrongful act or omission, we would be personally liable.

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(c) *Liabilities as a bailee*

Whether our Group acts as a carrier or as an agent, when we take possession of a customer's goods, a bailment relationship arises whereby we become a bailee for reward of the goods. Our rights and obligations as bailee is governed by the terms of the contract formed with the customer. If we take possession from someone who is also acting as a bailee for another party, we become a sub-bailee in a sub-bailment relationship. In such case we owe duties of care to both the sub-bailor and the bailor to take reasonable care of the goods.

Applicable Hong Kong laws and regulations

Apart from the common law obligations, our Group's business in Hong Kong is also regulated by a number of legislations. The following is an overview of the ordinances and subsidiary legislations that are particularly relevant to our Group's business in Hong Kong.

(a) *Merchant Shipping Ordinance (Chapter 281 of the Laws of Hong Kong) ("MSO")*

The MSO principally deals with (a) registration and licensing of ships; (b) forfeiture of ships; and (c) detention of ships. Under the MSO, there are three subsidiary legislations applicable to us which comprise Merchant Shipping (Forms) Regulations, Merchant Shipping (Fees) Regulations and Merchant Shipping (Marine Courts) Regulations, relating mainly to forms and fees for the purpose of the MSO or of regulations under the MSO, and formal investigations into casualties and inquiries into charges of incompetency or misconduct.

According to section 3 of the MSO, every ship trading outwards from Hong Kong or trading or being used for any commercial purpose in the waters of Hong Kong must be provided, where applicable, with a certificate of registry or other document granted in a place outside Hong Kong and similar or equivalent in effect to a certificate of registry or provisional registry.

Under section 108 of the MSO, the Director of Marine may under certain conditions detain a ship pending satisfaction of legal provisions. If the ship proceeds or attempts to proceed to sea before having released by competent authority, the master of the ship, and also the owner or agent, and any person who sends the ship to sea, agent or person is party or privy to the offence, shall be guilty of an offence and shall be liable on conviction to a fine of HK\$50,000 and to imprisonment for 2 years.

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(b) *Merchant Shipping (Local Vessels) Ordinance (Chapter 548 of the Laws of Hong Kong) (“MS(LV)O”)*

The vessels that are used or chartered by our Group fall within the definition of “local vessels” under the MS(LV)O. Therefore, the MS(LV)O and its subsidiary legislations are applicable to us.

The MS(LV)O provides for the regulation and control of local vessels in Hong Kong or within Hong Kong waters and for other matters affecting local vessels, including their navigation and safety at sea (whether within or beyond the waters of Hong Kong). Under the MS(LV)O, there are subsidiary legislations which include, among others, the Merchant Shipping (Local Vessels) (General) Regulation (the “*Merchant Shipping General Regulation*”) and the Merchant Shipping (Local Vessels) (Works) Regulation (the “*Merchant Shipping Works Regulation*”).

Merchant Shipping General Regulation

The Merchant Shipping General Regulation provides for the general administration of local vessels and port control matters to enhance the safe operation of local vessels within Hong Kong waters. It requires local vessels (including the river trade vessels from the Mainland China and Macau) to obtain a policy of insurance that insures the owners in respect of third party risks and the cover shall be at least HK\$1 million. Before the river trade vessels enter Hong Kong waters, they will be required to notify the Director of Marine, among other things, that they have taken out third party risks insurance. The Director of Marine may refuse entry of such vessels if they fail to comply with the above requirement.

Merchant Shipping Works Regulation

The Merchant Shipping Works Regulation regulates and controls the safety issues of local vessels in the waters of Hong Kong. It also provides for, among other things:

- (1) The requirements for safe means of access to and from and on board a vessel have been enhanced;
- (2) Lifting appliances are subject to the requirement for annual thorough examination and periodical test and examination, at least, once in every 4 years for local vessels and, requirement for issue of appropriate certificates in specified forms by the competent examiners;
- (3) The qualifications of a competent examiner for lifting appliance have been clearly specified to include registered professional engineers and classification societies;
- (4) The occupational safety requirements (e.g. appointment of works supervisors, provision and use of protective clothing and equipment, maintenance of first aid equipment, etc.) have been prescribed;
- (5) Measures shall, in so far as reasonably practicable, be taken to ensure the safety of persons employed at work and they shall be provided such information, instruction, training or supervision as may be necessary to ensure, in so far as reasonably practicable, the safety of persons employed at work; and

REGULATORY OVERVIEW

- (6) If a person employed has to carry out cargo handling on the top of a stack of containers on a vessel, there shall be provided safe means of access to and from the top of the stack for use by that person, and reasonable measures shall be taken to ensure that a person employed does not work on the top of a container unless adequate precautions have been taken to prevent such a person from falling off the container.

(c) *Merchant Shipping (Collision Damage Liability and Salvage) Ordinance (Chapter 508 of the laws of Hong Kong) (“MS(CDLS)O”)*

The MS(CDLS)O governs the law relating to collision damage and salvage operations. It incorporates the International Convention on Salvage 1989, thereby bringing this aspect of Hong Kong law in line with international laws. The Convention acts as the principal multilateral document governing marine salvage.

Under section 3 of the MS(CDLS)O, where by the fault of 2 or more vessels, damage or loss is caused to one or more of those vessels, to their cargoes or freight, or to any property on board, the liability to make good the damage or loss shall be in proportion to the degree in which each vessel was in fault.

(d) *Carriage of Goods by Sea Ordinance (Chapter 462 of the Laws of Hong Kong) (“CGSO”)*

Section 1 of the CGSO provides that the Hague-Visby Rules shall have the force of law if any contract for carriage of goods by sea expressly or by implication provides for the issue of a bill of lading or any similar document of title.

Under section 3(4) of the CGSO, the Hague-Visby Rules shall also apply to any bill of lading if the contract contained in or evidenced by it expressly provides that the Hague-Visby Rules shall govern the contract. This is particularly relevant to our Group since the standard bills of lading issued by our Group contain a clause to such effect.

Whilst originally the Hague-Visby Rules only apply to contract of carriage where the relevant bill of lading relates to the carriage of goods between ports in two different states, section 3(2) of the CGSO provides that so long as the port of shipment is in Hong Kong, the Hague-Visby Rules shall apply.

The Hague-Visby Rules are a set of international rules which regulate the rights and liabilities in relation to the loading, handling, stowage, carriage, custody, care and discharge of goods for contracts of carriage by sea. The carrier is required to properly and carefully load, handle, stow, carry, keep, care for, and discharge the goods carried, and to exercise due diligence to make the ship seaworthy, to properly man, equip, and supply the ship, and to make the holds, refrigerating and cool chambers (if any), and all other parts of the ship in which goods are carried, fit and safe for their reception, carriage and preservation. At the same time it sets out limitations on the liabilities of the carrier provided that the carrier is able to demonstrate it has exercised a reasonable standard of professionalism and care as well as imposes the limitation period on legal proceedings brought against the carrier.

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(e) *Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (“IEO”) and Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) (“IER”)*

Our Group mainly offer services by handling containers by the vessels that are used or chartered by our Group from other PRC shipping companies between Hong Kong and Southern China region and transship them from and onto the ocean carriers, as to deliver the consigned shipments to the destinations required by our customers. Therefore, our voyages regularly import and export articles to and from Hong Kong and our Group is governed by the IEO and its subsidiary legislations.

Under the IEO, an importer of goods (other than exempted articles under regulation 3 of the IER) is required to lodge with the Customs and Excise Department an import declaration within 14 days after the importation of such goods into Hong Kong. Certain documents need to be presented for customs clearance, including the bill of lading or similar documents, invoice, packing list, etc. All cargo which is imported or exported shall be recorded in a manifest.

Under the IEO, customs officers are granted various powers in relation to the investigation, examination, and seizure of goods.

Ever Harvest has obtained a licence under the Transshipment Cargo Exemption Scheme throughout the Track Record Period, and Xiamen Harvest has obtained such licence throughout the Track Record Period except the first 5 months in 2014 which Xiamen Harvest confirmed it did not carry the goods subject to such licence. Such licence exempts licence holders from import and export licensing requirements in respect of transshipment cargoes of pharmaceutical products and medicines, rice, frozen or chilled meat and poultry, Chinese herbal medicines and proprietary Chinese medicines, powdered formula and rough diamonds, which are otherwise subject to licensing requirements under the Pharmacy and Poisons Ordinance (Cap 138), Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Cap. 296A), Part I of the First Schedule and Second Schedule to the Import and Export (General) Regulations (Cap. 60A).

(f) *Dutiable Commodities Ordinance (Cap. 109 of the Laws of Hong Kong) (“DCO”)*

Ever Harvest has obtained a licence issued by the Customs and Excise Department in import and export of liquor, tobacco, hydrocarbon oil and methyl alcohol throughout the Track Record Period. Import and export of such commodities must be carried out in compliance with the DCO, and in accordance with relevant licensing requirements. Duty is currently payable on tobacco, hydrocarbon oil and methyl alcohol, as well as liquor with an alcoholic strength of more than 30% by volume measured at a temperature of 20 °C.

Under sections 20 and 46 of the DCO, except with the permission of the Commissioner of Customs and Excise and any Deputy or Assistant Commissioner of Customs and Excise, no such commodities may be imported or exported by sea, or be landed from or loaded or taken on any ship. Breach of this requirement shall be guilty of an offence and shall be liable to a fine of HK\$1,000,000 and to imprisonment for two years.

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(g) *Control of Chemicals Ordinance (Chapter 145 of the Laws of Hong Kong) (“CCO”) and Control of Chemicals Regulations (Chapter 145 of the Laws of Hong Kong) (“CCR”)*

Ever Harvest and Xiamen Harvest have each obtained a licence issued by the Customs and Excise Department under the CCO. Throughout the Track Record Period, import and export of such chemicals must be carried out in compliance with the CCO and CCR, and in accordance with relevant licensing requirements.

Under sections 2A to 7 of the CCO, except under and in accordance with a licence or permit granted thereunder, no person shall possess, manufacture, transport, distribute, transship, import or export any such chemicals, or supply, deal in or possess acetylating substances.

Under section 15 of the CCO, any person who contravenes sections 2A to 7 of the CCO shall be guilty of an offence and shall be liable on indictment to a fine of HK\$1,000,000 and to imprisonment of 15 years, or on summary conviction to a fine of HK\$500,000 and to imprisonment for 3 years.

(h) *Merchant Shipping (Safety) (Dangerous Goods and Marine Pollutants) Regulation (Chapter 413H of the Laws of Hong Kong) (“Merchant Shipping Dangerous Goods Regulation”)*

Vessels that are used or chartered by our Group may ship and transship dangerous goods in our operation. The requirements under the Merchant Shipping Dangerous Goods Regulation therefore apply to the vessels that are used or chartered by our Group when they are in the waters of Hong Kong.

The Merchant Shipping Dangerous Goods Regulation implemented the “International Maritime Dangerous Goods Code” (“**IMDG Code**”) in Hong Kong. The IMDG Code standardises and regulates the terminology, packaging, labelling, placarding, marking, stowage, segregation, handling and emergency response so as to ensure safety of transportation and shipment of dangerous goods.

Under the Merchant Shipping Dangerous Goods Regulation, no packaged goods shall be offered for carriage or taken on board any ship unless a dangerous goods declaration has been furnished to the shipowner or master, which shall indicate the correct technical name, the UN number and the classes of the dangerous goods. The dangerous goods declaration shall also include the number and type of packages, the total quantity of packaged goods and other information required by the IMDG Code. A forwarder who fails to furnish a dangerous goods declaration or furnishes a false declaration, or a shipowner or master who accepts for carriage, takes or receives on board, any packaged dangerous goods without a dangerous goods certificate commits an offence.

Dangerous goods shall be packed, marked, labelled, stowed, segregated and secured in accordance with the IMDG Code. A signed packing certificate shall be furnished to a shipowner or his agent or the master. The shipowner commits an offence if he takes on board any ship for carriage in that ship if the dangerous goods are not packed, marked, labelled, stowed, segregated or secured in accordance with the IMDG Code or he knows or ought to know that the goods are not packaged in such a manner as to withstand the ordinary risk of carriage by sea.

A document of compliance is required for a ship to take on board packaged dangerous goods issued by the Director of Marine or the competent authority of the country in which the ship is registered in accordance with section 16 of the Merchant Shipping Dangerous Goods Regulation.

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(i) *The Freight Containers (Safety) Ordinance (Chapter 506 of the Laws of Hong Kong) (“FC(S)O”)*

Our Group uses owned containers, leased containers and containers under the container interchange agreements in our operation. The requirements under the FC(S)O therefore apply to our Group.

The FC(S)O and its four piece of subsidiary legislations, namely (i) the Freight Containers (Safety) Applications for Approval of Containers Regulation, (ii) Freight Containers (Safety) (Fees) Regulation, (iii) Freight Containers (Safety) (Arrangements for Authorised Persons) Order; and (iv) Freight Containers (Safety) (Examination Procedure) Order, implemented the “International Convention for Safe Containers 1972” in Hong Kong. The Convention standardises the requirements for testing, inspection and approval of containers, and prescribes procedures for their maintenance, examination and control so as to ensure safety in their handling, stacking and transportation.

Under the FC(S)O, the owner of a freight container has the duty that its container has valid approval with a valid “safety approval plate” fixed on it and the maximum operating gross weight marked on it, and is properly maintained and periodically examined. In a case where there is an express term of a bailment or lease of a container, the bailee or lessee of the container is responsible for the above-mentioned duties. All freight containers owned by our Group has valid “safety approval plate” fixed thereon in accordance with the FC(S)O.

The FC(S)O requires owners, bailees or lessees of freight containers used as transport equipment of cargoes or for use or supplied for use in Hong Kong to comply with its statutory requirements.

2. THE PRC LAWS AND REGULATIONS

Overview

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our Group’s operation and business.

Provisions Relating to Foreign Investment

The Foreign Investment Industries Guidance Catalog (2015 Revision) (外商投資產業指導目錄 (2015年修訂), the “**Foreign Investment Catalog**”) which was amended and promulgated by the National Development and Reform Commission (the “**NDRC**”) and the Ministry of Commerce (the “**MOFCOM**”) on March 10, 2015 and became effective on April 10, 2015, lists the industries in the categories of foreign investment encouraged industries, foreign investment restricted industries and foreign investment prohibited industries. Industries not listed in the Foreign Investment Catalog are permitted industries unless specifically prohibited or restricted by other PRC laws and regulations. The business of international freight forwarding and non-vessel shipping mainly carried out by our Group fall within the permitted foreign-invested industry.

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Provisions Relating to International Freight Forwarding

Pursuant to the Rules for the Implementation of Regulations on the Administration of Agency Business for International Freight Forwarding of the PRC (中華人民共和國國際貨物運輸代理業管理規定實施細則) promulgated by the MOFCOM on January 1, 2004 and effective on the same day, an enterprise engaged in international freight forwarding businesses is required to satisfy certain requirements as to: (i) at least five professionals who have experiences in handling international freight forwarding operations for over three years and whose qualifications have been certified by their previous employers; or, have obtained the certificates of qualifications issued by the MOFCOM; (ii) a fixed place of business, either owned or leased; (iii) necessary operational facilities; and (iv) a stable supply of import and export cargo.

Under the Administrative Measures Relating to Foreign-Invested International Freight Forwarding Agency Enterprises (外商投資國際貨物運輸代理企業管理辦法, the “**FIE Freight Forwarding Measures**”) promulgated by the MOFCOM on December 1, 2005 and amended on October 28, 2015, foreign investors may establish foreign-invested international freight forwarding enterprises in the form of Sino-foreign joint ventures or Sino-foreign cooperative ventures within the territory of the PRC. Since December 11, 2005, foreign investors are permitted to establish wholly foreign-owned international freight forwarding enterprises in the PRC. A foreign-invested international freight forwarding enterprise may apply to set up branches, and the business scope of such branches shall be within that of its parent enterprise. The civil liabilities of the branches shall be borne by their parent enterprise.

Pursuant to the Provisional Measures for the Filing of International Freight Forwarding Agency Enterprises (國際貨運代理企業備案(暫行)辦法) promulgated by the MOFCOM on March 7, 2005 and effective on April 1, 2005, all international freight forwarding enterprises and its branches duly registered in the PRC are required to complete the filing with the MOFCOM or the relevant local commerce authorities as delegated by the MOFCOM. Foreign invested international freight forwarding agencies should go through the formalities in accordance with the FIE Freight Forwarding Measures.

Provisions Relating to Non-vessel Shipping Service

Under the PRC International Marine Transportation Regulations (中華人民共和國國際海運條例) promulgated by the State Council on December 11, 2001 with effect from January 1, 2002 and amended on July 18, 2013, the Implementations Rules thereof (中華人民共和國國際海運條例實施細則) promulgated by the Ministry of Transport (the “**MOT**”) on January 20, 2003 with effect from March 1, 2003 and amended on August 29, 2013 and the Rules for the Administration of Foreign-invested International Marine Transportation (外商投資國際海運業管理規定) promulgated by the MOT and the MOFCOM on February 25, 2004 with effect from June 1, 2004 and amended on April 23, 2014, enterprises engaged in activities such as, among others, the signing of international freight forwarding contracts as carriers, taking delivery of or arranging delivery of goods, issuing bills of lading or other transportation documents, devanning or consolidating containers in the PRC shall apply for registration of bill of lading with the MOT and the competent local transport authorities (if applicable). Those enterprises operating the non-vessel shipping business must register a bill of lading with the department in charge of transportation under the State Council and must pay a security deposit of RMB800,000 and an additional security deposit of RMB200,000 for each branch established. To apply for the registration of bill of lading of non-vessel shipping operator, the applicant shall file the application with the Ministry of Communications and submit the relevant materials, and at the same time, send copies of the application materials to the transport authority of the people’s government of the province, autonomous

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region or municipality directly under the Central Government where the enterprise is located or where the contact agency designated by the foreign non-vessel shipping operator is located. After satisfying the above requirements, upon application, the MOT may grant to the applicant the Non-vessel Shipping Business Operation Qualification Registration Certificate (無船承運業務經營資格登記證).

Provisions Relating to Policy of Logistics Industry and Government Grants

The logistics business in the PRC has been progressively liberalised by the PRC Government. According to the Opinion relating to the Development of Modern Logistics Industry in the PRC (關於促進我國現代物流業發展的意見) (the “**Opinion**”) jointly promulgated by 9 central departments on August 5, 2004 and effective on the same day, unless required by national laws, administrative laws and regulations or otherwise promulgated and announced by the State Council, all requirements for pre-approvals for registration of logistics enterprises in the PRC by the relevant authorities for the administration of industry and commerce should be cancelled, and all approvals on the qualification requirements for international freight forwarding agencies should be removed. Furthermore, on March 10, 2009, the State Council issued the Circular of the State Council on Releasing the Plans for Adjusting and Accelerating the Logistics Industry (國務院關於印發物流業調整和振興規劃的通知).

On August 2, 2011, the General Office of the State Council issued the Opinions on Promoting Policies and Measures on the Healthy Development of Logistics Industry (國務院辦公廳關於促進物流健康發展政策措施的意見) to further formulate and improve supporting policies and measures for the logistics industry. It includes, among others: (i) effectively alleviating the tax burden of logistics companies, (ii) enhancing the land supporting policies for logistics industry, (iii) promoting the passage of logistics vehicles, (iv) fastening the reform of logistics management system, and (v) promoting the innovation and application of logistics technology. In addition, it is required to improve the financing system, broaden the financing channels, and actively support the qualified logistics enterprises to go listing or issue bonds.

Pursuant to the Notice on Extension and Amendment of Regulations on Promoting the Open and Development of Guangxi Beibu Gulf Economic District (關於延續和修訂促進廣西北部灣經濟區開放開發若干政策規定的通知) promulgated by the People’s Government of Guangxi Zhuang Autonomous Region on January 13, 2014 and the Implementing Rules of Grants for Logistics Development in Ports of Guangxi Beibu Gulf Economic District (廣西北部灣經濟區港口物流發展補助實施細則) jointly promulgated by Guangxi Beibu Gulf Economic District and ASEAN Open Cooperation Office, Department of Finance of Guangxi Zhuang Autonomous Region and Department of Transport of Guangxi Zhuang Autonomous Region on February 4, 2016, grants will be offered to shipping enterprises operating stably for more than one year and completing more than 45 direct voyages of foreign trade container transportation per year in the ports region of Beihai, Fangchenggang and Qinzhou, and the grants will be equally contributed by the People’s Government of Guangxi Zhuang Autonomous Region and People’s Government where the ports locate (namely People’s Government of Beihai, Qinzhou or Fangchenggang). The grant period is from January 1, 2014 to December 31, 2019.

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Pursuant to the Notice on the Implementation Plan for Jointly Cultivating Regular Container Liner Routes between Beihai and Hong Kong (關於共同培育北海至香港集裝箱定期班輪航線的實施方案的通知) and Notice on Amendment of Partial Provisions of the Implementation Plan for Jointly Cultivating Regular Container Liner Routes between Beihai and Hong Kong (關於修改《關於培育北海至香港集裝箱定期班輪航線的實施方案》部分條款的通知) jointly promulgated by the People's Government of Beihai and Department of Commerce of Guangxi Zhuang Autonomous Region on January 28, 2013 and July 10, 2013, a special fund will be set up by the People's Government of Beihai and Department of Commerce of Guangxi Zhuang Autonomous Region, and such fund will be offered to regular container liners sailing between Beihai and Hong Kong. The grant period is from January 1, 2013 to December 31, 2015.

Pursuant to the Preferential Policy on Accelerating the Development of Rise Projects of “Hundred Billion Worth Industries” and Acceptance of the Shifted Industry in Qinzhou (欽州市加快推進“千百億產業崛起工程”和承接產業轉移的優惠政策) (the “**Preferential Policy**”) promulgated by the People's Government of Qinzhou on May 3, 2009, grants will be offered to shipping enterprises operating foreign trade voyage routes where the annual total carrying capacities handled exceed 5,000 TEUs, and grants will be offered to international freight forwarding enterprises where the annual shipping volumes accomplished by such enterprises through the export of laden containers in Qinzhou exceed 1,000 TEUs. Municipal Bureau of Finance and relevant municipal departments are responsible for making payments to enterprises and individuals according the preferential policies. The Preferential Policy ends on December 31, 2012.

Pursuant to the Reply issued by the People's Government Office of Qinzhou in June, 2013 in terms of Special Fund and Reward Plan on Container Liner Transportation Business of 2013 in Qinzhou (2013年欽州港集裝箱航線業務專項補貼及獎勵方案), grants will be offered to shipping enterprises where the annual total number of standard containers handled reaches or exceeds 3,000.

Pursuant to the Notice on the Measures for Promoting Integration of Ports in Qinzhou (欽州市促進口岸“大通關”政策措施的通知) promulgated by the People's Government Office of Qinzhou on March 13, 2014, grants will be offered to shipping enterprises continuously operating fixed voyage routes between Hong Kong and Qinzhou for more than six months through fixed vessels with tonnage more than 2,000 tons and more than 120 containers. International freight forwarding enterprises will be offered grants for organizing export of foreign trade laden containers where the annual total number of standard containers handled reaches or exceeds 200, and the grants will be settled once a year. The grant period is tentatively fixed for three years.

Pursuant to the Policy and Measures on Accelerating the Development of Container Liner Transportation in Fangchenggang (關於加快發展防城港集裝箱運輸的若干扶持政策和措施) (the “**Policy and Measures**”) promulgated by the People's Government of Fangchenggang on December 12, 2012, a special fund will be set up by the Municipal Bureau of Finance to support the development of container liner transportation. Grants will be offered to shipping enterprises or actual operators of the vessels operating foreign trade voyage routes stably for more than one year pursuant to the increased volume of TEUs. Such enterprises will be offered grants where the annual increased number of standard containers exceeds 5,000, and the total amount of grants is up to RMB 1,500,000. The Policy and Measures is implemented from its promulgation and ends on December 31, 2012.

REGULATORY OVERVIEW

On 27 November 2014, the State Council issued the Notice of the State Council on trimming and regulating preferential tax policies (國務院關於清理規範稅收等優惠政策的通知) (the “**Notice**”), requiring all provincial people’s governments and the relevant authorities to make special efforts to trim and regulate tax and non-tax preferential policies, namely the special clean-up action.

Pursuant to the Circular of the State Council on Matters Relating to Preferential Policies for Tax and Other Aspects (國務院關於稅收等優惠政策相關事項的通知) (the “**Circular**”) promulgated by the State Council on 10 May 2015, the Circular eased some of the requirements for the special clean-up action. Pursuant to the Circular, among other things:

- (i) with regard to the preferential policies that have been released by all regions and departments, if there is a specified time limit, the preferential policies shall be implemented within such time limit; and
- (ii) with regard to new preferential policies that will be released by all regions and departments, except for the matters specified in the laws and administrative regulations, any matters that are related to taxes or to non-tax revenues approved by the Central Government shall be reported to the State Council for implementation upon approval; others shall be implemented upon approval by the local governments and relevant departments.

Based on the above, our PRC Legal Advisers confirmed that, the various regulations on government grants disclosed on pages 73 to 75 in the prospectus can be implemented within their specified time limit pursuant to the Circular.

Provisions Relating to Import and Export Activities

In accordance with the Administrative Regulations of the People’s Republic of China on the Import and Export of Goods (中華人民共和國貨物進出口管理條例), the state exercises uniform administration over the import and export of goods. The state allows the free import and export of goods and maintains the fairness and orderliness of the import and export of goods according to law.

In accordance with the Administrative Provisions of the Customs of the People’s Republic of China on the Registration of Customs Declaration Entities (中華人民共和國海關報關單位註冊登記管理規定), in completing customs formalities, customs declaration entities shall go through the applicable registration procedures with customs and obtain the Certificate of the Customs of the People’s Republic of China on Registration of the Customs Declaration Entity (中華人民共和國海關報關單位註冊登記證書).

In accordance with the Customs Law of the PRC (中華人民共和國海關法), all import and export means of transport, goods and articles shall enter or leave the territory at a place where there is a Customs office. The customs formalities concerning declaration of imported and exported goods may be completed either by the owner or by a person the owner has entrusted to act as his agent.

Pursuant to the above rules and regulations, our customers may handle the customs declaration themselves or, if they request assistance from our Group, our Group will then arrange qualified customs declaration companies to go through the customs declaration formalities.

REGULATORY OVERVIEW

Provisions Relating to Labor Protection

Pursuant to the PRC Labor Law (中華人民共和國勞動法) promulgated by the National People's Congress Standing Committee (the "NPC Standing Committee") on July 5, 1994 with effect from January 1, 1995 and amended on August 27, 2009 and the PRC Labor Contract Law (中華人民共和國勞動合同法) promulgated by the NPC Standing Committee on June 29, 2007, amended on December 28, 2012 and effective on July 1, 2013, if an employment relationship is established between an entity and its employees, written labor contracts shall be prepared. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wages. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the State on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

Pursuant to the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council and effective on January 22, 1999, the Interim Measures concerning the Administration of the Registration of Social Insurance (社會保險登記管理暫行辦法) promulgated by the Ministry of Human Resources and Social Security and effective on March 19, 1999, the Regulations on Unemployment Insurance (失業保險條例) by the State Council promulgated and effective on January 22, 1999, the Regulations on Occupational Injury Insurance (工傷保險條例) promulgated by the State Council on April 27, 2003 and effective on January 1, 2004, as amended on December 20, 2010, and the Interim Measures concerning the Maternity Insurance for Enterprise Employees (企業職工生育保險試行辦法) promulgated by the Ministry of Human Resources and Social Security on December 14, 1994 and effective on January 1, 1995, employers are required to register with the competent social insurance authorities and provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated by the NPC Standing Committee on October 28 and effective on July 1, 2011, all employees are required to participate in basic pension insurance, basic medical insurance and unemployment insurance, which must be contributed by both the employers and the employees. All employees are required to participate in work-related injury insurance and maternity insurance schemes, which must be contributed by the employers. Employers are required to complete registrations with local social insurance authorities. Moreover, the employers must timely make all social insurance contributions. Except for mandatory exceptions such as force majeure, social insurance premiums may not be paid late, reduced or be exempted.

Pursuant to the Regulations on the Administration of Housing Fund (住房公積金管理條例) promulgated by the State Council with effect from April 3, 1999 and amended on March 24, 2002, enterprises are required to register with the competent administrative centers of housing fund and open bank accounts for housing funds for their employees. Employers are also required to timely pay all housing fund contributions for their employees.

REGULATORY OVERVIEW

Provisions Relating to Tax

Enterprise Income Tax

Pursuant to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) promulgated by National People's Congress on March 16, 2007 and effective on January 1, 2008 and its implementation rules, domestic enterprises and foreign invested enterprises are subject to enterprise income tax at a rate of 25% on taxable income.

Under the PRC Enterprise Income Tax Law, enterprises consist of resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is incorporated under the PRC law, or that is incorporated under the law of a jurisdiction outside the PRC with its de facto management body located within the PRC. A non-resident enterprise refers to an enterprise which is incorporated under the law of a jurisdiction outside the PRC with its de facto management body located outside of the PRC, but which has set up institutions or establishments in the PRC, or has income originating from the PRC without setting up any institution or establishment in the PRC. Pursuant to the Regulation on the Implementation of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective on January 1, 2008, a “de facto management body” is defined as a managing body that exercises, in substance, overall management and control over the production and business, personnel, accounting and assets and other aspects of an enterprise.

On August 21, 2006, the PRC and Hong Kong entered into an Arrangement between the Mainland of the PRC and Hong Kong for Avoidance of Double Taxation of Income and Prevention of Income Tax Evasion (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排, the “**Income Tax Arrangement**”). According to the Income Tax Arrangement, a withholding tax rate of 5% applies to dividends paid by a PRC company to a corporate recipient that is a Hong Kong resident and directly holds at least 25% equity interests in the PRC company. A withholding tax rate of 10% applies to dividends paid by a PRC company to a corporate recipient that is a Hong Kong resident and holds less than 25% equity interests in the PRC company.

Moreover, according to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知) promulgated by the State Administration of Taxation (the “**SAT**”) on February 20, 2009 and effective on the same day, special tax treatments on dividends paid by a PRC company under relevant tax treaties will not be available unless certain conditions are satisfied. For example, the dividend recipient must be qualified under the relevant tax treaty, and must directly hold certain equity interest in and voting shares of the PRC company distributing dividends as specified in the relevant treaty within 12 months prior to the dividends distribution.

Pursuant to the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (非居民納稅人享受稅收協定待遇管理辦法) promulgated by the SAT on August 27, 2015 and effective on November 1, 2015, any non-resident taxpayer filing a tax return shall faithfully file a return, and submit the relevant statements and materials itself/himself or through withholding agents. Tax authorities at all levels shall, through strengthening the subsequent administration of non-resident taxpayers entitled to the convention treatment.

REGULATORY OVERVIEW

Business Tax

Pursuant to the Temporary Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例) which was promulgated by the State Council on December 13, 1993 and was amended on November 10, 2008, enterprises which provide services subject to payment of business tax, transfer intangible assets or sell real estate properties must pay business tax.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) last amended and promulgated by the State Council on November 10, 2008 and with effect from January 1, 2009 and its implementation rules, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and maintenance services, and the importation of goods are required to pay value-added tax (the “VAT”).

Pursuant to Circular of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Scheme of Replacing Business Tax in the Transportation Sector and Selected Modern Service Sectors with Value-Added Tax in Eight Provinces and Municipalities Regions Including Beijing (財政部、國家稅務總局關於在北京等8省市開展交通運輸業和部分現代服務業營業稅改徵增值稅試點的通知) (the “Circular 71”) promulgated by the SAT and Ministry of Finance on July 31, 2012 and effective on the same day, the pilot scheme of replacing business tax in the transportation sector and selected modern service sectors with value-added tax would be extended from Shanghai to eight other provincial-level regions (including municipalities directly under the central government), which include Beijing, Tianjin, Jiangsu Province, Zhejiang Province (including Ningbo), Anhui Province, Fujian Province (including Xiamen), Hubei Province and Guangdong Province (including Shenzhen). Pursuant to Circular 71, the requirement on the deadline for the Value-added transition differs, where Beijing is required to complete by September 1, 2012, Fujian and Guangdong Province by November 1, 2012, Tianjin and Zhejiang Province by December 1, 2012.

Circular of the Ministry of Finance and the State Administration of Taxation on Implementing the Nationwide Pilot Scheme of Replacing Business Tax in the Transportation Sector and Selected Modern Service Sectors with Value-Added Tax (財政部、國家稅務總局關於在全國開展交通運輸業和部分現代服務業營業稅改徵增值稅試點稅收政策的通知, the “Circular 37”) was promulgated on May 24, 2013, which announced that the value-added tax reform pilot for transportation and modern services sectors will be rolled out nationwide as from August 1, 2013.

Circular 71 were abolished on August 1, 2013 by Circular 37 and Circular 37 was abolished on January 1, 2014 by Notice of the Ministry of Finance and the State Administration of Taxation on the Inclusion of the Railway Transportation and Postal Industries in the Pilot Program of Replacing Business Tax with Value-Added Tax (財政部、國家稅務總局關於將鐵路運輸和郵政業納入營業稅改徵增值稅試點的通知, the “Circular 106”). Pursuant to the Implementing Measures for Pilot Collection of Value-added Tax in Lieu of Business Tax (營業稅改徵增值稅試點實施辦法) which became effective on January 1, 2014, entities and individuals providing transportation services, postal services and certain modern service industries within the territory of the People’s Republic of China are VAT taxpayers. Taxpayers providing taxable services shall pay VAT, and will no longer pay business tax. The applicable VAT rate for providing services in modern services industry (with the exception of leasing services of tangible personal property) shall be 6%, and the VAT rate for small-scale taxpayers is 3%. And VAT

REGULATORY OVERVIEW

taxpayers are exempted from value-added tax in terms of the provision of international freight forwarding agency services. Pursuant to the Announcement on Value-added Tax Issues concerning International Freight Forwarding Agency Services (關於國際貨物運輸代理服務有關增值稅問題的公告) which became effective on September 1, 2014, VAT taxpayers, on behalf of its client, indirectly goes through the formalities for such business related to goods and shipping agency services as international freight transportation, vehicles going in and out of ports for international transportation and arrangement for pilotage, berthing, loading and unloading via other agents shall be exempted from value-added tax in accordance with Circular 106.

Provisions Relating to Statutory Reserve Funds in the PRC

Pursuant to the Implementation Rules on the Foreign-invested Enterprises Law of the PRC (中華人民共和國外資企業法實施細則) promulgated by the State Council on December 12, 1990 and last amended on February 19, 2014, a foreign-invested enterprise established in the PRC shall appropriate portions of its after-tax profits to the reserve funds (namely the statutory reserved funds) and bonus and welfare funds for its employees. The appropriation ratio of reserve funds shall be no less than 10% of its after-tax profits, and the foreign-invested enterprise may elect to cease drawing reserve funds when the aggregate reserve funds reach an amount of more than 50% of the enterprise's registered capital. The appropriation ratio of the bonus and welfare funds for employees may be determined at the enterprise's discretion.

Pursuant to the Company Law of the PRC (中華人民共和國公司法) promulgated by the Standing Committee of the National People's Congress on December 29, 1993 and last amended on December 28, 2013, where a company distribute its after-tax profits for the current financial year, it shall draw 10% of its after-tax profits as the statutory reserve funds, and it may elect to cease drawing statutory reserve funds when the aggregate statutory reserve funds reach an amount of more than 50% of the company's registered capital.

Provisions Relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例, the “**SAFE Regulations**”) which was promulgated by the State Council and last amended on August 5, 2008. Under the SAFE Regulations, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the State Administration of Foreign Exchange (the “**SAFE**”) is obtained. Foreign investment enterprises are permitted to remit their profits or dividends in foreign currencies out of their foreign exchange accounts or exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

REGULATORY OVERVIEW

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知, the “**Circular 13**”), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment will be directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

Provisions Relating to Resident Representative Offices of Foreign Enterprises

Pursuant to the Administrative Regulations on the Registration of Resident Representative Offices of Foreign Enterprises (外國企業常駐代表機構登記管理條例) promulgated by the State Council on November 19, 2010 and amended on July 18, 2013, resident representative offices of foreign enterprises (the “**Representative Offices**”) refer to the offices established within the territory of China by foreign enterprises in accordance with the provisions of these Regulations for the purpose of engaging in non-profit activities in connection with the business of such foreign enterprises. Such Representative Offices have no legal person status. The industrial and commercial administrative authorities of the people’s government of the provinces, autonomous regions and municipalities directly under the Central Government shall be the registration and administrative authorities of representative offices. Representative Offices may engage in the following activities in connection with the business of the foreign enterprises:

- (1) market investigation, display, publicity activities in connection with the products or services of foreign enterprises; and
- (2) liaison activities in connection with product sales, service provision, domestic procurement and domestic investment of foreign enterprises.

Where laws, regulations or provisions of the State Council provide that approval is required for engaging in the business activities as provided in the preceding paragraph, Representative Offices are required to obtain approval.

HISTORY, DEVELOPMENT AND REORGANISATION

BUSINESS HISTORY

The following table sets forth our major business milestones since the date of commencement of our business:

Year	Event
1993	Xiamen Harvest was incorporated in Hong Kong.
1997	Mr. Lau Yu Leung acquired all equity interests in Ever Harvest in Hong Kong.
2002	We obtained the Non-vessel Shipping Business Operation Qualification Registration Certificate under Ever Harvest in the PRC.
2004	We established EHIL in Shenzhen.
2005	We obtained the Non-vessel Shipping Business Operation Qualification Registration Certificate under SEHL in the PRC.
2008	We obtained the Record Form of International Freight Forwarding Agency under EHIL.
2013	We established SFHL in Shenzhen.
2015	We obtained the Non-vessel Shipping Business Operation Qualification Registration Certificate under Xiamen Harvest in the PRC.

For further information in relation to our business, please refer to the section headed “Business” in this prospectus.

CORPORATE DEVELOPMENT

The history of our Group started in 1993 when Mr. Lau Yu Leung, being the founder of our Group, established Xiamen Harvest with investment from himself, an employee of our Group and three independent passive investors. Mr. Lau Yu Leung financed the contribution to Xiamen Harvest by his own resources.

Through Xiamen Harvest and other operating subsidiaries as detailed below, Mr. Lau Yu Leung has invested in the Sea Freight Services during the Track Record Period.

Our Company has a number of subsidiaries incorporated or established in the BVI, Hong Kong and the PRC. Further information of our major subsidiaries and their respective corporate history is set forth below. We underwent the Reorganisation for the purpose of the Capitalisation Issue and the Global Offering, further information of which is set forth in the paragraph headed “Reorganisation” in this section below.

HISTORY, DEVELOPMENT AND REORGANISATION

Our Company

Our Company was incorporated in the Cayman Islands on 15 October 2015 as an exempted company with limited liability with an initial authorised share capital of HK\$100,000 divided into 10,000,000 Shares of HK\$0.01 each, and is the holding company of our subsidiaries. As at the Latest Practicable Date, 10,000 Shares were allotted and issued, and all allotted and issued Shares were held as to 85% by Ever Winning Investment, and as to 5% by each of Ever Forever Investment, Ever Miracle Investment and Ever Glorious Investment respectively.

OUR SUBSIDIARIES IN THE BVI, HK AND THE PRC

Ever Harvest (BVI)

Ever Harvest (BVI) was incorporated in the BVI on 16 November 2015 as a limited liability company with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 16 November 2015, 1 share of Ever Harvest (BVI) was issued to our Company for a consideration of US\$1.00. Since the time of its establishment, Ever Harvest (BVI) has been owned as to 100% by our Company.

It serves as an intermediate holding company.

EHIHL

EHIHL was incorporated in Hong Kong on 24 December 2015 as a limited liability company. On the date of incorporation, 10,000 shares in EHIHL were issued to Ever Harvest (BVI) for a consideration of HK\$10,000.

Since the time of its establishment, EHIHL has been owned as to 100% by Ever Harvest (BVI).

It serves as an intermediate holding company.

HISTORY, DEVELOPMENT AND REORGANISATION

Ever Harvest

Ever Harvest was incorporated in Hong Kong on 11 August 1992 as a limited liability company. The principal business of Ever Harvest comprises (i) feeder shipping services, (ii) sea freight forwarding agency services and (iii) carrier owned container services, and it commenced its business in August 1992.

Pursuant to various share transfers after the date of incorporation, the Lau's Family has beneficially owned all equity interest in Ever Harvest since March 1997. As at 1 January 2013 (being the commencement date of the Track Record Period), Ever Harvest has an issued share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. The following table sets forth the shareholding structure of Ever Harvest as at 1 January 2013 (being the commencement date of the Track Record Period):

Name of shareholders	Approximate shareholding percentage
Mr. Lau Yu Leung	99.90%
Madam Tong Hung Sum	0.05%
Mr. Lau Tak Fung Wallace	0.05%
Total	100%

On 25 August 2014, Mr. Lau Yu Leung transferred 0.05% of equity interest in Ever Harvest to Mr. Lau Tak Kee Henry at a nominal value of HK\$1.00. On 27 February 2015, Ever Harvest increased its share capital from HK\$10,000 to HK\$10,000,000 by allotting and issuing 9,990,000 ordinary shares. The following table sets forth the shareholding structure of Ever Harvest upon completion of the above changes in the shareholdings and immediately before the Reorganisation:

Name of shareholders	Approximate shareholding percentage
Mr. Lau Yu Leung	99.85%
Madam Tong Hung Sum	0.05%
Mr. Lau Tak Fung Wallace	0.05%
Mr. Lau Tak Kee Henry	0.05%
Total	100%

Notwithstanding the above changes in the shareholdings during the Track Record Period, Ever Harvest was wholly owned by the Lau's Family and controlled by Mr. Lau Yu Leung throughout the Track Record Period.

HISTORY, DEVELOPMENT AND REORGANISATION

Xiamen Harvest

Xiamen Harvest was incorporated in Hong Kong on 23 June 1993 as a limited liability company. Xiamen Harvest commenced the business of feeder shipping services in August 1993.

Pursuant to various share transfers after the date of incorporation, Mr. Lau Yu Leung has controlled Xiamen Harvest since 2002, and the Lau's Family has beneficially owned all equity interest in Xiamen Harvest since 2006. As at 1 January 2013 (being the commencement date of the Track Record Period), Xiamen Harvest had an issued share capital of HK\$100,000 divided into 100,000 ordinary shares of HK\$1.00 each. The following table sets forth the shareholding structure of Xiamen Harvest as at 1 January 2013:

Name of shareholders	Approximate shareholding percentage
Mr. Lau Yu Leung	88.90%
Madam Tong Hung Sum	6.10%
Mr. Lau Tak Fung Wallace	5.00%
Total	100%

On 25 August 2014, Mr. Lau Yu Leung transferred 5% equity interest in Xiamen Harvest to Mr. Lau Tak Kee Henry at a nominal sum of HK\$1.00. The following table sets forth the shareholding structure of Xiamen Harvest upon completion of the above share transfer and immediately before the Reorganisation:

Name of shareholders	Approximate shareholding percentage
Mr. Lau Yu Leung	83.90%
Madam Tong Hung Sum	6.10%
Mr. Lau Tak Fung Wallace	5.00%
Mr. Lau Tak Kee Henry	5.00%
Total	100%

Notwithstanding the above change in the shareholdings during the Track Record Period, Xiamen Harvest was wholly owned by the Lau's Family and controlled by Mr. Lau Yu Leung throughout the Track Record Period.

HISTORY, DEVELOPMENT AND REORGANISATION

EHIL

EHIL is a company with limited liability established in the PRC on 18 October 2004. The principal business of EHIL is NVOCC and to act as international freight forwarding agent of imported and exported goods including cargo canvassing, consignment, booking cargo space, storage, transit, Less Container Load (LCL) shipment, freight and charge settlement, custom clearance, inspection, insurance, related short-distance transport services and transportation consultancy. EHIL commenced business in around October 2004.

Immediately before the Reorganisation, EHIL has a registered capital of RMB8,000,000.

Upon its establishment and immediately before the Reorganisation, the entire equity interests in EHIL was owned as to 100% by Ever Harvest.

SEHL

SEHL is a company with limited liability established in the PRC on 15 April 2002. The principal business of SEHL includes international freight forwarding agency and NVOCC between PRC ports. SEHL commenced business in around April 2002.

As at 1 January 2013 (being the commencement date of the Track Record Period), the following table sets out the shareholding structure of SEHL:

Name of shareholders	Approximate shareholding percentage	Relationship with our Company (other than being a shareholder)	Relationship with other connected persons
Mr. Tang Hong Ping	90%	Nil	Brother of Madam Tong Hung Sum
Ms. Chen Lu Hong (<i>note</i>)	10%	Nil	Nil
Total	100%		

Note: Ms. Chen Lu Hong was an Independent Third Party.

Pursuant to an equity transfer agreement (股權轉讓協議書) dated 5 March 2013, Mr. Tang Hong Ping transferred 49% equity interest in SEHL to EHIL for a consideration of RMB490,000, which was determined with reference to the registered capital of SEHL at the time of transfer. Upon the completion of the said equity transfer on 12 April 2013, SEHL was owned as to 49% by EHIL, 41% by Mr. Tang Hong Ping and 10% by Ms. Chen Lu Hong. Notwithstanding our Group had only 49% equity interest in SEHL, due to the facts that there were arrangements among the shareholders of SEHL for EHIL to appoint the sole director and other key management personnel of SEHL and to control SEHL's operation by making all the significant strategic financial and operating decisions of SEHL, SEHL was being treated as a non-wholly owned subsidiary of our Group.

Such management arrangement was in place because EHIL had become the single largest shareholder. The profits attributable to the equity holders of our Company would be HK\$31,241,000, HK\$30,929,000 and HK\$33,580,000, respectively, during the Track Record Period had SEHL's results been excluded during the Track Record Period.

HISTORY, DEVELOPMENT AND REORGANISATION

The registered capital attributable to the 49% equity interest amounted to RMB490,000, which is close to 49% equity interest of the net asset value, as reported in the local statutory audited financial statements of SEHL, amounted to approximately RMB545,000 as at 31 December 2012. It is believed that there was no material difference between the net asset value and the registered share capital at the time of the above transfer. In the circumstances, our Directors and the Sole Sponsor consider that the transaction was conducted on an arm's length basis.

Pursuant to an equity transfer agreement (股權轉讓協議書) dated 2 March 2015, Mr. Tang Hong Ping transferred 31% equity interest in SEHL to SFHL for a consideration of RMB310,000, which was determined with reference to the registered capital of SEHL at the time of transfer. Upon the completion of such equity transfer on 12 March 2015, SEHL was owned as to 49% by EHIL, 31% by SFHL, 10% by Mr. Tang Hong Ping and 10% by Ms. Chen Lu Hong.

Pursuant to two equity transfer agreements (股權轉讓協議書) dated 27 July 2015, each of Mr. Tang Hong Ping and Ms. Chen Lu Hong transferred 10% equity interest in SEHL to EHIL, respectively, for a consideration of RMB100,000, which was determined with reference to the registered capital of SEHL at the time of transfers. Upon the completion of such equity transfers on 12 August 2015, SEHL was owned as to 69% by EHIL and 31% by SFHL.

Regarding the said equity transfers in 2015, the registered capital attributable to the equity transferred was higher than the net asset value as reported in the local statutory audited financial statements of SEHL as at 31 December 2014. However, the relevant sellers were only willing to sell the relevant equity interest at a price not lower than their respective original investment costs. Our Directors are of the view that it is important to acquire the remaining interest in SEHL in order to streamline the Group structure and consider it in the interest of our Group to acquire the remaining equity interest of SEHL despite at a price higher than the attributable net asset value. In the circumstances, our Directors and the Sole Sponsor consider that the transactions were conducted on an arm's length basis.

Immediately before the Reorganisation, SEHL has a registered capital of RMB8,500,000, and was owned as to 69% by EHIL and 31% by SFHL.

SFHL

SFHL is a company with limited liability established in the PRC on 24 July 2013. The principal business of SFHL includes freight forwarding consulting and it commenced such business in around July 2013. Subsequently, SFHL's business was changed to NVOCC on 21 March 2016.

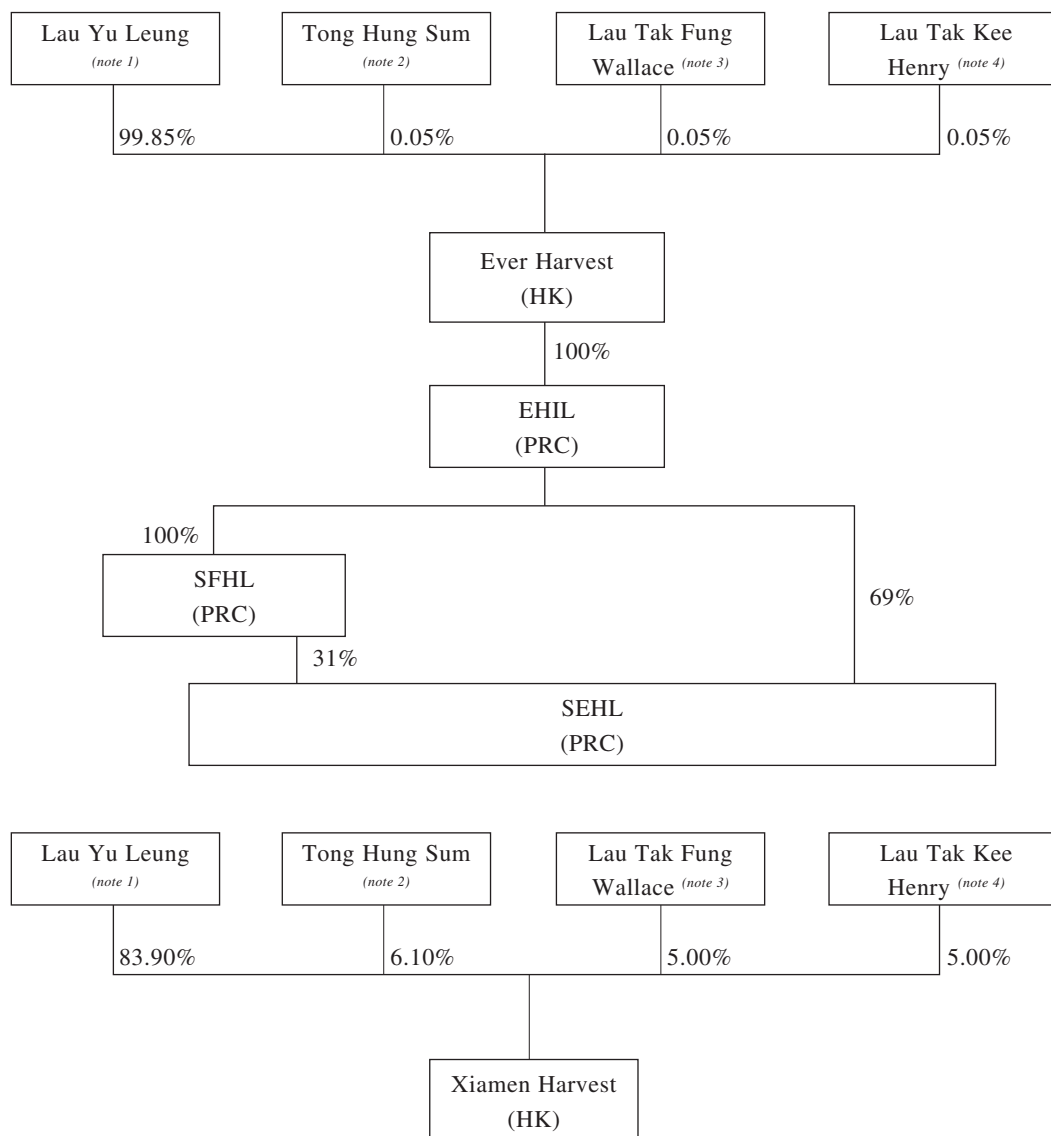
Upon its establishment and immediately before the Reorganisation, SFHL has a registered capital of RMB1,000,000, and the entire equity interests in SFHL was owned as to 100% by EHIL.

Our PRC Legal Advisers have confirmed that the establishment of each the PRC subsidiaries and the above equity transfers in the PRC have been conducted in line with the procedures under applicable laws and regulations of the PRC and all equity transfers have been duly registered with local registration authorities of the PRC and obtained all necessary approvals.

HISTORY, DEVELOPMENT AND REORGANISATION

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP PRIOR TO THE REORGANISATION

Set out below are the charts illustrating the shareholding and corporate structure of our Group immediately prior to the implementation of our Reorganisation:



Notes:

1. Mr. Lau Yu Leung is the spouse of Madam Tong Hung Sum, and is the father of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.
2. Madam Tong Hung Sum is the spouse of Mr. Lau Yu Leung, and is the mother of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.
3. Mr. Lau Tak Fung Wallace is the elder son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and is the elder brother of Mr. Lau Tak Kee Henry.
4. Mr. Lau Tak Kee Henry is the younger son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and is the younger brother of Mr. Lau Tak Fung Wallace.

HISTORY, DEVELOPMENT AND REORGANISATION

REORGANISATION

In order to rationalise our corporate structure and shareholding structure for the purpose of Listing, our Group underwent the Reorganisation which involves the following steps:

Incorporation of Ever Winning Investment, Ever Forever Investment, Ever Miracle Investment and Ever Glorious Investment

On 12 November 2015, Ever Winning Investment was incorporated under the laws of the BVI. On 12 November 2015, one share of US\$1.00 was allotted and issued at a consideration of US\$1.00, credited as fully paid, to Mr. Lau Yu Leung, representing the entire issued share capital of Ever Winning Investment. Hence, Ever Winning Investment was wholly-owned by Mr. Lau Yu Leung.

On 12 November 2015, Ever Forever Investment was incorporated under the laws of the BVI. On 12 November 2015, one share of US\$1.00 was allotted and issued at a consideration of US\$1.00, credited as fully paid, to Madam Tong Hung Sum, representing the entire issued share capital of Ever Forever Investment. Hence, Ever Forever Investment was wholly-owned by Madam Tong Hung Sum.

On 17 November 2015, Ever Miracle Investment was incorporated under the laws of the BVI. On 17 November 2015, one share of US\$1.00 was allotted and issued at a consideration of US\$1.00, credited as fully paid, to Mr. Lau Tak Fung Wallace, representing the entire issued share capital of Ever Miracle Investment. Hence, Ever Miracle Investment was wholly-owned by Mr. Lau Tak Fung Wallace.

On 12 November 2015, Ever Glorious Investment was incorporated under the laws of the BVI. On 12 November 2015, one share of US\$1.00 was allotted and issued at a consideration of US\$1.00, credited as fully paid, to Mr. Lau Tak Kee Henry, representing the entire issued share capital of Ever Glorious Investment. Hence, Ever Glorious Investment was wholly-owned by Mr. Lau Tak Kee Henry.

Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 October 2015 with an authorised share capital of HK\$100,000 divided into 10,000,000 Shares with HK\$0.01 each. On 15 October 2015, one nil-paid Share of HK\$0.01 was allotted and issued to the initial subscriber of our Company, which was transferred to Mr. Lau Yu Leung on the same date. The one nil-paid Share was transferred to Ever Winning Investment on 3 March 2016 and subsequently paid up.

On 3 March 2016, our Company allotted and issued 9,999 Shares of HK\$0.01 to the following allottees, namely 8,499 Shares to Ever Winning Investment, 500 Shares to Ever Forever Investment, 500 Shares to Ever Miracle Investment and 500 Shares to Ever Glorious Investment at a consideration of HK\$84.99, HK\$5.00, HK\$5.00 and HK\$5.00 respectively, credited as fully paid. Following the above allotment and issue, our Company is owned as to 85% by Ever Winning Investment, 5% by Ever Forever Investment, 5% by Ever Miracle Investment and 5% by Ever Glorious Investment.

HISTORY, DEVELOPMENT AND REORGANISATION

Incorporation of Ever Harvest (BVI) and EHIHL

On 16 November 2015, Ever Harvest (BVI) was incorporated under the laws of the BVI with authorised share capital of US\$50,000. On 16 November 2015, one share of US\$1.00 was allotted and issued to our Company, representing the entire issued share capital of Ever Harvest (BVI). Hence, Ever Harvest (BVI) became a wholly-owned subsidiary of our Company.

On 24 December 2015, EHIHL was incorporated under the laws of Hong Kong. On the date of incorporation, 10,000 shares was allotted and issued to Ever Harvest (BVI) for HK\$10,000, representing the entire share capital of EHIHL. Hence, EHIHL became a wholly-owned subsidiary of Ever Harvest (BVI).

EHIHL acquiring the equity interests in Ever Harvest

On 25 November 2015, Ever Harvest increased its share capital from HK\$10,000,000 to HK\$10,002,000, by allotting and issuing 2,000,000 ordinary shares at a consideration of HK\$0.001 each. Following the above increase in share capital, 215,000 additional shares, credited as fully paid, were allotted and issued to Mr. Lau Yu Leung, and 595,000 additional shares, credited as fully paid, were allotted and issued to each of Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry, such that Ever Harvest was owned by Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry as to 85%, 5%, 5% and 5%, respectively.

On 4 May 2016, Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry agreed to transfer 10,200,000 ordinary shares, 600,000 ordinary shares, 600,000 ordinary shares and 600,000 ordinary shares of Ever Harvest, representing 85%, 5%, 5% and 5% of the issued share capital of Ever Harvest, respectively, to EHIHL at an aggregate consideration of HK\$10,002,000, which was determined with reference to the paid up share capital of Ever Harvest. Hence, Ever Harvest was wholly-owned by EHIHL. The consideration was settled by EHIHL allotting and issuing 12,000 ordinary shares to Ever Harvest (BVI) at the instruction of the Lau's Family.

EHIHL acquiring the equity interests in Xiamen Harvest

On 25 November 2015, Xiamen Harvest increased its share capital from HK\$100,000 to HK\$100,300, by allotting and issuing 30,000 ordinary shares at a consideration of HK\$0.01 each. Following the above increase in share capital, 26,600 additional shares were allotted and issued to Mr. Lau Yu Leung, 400 additional shares were allotted and issued to Madam Tong Hung Sum, and 1,500 additional shares were allotted and issued to each of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry, such that Xiamen Harvest was owned by Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry as to 85%, 5%, 5% and 5%, respectively.

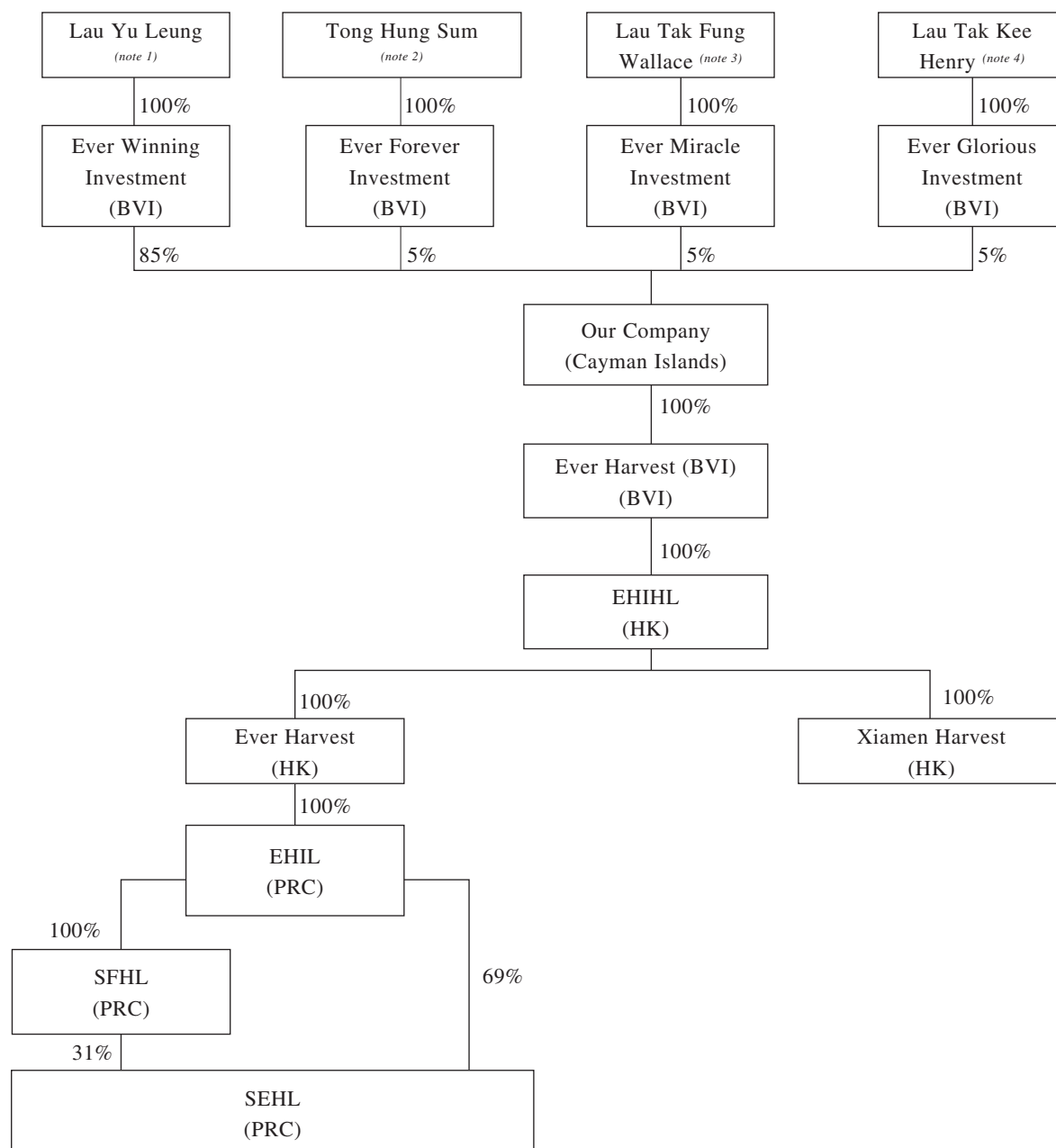
On 4 May 2016, Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry agreed to transfer 110,500 ordinary shares, 6,500 ordinary shares, 6,500 ordinary shares and 6,500 ordinary shares of Xiamen Harvest, representing 85%, 5%, 5% and 5% of the issued share capital of Xiamen Harvest, respectively, to EHIHL at a consideration of HK\$100,300 which was determined with reference to the paid up share capital of Xiamen Harvest. Hence, Xiamen Harvest was wholly-owned by EHIHL. The consideration was settled by EHIHL allotting and issuing 1,300 ordinary shares to Ever Harvest (BVI) at the instruction of the Lau's Family.

HISTORY, DEVELOPMENT AND REORGANISATION

No regulatory approval is required for implementation of the Reorganisation. Upon completion of the acquisition of equity interests in each of Ever Harvest and Xiamen Harvest by EHIHL each of Ever Harvest and Xiamen Harvest became the indirectly wholly-owned subsidiary of our Company.

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP AFTER COMPLETION OF THE REORGANISATION

The following chart sets forth the corporate structure and shareholding structure of our Group immediately after completion of the Reorganisation and before completion of the Capitalisation Issue and Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme):



HISTORY, DEVELOPMENT AND REORGANISATION

Notes:

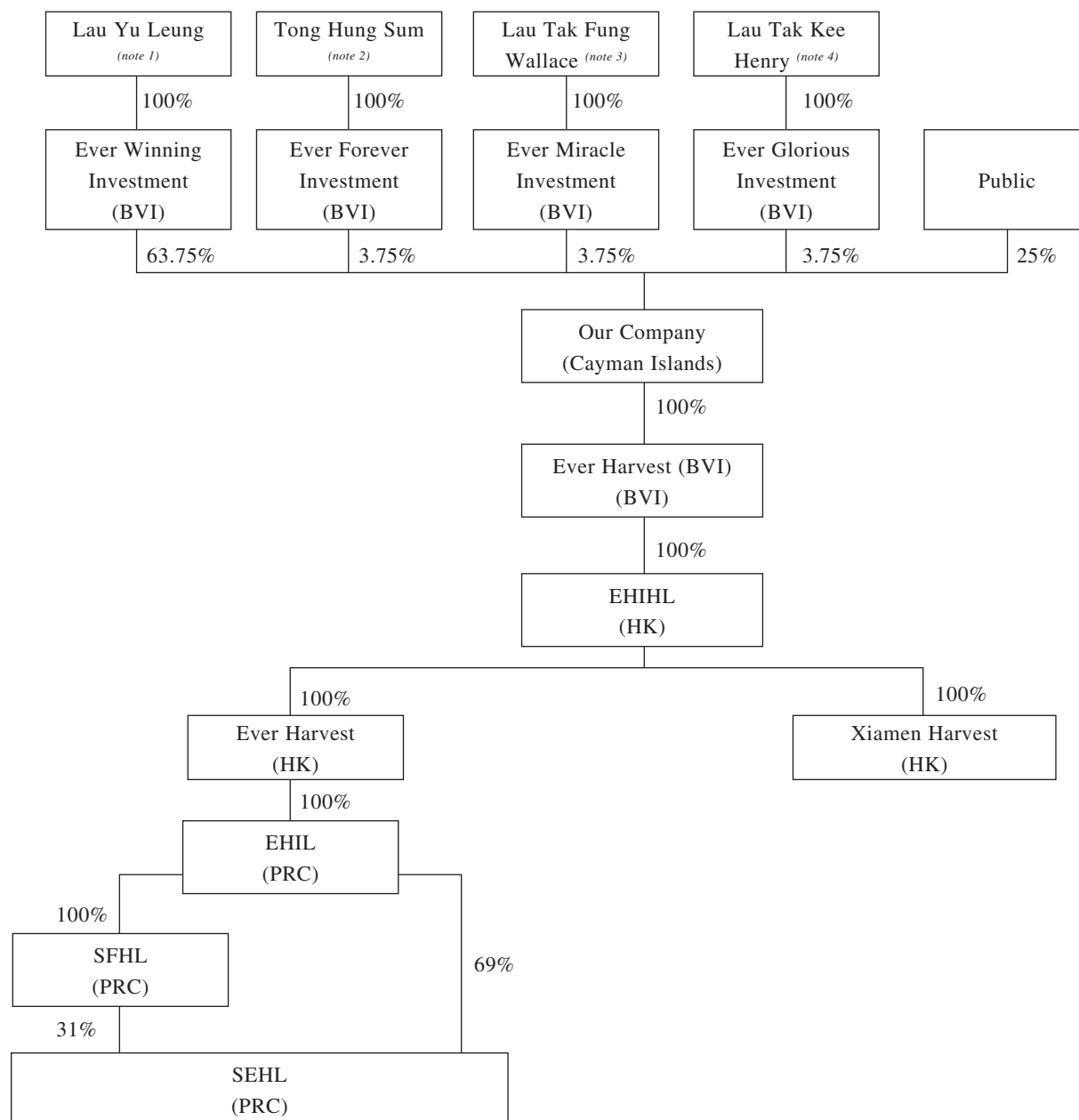
1. Mr. Lau Yu Leung is the spouse of Madam Tong Hung Sum, and is the father of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.
2. Madam Tong Hung Sum is the spouse of Mr. Lau Yu Leung, and is the mother of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.
3. Mr. Lau Tak Fung Wallace is the elder son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and is the elder brother of Mr. Lau Tak Kee Henry.
4. Mr. Lau Tak Kee Henry is the younger son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and is the younger brother of Mr. Lau Tak Fung Wallace.

HISTORY, DEVELOPMENT AND REORGANISATION

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP AFTER COMPLETION OF THE REORGANISATION, THE GLOBAL OFFERING AND THE CAPITALISATION ISSUE

Each of the steps as mentioned above in the Reorganisation was properly and legally completed and settled.

The following chart sets forth the corporate structure and shareholding structure of our Group upon completion of the Capitalisation Issue and Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme):



HISTORY, DEVELOPMENT AND REORGANISATION

Notes:

1. Mr. Lau Yu Leung is the spouse of Madam Tong Hung Sum, and is the father of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.
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3. Mr. Lau Tak Fung Wallace is the elder son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and is the elder brother of Mr. Lau Tak Kee Henry.
4. Mr. Lau Tak Kee Henry is the younger son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and is the younger brother of Mr. Lau Tak Fung Wallace.

REASONS FOR NOT INCLUDING CHINA-HK SHIPPING AND OTHER COMPANIES AS PART OF OUR GROUP

Pursuant to the Reorganisation, certain companies controlled by Mr. Lau Yu Leung and his close associates were not injected into our Group because the business of each of them is not related to the core business of our Group. In particular, China-HK Shipping, which provides barge services to our Group during the Track Record Period, will not be included in our Group primarily because it is clearly delineated from our business. For further details, please refer to the section headed “Relationship with our Controlling Shareholders – Companies owned by Controlling Shareholders but not included in our Group” in this prospectus.

BUSINESS

OVERVIEW

We are a well-established waterborne trade and freight service providers in China and Hong Kong. We provide foreign trade transshipment services in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being our major transshipment ports. According to the Euromonitor Report, we ranked the fifth among all foreign trade transshipment service providers and the second among our competitors which are non-state own enterprises in Guangzhou, Shenzhen and Hong Kong, in terms of container transshipment in TEUs in 2015. Founded in 1993, we are headquartered in Hong Kong with long history. Including our headquarters in Hong Kong, we had a total of 19 points of operation, including our branches and representative offices in Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province, as at 31 December 2015. Most of our points of operation are located in strategic transportation ports, which enable our local staff to closely communicate, strengthen relationship with our customers and understand the local market. Beyond Southern China, we complement our services network by maintaining an international agency network across five continents to further extend the coverage of our freight forwarding capabilities.

Our business model distinguishes us from many of our competitors and has contributed significantly to our operating efficiency and profitability. We principally engage in the provision of Sea Freight Services that mainly provide three kinds of services, namely (i) feeder shipping services, (ii) carrier owned container services, and (iii) sea freight forwarding agency services (collectively referred to as the “**Sea Freight Services**”). As at 31 December 2015, our vessel fleet comprises 16 vessels, of which four vessels were used by us under the Usage Priority Agreements and 12 vessels were chartered by us under charterparties.

In our feeder shipping services, we arrange feeder vessels to collect shipping containers from different ports and transport them to container terminals of transshipment ports where they are loaded onto international container liners for further long distance voyage, or vice versa. As at 31 December 2015, our feeder shipping services cover 19 ports in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being the transshipment ports.

In our carrier owned container services, we provide feeder services and also the containers for our customers with the containers that we own, lease from third parties and/or use under container interchange agreements. In this kind of service, we provide feeder shipping services and also the containers for use by our customers.

In our sea freight forwarding agency services, we act as a logistics networking expert to organise shipments by various independent sea and land carriers.

Our business model integrates Sea Freight Services to achieve synergies and enable us to serve a broad customer base. Our reliable services build and foster a strong customer relationship. We have strong presence in China and extensive overseas network in our sea freight forwarding agency services. Leverage on our network of branches established in China, we effectively manage our vessel fleet and containers to maximise the reliability and flexibility of our services.

For the years ended 31 December 2013, 2014 and 2015, the shipment volume of our Sea Freight Services was 426,585 TEUs, 421,005 TEUs and 402,868 TEUs, respectively.

For the years ended 31 December 2013, 2014 and 2015, our revenue was approximately HK\$591.0 million, HK\$594.8 million and HK\$459.2 million, respectively. For the same periods, our profit was approximately HK\$31.3 million, HK\$38.4 million and HK\$39.2 million, respectively.

BUSINESS

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths are the key factors contributing to our success to date and will enable us to increase our market share and capture the future growth opportunities in the market.

Strong presence in Southern China and extensive international network

We are headquartered in Hong Kong and have grown to become a regional shipping carrier. We had a total of 19 points of operation, including branches and representative offices, in Hong Kong, Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province as at 31 December 2015. Our points of operation in the PRC mainly handle matters such as communication with our customers, freight arrangement and attainment of necessary documents for our Sea Freight Services. We believe the establishment of our points of operation in various locations enables our staff to closely communicate with our customers, coordinate and monitor logistics arrangement for our customers while accumulating valuable experience in the local markets.

We have also maintained an international network of external agents, in multiples locations including countries in Africa, America, Asia, Australia and Europe. Our external agents mainly handle communication with consignees and arrangement for payment in our sea freight forwarding agency services. We believe such international network enables us to diversify our customer bases and expand our global presence.

Effective management of the vessel fleet and containers in order to maximise the reliability and flexibility of our services

Vessel fleet is one of the most important operating assets for our Sea Freight Services. It is always a priority for us to have reliable vessel fleet for our operations. As at 31 December 2015, our vessel fleet comprises four vessels under the Usage Priority Agreements and 12 chartered vessels. The capacity of our vessel fleet was 474,693 TEUs, 537,546 TEUs and 472,903 TEUs for the years ended 31 December 2013, 2014 and 2015, respectively. In addition, we provide various types of containers to meet our customers' needs, comprising our owned containers, leased containers and containers under such container interchange agreements. We provide a variety of containers, including TEU and FEU standard containers, FEU high cube containers and reefers. We allocate our vessel fleet and containers to achieve operational flexibility and efficiency. For instance, where that we received large numbers of shipping requests and thus require additional cargo space in a particular route, we would allocate our resources such as additional vessels and containers to the route for handling extra shipment volumes.

We have a long history of chartering vessels and maintained working relationship with vessel owners. We were usually granted extension options for most of the charterparties. Generally, the extension options allow us to extend the vessel charter periods from three months to twelve months by the end of the original charter periods. During the seasons of high shipment volume, we would exercise such extension options to maintain stable vessel fleet capacity. We will not exercise such extension option during the seasons of low shipment volume to avoid idle vessel fleet capacity. We believe such arrangements also minimise the cost and risk exposure from over-chartering vessels.

BUSINESS

Our business model integrates Sea Freight Services to achieve synergies

Our business embraces three kinds of services, namely (i) feeder shipping services, (ii) carrier owned container services, and (iii) sea freight forwarding agency services. According to the Euromonitor Report, it is not common that one group has all of the three types of services in the portfolio in the industry. With the combination of the three types of services, we are in a good position to meet different customers' needs and have a diversified customers base. In addition to the three types of services, we also provide ancillary arrangement of containers, shipping logistics and customs clearance services. For a customer who requires shipments to routes that are out of the scope of our regular shipping routes, we provide sea freight forwarding agency services, in which we coordinate all the logistics arrangement as a one-stop services provider. We achieve synergies by, firstly, sharing amongst the three business functions our operational resources, including customer base, cargo space, shipping capacity, containers, human resources and IT system. Secondly, in our feeder shipping services, we help the international container lines companies (as our customers) to deliver goods to or from various shippers, consignors or consignees which are generally corporations engaged in various businesses such as retail, manufacturing or trading. We are then able to impress such a wide range of potential customers and promote our business network. Thirdly, a number of international container lines companies are our customers in our feeder shipping services and at the same time our suppliers in our sea freight forwarding agency services. As such, we are able to establish mutual, stable and strong business relationship with the international container lines companies.

Strong customer relationship and broad customer base which diversifies our risk

The major customers of our feeder shipping services are international container lines companies. They are generally large scale international or regional enterprises with strong business and financial standing. Apart from international container lines companies, the rest of our customers comprise enterprises in various industry sectors, including consumers' goods, commodities, metals, plastics, food, etc.

The wide range of our customer base helps us to diversify our risk and mitigate the impact on us of periodic fluctuations in various aspects of China's economy. We maintain strong customer relationship. We have maintained about three years to 14 years of business relationship with our top-five customers during the Track Record Period, and we have not encountered any material dispute or complaint from our customers. We believe that our reliable and high quality services are the crucial factors to retain our customers and to establish our reputation in the industry.

Established relationship with international container lines companies and have container interchange agreements to enhance operations efficiency

We had operations in 19 ports in Southern China as at 31 December 2015. The expertise that we have developed through our Sea Freight Services over the past 20 years enables us to identify the characteristics of different ports. For example, our Directors notice the imbalance between import volumes and export volumes at particular ports that would adversely affect the industry overall operational efficiency and profitability. If the import shipment volume of a particular port is larger than the export shipment volume, the excess laden containers that are used for import purpose would be idle and create empty containers layover at the port. Such empty containers generally need to be transported to ports that have excess export volume for lading again.

BUSINESS

Due to our strong presence in Southern China, we have entered into several container interchange agreements with international container lines companies. This allows us to use the containers from the international container lines companies at no cost within an agreed period in exchange for transporting back the containers to a specific port that we operate. We believe such arrangement enables us to reduce the average cost of containers used, reduce the risk exposure from over-purchase of containers while enhance our access to containers and strengthen our relationship with international container lines companies.

Furthermore, leverage on our ports coverage, we are able to flexibly provide “point-to-point” services or link more than one port in one trip, and adjust our routes to link additional ports subject to the business needs. As we have a wide range of customer types which operates in various industries, the types of cargoes that we ship are in a wide range. Coupled with our network of ports coverage, we are able to consolidate cargo space, thereby optimizing the utilization of our vessel fleet space.

Stable management team with substantial industry expertise

The executive Directors have served our Group for more than 13 years on average. Their long and stable service facilitates the promotion of common corporate values and operating philosophy with proven track record. In particular, our Chairman and executive Director, Mr. Lau Yu Leung has over 40 years of experience in the shipping industry and has served various capacities in different industry associations. Mr. Lau Yu Leung has also accumulated experience and know-how through operating our Sea Freight Services. We believe his industry expertise, coupled with his vision and entrepreneurial spirit with the support of management team, enable us to compete successfully in the market by timely adjusting our business strategies and operations based on customer’s needs and market conditions.

We also believe that the successful implementation of our business and growth strategies depends on our ability to attract and retain experienced, motivated and well-trained employees at all levels. Our management team regularly reviews our employees’ welfare policy to establish a responsible corporate culture. Building on our long corporate history, business model and management experience, we believe we are primed to achieve further growth and to take advantage of significant market opportunities in the future. As at 31 December 2015, approximately 62% of our employees with a rank of head of office or manager or above have been with us for more than ten years and approximately 87% of such employees have been with us for more than five years. We believe the low turnover rate represents satisfaction of management team for the way we run our business and our employees are confident in our corporate vision, culture and outlook.

OUR STRATEGIES

Our goal is to become a waterborne trade and freight services market leader in China and to further expand our market share. By leveraging our strengths, we intend to capture additional market share and above-market growth by pursuing the following strategies:

Continual optimization of our fleet, capacity and resources combination

We will continually optimise our fleet of vessels and resources combination to achieve operational and cost efficiency. We plan to add three to four vessels to our fleet in coming two years. The exact cost and number of vessels will depend on the market price, the type and configurations of the vessels.

BUSINESS

The vessels to add shall include a combination of V-shaped hull (for coastal transport) and round bottom hull (for river trade). We may consider to achieve this through entering into additional usage priority agreements over vessels in the PRC. We plan to add two vessels during the fourth quarter of 2016 to the first quarter of 2017; and two vessels during the fourth quarter of 2017, subject to the then economic situation. According to our Group's accounting policy and HKFRS, vessels under Usage Priority Agreements are accounted for as property, plant and equipment of our Group and would incur depreciation charges. Based on our estimation, assuming the cost of about HK\$10 million for an additional vessel, we expect that the additional depreciation would be about HK\$0.6 million per year and additional operational costs would be about HK\$0.4 million per year. In contrast, the rental cost of chartering a vessel is estimated to be about HK\$1.1 million to HK\$5.4 million per year in general.

Based on our experience of existing Usage Priority Agreements, we expect the purchase of vessels will also be carried out by way of entering into similar usage priority agreement(s) and the price would be settled by upfront payment. Based on our experience, we expect to pay a premium of cost of usage priority agreement over the market value of our attributable ownership of the vessels of up to 40%. Our Directors believe that such premium was mainly attributable to the exclusive usage priority right as well as other rights granted to us under such usage priority agreement. Our Directors consider that such premium is fair and reasonable and in line with the industry norm based on, among other things, (i) our past experience of entering into our existing Usage Priority Agreements; (ii) our Group's business need for expansion and capacity; (iii) market demand and supply of leasing third party's vessels; (iv) the expected remaining useful life of the vessels; (v) the expected annual fee to be charged by the proposed vessels partners; (vi) our rights under the usage priority agreement; and (vii) the services to be provided by the vessels partners which relates to provision of guidance on vessel compliance and safety management. For further details of our Usage Priority Agreements, please refer to pages 127 – 133.

During each of the year in the Track Record Period, the overall utilization rate of our existing fleet was 83%, 73% and 81% respectively. However, as the vessels used by our Group generally operate regular routes according to predetermined timetable, there are times that the utilization rate of our vessels of particular routes reached a high level. For example, utilization rate of vessels in our Hainan routes reached 95% in 2015 and that in Guangxi routes reached 94% in 2013. As we aim to extend our reach of routes and services, the additional vessels and containers will support our business growth. In addition, we consider that it would be an opportune time for us to add vessels when the price of vessels is relatively low and after we obtain additional funding from the Global Offering. With the additional vessels, our expansion plan is well supported and we can have further flexibility to allocate resources amongst our points of operation. With additional vessels under usage priority agreements, we can have a more secured and stable shipping capacity and we may also be able to reduce vessel chartering thereby saving our cost of vessel rental and having a bigger extent of control in cost.

As set out in the section headed "Future Plans and Use of Proceeds" in this prospectus, we plan to apply approximately 45% of the net proceeds from the Global Offering (or approximately HK\$40.9 million) to add vessels, and approximately 5% of the net proceeds from the Global Offering (or approximately HK\$4.5 million) to purchase additional containers and upgrade computer system and software.

BUSINESS

Deepen our scope of integrated port and logistics related services

In response to our customers' need, we have been providing supplemental ancillary services to our customers, including arrangement of customs clearance and short-distance ground transportation of cargoes through other logistics industry players. Furthermore, we operate a large number of containers in the course of our business, including owned containers, leased containers, and containers under interchange agreements. Capitalised on our experience and given our growth in business scale, we intend to deepen our services scope to include port and logistics related services.

To this end, we are in the course of exploring participation opportunity in Pingtan, Fujian Province, the PRC. The PRC Government has set out a development of the administration of Pingtan Area of China (Fujian) Pilot Free Trade Zone (“**Pingtan Free Trade Zone**”) (中國(福建)自由貿易試驗區平潭片區), with an area of approximately 43 km². Pingtan is the biggest island in Fujian Province. It is located in the coastal area of Fujian Province adjacent to Taiwan Strait and near to a number of domestic ports including Fuzhou, Quanzhou and Xiamen where we have already established our presence. Benefiting from the ongoing advancement and the construction of “One Belt, One Road” strategy (Silk Road Economic Belt and 21st Century Maritime Silk Road) by the Chinese government, ports in Fujian Province (including Pingtan Free Trade Zone) have great potential to act as a platform of economy and trade cooperation for the Maritime Silk Road.

BUSINESS

Based on the development plan of the PRC Government, Pingtan Free Trade Zone is being developed into a bonded area. By means of a bonded area, it is an area designated by the customs for effective cargo management and customs administration. It would be a place for, among other things, imported cargoes to be stored before clearance, further use of imported cargoes in manufacturing and processing, and exhibition of the imported cargoes. It is envisaged that there would be series of encouraging government policy and tax benefits thereby attracting the establishment of various industrial enterprises such as manufacturing, e-commerce, financing and logistics businesses including domestic sub-route transshipment, vessel transloading, cross-strait shipping and import tax bonded warehouse. As such, it is expected that there would be a lot of trading to be carried out in Pingtan Free Trade Zone and there would be a large demand for logistics services there.

Given the encouraging trading policy in Pingtan Free Trade Zone and the “One Belt, One Road” encouraging policy of the PRC Government and riding on our established presence in Fujian Province including Fuzhou, Quanzhou and Xiaman ports as well as our experience in the waterborne trade and freight services market, we believe that Pingtan would be an ideal and strategic location for us to develop and deepen our port and logistics related business. On 12 January 2016, we entered into a non-legally binding memorandum of project cooperation intention letter (the “**Intention Letter**”) with Pingtan Integrated Pilot Area Management Committee, which sets out the cooperation intention of our Group and the relevant government representative for the development of Pingtan Free Trade Zone. According to the Intention Letter, a formal cooperation agreement will be entered into. After consulting our PRC Legal Advisers, we do not foresee any material legal impediment for us to enter into such cooperation agreement. We plan to establish a container depot in Pingtan Free Trade Zone as a logistics services centre equipped with warehousing, lifting, transloading facilities and computer system. We intend to provide services including stuffing and unstuffing of containers, repairing and maintenance of containers, warehousing and storing of containers and other relevant services. We believe that this will expand our income source and customer base, strengthen our presence in the waterborne trade and freight services market in China.

As at the Latest Practical Date, the Pingtan Free Trade Zone is under the development process. We are still in the process of planning our detailed implementation plan. The actual steps and timeframe are subject to our continuous liaison with the relevant government bodies.

BUSINESS

Set out below is the implementation plan and our estimated expenditure on the development of container depot and logistic service center in Pingtan Free Trade Zone:

Timeframe	Stages	Estimated expenditure	<i>HK\$' million</i>
September 2017 – April 2018	Construction	Acquisition of land use right	14.3
	– Construction of infrastructure	Building of cargo depot	9.8
		Building of warehouse	7.4
	– Purchase of equipments such as container forklifts and reach stackers	Equipments	6.1
		Administrative start up cost	2.8
		Sub-total	40.4
May 2018 – July 2018	First stage operation	–	–
	– Stage one construction completed – Cargo depot operation commences		
August 2018 – January 2019	Further expansion	Acquisition of land use right	9.5
	– If the first stage operation is satisfactory and the prospects remain positive, we may make further investment there to complete the construction of the cargo depot to our designed capacity.	Building of cargo depot	4.5
		Building of warehouse	11.6
		Equipments	6.1
		Others	2.3
		Sub-total	34.0
		Total	74.4

Our Group has the relevant industry expertise on developing container depot and logistic service center in light of, (i) in the normal course of our business and in our daily operation, we have been working closely with container depots and logistic service centers in various ports where we have operation. During years of our operation, we have accumulated knowledge in respect of the business of container depots and logistic service centre; (ii) our executive Directors have served our Group for more than 13 years on average. In particular, our Chairman and executive Director, Mr. Lau Yu Leung, has over 40 years of experience in the shipping industry and has extensive experience in crew and cargo handling services; and our executive Director, Mr. Lau Tak Kee Henry, has experience in terminal operation and participating in analysis of merger and acquisition of ports; and (iii) based on the current job environment in shipping and logistics sectors, our Directors believe that it is not difficult to hire the relevant talents to assist us to develop container depot and logistic service centre in Pingtan.

BUSINESS

Based on the above, the total estimated amount of capital expenditure for our Group's development plan in Pingtan Free Trade Zone is up to approximately HK\$74.4 million. We plan to finance HK\$36.4 million as part of the expenditure for the capital investment in Pingtan Free Trade Zone by using part of the proceeds from the Global Offering (assuming an Offer Price of HK\$0.34 per Share) and the balance would be financed by our internal resources and/or banking facilities. Details of the allocation on use of proceeds are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus. If there is deficiency in funding, such expenditure would be financed by our internal resources and/or additional banking facilities.

Broaden our reach to set up new routes and branches

According to the Euromonitor Report, the port cargo throughput and container throughput in Southern China are growing. Hence we plan to expand our services network and branches in China. For our new branches and routes, we target at coastal ports as well as inland river ports in China with high trading volume and strong demand for our feeder shipping services. With our existing branch network, we are in a good position to expand new points of operation efficiently. We believe that this will further strengthen our presence in China and expand our income source.

BUSINESS

Besides, we expect there will be significant growth in trade volumes between the PRC and ASEAN countries, fostered by overall regional economic growth as well as the China-ASEAN Free Trade Area Agreement that provides low-tariff or low-tax incentives. Subject to further feasibility study and the relevant overseas regulations, we plan to expand our feeder shipping services to include suitable ASEAN countries. As at the Latest Practicable Date, we have not identified any specific target on potential expansion.

Continue to increase our operational efficiency and enhance our quality of services

With our continuous growth in the business scale and scope as well as locations and shipping routes, we intend to continuously upgrade and maintain our freight operation system, which we believe is crucial to our success during the Track Record Period. Besides, we will further enhance our competitiveness by further enhancing our services quality by committing to develop our employees' skills and knowledge. We intend to retain and invest in our human capital by providing a continuous learning environment and offering more opportunities for our employees to pursue professional growth within our Group. We believe a stable team enables us to proactively manage our current customer relationship, expand our customer base and enhance customer loyalty.

Also, we will continue to enhance our operational efficiency and cost control by following and providing supervision of the controls and procedures relating to our suppliers. This will allow us to maintain a stringent standard in the selection of approved suppliers, trade partners and other logistics industry players.

Strengthen existing relationships with key customers and external agents to seek new customers

We intend to strengthen our existing relationship with our key customers as well as broaden our customer base by seeking new customers. In order to achieve this, we plan to continue developing the breadth and flexibility of our Sea Freight Services and commit to provide high quality and comprehensive services to our customers. We also intend to strengthen our close relationship with external agents involving in different stages of our interactions with our customers.

We also aim to improve the coordination of our marketing and branding activities across our various Sea Freight Services and develop our after-sales initiatives to better serve our existing customers and to seek new customers. In addition, we focus on building more long-term relationship with more customers, thereby maintaining stable business volume that can generate steady cash flow.

BUSINESS

OUR REASONS FOR LISTING

Our Company is seeking the Listing in order to (i) enhance our Group's corporate profile and assist in reinforcing its brand awareness and market reputation; (ii) enable our Group to have access to capital market for raising funds both at the time of Listing and at later stages in order to support our expansion plan and our strategy pursued as discussed in this prospectus; and (iii) offer our Company a broader shareholder base which will provide liquidity in the trading of the Shares. As stated above, we have formulated our future expansion strategies. In particular, it is expected substantial capital expenditure would be incurred for the implementation of our strategy of optimization of our vessel fleet, deepening our scope of services to include port and logistics related services and broadening our reach of routes and branches. In this light, the listing proceeds would equip us to pursue our strategy with the support of capital.

Our Group has about 23 years of history. Mr. Lau Yu Leung, being one of the Controlling Shareholders, founder, Chairman and executive Director, has strong commitment to our Company. Members of each of the Lau's Family serve important roles in our Company. Each of Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace, Mr. Lau Tak Kee Henry (each being our executive Director) and Madam Tong Hung Sum (being our non-executive Director) has served in our Group for over 22 years, 14 years, 8 years and 11 years respectively. Such a long history has demonstrated the Controlling Shareholders' commitment towards our Group. We consider that it is the right time for us to seek for the Listing for which our Directors believe that the Listing would bring our Group to the next level, strengthen our Group's financial position and corporate profile, and enable us to better tackle potential future challenges.

In relation to our future plans, our Controlling Shareholders are committed to the long term expansion and development of our Company after Listing. To demonstrate such commitment in particular, in relation to our strategy of optimizing vessel fleet, we have already obtained price quotations for suitable vessels for us to purchase or for us to enter into usage priority agreements. We will continue to look for suitable vessels to match our expansion plan. In relation to our plan of deepening our scope of integrated port and logistics related services, our management have communicated with the relevant government officers of Pingtan Free Trade Zone to push forward our plan of establishing logistic services centre and cargo depot. We believe that our future plans set out in this prospectus embrace the development of our Group both in the short run and in the long run, we have already started to carry out concrete steps to prepare for the implementation of our plans as aforesaid, and we will provide updates of our Group's implementation status of our development plans in our upcoming interim and annual reports.

OUR BUSINESS

We are a well-established waterborne trade and freight service providers in China and Hong Kong. We provide foreign trade transshipment services in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being our major transshipment ports. Our business model distinguishes us from many of our competitors and has contributed significantly to our operating efficiency and profitability. We principally engage in the provision of Sea Freight Services that mainly provide three kinds of services, namely (i) feeder shipping services, (ii) carrier owned container services, and (iii) sea freight forwarding agency services.

BUSINESS

In our feeder shipping services, we arrange feeder vessels to collect shipping containers from different ports and transport them to container terminals of transshipment ports where they are loaded onto international container liners for further long distance voyage. As at 31 December 2015, our feeder shipping services cover 19 ports in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being the major transshipment ports. The major customers of our feeder shipping services are mainly international container lines companies which operate international container liners. Our feeder shipping services link up the logistics network between the smaller domestic ports in Southern China and the major transshipment ports. Our feeder shipping services mainly use our vessel fleet while the containers are owned or arranged by the customers.

In our carrier owned container services, we provide feeder services and also the containers for our customers with the containers that we own, lease from third parties and/or use under container interchange agreements. In this kind of service, we provide feeder shipping services and also the containers for use by our customers.

In our sea freight forwarding agency services, we act as a logistics networking expert to organise shipments by various independent sea and land carriers.

The following table sets forth our revenue by services categories for the years indicated during the Track Record Period:

Services Categories	Year ended 31 December					
	2013		2014		2015	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Feeder shipping services	375,974	63.6%	384,112	64.6%	338,908	73.8%
Carrier owned container services	33,935	5.7%	41,400	7.0%	37,544	8.2%
Sea freight forwarding agency services	181,119	30.7%	169,239	28.4%	82,719	18.0%
Total	591,028	100.0%	594,751	100.0%	459,171	100.0%

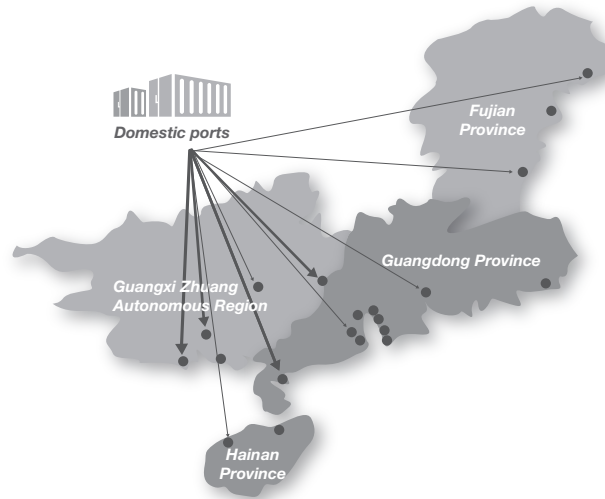
Set out below are the details of the business models of the three types of our services:

1. Feeder shipping services

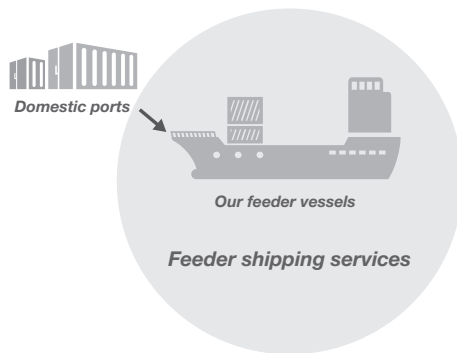
In our feeder shipping services, we act as a contractor to international container lines companies for part of their whole shipping route, mainly connecting various ports in the PRC and the transshipment ports (i.e. Hong Kong, Shenzhen or Nansha). In our work flow, we arrange feeder vessels to collect shipping containers from different ports and transport them to container terminals of transshipment ports where they are loaded onto international container liners that operate regular long-distance maritime routes, or vice versa. Our typical operating process is outlined below:

BUSINESS

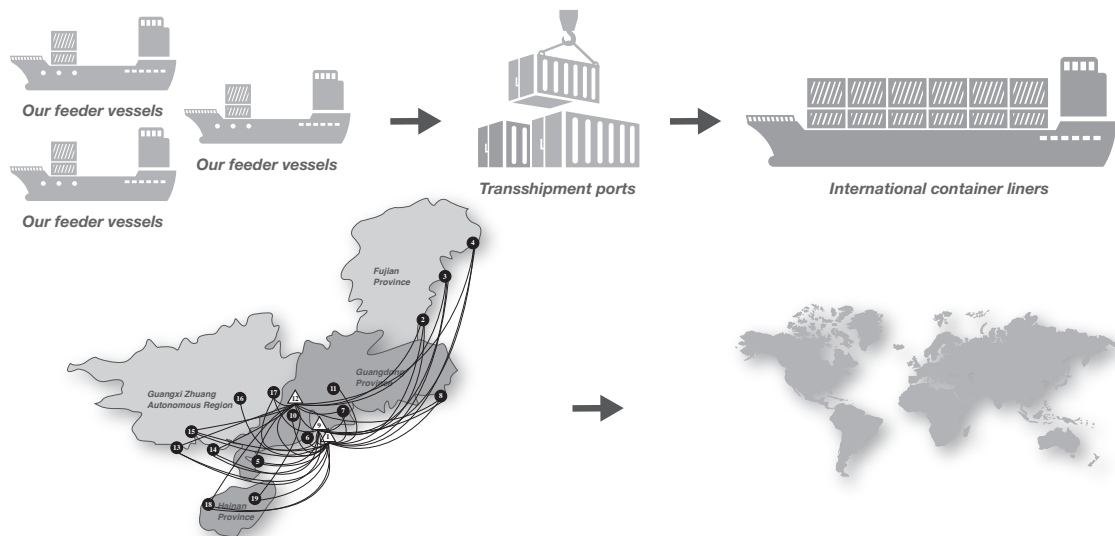
Step 1: Containers are consolidated at domestic ports in China.



Step 2: Our feeder vessels pick up such containers at domestic ports in China.



Step 3: Containers are transported to the transshipment ports (Hong Kong, Nansha and Shenzhen), where they are loaded onto international container liners for further voyage.



**We offer both directions of our feeder shipping services, comprising the transportation of containers from domestic ports in China to transshipment ports as well as from transshipment ports to domestic ports in China*

BUSINESS

The major customers of our feeder shipping services are mainly international container lines companies. The international container liners operated by these international container lines companies are bigger vessels that carry thousands of cargoes at a time on long distance voyage, and they mainly travel to and from major terminals that are equipped with large scale port facilities. Leverage on our network of points of operation and routes covering 19 ports in Southern China, our feeder shipping services link up the logistics network between the smaller domestic ports in Southern China and the major transshipment ports.

In supplement to our feeder shipping services, we also provide one-stop ancillary services including customs declaration services, customs clearance services, and arrangement of short-distance ground transportation according to the needs of the customers.

As at 31 December 2015, our feeder shipping services cover 19 ports in Southern China, with Hong Kong, Nansha and Shenzhen being the major transshipment ports in our operation. Our fleet comprises 16 feeder vessels. For further details, please refer to the paragraph headed “Vessel Fleet Composition” in this section below.

Our feeder shipping services are mainly using our vessel fleet while the containers are owned or arranged by the customers. We normally enter into the connecting carrier agreement with each of the international container lines companies. As at 31 December 2015, we provided feeder shipping services for over 60 shipping companies.

Terms of CCA

A summary of the principal terms of a typical CCA is set out below:

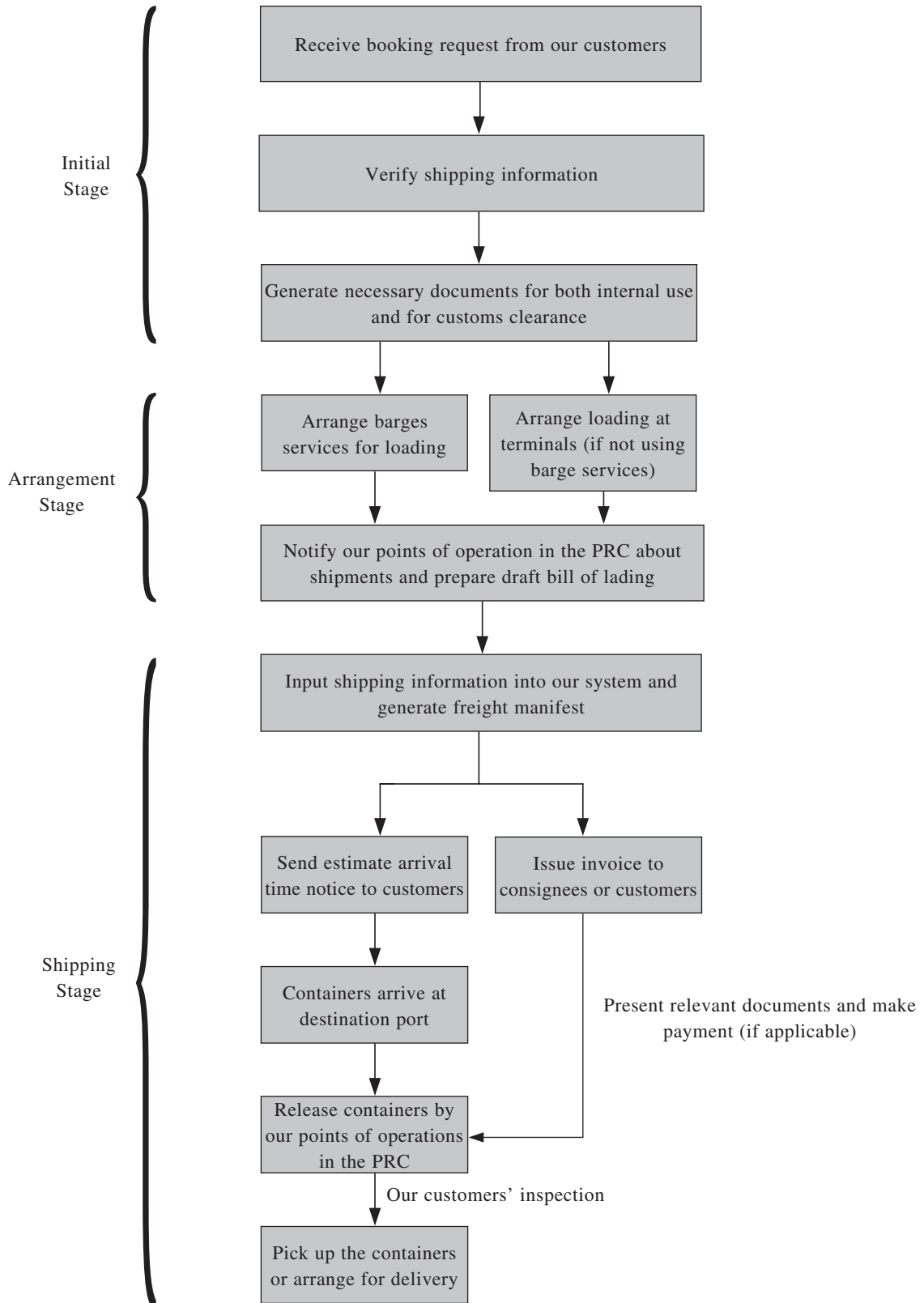
Terms and termination	One year non-exclusive agreement with automatic renewal rights for one more year provided that either party shall have the right to prevent renewal of the agreement by informing the other party in writing one months prior to conclusion of any term
Shipping restriction	Without our consent, we would not ship any item that is listed on the International Maritime Dangerous Goods Code
Shipping fee	Fees charged based on numbers and types of containers and destination
Our principal obligations	<ol style="list-style-type: none">1. We shall provide transportation when requested by our CCA customers2. All vessels used for the transportation of cargoes shall be insured against losses

During the Track Record Period, many of the CCAs had been successfully renewed upon their expiry. Our Directors believe that by providing quality and efficient feeder shipping services, our Group has successful retained our current customers and attracted new customers. Our Directors confirm that our Group has not experienced any impediment to renew the CCAs with our customers during the Track Record Period.

BUSINESS

Feeder shipping services overall workflow

An overall workflow for a typical voyage from Hong Kong to the PRC for our feeder shipping services is set forth in the diagram below:



BUSINESS

Our Directors consider that there is no material difference of the feeder shipping services workflow between a typical voyage from Hong Kong to the PRC and typical voyage from the PRC to Hong Kong.

Initial Stage

Our customers send booking request and contact information via emails to us, indicating the transshipment port, port of discharge (destination) and number of containers. Then, we verify shipping information and communicate with our customer and the operation team in the respective port to arrange our vessels and pick up containers.

After containers are loaded onto our vessels, we will prepare documents that identify, among other things, all containers, weights of cargoes, intended port of discharge and vessel name, for customs clearance later. In the meantime, an electronic customs declaration and clearance will be required to undergo through an online system when our vessels enter into the PRC.

Arrangement Stage

In the arrangement stage, we arrange loading either directly at the terminals or by using barge services. Barge services refer to the mid-stream operation, which is an operation of loading and unloading containers to/from while at sea through barges. In determining whether we should arrange barges for our customers, we generally consider the following factors:

- (a) *Cost saving:* In order to berth at the terminals or at the public cargo working areas, the terminal companies or the government may charge for port operations such as pilotage, shifting-berth, towage, berthage, harbour dues and loading and unloading of cargoes. If an aggregate amount of fee charged for the port operations is higher than the operation cost of using barge services, we will consider to arrange barge services.
- (b) *Time saving:* We are committed to providing our Sea Freight Services in a timely manner. If there is any heavy traffic congestion at the terminals, we will consider to arrange barge services to ensure our vessel fleet has enough time to perform loading and lading to meet our scheduled shipments.
- (c) *Terminal size:* There are various sizes of terminals in Hong Kong. If our vessels are either too large or too small for the intended terminals or the volumes of containers to be discharged are too low, we will not be able to perform port operations. We will then consider to use barge services.

During the Track Record Period, the barge services that we used have been arranged by China-HK Shipping. Please refer to the section headed “Connected Transactions” in this prospectus for further details.

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At the same time, a confirmation email is issued to the relevant companies, us and respective ports. We generate various documents including voyage memo for our internal use as well as a sample of bill of lading for our customers. Then, our staff in our points of operation of the destination port would prepare invoice and input shipping information into our system, *DOC2000*. Then the system will generate freight manifest, which records, among others, bill of lading, containers number, customers information and pricing information.

Shipping Stage

Our staff in our points of operation would notify our customers the arrival time and payment amount, by sending out estimate arrival time notice and fee charge confirmation. Then we would release the cargo, when our customers confirm to make payment. Finally, our customers would either pick up the containers at the terminals or we would arrange for ground transportation services upon customers' requests by engaging our trade partners and other logistics industry players.

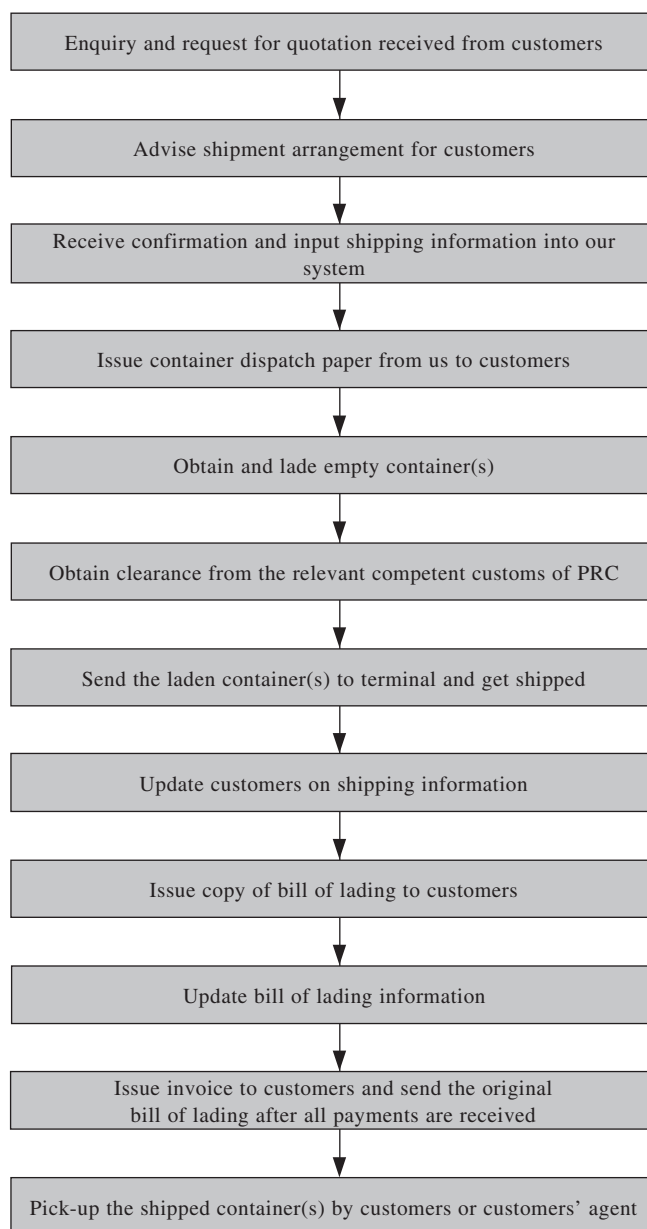
2. Carrier owned container services

In carrier owned container services, we provide feeder services and also the containers for our customers with the containers that we own, lease from third parties and/or use under container interchange agreements. In this kind of service, we provide feeder shipping services and also the containers for use by our customers. Our major customers in this kind of services are PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which carry out Mainland-Hong Kong trade and need us to transport goods between ports in the PRC and Hong Kong. We transport containers for the whole shipping route of the customers between various ports in the PRC and Hong Kong, and we also provide containers for use by our customers. We are responsible for transporting the cargoes from the shippers directly to the consignees and we may arrange ground transportation according to the needs of customers. As at 31 December 2015, we had access to a total of 1,621 TEUs of containers, including TEU standard containers, FEU standard containers, FEU high cube containers and FEU reefers. For further details about our containers, please refer to the paragraph headed "Containers" in this section below.

BUSINESS

Carrier owned container services overall workflow

An overall workflow for a typical voyage from the PRC to Hong Kong for our carrier owned container services is set forth in the diagram below:



Our Directors consider that there is no material difference of the carrier owned container services workflow between a typical voyage from the PRC to Hong Kong and typical voyage from Hong Kong to the PRC.

BUSINESS

Difference between feeder shipping services and carrier owned containers services

	Feeder shipping services	Carrier owned containers services
Specific services provided	We act as a contractor to international container lines companies and provide feeder shipping services for part of their shipping route, mainly connecting various ports in the PRC and the transshipment ports (i.e. Hong Kong, Shenzhen or Nansha)	We provide feeder shipping services and also the containers for use by our customers
Our role and responsibilities in the workflow	We arrange feeder vessels to collect shipping containers from different ports and transport them to container terminals of transshipment ports where the containers are loaded onto international container liners that operate regular long-distance maritime routes, or vice versa. Upon receipt of direction from the customers requiring delivery of specified items of cargo, deliver such cargo received to the designated facility. In this service, containers of the international container lines companies are used	Transportation of containers for the whole shipping route of the customers between various ports in the PRC and Hong Kong, and we also provide containers for use by the customers. We are responsible for transporting the containers from the shippers directly to the consignees and we may arrange ground transportation according to the needs of customers
Major customers	Large scale international container lines companies	PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which carry out Mainland-Hong Kong trade
Our routes	Between various ports in the PRC and the transshipment ports (being Hong Kong, Shenzhen and Nansha), and such routes are in turn part of the long distance voyage of the goods to/from overseas countries	Between various ports in the PRC and Hong Kong, which is in turn usually the whole route of the goods in Mainland-Hong Kong trade

3. Sea freight forwarding agency services

We provide sea freight forwarding agency services, which we normally target those shipments which are out of the scope of our regular shipping routes. Our sea freight forwarding agency services can be classified into two major categories, namely, (i) international freight forwarding agency services and (ii) NVOCC services. Our customers of sea freight forwarding agency services are mainly PRC or Hong Kong based corporations of various industries (such as manufactures and trading companies) which generally need us to handle transportation of goods from Hong Kong or the PRC to various places in the world. We act as a logistics networking expert to arrange logistics of shipments for our customers and we arrange the movement of cargoes from point to point for our customers by using third party vessels, containers as well as other necessary transportation means. In our workflow, we order shipment by international container lines for overseas transportation at the specific time and conditions required by the customers; and arrange administration at destination (for example, receiving of goods by consignees or courier companies, payment of handling fees charged by destination ports, arrange towing services and custom clearance). We typically enter into agency agreements with the agents pursuant to which we and the agents agree to represent each other in each other's respective operating countries for the provision of sea freight forwarding agency services. Further details of the terms of the agency agreements are set out in the paragraph headed "Sales and marketing – Overseas agents" in this section.

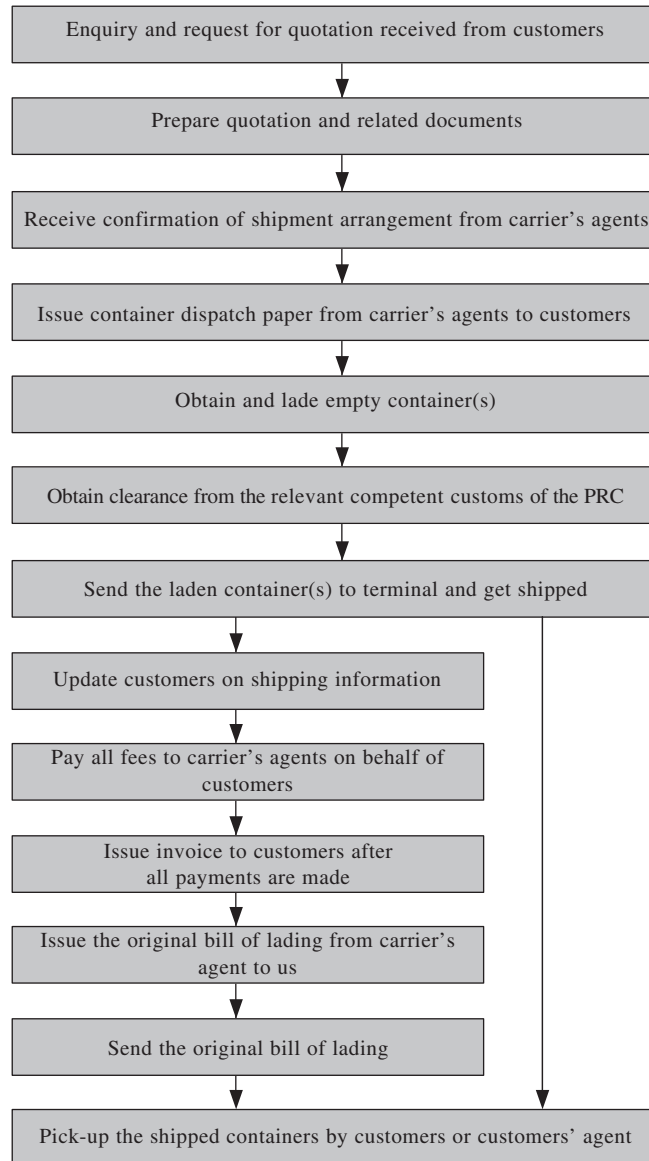
Depending on the requirements and/or requests of our customers, we either issue our house bills of lading and assume the responsibility for the shipments in NVOCC services, or we arrange the international container lines companies to issue master bills of lading in international freight forwarding agency services.

Further details of our licences for our sea freight forwarding agency services are set out in the paragraph headed "Our Business – Our licences and regulatory compliance" in this section. For more information about the relevant laws, rules and regulations in relation to our sea freight forwarding agency services operations in Hong Kong and the PRC, please refer to the section headed "Regulatory Overview" in this prospectus.

BUSINESS

International freight forwarding agency services overall workflow

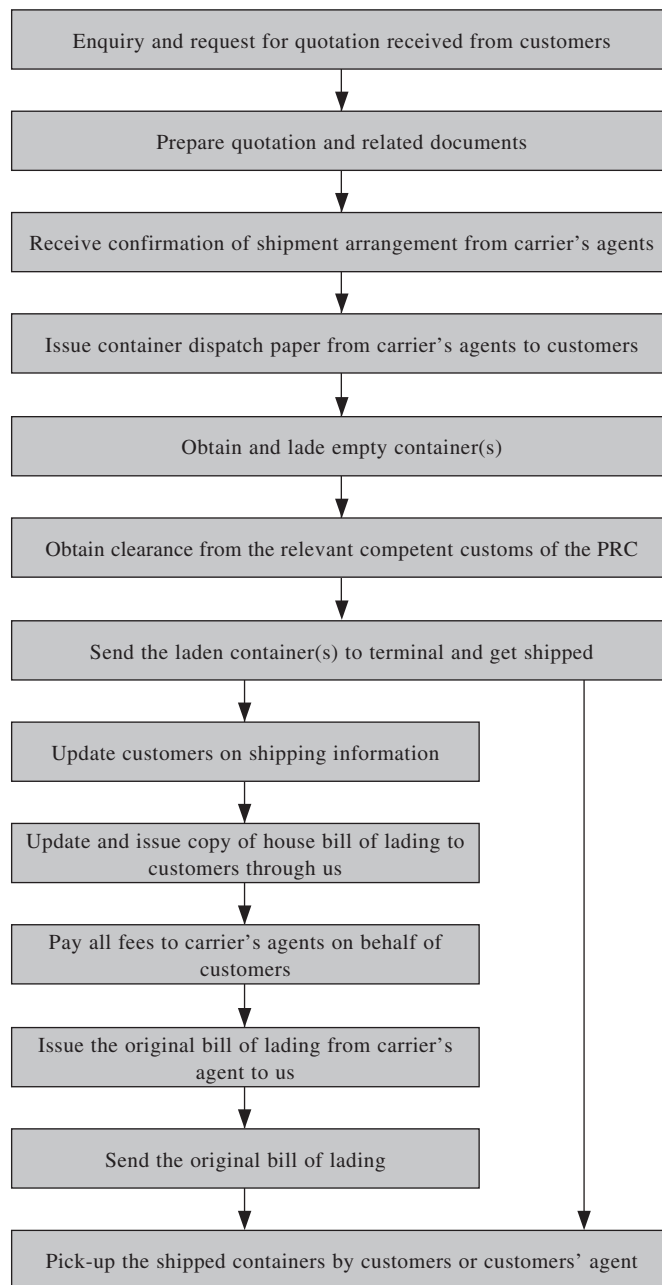
As at the Latest Practicable Date, our subsidiaries, SEHL and EHIL, together with a total of 12 of our points of operations have obtained record forms of international freight forwarding agency for providing such services. An overall workflow for a typical voyage from the PRC to the overseas market for our sea freight forwarding agency services – international freight forwarding services is set forth in the diagram below:



BUSINESS

NVOCC services overall workflow

We first offered NVOCC services in 2002 when Ever Harvest obtained the Non-vessel Shipping Business Operation Qualification Registration Certificate. As at the Latest Practicable Date, our subsidiaries, Ever Harvest, EHIL, Xiamen Harvest, SEHL and SFHL, together with two of our points of operations have obtained the Non-vessel Shipping Business Operation Qualification Registration Certificate for providing NVOCC services. An overall workflow for a typical voyage from the PRC to the overseas market for our sea freight forwarding agency services – NVOCC services is set forth in the diagram below:



BUSINESS

Differences between international freight forwarding agency services and NVOCC services

	International freight forwarding agency services	NVOCC services
Business operation	There is no significant difference in the operations and the nature of service provided between international freight forwarding agency services and NVOCC services.	
Customers	There is no significant difference in customer profile between two services. The customers are PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which generally need us to handle transportation of goods from Hong Kong or the PRC to various places in the world	
Licensing requirement	International freight forwarding agency services operators in the PRC are required to obtain record forms of international freight forwarding agency	NVOCC services providers in the PRC are required to obtain Non-vessel Shipping Business Operation Qualification Registration Certificate
	No particular licensing requirement in Hong Kong save those requirements applicable to specific transshipment cargoes. If a company, however, is registered under the Transshipment Cargo Exemption Scheme, subject to certain conditions, such licensing requirements in respect of transshipment cargoes can also be exempted.	No particular licensing requirement in Hong Kong save those requirements applicable to specific transshipment cargoes. If a company, however, is registered under the Transshipment Cargo Exemption Scheme, subject to certain conditions, such licensing requirements in respect of transshipment cargoes can also be exempted.
Licensing authorities	Record forms of international freight forwarding agency are issued by the MOFCOM or relevant local commerce authorities delegated by the MOFCOM	Non-vessel Shipping Business Operation Qualification Registration Certificate are issued by the MOT

BUSINESS

	International freight forwarding agency services	NVOCC services
Bills of lading	International freight forwarding agency services operators are not required to issue house the bill of lading.	NVOCC services providers are required to issue the house bill of lading upon the request of consignors. Those enterprises operating the NVOCC business must register a bill of lading with the MOT and must pay a security deposit of RMB800,000 and an additional security deposit of RMB200,000 for each branch established.
Pricing	There is no significant difference in pricing policy and price range of services between international freight forwarding agency services and NVOCC services	
Risks associated with business operation	In case there is loss or damage to the goods during shipment, the carrier of shipment may be directly liable for the loss or damage to the goods.	In case there is loss or damage to the goods during shipment, there is risk that we may be directly liable for the loss or damage to the goods. To mitigate the risks and unexpected liabilities associated with the risk, we have maintained transport liability insurance coverage during the Track Record Period. Please refer to the section headed “Business – Risk Management and Insurance coverage” in this prospectus for details.

BUSINESS

Based on the above, there is no significant difference in pricing policy and price range and customer profile between the two kinds of services as there is no significant difference in the operations and the nature of services provided. The major differences between the two kinds of services are the issuance of bill of lading and the risks associated with the business operations. In international freight forwarding agency services, the operators are not required to issue house bills of lading and the customers generally require the carrier (i.e. the international container lines companies) to issue master bills of lading; while in NVOCC services, the customers require the actual carrier (i.e. the international container lines companies) to issue master bills of lading and the operators to issue house bills of lading and bear the responsibilities as carriers of the shipments. The customers usually choose to have house bills of lading in addition to master bills of lading depending on, among other things, required format, description and content of the bills of lading for commercial reasons, such as the requirement of the banks that provide the letter of credit. In international freight forwarding agency services, the carrier (i.e. the international container lines companies) may be directly liable for the loss or damage to the goods. In NVOCC services, by issuing the house bills of lading, the operators may be directly liable for the loss or damage to the goods. During the Track Record Period, we have maintained transport liability insurance coverage for both services. In addition, as the price range is largely driven by market demand and supply, the differences in the issuance of bill of lading and the risks associated with the business operations have not resulted in material differences in the price range between the two kinds of services.

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	International freight forwarding agency services	NVOCC services
Members of the Group that provided relevant services during Track Record Period	<ol style="list-style-type: none"> 1. EHIL 2. Ever Harvest International Logistics (Shenzhen) Ltd., Zhongshan Branch 3. Ever Harvest International Logistics (Shenzhen) Ltd., Haikou Branch 4. Ever Harvest International Logistics (Shenzhen) Ltd., Guangzhou Branch 5. Ever Harvest International Logistics (Shenzhen) Ltd., Nanning Branch 6. Ever Harvest International Logistics (Shenzhen) Ltd., Xiamen Branch 7. SEHL 8. Shenzhen Ever Harvest Logistics Co., Ltd., Xiamen Branch 9. Shenzhen Ever Harvest Logistics Co., Ltd., Nanning Branch 10. Shenzhen Ever Harvest Logistics Co., Ltd., Guangzhou Branch 11. Shenzhen Ever Harvest Logistics Co., Ltd., Zhanjiang Branch 12. Shenzhen Ever Harvest Logistics Co., Ltd., Dongguan Branch 13. Shenzhen Ever Harvest Logistics Co., Ltd., Zhuhai Branch 14. Shenzhen Ever Harvest Logistics Co., Ltd., Qinzhou Branch 15. Ever Harvest 	<ol style="list-style-type: none"> 1. Ever Harvest 2. SEHL 3. Shenzhen Ever Harvest Logistics Co., Ltd., Nanning Branch 4. Shenzhen Ever Harvest Logistics Co., Ltd., Xiamen Branch

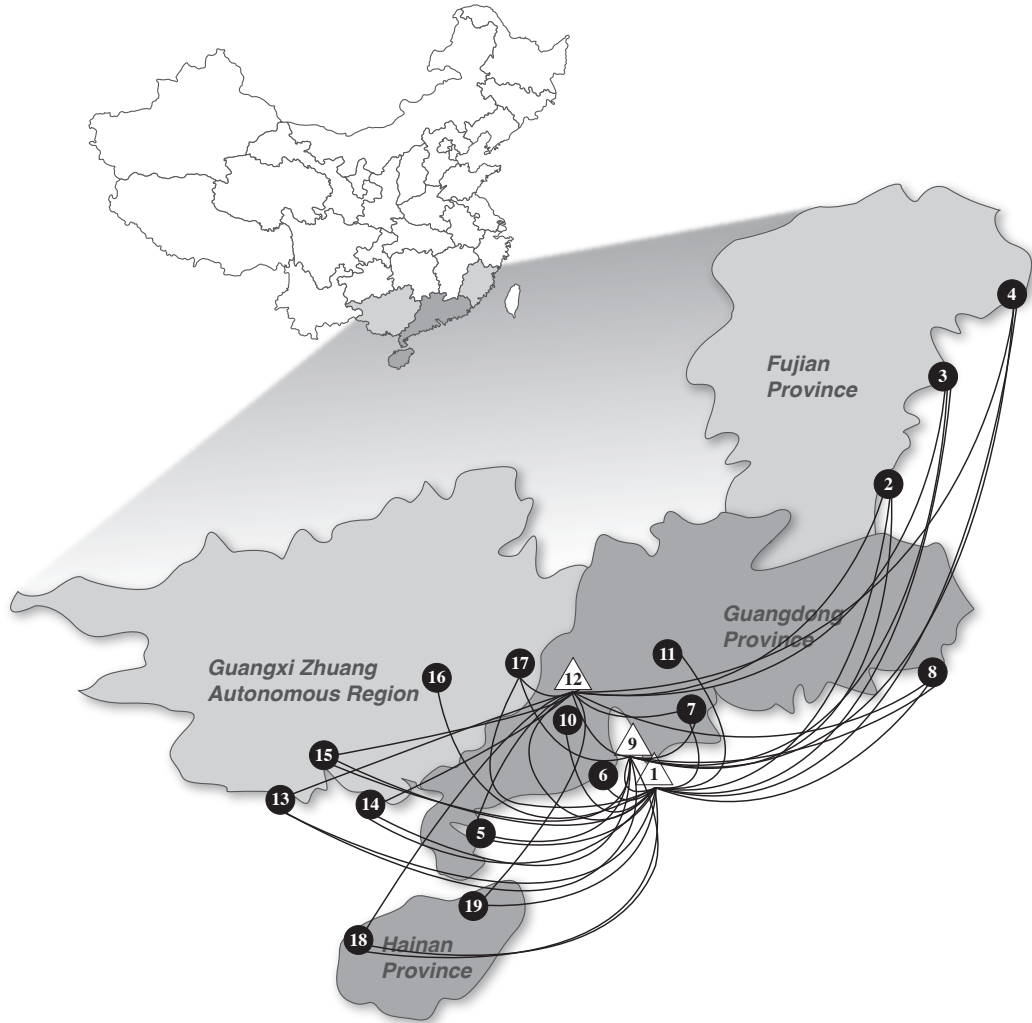
Note:

Subsequent to the Track Record Period, EHIL and SFHL have also obtained Non-vessel Shipping Business Operation Qualification Registration Certificate which enables EHIL and SFHL to carry out NVOCC services in the PRC. Please refer to pages 138 to 139 for details of the licences/records of our Group.

As advised by the Company's PRC Legal Advisers, the Group has obtained necessary permits and licences to carry out the sea freight forwarding agency services, namely the international freight forwarding agency services and the NVOCC services, in the PRC and are entitled to conduct such business in the PRC pursuant to the permits and licences obtained during the Track Record Period.

Our shipping routes for feeder shipping services and carrier owned container services

The following map illustrates our shipping routes network as at the Latest Practicable Date, for our feeder shipping services and carrier owned container services, in Hong Kong and Southern China.



- Domestic ports where we have operations of feeder shipping services and carrier owned container services
- △ Transshipment ports

Regions

Ports

Hong Kong	△ 1 Hong Kong ⁽¹⁾		
Fujian Province	● 2 Xiamen ⁽²⁾	● 3 Quanzhou ⁽³⁾	● 4 Fuzhou ⁽⁴⁾
Guangdong Province	● 5 Zhanjiang ⁽⁵⁾	● 6 Zhuhai ⁽⁶⁾	● 7 Dongguan ⁽⁷⁾ ● 8 Shantou ⁽⁸⁾
	△ 9 Shenzhen ⁽⁹⁾		
	● 10 Zhongshan ⁽¹⁰⁾	● 11 Huangpu ⁽¹¹⁾	△ 12 Nansha ⁽¹²⁾
Guangxi Zhuang Autonomous Region	● 13 Fangchenggang ⁽¹³⁾	● 14 Beihai ⁽¹⁴⁾	● 15 Qinzhou ⁽¹⁵⁾ ● 16 Guigang ⁽¹⁶⁾
	● 17 Wuzhou ⁽¹⁷⁾		
Hainan Province	● 18 Yangpu ⁽¹⁸⁾	● 19 Haikou ⁽¹⁹⁾	

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Note. Names of domestic ports or transshipment ports

- (1) Hong Kong International Terminal, Modern Terminal and River Trade Terminal
- (2) Xiamen Haitian Terminal and Xiamen Hairun Terminal
- (3) Quanzhou Weitou Terminal
- (4) Fuzhou Mawei Terminal and Fuzhou International Container Terminal
- (5) Zhanjiang Port International Container Terminal
- (6) Zhuhai Hongwan Port
- (7) Dongguan Humen Great Trade Container Port, Dongguan Heighen Terminal and Dongguan Yinghui Port
- (8) Shantou International Terminal
- (9) Shekou Container Terminal, Chiwan Container Terminal, Mawan Port and Da Chan Bay Terminal
- (10) Xiaolan Port, Zhongshan Shenwan Port and Zhongshan Port
- (11) Guangzhou Dongjiangkou Wharf, Guangzhou Container Terminal Co., Ltd., Guangzhou Free Trade Zone Guangbaotong Warehouse & Terminal, Huangpu Old Port, Sinotrans Guangdong Huangpu Warehouse & Terminal, Sinotrans Guangdong Dongjiang Warehouse & Terminal, Xinsha Stevedoring Terminal
- (12) Guangzhou South China Oceangate Container Terminal
- (13) Fangcheng Port
- (14) Beihai Port
- (15) Qinzhou Port
- (16) Guigang Port
- (17) Wuzhou Lijiazhuang Port
- (18) SDIC Yangpu Port
- (19) Haikou Xiuying Port

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As at 31 December 2015, our feeder shipping services and carrier owned container services covered 19 ports in Southern China, comprising Hong Kong, three ports in Fujian Province, eight ports in Guangdong Province, two ports in Hainan Province and five ports in Guangxi Zhuang Autonomous Region. The length of voyage time on these shipping routes range from approximately 2.5 days to 8 days per round-voyage.

There are two types of routes offered in our feeder shipping services and carrier owned container services, being (i) direct, non-stop, point-to-point routes; and (ii) routes that link more than two ports. By offering these two types of routes, we aim to meet customers' needs and at the same time increase the utilisation rate of our vessel fleet. We may adjust our routes from time to time to link additional ports subject to the business needs. For example, in our Guangdong routes, our vessels may start from Hong Kong via Shenzhen and Zhongshan and then back to Hong Kong. As such, we can be less affected by the imbalance of import and export shipment volume of a single port.

Details specifications of the shipping routes for our feeder shipping services and carrier owned container services during the Track Record Period are set out below:

Shipping routes	Round-voyage time (approximately)	Route capacity (TEUs) Year ended 31 December		
		2013	2014	2015
Transshipment ports ↔ Fujian routes ¹	7 days	103,754	67,574	67,574
Transshipment ports ↔ Guangdong routes ²	2.5 days	249,776	275,504	233,225
Transshipment ports ↔ Guangxi routes ³	8 days	109,294	182,408	148,175
Transshipment ports ↔ Hainan routes ⁴	7 days	11,869	12,060	23,929
Total		474,693	537,546	472,903

- 1 Ports in Fujian Province, where our vessel fleet is moored, comprise Fuzhou, Quanzhou and Xiamen.
- 2 Ports in Guangdong Province, where our vessel fleet is moored, comprise Shantou, Zhanjiang, Huangpu, Shekou, Nansha, Zhongshan, Dongguan and Zhuhai.
- 3 Ports in Guangxi Zhuang Autonomous Region, where our vessel fleet is moored, comprise Guigang, Wuzhou, Beihai, Fangchenggang and Qinzhou.
- 4 Ports in Hainan Province, where our vessel fleet is moored, comprise Haikou and Yangpu.

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From the year ended 31 December 2013 to the year ended 31 December 2014, our total vessel fleet capacity increased from 474,693 TEUs to 537,546 TEUs, which was mainly attributable to the increase of chartering vessels due to (i) our increasing effort in providing feeder shipping services in Guangxi Zhuang Autonomous Region and we had allocated additional feeder vessels to the Guangxi routes; (ii) along with the decrease in international fuel price during 2014, we chartered more vessels to conduct business rather than renting cargo space in order to better capture the profit margin brought by the lower fuel price; and (iii) we needed to charter more vessels in order to maintain our timely feeder shipping services against the port congestion and delay in Hong Kong during the year ended 31 December 2014. From the year ended 31 December 2014 to the year ended 31 December 2015, our total vessel fleet capacity decreased from 537,546 TEUs to 472,903 TEUs, which was mainly attributable to the decrease of chartering vessels from vessel owners as we had imposed a tighter control over our cost of services in order to enhance the usage efficiency of our vessel fleet, and the port congestion problem in Hong Kong occurred in 2014 no longer occurred in 2015 and therefore we can reduce our vessel chartering.

We intend to continue providing frequent feeder shipping services and carrier owned container services in Southern China to provide our customers with great scheduling flexibility as our vessel fleets generally make about 26 port calls for the last week of the year ended 31 December 2015. We also provide services with higher frequency for busier shipping routes, such as two to three round-voyages per week for most of the ports in Guangdong Province.

Vessel fleet composition

We aim to ensure the reliability of our vessel fleet capacity during the seasons of high shipment volume while avoiding idle vessel fleet capacity during the seasons of low shipment volume. Our vessel fleet can be divided into two categories: (i) vessels under the Usage Priority Agreements, and (ii) chartered vessels under charterparties. As at 31 December 2015, we used 16 vessels, of which four were vessels under the Usage Priority Agreements and 12 were chartered vessels.

In addition, we seek to reduce the average age of our vessel fleets by acquiring or chartering vessels at the early age. As at the Latest Practicable Date, most of our vessel fleets have been under operation for less than ten years. Our Directors believe relatively newer vessels tend to provide higher shipping speed and require lower repair and maintenance costs.

The breakdown of the vessel fleet used by us as at 31 December 2015 is set out below:

Vessel Size (per Vessel, in TEUs)	Numbers under charterparties	Numbers under Usage Priority Agreements	Total Number	Total Capacity (TEUs)	Average age (approximately)
>200	8	0	8	1,929	6 years
101 to 200	4	3	7	960	8 years
<100	0	1	1	96	10 years
Total	12	4	16	2,985	7 years

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Charterparties

We entered into charterparties for each of the vessels chartered with the vessel owners. These charterparties are time charters, which our Group was bound to make payments for each vessel a fixed monthly usage fee regardless of the actual usage of capacity. The vessel owners hire out the vessels to us for a specified period of time. The payment to the vessel owners are usually settled 15 to 30 days after the month end.

The vessel owners are responsible for providing the crew members, maintaining the vessel conditions and are exposed to risks associated with the operation of the vessel and the performance of the charter contract by us. Under the charterparties, we are responsible for paying the costs in relation to pilotage, fuel and harbor due. Our Group may face risks in relation to the ports, the consignors, loading and discharge delays, fluctuations in the short-term shipping market and volatility in bunker charges.

The vessel rental charges included in our cost of services were approximately HK\$45.8 million, HK\$58.0 million and HK\$51.0 million for the years ended 31 December 2013, 2014 and 2015, respectively. These charterparties are usually renewable and have a term of three months to one year, and typically contain the following salient terms:

Voyage range	Southern China ports comprising ports in Hong Kong, Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province
Charter period	A period of three months to one year with one month of probationary period
Extension option	Allowed us to extend the vessel charter periods from three months to twelve months by the end of the original charter periods
Credit period	15 days to 30 days
Profit sharing	Nil
Pricing basis	Fixed monthly or daily fee per vessel
Licences	The vessel owner is responsible for ensuring the vessels have all necessary licences and records to operate

Under the charterparties, we benefit from the reduction of risks that were borne by the vessel owners as the vessel owners might expose to the risks associated with the operation and physical conditions of the vessels. We also benefit from the extension option granted to us which provide us flexibility in arranging the size of our vessel fleet depending on our business needs and customers' demand.

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As at the years ended 31 December 2013, 2014 and 2015, we had chartered 16, 19 and 12 vessels from third parties under charterparties. The tables below set forth the details of vessels that we chartered under charterparties for the periods indicated:

As at the year ended 31 December 2015

Vessel	Charter rates	Charter duration
Vessel A ¹	US\$1,280 per day	six months
Vessel B ¹	RMB240,000 per month	six months
Vessel C ¹	RMB280,000 per month	six months
Vessel D ¹	RMB180,000 per month	six months
Vessel E ¹	RMB290,000 to RMB330,000 per month	one year
Vessel F ¹	RMB230,000 per month	six months
Vessel G ¹	RMB300,000 per month	six months
Vessel H ¹	RMB280,000 per month	six months
Vessel I ¹	RMB375,000 per month	one year
Vessel J ¹	RMB290,000 per month	six months
Vessel K ¹	RMB370,000 per month	six months
Vessel L ¹	HK\$108,000 per month	six months

Note:

- (1) As at the Latest Practicable Date, these vessels under charterparties have been further renewed with duration ranging from six months to 18 months and will expire between July 2016 and July 2017.

As at the year ended 31 December 2014

Vessel	Charter rates	Charter duration
Vessel A	US\$1,250 per day	six months
Vessel B	RMB230,000 per month	six months
Vessel C	RMB290,000 per month	six months
Vessel D	RMB240,000 per month	six months
Vessel E	RMB290,000 to RMB345,000 per month	six months
Vessel F	RMB230,000 per month	six months
Vessel G	RMB300,000 per month	six months
Vessel I	RMB375,000 per month	one year
Vessel J	RMB300,000 per month	six months
Vessel K	RMB358,000 per month	six months
Vessel L	HK\$106,000 per month	six months
Vessel M	HK\$148,000 per month	eight months
Vessel N	HK\$140,000 per month	six months
Vessel O	HK\$95,000 per month	six months
Vessel P	HK\$90,000 per month	six months
Vessel Q	RMB275,000 per month	six months
Vessel R	RMB180,000 per month	three months
Vessel S	RMB290,000 per month	six months
Vessel T	RMB190,000 to RMB200,000 per month	one year

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As at the year ended 31 December 2013

Vessel	Charter rates	Charter duration
Vessel A	US\$1,250 per day	six months
Vessel B	RMB230,000 per month	six months
Vessel C	RMB300,000 per month	six months
Vessel D	RMB240,000 per month	six months
Vessel E	RMB300,000 to RMB350,000 per month	six months
Vessel F	RMB240,000 per month	six months
Vessel I	RMB415,000 per month	six months
Vessel L	HK\$95,000 per month	one year
Vessel M	HK\$138,000 per month	six months
Vessel O	HK\$98,000 per month	six months
Vessel P	HK\$88,000 per month	six months
Vessel S	RMB300,000 per month	eight months
Vessel T	RMB180,000 to RMB200,000 per month	six months
Vessel U	US\$69,970 per month	six months
Vessel V	RMB180,000 per month	six months
Vessel W	US\$2,150 per day	six months

Charter duration represents the original charter period pursuant to the respective charterparties. The relevant charterparties may be extended by the extension option or renewed by an updated charterparty.

During the Track Record Period, our Group has not experienced any difficulties in chartering vessels and we have not experienced any material disruption in our business due to failure of renewing charterparties with vessel owners.

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Usage Priority Agreements

Since 2008, our Group and certain Independent Third Parties (the “**Vessel Partner(s)**”) have established certain arrangements whereby we pay an agreed sum of charges and fees to the Vessel Partners who are obliged to provide four designated feeder vessels for our operation. In 2015, our Directors recognised the need to enhance the contractual protection to us in preparation for the Listing, we entered into three formal Usage Priority Agreements with each of three Vessel Partners in respect of the usage of four feeder vessels, namely, Yong Shi Feng 66, Yong Shi Feng 88, Hui Hong 802, and Zhen Dong 838.

The salient terms of a typical Usage Priority Agreement is as follows:

Usage period	We have the priority usage right for the entire vessel capacity during the usage period as specified in the agreement.
Credit terms granted to us	15 days
Auto-renewal and termination	Upon the expiration of the initial term, these agreements shall be renewed automatically for another two years continuously unless terminated by either party by providing a six-month notice in advance.
Profit-sharing arrangements	Nil
Other major rights and obligations	SEHL enjoys exclusive preferential rights to use the four entire vessels during the usage period.

The Vessel Partners shall not dispose of the vessels in any manner without SEHL’s written approval.

If the Vessel Partners intend to sell its interests in the vessels, SEHL may, at its discretion, exercise the right to purchase the vessels at the lowest price in a manner allowed by the then applicable PRC laws and regulations or to obtain the sales proceeds.

Neither the Group nor the Vessel Partners could sublease the vessels to other parties under Usage Priority Agreements. During the Track Record Period, the four vessels have not been subleased under the Usage Priority Agreements to other parties.

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We had made lump sum payments in the amount of approximately RMB12.0 million in aggregate upon entering the agreements, for securing our priority usage of the four vessels for a period of 29 to 35 years. Such period approximated the useful life of the vessels. As at 31 December 2015, it is estimated that the remaining useful life of the four vessels under Usage Priority Agreement is around 25 years. Pursuant to the three Usage Priority Agreements in respect of the four vessels, we are also required to pay an annual fee of RMB178,000 in aggregate, which is accounted for part of our cost of services. The lump sum payment has been determined by arms' length negotiation between us and the Vessel Partners, with reference to our demand for a stable and secured availability of the feeders and the cost of building the vessels. The market price of similar vessels attributable to our Group's interest at the time of starting such arrangement was estimated at about RMB8.7 million in aggregate. Our total cost paid under the four Usage Priority Agreements of RMB12.0 million represented a premium of approximately 38% over such estimated market price. Our Directors believe that such premium was mainly attributable to the exclusive usage priority right as well as other rights granted to us under the Usage Priority Agreements and therefore consider that such premium is fair and reasonable. The annual fee has been determined by arm's length negotiation between us and the Vessels Partners, with reference to the administrative and compliance related work performed or to be performed by the Vessels Partners; and the fact that a lump-sum payment has already been paid by our Group to the Vessels Partners up front. No additional fees upon usage of such vessels are payable by our Group.

We use the four vessels under the Usage Priority Agreements in our feeder shipping services and carrier owned container services to collect containers between different ports in Southern China and transshipment ports. In the provision of such services, we bear the costs in using the vessels, including repair and maintenance costs and bunker charges, of the vessels under the Usage Priority Agreements. We have also maintained transport liability insurance to indemnify the legal liability arising out of our operations and hull and machinery insurance to covers the risk of the vessels' hull and machinery. The Vessel Partners are mainly responsible for the safety management, administrative and compliance related work in respect of the vessels, including obtaining, maintaining and updating relevant approvals, permits and licences required for waterborne cargo transportation.

The four vessels are registered in the PRC pursuant to 《中華人民共和國船舶登記條例》 (Regulations of the Registration of Vessels of the PRC). Having regarded the arrangement of our usage priority over the four vessels, it has been agreed between the Vessel Partners and us that the vessels were registered under the name of our Group as to 40% of the ownership in respect of Zhen Dong 838, and as to 49% of the ownership in respect of each of Yong Shi Feng 66, Yong Shi Feng 88 and Hui Hong 802 as at 31 December 2015, and under the names of the relevant Vessel Partners as to the balance of the ownership of each of the vessels. Furthermore, as advised by our PRC legal advisers, pursuant to the Regulations of the Registration of Vessels of the PRC, the acquisition, transfer or extinction of the ownership of a vessel shall be registered at the vessel registration administration, and if the vessels are owned by a foreign-invested enterprise established in the PRC, the proportion of registered capital contributed by Chinese investors in such enterprise shall not be less than 50%. Thus, our Group is not allowed to own more than 50% interests in the four vessels as referred to in the Usage Priority Agreements.

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As advised by our PRC legal advisers, our Group complied with the foreign ownership restriction set out under the Regulations of the Registration of Vessels of the PRC by owning no more than 50% interests in the four vessels, and SEHL confirms that the Chinese investors owning not less than 50% interests in the four vessels. On such basis, our PRC legal advisers opine that (1) the existing applicable PRC law and regulations (including the Regulations of the Registration of Vessels of the PRC) do not prohibit us entering into the Usage Priority Agreements, (2) the Usage Priority Agreements are legal, valid and binding on the parties, (3) the Usage Priority Agreements do not contravene any existing applicable PRC law and regulations (including the Regulations of the Registration of Vessels of the PRC), and (4) the Usage Priority Agreements shall not be regarded as a legal form to circumvent illegal objective as stipulated under the PRC Contract Law so as to be deemed as ineffective.

Our PRC Legal Advisers conducted a telephone consultation with an official of the division of waterborne transport administration of port and shipping administration bureau of the Transport Department of Guangdong Province (廣東省交通廳港航管理局水運管理處) on 28 April 2016. During the consultation, our PRC Legal Advisers explained the arrangement under the Usage Priority Agreements to the official (including but not limited to the ownership condition of the four vessels), such official verbally confirmed that the Usage Priority Agreements shall not be regarded as a legal form to circumvent illegal objective considering that the execution of the Usage Priority Agreements is just commercial behaviour between the parties. Our PRC Legal Advisers are of the view that the division of waterborne transport administration of port and shipping administration bureau of the Transport Department of Guangdong Province (廣東省交通廳港航管理局水運管理處) is the competent government authority to advise on the aforesaid matter and the official is in the appropriate position to attend the consultation and provide the above confirmation.

Pursuant to the Usage Priority Agreements, we have the exclusive preferential right to use the vessels. We also have the preferential right to acquire the interest or obtain the sales proceeds from disposal of the vessels which is subject to our consent. Any transfer, leasing, written-off or pledge of the vessels have to be approved by us in advance. In the event that the relevant vessels were disposed before the end of the relevant Usage Priority Agreements, we are entitled to the whole of the disposal proceeds. Based on the above, we, in substance, are able to use these four vessels and obtain the future economic benefits through the usage of these four vessels physically as if we were the legal owners throughout the period covered by the Usage Priority Agreements. Pursuant to the Hong Kong Financial Reporting Standards, these four vessels are accounted for as property, plant and equipments of our Group, initially recognised at cost, and then subject to subsequent straight line depreciation of 10 to 20 years. As set out in the Accountants' Report in Appendix I to this prospectus, as at 31 December 2013, 2014 and 2015, the net book value of the four vessels under the Usage Priority Agreements amounted to approximately HK\$11.4 million, HK\$10.8 million and HK\$9.0 million, respectively.

Pursuant to the Usage Priority Agreements, the Vessel Partners are not granted the right to early terminate the agreements. Upon the expiration of the initial term, the Usage Priority Agreements shall be renewed automatically for another two years continuously unless terminated by either party by providing a six-month notice in advance. Our Group's interest in the vessels is protected under the Usage Priority Agreements in the event of termination to the effect that, in the event of termination of the agreements, the Vessel Partners shall transfer all their interests in the subject vessels to a third party designated by SEHL at the lowest price in a manner allowed by the then applicable PRC laws and regulations.

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In addition, our Group's interests in the vessels under the Usage Priority Agreements are also protected by the right of first refusal. Pursuant to the Usage Priority Agreements, (1) if the Vessel Partners intend to sell their interests in the subject vessels, then provided that it is in compliance with the then PRC law and regulations, we or a third party designated by us shall have the right to first purchase the Vessel Partners' interests in the subject vessels; (2) if the Vessel Partners intend to sell their interests in the subject vessels after the priority usage period expires, the Vessel Partners shall transfer all their interests in the subject vessels to us or a third party designated by us at the lowest price in a manner allowed by the then applicable PRC laws and regulations; (3) if we choose not to exercise the right of first refusal in the subject vessels, then we shall be entitled to all proceeds of sales of interests in the subject vessels.

There had not been and were not any disputes or disagreement between us and the Vessel Partners since the commencement of our business relationship and up to the Latest Practicable Date.

Background of Vessel Partners

Since October 2008, April 2009 and September 2012, we have obtained the usage priority over the four vessels pursuant to the Usage Priority Agreements entered into with (i) Dongguan Zhenhua Transport Company Limited* (東莞市振華運輸有限公司) (“Dongguan Zhenhua”) for the vessel Zhen Dong 838; (ii) Guangzhou Rongjing Shipping Company Limited* (廣州市榮景船務有限公司) (“Guangzhou Rongjing”) for vessels Yong Shi Feng 66 and Yong Shi Feng 88; and (iii) Shenzhen Huihong Shipping Company Limited* (深圳市輝泓航運有限公司) (“Shenzhen Huihong”) for vessel Hui Hong 802, respectively. Each of Dongguan Zhenhua, Guangzhou Rongjing and Shenzhen Huihong are Vessel Partners and Independent Third Parties.

To the best knowledge of the Company, each of the Vessel Partners are principally engaged in the provision of waterborne transportation services, including operation of vessels between the PRC and Hong Kong and Macao and trading, leasing and repairing of vessels.

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Set out below is the four vessels that we had the exclusive preferential right to use under the Usage Priority Agreements as at the Latest Practicable Date:



Our vessel under the Usage Priority Agreement – Yong Shi Feng 66



Our vessel under the Usage Priority Agreement – Yong Shi Feng 88

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Our vessel under the Usage Priority Agreement – Hui Hong 802



Our vessel under the Usage Priority Agreement – Zhen Dong 838

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Differences between the Usage Priority Agreements and charterparties

The primary differences between the Usage Priority Agreements and charterparties are as follows:

1. The Usage Priority Agreements over the subject vessels grant us the exclusive usage rights which are exercisable over the substantial portion of useful life of the vessels, whereas charterparties create an interest in the vessels for a shorter periods of time.
2. The Usage Priority Agreements require us to fulfill the responsibility over the repair and maintenance of the vessels as if we were the owner of the vessels, whereas such responsibility is borne by the vessel owners, but not us, under charterparties.
3. The fees involved in the Usage Priority Agreements are a lump sum payment that approximates the cost of the vessels plus a low annual fee, whereas the fees involved in the charterparties are renewable after the end of each term and are usually at a market rental price.

Advantages and disadvantages of the Usage Priority Agreements

The Usage Priority Agreements enable us to secure vessel fleet capacity for longer period of time in order to satisfy the demand for our Sea Freight Services. The Usage Priority Agreements have minimised our shipping expenses because we have secured such vessels with a lump sum payment and therefore does not have to pay a market rental price for chartering. Even if we deem it necessary to reduce vessel fleet capacity at any material time in the future, we can choose to forfeit our priority usage rights and terminate the Usage Priority Agreements by giving six-months' notices in advance to the vessel operators. Moreover, we retain the pre-emptive right to, at our sole discretion, purchase the vessels at the lowest price. As such, a stable supply of vessels can be maintained together with some flexibility to our vessel fleet arrangement in the future. In addition, each of the Vessel Partners have established for more than 10 years and our Directors believe that each of the Vessel Partners are familiar with the relevant local administrative and compliance related work and they could provide valuable insight into vessel compliance, especially in safety management. Based on the above, we consider it is appropriate and advantageous to us by entering into the Usage Priority Agreements.

We consider that in substance, we are able to use the subject vessels and obtain the future economic benefits through the usage of the subject vessels and have the responsibility to bear their repair and maintenance cost. We consider this is the disadvantage of the Usage Priority Agreements.

The Group has identified a number of vessel operators (other than the three Vessel Partners) offering similar usage priority arrangements in the PRC. Our Directors consider that the existence of the arrangement contemplated under the Usage Priority Agreement is an industry norm.

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Vessel fleet capacity and utilisation rate

Utilisation rate of our vessel fleet is one of the indicators to measure our profitability and operational efficiency. We regularly monitor our vessel fleet's utilisation rate to assess the performance and then allocate our vessels to different routes accordingly. The utilisation rate is calculated by dividing the yearly shipment volume in terms of TEUs, comprising both laden and empty containers, by our total vessel fleet capacity within the year. The overall utilization rate of our vessel fleet for the years ended 31 December 2013, 2014 and 2015 was approximately 83%, 73% and 81%, respectively.

Our utilisation rates of each shipping route grouped during the Track Record Period are as follow:

	Year ended 31 December		
	2013	2014	2015
	Round-voyage between transshipment ports to Southern China	Round-voyage between transshipment ports to Southern China	Round-voyage between transshipment ports to Southern China
Our total vessel fleet capacity (in TEUs)	474,693	537,546	472,903
Shipping route group			
Transshipment ports ↔			
Fujian routes ¹	76%	81%	74%
Transshipment ports ↔			
Guangdong routes ²	81%	69%	81%
Transshipment ports ↔			
Guangxi routes ³	94%	76%	82%
Transshipment ports ↔			
Hainan routes ⁴	82%	77%	95%
Overall⁵	83%	73%	81%

1 Ports in Fujian Province, where our vessel fleet is moored, comprise Fuzhou, Quanzhou and Xiamen.

2 Ports in Guangdong Province, where our vessel fleet is moored, comprise Shantou, Zhanjiang, Huangpu, Shekou, Nansha, Zhongshan, Dongguan and Zhuhai.

3 Ports in Guangxi Zhuang Autonomous Region, where our vessel fleet is moored, comprise Guigang, Wuzhou, Beihai, Fangchenggang and Qinzhou.

4 Ports in Hainan Province, where our vessel fleet is moored, comprise Haikou and Yangpu.

5 The overall utilisation rate is the quotient of the total shipment volume of respective route, for the total vessel fleet capacity.

From the year ended 31 December 2013 to the year ended 31 December 2014, our overall utilisation rates of our vessel fleet capacity decreased from approximately 83% to approximately 73%, which was mainly attributable to increase in the total number of chartered vessel to our vessel fleet in order to maintain timely shipping services against the port congestion and delays in Hong Kong during the year ended 31 December 2014. From the year ended 31 December 2014 to the year ended 31 December 2015, our overall utilisation rates of our vessel fleet capacity increased from approximately 73% to approximately 81%, which was mainly attributable to the decrease in number of chartered vessels under charterparties and the decrease in our total vessel fleet capacity, as we had imposed a tighter control over our cost of services in order to enhance usage efficiency of our vessel fleet.

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Our overall vessels utilisation rate as well as utilisation rate in Guangdong routes, Guangxi routes and Hainan routes decreased in 2014 and increased again in 2015. This was mainly because there had been port congestion in Hong Kong during 2014 and therefore we needed to chartered more vessels in order to maintain our timely services. The increase of utilisation rate in Hainan routes in 2015 up to 95% was mainly because we increased one more port in Hainan in our routes. The utilisation rate in Fujian routes increased to 81% in 2014 was mainly because we reduced our capacity allocated to Fujian routes for more efficient usage and it decreased to 74% in 2015 was mainly because of the mild decrease in our shipment volume of Fujian routes.

Containers



Our container

We have a variety of containers to meet different customers' needs, including TEU standard containers, FEU standard containers, FEU high cube containers and FEU reefers. Reefers are the generic name for temperature controlled containers, which are insulated containers with refrigeration plants, typically used to carry perishable cargo such as fresh and frozen products. The average age of our owned and leased containers are approximately six years and such containers have a theoretical useful life of approximately 10 to 20 years. For the years ended 31 December 2013, 2014 and 2015, the average utilization rate of our Group's owned and leased containers are approximately 86%, 89% and 90%, respectively. The average utilization rate is calculated by dividing the total volume of container used of the respective year by the volume of container capacity of the respective year.

Container security

We keep track of the movement status and locations of our containers by recording the detailed information of each containers in each batches of movement, loading and unloading, preparing and updating container inventory reports from time to time. In such reports, information of the individual containers (including physical conditions, types, locations and movement status) are recorded and updated from time to time for each of the voyage, loading and unloading.

We have not installed tracking system for the containers. This is because our shipping routes currently concentrate in the South China rather than long-distance voyage. In addition, the containers that we handle in our course of business do not only include our own containers, but also containers owned by our customers (being the international container liners in our feeder shipping services), our leased containers and containers under interchange agreements and therefore it may not be appropriate or cost efficient for us to install tracking devices in containers owned by other parties.

As disclosed in the paragraph headed “Risk Management and Insurance Coverage – Operational risks” in this section, we have maintained insurance coverage on, among other things, cargoes in the containers, subject to the detailed clauses of our insurance policies. Nevertheless, it is uncertain as to whether our insurance policy can cover all of our losses in the event of loss of containers. Also, as at 31 December 2015, our containers consist of 1,013 containers, which represented 1,621 TEUs and the total net asset value of our containers, was approximately HK\$9.9 million. Our Directors consider that the value of each container is small and we generally do not maintain insurance coverage on containers. Please refer to the section headed “Risk Factors – The loss of our containers may increase the costs of our Group’s operations and reduce demand for our Group’s services” in this prospectus.

During the Track Record Period and up to the Latest Practicable Period, there was no material container security issue and no incident of loss of container.

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The containers that we operate include our owned containers and leased containers. The table below sets forth the number and capacity of containers owned and leased by our Group as at each of the dates indicated below:

	2013		As at 31 December 2014		2015		As at the Latest Practicable Date	
	Number	TEUs	Number	TEUs	Number	TEUs	Number	TEUs
Owned	634	963	863	1,421	863	1,421	859	1,413
Leased	229	458	100	150	150	200	200	250
Total	863	1,421	963	1,571	1,013	1,621	1,059	1,663

For the leased containers, we generally enter into lease agreements with container suppliers on an arm's length basis for three years for each of the containers. The daily rental charge is fixed and agreed between the parties. Also, under the terms of the agreements, on the last day of the three years leasing period, we are generally able to make payments to the container suppliers for the purchase of each of the containers, after which such containers shall become our property.

Also, we put increasing efforts in container management, such as allocating our containers in a flexible manner between different routes and ports. Our management team takes into account of a broad range of economic indicators and estimates our container usage for each of the ports that we operate. We will generally arrange containers between ports to maximise usage while minimizing the cost of storage of long idle containers.

Container interchange agreements

At times there is imbalance between the import shipment volumes and the export shipment volumes at particular ports, and would adversely affect the industry overall operational efficiency and profitability. For example, if the import shipment volume of a port is larger than the export shipment volume, the excess laden containers used for import purpose would be idle and create empty containers layover at the port. Such empty containers generally need to be transported back to ports that have excess export volume for lading again.

Leverage on our strong presence in the industry, we have made several container interchange agreements with international container lines companies. Such agreements allow us to use the containers of international container lines companies at no cost within the free use period in exchange for transporting back the containers to a specific port that we operate. The number of days of the free use period of such containers varies from route to route, generally from two weeks to four weeks. After expiry of the free use period, we shall pay containers rental fee on a per diem basis. For the years ended 31 December 2013, 2014 and 2015, we handled 230 containers, 366 containers and 307 containers, respectively, under such container interchange agreements. We believe such arrangement enable us to reduce the average cost of containers used, reduce the risk exposure from over-purchase of containers as well as enhance our container supplies and improve our relationship with international container lines companies.

BUSINESS

For the containers obtained or used under the container interchange agreements, we are generally responsible for any loss of containers or any damage to containers beyond ordinary wear and tear. Under such agreements, maintenance of the containers is monitored through the inspections at the time that containers are interchanged and returned. Any additional damage made to containers beyond ordinary wear and tear are generally need to be repaired at our expense according to standardised guidelines promulgated by the UCIRC.

Seasonality

The demand for our Sea Freight Services varies due to seasonality in general. The volumes of our services usually experience a decrease immediately after major public holidays in the PRC, particularly after the Chinese New Year. Nevertheless, we have a diversified customer base, which covers customers ranging between various manufacturing industries with different seasonal cycles. Our diversified customer base could mitigate the negative impact of seasonality throughout the year.

Our licences and regulatory compliance

We are required to comply with the regulatory requirements to obtain and maintain certain licences and permits in Hong Kong and the PRC for our business operations. Some of the licences are subject to regular review, replacement or renewal. For more information about the relevant laws, rules and regulations in relation to our sea freight forwarding agency services operations in Hong Kong and the PRC, please refer to the section headed “Regulatory Overview” in this prospectus.

Our PRC Legal Advisers have confirmed that we have obtained necessary permits and licences which are material for our business operations from the relevant PRC governmental bodies throughout the Track Record Period and up to the Latest Practicable Date and we have complied with all the applicable PRC laws, rules and regulations in all material aspects.

Set out below are the details of the relevant licences/approvals obtained by us in the PRC as at the Latest Practicable Date:

Name of our Group member	Licences/records	Expiry date
Ever Harvest	Non-vessel Shipping Business Operation Qualification Registration Certificate	18 December 2020
SEHL	Non-vessel Shipping Business Operation Qualification Registration Certificate	10 July 2020
Xiamen Harvest	Non-vessel Shipping Business Operation Qualification Registration Certificate	1 June 2020
Shenzhen Ever Harvest Logistics Co., Ltd., Nanning Branch	Non-vessel Shipping Business Operation Qualification Registration Certificate	20 October 2017
Shenzhen Ever Harvest Logistics Co., Ltd., Xiamen Branch	Non-vessel Shipping Business Operation Qualification Registration Certificate	30 May 2021

BUSINESS

Name of our Group member	Licences/records	Expiry date
EHIL	Non-vessel Shipping Business Operation Qualification Registration Certificate	18 March 2021
SFHL	Non-vessel Shipping Business Operation Qualification Registration Certificate	18 March 2021
EHIL	Record form of international freight forwarding agency	N/A
Ever Harvest International Logistics (Shenzhen) Ltd., Zhongshan Branch	Record form of international freight forwarding agency	N/A
Ever Harvest International Logistics (Shenzhen) Ltd., Haikou Branch	Record form of international freight forwarding agency	N/A
Ever Harvest International Logistics (Shenzhen) Ltd., Guangzhou Branch	Record form of international freight forwarding agency	N/A
Ever Harvest International Logistics (Shenzhen) Ltd., Nanning Branch	Record form of international freight forwarding agency	N/A
Ever Harvest International Logistics (Shenzhen) Ltd., Xiamen Branch	Record form of international freight forwarding agency	N/A
SEHL	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Xiamen Branch	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Nanning Branch	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Guangzhou Branch	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Zhanjiang Branch	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Dongguan Branch	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Zhuhai Branch	Record form of international freight forwarding agency	N/A
Shenzhen Ever Harvest Logistics Co., Ltd., Qinzhou Branch	Record form of international freight forwarding agency	N/A

Mr. Jon K.H. Wong, the barrister advising the Company on certain Hong Kong legal issues, has confirmed that we have obtained the necessary licences and permits and have complied with all the applicable Hong Kong laws and regulations material for the Sea Freight Services in Hong Kong throughout the Track Record Period and up to the Latest Practicable Date. For details, please refer to the section headed “Regulatory Overview” in this prospectus.

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Set out below are the details of the relevant licences obtained by us in Hong Kong as at the Latest Practicable Date:

Name of our Group member	Licences	Expiry date
Ever Harvest	Certificate of Exemption under Transshipment Cargo Exemption Scheme	31 December 2016
Ever Harvest	Import and Export Licence for Dutiable Commodities	2 May 2017
Ever Harvest	Licence under Control of Chemicals Ordinance (for L3-9)	6 November 2016
Ever Harvest	Certificate of Registration as a Textiles Trader	30 June 2017
Xiamen Harvest	Certificate of Exemption under Transshipment Cargo Exemption Scheme	31 December 2016
Xiamen Harvest	Licence under Control of Chemicals Ordinance (for L3-9)	6 November 2016
Xiamen Harvest	Certificate of Registration as a Textiles Trader	23 November 2016

Each of the managers in our points of operation is under the supervision of our Directors and the management team endeavours to ensure that we have maintained the necessary licences and permits to operate our business. Throughout the Track Record Period and up to the Latest Practicable Date, we maintained all necessary licences and permits material to our operations in both Hong Kong and the PRC. We have been able to renew our major licences and permits without significant difficulties during the Track Record Period.

SALES AND MARKETING

We believe our marketing strength comes from our ability to provide high-quality, flexible, efficient and reliable services to all types of customers.

Reliable and efficient services

Our business embraces feeder shipping services, carrier owned container services and sea freight forwarding agency services. Furthermore, we offer a variety of containers and we provide ancillary services including arrangement of customs clearance and short distance ground transportation so as to provide a full range of services to customers. The aforesaid combination enables us to have flexibility in resources allocation and to provide one-stop logistics solution to our customers. Our services have been well-recognised by our customers as reliable and efficient, reflected by our long and stable relationship with our major customers and the fact that we do not encounter any material dispute or complaint from our customers.

To enhance our profile in the industry, we also advertised on shipping magazine – Shipping Gazette (船務公報) where we publish our shipping schedule. We believe this allows our customers to well work with us to plan logistics arrangement.

BUSINESS

Coverage of our branches and representative offices

We are headquartered in Hong Kong and with 19 points of operation, including branches and representative offices, in Hong Kong and the PRC as at 31 December 2015. Our points of operation are generally strategically located in various ports in Southern China, with which our staff can closely communicate, coordinate and monitor logistics arrangement for our customers, strengthen customer relationship and explore further business opportunities in local markets. During the Track Record Period, our points of operation (including branches and representative offices) increased from 15 at the beginning of 2013 to 19 by the end of 2015.

Overseas agents

We have maintained an international network of external agents, including multiples locations in Africa, America, Asia, Australia and Europe. Such agents are mainly used in our sea freight forwarding agency services. In order to ensure reliability of services quality to our customers, our external agents are reviewed by our management team regularly.

We typically enter into agency agreements with the agents pursuant to which we and the agents agree to represent each other in each other's operating countries for the provision of sea freight forwarding agency services. In accordance with the terms of the agency agreements, the agents at the origin or destination of the shipment (as the case may be) are responsible for promoting sales, enhancing the efficiency of handling of cargoes in their territories, following up on routing orders and sending sales leads on a regular basis to each others. The agents have also agreed to take entire responsibility for the collection of payments on our behalf and timely remittance of these payments. The terms of our agency agreements are generally one year and renewable after the end of each term. The agency handling fee charged by the overseas agents shall be negotiated and agreed by both parties in writing on a case by case basis. We believe such international network enables us to diversify our customer bases and expand our presence.

During the Track Record Period, none of our services were provided to overseas customers or agents based in countries sanctioned by the United States, the European Union, Australia and the United Nations.

Sales and customer services staff

We recognise that good customer services are crucial to our image and reputation in the market and customer loyalty. Thus, we place emphasis in our sales and customer services staff, which they mainly handle customer enquiries and feedback. Our sales personnels closely liaise with our existing customers, actively involved in pitching to potential customers and being able to obtain information about the requests for quotation at the early stage. We also arrange our staff to regularly visit our customers to review their needs and any potential sudden requests. As at the Latest Practicable Date, we had 62 sales and customer services staff.

As we aim to establish long-term relationship with our customers, we closely follow up with their orders and level of satisfaction. We also gather customers' feedback and review the flow of our services in order to increase our customers' satisfaction and improve our services quality. By doing so, we can proactively and promptly understand any potential complaint or potential problems encountered by our customers.

BUSINESS

Our pricing

In determining the pricing of our services, we take into account of: (i) a broad range of economic indicators, (ii) relevant information from trade fairs and our sales teams, (iii) prevailing market rates offered by other sea freight forwarding services providers, (iv) cost analysis including potential increases in wages, bunker charges, fees and locations, and (v) our determination of a reasonable profit margin.

The table below sets out the approximately standard freight rate range for each of Sea Freight Services that our Group offered to our customer during the Track Record Period:

Average freight rate	HK\$ per TEU (approximately)
Feeder shipping services	360 to 1,780
Carrier owned container services	1,070 to 2,330
Sea freight forwarding agency services	390 to 26,000

We have drawn up and put in place a standard price list for internal guidance and reference of the relevant departments and personnel. The standard price list is subject to review by the management team from time to time with due regard to any changes or movements in the relevant prices and demand for our Sea Freight Services in the industry. We may offer discount to the customers which have long-term relationship with us or the customers using our routes under promotion. In general, our management team also monitor our pricing information in accordance to our internal control policies.

Set out below is our shipment volume and average price per TEU during the Track Record Period, breakdown by types of services. The average price per TEU is calculated by dividing our revenue with TEU, and our revenue includes freight charge, handling and other recharge income over each TEU. Please note that there are no specific routes in our sea freight forwarding agency services because we essentially act as the agent of the customers to arrange logistic in response to the highly customised need of the customers in each of the orders.

	Year ended 31 December					
	2013		2014		2015	
	TEU	Average price per TEU HK\$	TEU	Average price per TEU HK\$	TEU	Average price per TEU HK\$
Feeder shipping services	371,464	1,012	372,441	1,031	362,131	936
Carrier owned container services	<u>21,759</u>	1,560	<u>21,392</u>	1,935	<u>21,095</u>	1,780
Sub-total	393,223	1,042	393,833	1,080	383,226	982
Sea freight forwarding agency services	<u>33,362</u>	5,429	<u>27,172</u>	6,228	<u>19,642</u>	4,211
Total	<u>426,585</u>	1,385	<u>421,005</u>	1,413	<u>402,868</u>	1,140

BUSINESS

CUSTOMERS

We have a wide range of types of customers in our clientele, including international container lines companies, large PRC or Hong Kong based corporations or manufacturers, trading companies as well as sole proprietorship. For the years ended 31 December 2013, 2014 and 2015, our five largest customers contributed approximately HK\$128.8 million, HK\$154.4 million and HK\$123.0 million to our total revenue, respectively, representing approximately 21.8%, 25.9% and 26.8% of our total revenue, respectively. For the same periods, our largest customer contributed approximately HK\$43.2 million, HK\$46.7 million and HK\$40.5 million to our total revenue, respectively, representing approximately 7.3%, 7.8% and 8.8% of our total revenue, respectively. We believe that any concentration risk among our five largest customers was not significant given their respective contributions to our total revenue. During the Track Record Period, we generally grant our customers different terms up to 120 days from the invoice date.

We generally do not enter into any long-term contracts with our customers. As we operate in a competitive market, there is no legally binding commitment for our customers to exclusively use our Sea Freight Services. Our CCAs do not restrict our customers to use our services for any specific durations or to give us minimum volume of shipments over any duration. We believe the CCA's terms and conditions that are signed with us are in line with the industry practice. Please refer to the paragraph headed "Our Business – 1. Feeder shipping services – Terms of CCA" in this section for details. We are typically indemnified against the loss and damages related to the shipment and its contents. We may be liable for the loss, damages and unauthorised delivery in accordance to the shipping terms.

The following tables set out the basic information about our five largest customers and their respective revenue contribution as a percentage of our total revenue for the years ended 31 December 2013, 2014 and 2015:

For the year ended 31 December 2015

Our five largest customers	Background	Services provided	Payment method	Year(s) of business relationship	Credit period	Revenue recognised (HK\$'000)	% of total revenue
Customer A	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	90 days	40,495	8.8%
Customer B	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over nine years	120 days	32,125	7.0%
Customer C	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	10 days	18,932	4.1%
Customer D	Freight forwarding agent in the PRC	Sea freight forwarding agency services	Bank transfer/ cheque	Over three years	N/A ⁽¹⁾	16,353	3.6%
Customer E	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over eight years	15 days	15,093	3.3%

⁽¹⁾ No credit term was granted to such customer.

BUSINESS

For the year ended 31 December 2014

Our five largest customers	Background	Services provided	Payment method	Year(s) of business relationship	Credit period	Revenue recognised (HK\$'000)	% of total revenue
Customer D	Freight forwarding agent in the PRC	Sea freight forwarding agency services	Bank transfer/ cheque	Over three years	N/A ⁽¹⁾	46,686	7.8%
Customer B	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over nine years	30 days	39,758	6.7%
Customer A	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	90 days	30,544	5.1%
Customer C	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	10 days	20,765	3.5%
Customer F	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	N/A ⁽¹⁾	16,611	2.8%

For the year ended 31 December 2013

Our five largest customers	Background	Services provided	Payment method	Year(s) of business relationship	Credit period	Revenue recognised (HK\$'000)	% of total revenue
Customer B	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over nine years	30 days	43,237	7.3%
Customer D	Freight forwarding agent in the PRC	Sea freight forwarding agency services	Bank transfer/ cheque	Over three years	N/A ⁽¹⁾	32,716	5.6%
Customer C	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	10 days	18,797	3.2%
Customer A	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	90 days	18,507	3.1%
Customer G	International container lines companies	Feeder shipping services	Bank transfer/ cheque	Over ten years	30 days	15,504	2.6%

⁽¹⁾ No credit period was granted to such customers.

All of the above five largest customers of our Group for the year ended 31 December 2015 are Independent Third Parties and none of our Directors, their respective associates and our Shareholders who owns more than 5% of the issued share capital of our Company had any interest in any of the above five largest customers of our Group during the Track Record Period and as at the Latest Practicable Date.

BUSINESS

Payment terms

Payment term with our customers can be divided into two categories, namely freight prepaid and freight collect. If the shipment is freight prepaid, it indicates that the costs of the shipment have been paid by our customers before the shipping activities commence. If the shipment is freight collect, it indicates that the consignee of the shipment is required to pay the costs of the shipment upon receiving the goods.

We send invoices to our customers when we render services. Our revenue is mostly denominated in HK\$ and US\$, and sometimes denominated in RMB. During the Track Record Period, we generally grant our customers different credit terms up to 120 days from the invoice date. We carefully determine the credit term of customers based on, among other things, (i) the customer's payment history with us, (ii) the customer's business activities, (iii) financial standing, and (iv) industry reputation.

Our Directors and account managers monitor the account receivables collection and ageing, outstanding balance and customers' credit standing. We also monitor and communicate with our customers regarding the settlement of trade receivables. During the Track Record Period, we did not experience any material difficulty in collecting payment from our customers and we did not have any bad debt or provision recorded, as we generally collect payments from customers with no credit term before they pick up containers or arrange delivery.

Customer complaints

We recognise the importance of putting in place procedures to ensure that complaints from our customers get handled in a timely and appropriate manner. We may receive complaints from our customers at the Group customer services's mail box. Such complaints are handled by the frontline customer services staff. In respect to most of the complaints resolved by the Group, the customers usually complained about delay shipment as our shipment schedule may be affected by extreme weather condition and/or port congestion, which are beyond our control.

We also provide trainings to our frontline staff on customer care and complaint handling skills and require our staff to understand and follow our standard complaint handling procedures. This enables our management team to monitor and suggest preventive or remedial measures to prevent similar incidents from occurring in the future. We believe that we have handled customer complaints promptly and satisfactorily. During the Track Record Period and up to the Latest Practicable Date, there was no incident of customer complaint leading to material refunds or disputes.

BUSINESS

Overlapping of certain major customers and suppliers

During the Track Record Period, seven of our major customers are also our suppliers. These customers are international containers lines companies. They are our major customers of feeder shipping services by which we mainly transport the cargoes from various ports in China to major transshipment ports where the cargoes are loaded to the international container liners. On the other hand, these international containers lines companies are our services suppliers in our sea freight forwarding agency services. In sea freight forwarding agency services, we arrange logistics for our customers including shipments to overseas places or routes that we do not operate. Accordingly, we arrange shipment services from these international containers lines companies for our customers. According to the Euromonitor Report, it is an industry norm for having international container lines companies as customers and suppliers at the same time.

Set out below are the revenue and cost related to seven of our major customers during the Track Record Period which are also our suppliers:

	For the year ended 31 December		
	2013	2014	2015
Revenue from these customers (<i>HK\$' million</i>)	117.1	135.2	132.7
As a % of our total revenue	19.8%	22.7%	28.9%
Cost paid to these customers (<i>HK\$' million</i>)	28.3	33.4	30.0
As a % of our cost of services	5.6%	6.4%	8.0%

To the best knowledge and belief of our Directors, these entities and their ultimate beneficial owners are Independent Third Parties.

Negotiations of the terms of our sales to and purchases from these customers and/or their related group companies were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that, during the Track Record Period, the services we purchased from these customers and/or their related companies were not sold to these customers. The Directors also confirmed that the terms and the pricing policies of transactions with such these entities are in line with the market and similar to those transactions with our other customers and suppliers.

BUSINESS

SUPPLIERS

Our suppliers include bunker suppliers, barge services providers, terminal handling services providers, vessel owners and international container lines companies which act as our suppliers in our sea freight forwarding agency services.

For the years ended 31 December 2013, 2014 and 2015, the cost of services payable to our five largest suppliers amounted to approximately HK\$190.6 million, HK\$186.1 million and HK\$101.4 million, respectively, representing approximately 37.8%, 36.0% and 26.9% of our total cost of sales, respectively. For the same periods, the cost of services payable to our largest supplier amounted to approximately HK\$92.0 million, HK\$93.6 million and HK\$38.7 million, respectively, representing approximately 18.3%, 18.1% and 10.3% of our total cost of sales, respectively. Our Directors believe that any concentration risk among our five largest suppliers was not significant given their respective contributions to our total costs of sales set out in the table below.

The following tables set out the basic information about our five largest suppliers and our respective payable to them as a percentage of our cost of services for the years ended 31 December 2013, 2014 and 2015:

For the year ended 31 December 2015

Our five largest suppliers	Background	Services provided or products sold to the Group	Year(s) of business relationship	Payment method	Credit period	Cost of services (HK\$'000)	% of cost of services
Supplier A	International container lines companies	Freight services	Over ten years	Bank transfer/ cheque	30 days	38,719	10.3%
China-HK Shipping	Barge services provider in Hong Kong	Barge services	Over ten years	Bank transfer/ cheque	30 days	21,831	5.8%
Supplier B	Bunker supplier in Hong Kong	Bunker	Over five years	Bank transfer/ cheque	30 days	21,099	5.6%
Supplier C	International container lines companies	Freight services	Over ten years	Bank transfer/ cheque	30 days	9,910	2.6%
Supplier D	Terminal handling services provider in Hong Kong	Terminal handling services	Over ten years	Bank transfer/ cheque	30 days	9,883	2.6%

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For the year ended 31 December 2014

Our five largest suppliers	Background	Services provided or products sold to the Group	Year(s) of business relationship	Payment method	Credit period	Cost of services (HK\$'000)	% of cost of services
Supplier A	International container lines companies	Freight services	Over ten years	Bank transfer/ cheque	30 days	93,568	18.1%
Supplier B	Bunker supplier in Hong Kong	Bunker	Over five years	Bank transfer/ cheque	30 days	41,135	7.9%
China-HK Shipping	Barge services provider in Hong Kong	Barges services	Over ten years	Bank transfer/ cheque	30 days	25,712	5.0%
Supplier C	International container lines companies	Freight services	Over ten years	Bank transfer/ cheque	30 days	14,530	2.8%
Supplier E	Terminal handling services provider in PRC	Terminal handling services	Over nine years	Bank transfer/ cheque	30 days	11,178	2.2%

For the year ended 31 December 2013

Our five largest suppliers	Background	Services provided or products sold to the Group	Year(s) of business relationship	Payment method	Credit period	Cost of services (HK\$'000)	% of cost of services
Supplier A	International container lines companies	Freight services	Over ten years	Bank transfer/ cheque	30 days	92,042	18.3%
Supplier B	Bunker supplier in Hong Kong	Bunker	Over five years	Bank transfer/ cheque	30 days	38,801	7.7%
China-HK Shipping	Barge services provider in Hong Kong	Barges services	Over ten years	Bank transfer/ cheque	30 days	25,393	5.0%
Supplier C	International container lines companies	Freight services	Over ten years	Bank transfer/ cheque	30 days	22,600	4.5%
Supplier G	Bunker supplier in Hong Kong	Bunker	Over five years	Bank transfer/ cheque	30 days	11,719	2.3%

For details in relation to China-HK Shipping, please refer to the section headed “Relationship with Our Controlling Shareholders” in this prospectus.

Save for China-HK Shipping, all of the five largest suppliers during the Track Record Period are Independent Third Parties and none of our Directors, their respective associates and our Shareholders who own more than 5% of the issued share capital of our Company had any interest in any of the five largest suppliers of our Group during the Track Record Period and as at the Latest Practicable Date. There is generally no minimum purchase requirement set by our suppliers. We usually make purchase orders according to the demand of our operations and market demand. During the Track Record Period, our Directors were not aware of our Group having any difficulty in sourcing services and materials for our operation. We have also entered into several charterparties, which generally for a period of three months to one year. Please refer to the section headed “Business – Our Business – Vessel Fleet Composition – Charterparties” in this prospectus for details.

BUSINESS

Bunker charge

We are reliant on the bunker to run our business. For the years ended 31 December 2013, 2014 and 2015, our Group incurred bunker charge amounted to approximately HK\$78.5 million, HK\$78.4 million and HK\$44.7 million, respectively, representing approximately 15.6%, 15.1% and 11.9% of our cost of services, respectively. For the years ended 31 December 2013, 2014 and 2015, our average bunker charge was about US\$919 per tonne, US\$875 per tonne and US\$510 per tonne, respectively. The fluctuation of our bunker charge was generally in line with the market price of crude oil.

At times of high rising bunker charge, we may shift part of the cost to the customers by charging bunker adjustment fee. At times of low bunker charge, we may charge lower or no bunker adjustment fee. During the Track Record Period, we witnessed a decrease of bunker charge. For the years ended 31 December 2013, 2014 and 2015, the aggregate bunker adjustment fees charged to our customers were approximately HK\$16.8 million, HK\$10.8 million and HK\$2.3 million, respectively. Such bunker adjustment fees received during the Track Record Period were determined generally based on the international price index of crude oil on a case-by-case basis upon the negotiation with our customers. The decrease in bunker adjustment fees during the Track Record Period was generally in line with the decrease of the bunker charge.

A detailed discussion of the sensitivity analysis of the bunker charges is set out in the section headed “Financial Information – Principal Factors Affecting our Results of Operations – Bunker charges” in this prospectus. Further details of the risk arising from the fuel price are set out in the section headed “Risk Factors – Increases in bunker prices or shortage of bunker supply may indirectly and adversely affect the demand for our services” in this prospectus.

QUALITY CONTROL

Quality Control

Over 20 years of our operations, our management team is committed to continuously improve the quality of our services. Our Directors believe that our Group’s ability to maintain our quality services can strengthen and improve customer satisfaction and our Group’s reputation as a quality Sea Freight Services provider. Therefore, our Directors and our key employees work together to oversee quality management control measures.

Our Directors hold management review meetings with our key employees to discuss the review operations resources, follow up on customer feedback and complaints, make forecast on the business operations, and identify areas for improvement on a weekly basis. We believe such meetings with our staff as well as the information gathered enable our Directors to get imparted up-to-date knowledge and industry update to ensure efficiency, work safety and services quality of our operation.

As at the Latest Practicable Date, our quality management team comprised our executive Directors and senior management team in our respective points of operation in Southern China. The team is led by our executive Directors, which have over 10 years experience with us and the relevant experience in quality control management.

BUSINESS

Ship safety management

Our Group aims to provide maximum safety to our staff. In addition, our Group has issued training materials which have to be followed by our staff while they are in our Group's premises, and to enhance their customer handling skills and awareness of quality control, internal policy, procedures and safety related issues.

Repair and maintenance

In order to maintain safe operation, we arrange regular inspections by surveyors in accordance with the requirements for granting the relevant classification. Our Group has implemented stringent policies with regard to repair and maintenance of our vessels. We perform inspections around ten times per vessel annually. Every vessel is also required to perform interim inspection every three years and special inspection every six years when the vessel renews its licence. Such repair and maintenance for the interim inspections and special inspections usually render the vessel out of operation and dry-dock for approximately six to ten days. Generally, these inspections are conducted during the seasons of lower shipment volume, which we believe such inspections have no material disruption of our operations.

ENVIRONMENTAL PROTECTION, HEALTH AND WORK SAFETY

Due to the nature of our business, our operational activities are not subject to environmental obligations, and we did not directly incur any cost of compliance with applicable environmental protection rules and regulations during the Track Record Period. Our Directors expect that we will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future. As at the Latest Practicable Date, we were not in any material non-compliance issues in respect of any applicable laws and regulations on environmental protection, health and work safety.

We have established procedures to provide our staff with a safe and healthy working environment by setting out a series of work safety rules in the staff manual for our staff to follow. During the Track Record Period, our Group did not experience any significant incidents or accidents in relation to workers' safety or any non-compliance with the applicable laws and regulations relevant to the work safety and health issues.

RISK MANAGEMENT AND INSURANCE COVERAGE

Market risks

We are exposed to various types of market risks, including risks of the changes in foreign exchange and risks of fluctuation in fuel prices during the normal course of business. For more information, please see the sections headed "Risk Factors" and "Financial Information – Principal Factors Affecting our Results of Operations" in this prospectus.

BUSINESS

Operational risks

As a Sea Freight Services provider, we are potentially exposed to a number of inherent operational risks in our ordinary course of business, as set out in the section headed “Risk Factors” in this prospectus, which may subject us to liabilities. To mitigate those risks and unexpected liabilities associated with the risks, we have maintained insurance coverage on the chartered vessels and the vessels under Usage Priority Agreements, cargoes, crew members, key employees and other properties, during the Track Record Period and up to the Latest Practicable Date. For the years ended 31 December 2013, 2014 and 2015, our aggregate insurance premium amounted to approximately HK\$0.9 million, HK\$1.0 million and HK\$0.9 million, respectively.

Transport liability insurance

We maintain transport liability insurance, which shall indemnify the insured in request of our legal liability, arising for our feeder shipping services, carrier owned container services in Hong Kong, Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and for our sea freight forwarding agency services worldwide.

Protection and indemnity insurance

We maintain protection and indemnity insurance, which shall cover the liability of the vessel fleet, for protection and indemnity risks. Our protection and indemnity insurance generally covers claim against us, as the case may be, arising from (i) the liability for loss of life, personal injury, illness or payments made for life salvage during the operation of the vessel; (ii) damage to the vessel’s hull during the operations; (iii) liabilities of cargoes; and (iv) liability costs or expenses arising in respect of pollution or contamination of any real or personal property.

Hull and machinery insurance

We maintain marine hull and machinery insurance, for the vessels under Usage Priority Agreement, which mainly covers the risk of partial or total loss of a vessel’s hull and machinery, vessel’s propellers, collision, liability arising from collision. In order to obtain sufficient coverage while controlling the cost in respect of our hull and machinery insurance, our Directors consider to adjust the insurance value from time to time.

Other insurance

We maintain insurance policies for our vessel fleets to cover risks relating to physical damage caused by natural disasters or accidents and third-party liability. We also maintain other insurance policies for our Directors, our employees, among others. For a discussion of the risks associated with our insurance cover, please refer to the section headed “Risk Factors – Our insurance may be insufficient to cover all losses associated with our business operations” in this prospectus for details.

Our Directors consider our insurance coverage to be customary for businesses of our size and nature and in line with normal commercial practice of the industry. During the Track Record Period, we did not experience any material incident and material claims from third parties nor did we make any material insurance claims.

BUSINESS

Investment and Treasury Policies and Internal Controls

As our treasury policy, we may utilise our idle cash to make investment for a prudent return. During the Track Record Period, we invested in certain treasury products as well as listed securities. We expect that our scope of investment in our treasury function after Listing would focus at low-risk investment products as further detailed below.

To enhance the effectiveness of our internal control and risk management procedures and to identify and manage the risks which we may be exposed to in handling financial investment transactions, we established an investment management team (the “**Investment Management Team**”) comprising three members, namely, Mr. Lau Tak Fung Wallace, Mr. Lau Tak Kee Henry and Ms. Lau Mei Ting, to oversee our investment activities and transactions. Mr. Lau Tak Fung Wallace is our executive Director and Chief Executive Officer, Mr. Lau Tak Kee Henry is our executive Director and Ms. Lau Mei Ting is our financial controller and company secretary. Further details of their biographies are set out in the section headed “Directors and Senior Management” in this prospectus. The Board ultimately supervises the Investment Management Team and is responsible for deciding on and approving (i) the annual investment limit for annual investment plan; and (ii) any other important matters in relation to investment and treasury activities.

We have in place the following investment and treasury policies and internal control measures to control the investment risks:

Permissible investments

We adopt a prudent investment and treasury policy. We aim at earning low-risk return by utilizing our idle cash. Our Investment Management Team shall reject a proposed investment falls outside the scope of permitted investments. Our list of permissible investment included long-term sovereign bonds, time deposits with banks and principal-guaranteed investment products issued by banks. If we need to amend our list of permissible investment in the future, the Board will deliberate the investment tools to be added and approve such change if it considers appropriate.

Checks and balances

To prevent unauthorised investment activities, our investment policy provides that:

- all investment payments or transfers must be approved and signed by our Chairman, reviewed by our financial controller and then handled by our cashier;
- all changes to investment plans must be applied by the Investment Management Team and approved by the Board; and
- our accounting department would record and update all our investment activities. It will conduct monthly checks of its accounting records against the relevant investment contracts or statements to ensure accuracy and timely monitoring of the investments.

BUSINESS

Reporting mechanism

The Investment Management Team shall submit analysis and proposal for all financial investment transactions to the Board for approval. If the Board approvals are obtained, the transactions shall be handled by the financial personnel.

The Investment Management Team is also responsible for on-going monitoring of our investments and would report to the Board for any event that may affect our investments.

Our Directors confirmed that during the Track Record Period we did not identify any material internal control weaknesses or failures.

EMPLOYEE

As at 31 December 2013, 2014, 2015 and the Latest Practicable Date, we had 252, 263, 261 and 271 employees, respectively. The following table sets out the number of our employees by functions and office locations as at the Latest Practicable Date:

Function	Number of employees	% of total employees
Senior Management	24	8.9%
Operations	132	48.7%
Sales and Customer Services	62	22.9%
Accounting/Finance	42	15.5%
Administration/Human Resource	9	3.3%
Information Technology	2	0.7%
Total	271	100%

Location	Number of employees	% of total employees
Hong Kong	47	17.3%
PRC	224	82.7%
Total	271	100%

We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, safety and sanitary conditions in the workplace and grounds for termination. Our employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. Our Directors believe that we have maintained good relationship with our staff as many of our key employees have been with us for more than 10 years. Also, during the Track Record Period and up to the Latest Practicable Date, we did not experience any form of industrial action by our employees or any work safety-related incidents that led to material disruption of our operations or claims against us.

BUSINESS

Recruitment and remuneration

We believe our success is dependent on our employees. To uphold our professional services in the shipping industry, we generally recruit our employees with some relevant industry experience. Our Group endeavours to offer competitive wages, benefits, training, internal promotion opportunities and usually pay our employees fixed salaries and discretionary bonus. During the Track Record Period, we hired our employees directly from the open market through online job portals, online advertisement or by referrals.

Training

We offer our employees on-the-job training and training materials to enhance their customer handling skills and awareness of quality control, internal policy, operation procedures and safety related issues.

INFORMATION TECHNOLOGY

DOC2000

DOC2000 is our in-house freight operation system that its functions are tailored to our daily operations, including freight transportation information management, shipping documentation management, container management and orders management. The electronic data interchange system installed in *DOC2000* also allows us connecting to our accounting system. Therefore, our accounting department can easily update and monitor our financial information. We believe that such in-house freight operation system greatly improves our accuracy and effectiveness for our staff to handle large amount of transactions.

During the Track Record Period and up to the Latest Practicable Date, *DOC2000* handled transactions for our headquarters and all of our points of operation, and we did not experience any failure that caused material disruptions to our operations.

Global Positioning System (GPS)

The vessels we used have been installed the GPS to track locations and relative movement. The GPS, together with the automatic identification system, an tracking system used on ships and vessel traffic services, enable us to identify and locate our vessels simultaneously on a real-time basis. Such technologies enable our management team to monitor each of the vessels, implement precise time-managed navigation schedules and provide constant updates. Our Directors are also able to communicate with the vessels' captains for immediate alerts if there is any emergency occurs or any anticipated extreme weather condition. We believe these technologies greatly enhance the overall efficiency and safety of our vessel fleet.

Research and development

Our Directors consider that the nature of our business does not require significant research and development activity.

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INTELLECTUAL PROPERTY RIGHTS

Trademark

As at the Latest Practicable Date, we owned one trademark in Hong Kong. Details of the trademark is set out in the section headed “Statutory and General Information – Further Information about our Business – 8. Intellectual property rights of our Group” in Appendix IV to this prospectus. Save as disclosed above, our business or profitability is not dependent on any patent or licence or any other intellectual property right.

Domain name

As at the Latest Practicable Date, we have one registered domain name. Details of the domain name is set out in the section headed “Statutory and General Information – Further Information about our Business – 8. Intellectual property rights of our Group” in Appendix IV to this prospectus.

Our Directors are not aware of any material infringement of trademarks, copyrights or other intellectual property rights owned by us, any litigation or material disputes regarding the intellectual property rights owned by us, and any infringement by us of intellectual property rights owned by any third party during the Track Record Period.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned a total of five properties in China, with two in Fujian Province, one in Guangdong Province and two in Guangxi Zhuang Autonomous Region. The aggregate gross floor area is approximately 642.3 square meters. As advised by our PRC Legal Advisers, we possessed building ownership certificates of these five owned buildings.

According to Chapter 5 of the Listing Rules and Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land and buildings, because as at 31 December 2015, our property has a carry amount of less than 15% of our total assets.

Leased Properties

As at the Latest Practicable Date, we leased a total of five properties, comprising three car parking spaces, one warehouse and one office premises with an aggregate gross floor area of approximately 5,700 square feet in Hong Kong, and 19 properties in the PRC from various parties with an aggregate gross floor area of approximately 1,871 square meters. We principally use such properties as offices for our points of operations, including branches and representative offices. Our main office in Hong Kong is leased from an associate of a connected person of our Company. Please refer to the section headed “Connected Transactions” in this prospectus for further details.

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As at the Latest Practicable Date, our leasehold interests in our leased properties were subject to certain defects as follows:

- Some of the landlords of our leased properties had not provided proper title certificates or proofs of authority in respect of nine leased properties with a total gross floor area of approximately 701 square meters, representing approximately 37.5% of the aggregate gross floor area of our leased properties in the PRC.
- Some of the landlords of our leased properties had not registered the lease agreements with the relevant housing authorities in the PRC. We have been advised by our PRC Legal Advisers that (i) we may be required by the relevant PRC authorities to register the relevant lease agreements within a prescribed time limit, if we fail to do so, we may be subject to a fine ranging from RMB1,000 to RMB10,000 and (ii) the lack of registration of the lease agreements will not affect the validity and enforcement of the lease agreements. As at the Latest Practicable Date, we were not aware of any notice of fines imposed on us by the housing authorities concerning the non-registration.

Our Directors are of the view that the title defects of the above leased properties will not have any material adverse impact on our operations because of the limited size of these leased properties as compared to the total size of all the properties we use and the fact that these leased properties can easily be substituted by comparable premises without incurring material loss of revenue or other related cost. Our Directors are also aware, there is no difference in rental we would have to pay due to the above defects.

MARKET AND COMPETITION

According to the Euromonitor Report, waterborne trade is the most widely used mode of transportation compared with land and air transport. Waterborne trade can be used to carry large volumes of goods and is the least costly and green one. In 2015, along with the overall decline in global trading, the import and export value of China decreased by approximately 7.0%. Nevertheless, the container throughput in Fujian province, Guangdong province and Guangxi province increased by 7.3%, 2.7% and 18.2% respectively in 2015. (The relevant statistic of Hainan province has not been published as at the Latest Practicable Date.)

For the foreign trade transshipment business in Guangzhou, Shenzhen and Hong Kong, there are over 800 operators in such region. The market is concentrated in such region and led by the top five foreign trade transshipment services providers. For more details in relation to waterborne trade and freight services industry, please refer to the section headed “Industry Overview” in this prospectus.

Given our strengths set out under the paragraph headed “Our Competitive Strengths” in this section, our Directors believe that we are well positioned to increase our market share and capture the future growth opportunities in the market.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Legal proceedings

We are from time to time involved in legal proceedings arising from the ordinary course of our business during the Track Record Period, but none of them is material to us. As of the Latest Practicable Date, none of our Company, subsidiaries or Directors is a party to any outstanding litigation, arbitration or claim that could have a material adverse effect on our financial condition or results of operations, and no such material litigation, arbitration or administrative proceedings have been threatened against our Company or any of our subsidiaries.

Regulatory compliance

Our Directors confirm that there had been no material non-compliance incidents during the Track Record Period and up to the Latest Practicable Date. Please see the paragraph headed “Our Business – Our licences and regulatory compliance” in this section for details.

INTERNAL CONTROL

Our Directors recognise the importance of good corporate governance and internal control and strive to improve it through variety of means.

We have engaged an independent internal control reviewer (the “**Internal Control Reviewer**”) in August 2015 to assist our Group and the Sole Sponsor to review our internal control for the review period from 1 October 2014 to 30 September 2015, and follow up review was conducted subsequently for the review period from 1 November 2015 to 12 February 2016. The Internal Control Reviewer is a member of an international accounting network. The scope of work mainly entailed (i) conducting a review of our internal control at corporate level and business operation level; (ii) reporting major risks and operational inefficiencies; (iii) assessing whether policies and operation procedures documents are being appropriately maintained and properly executed; (iv) recommending improvements; (v) communicating with our Directors and senior management to report the findings and recommendations of the review; and (vi) conducting follow-up reviews and reporting on the findings.

For our operational level controls, we do not aware of any material internal control deficiencies with material operational or financial impact. All the recommendations made by the Internal Control Reviewer have been implemented according to the follow up review result.

For our entity level controls, we have adopted the following measures to ensure on-going compliance with all applicable laws and regulations after Listing and to strengthen our internal controls:

- we have appointed Guotai Junan Capital Limited as our compliance adviser upon Listing to advise us on on-going compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong;

BUSINESS

- for the purpose of enhancing compliance awareness and knowledge, we have arranged compliance training to our Directors and management in February 2016. The trainings provide information on the on-going obligations duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinances and the Listing Rules; and

- we established our audit committee on 10 June 2016 which comprises three independent non-executive Directors, namely Mr. Lee Ka Lun, Mr. Lo Wan Sing Vincent and Mr. Lam Lo, all of whom possess experience in financial and/or general management. Our audit committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements. In particular, our audit committee is empowered to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal controls or other matters.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which have been or may be granted under the Share Option Scheme), the total issued shares of our Company will be owned as to 63.75% by Ever Winning Investment (which is wholly and beneficially owned by Mr. Lau Yu Leung), as to 3.75% by Ever Forever Investment (which is wholly and beneficially owned by Mr. Lau Yu Leung's spouse, Madam Tong Hung Sum), as to 3.75% by Ever Miracle Investment (which is wholly and beneficially owned by Mr. Lau Tak Fung Wallace), and as to 3.75% by Ever Glorious Investment (which is wholly and beneficially owned by Mr. Lau Tak Kee Henry). Mr. Lau Yu Leung, his spouse Madam Tong Hung Sum, Ever Winning Investment and Ever Forever Investment will be our Controlling Shareholders upon Listing as defined under the Listing Rules.

Ever Winning Investment and Ever Forever Investment are investment holding companies.

COMPANIES OWNED BY CONTROLLING SHAREHOLDERS BUT NOT INCLUDED IN OUR GROUP

As at the Latest Practicable Date, our Controlling Shareholders had interests in certain companies that did not form part of our Group (the “**Lau's Controlled Companies**”). Such businesses include property investment and barge services. The details of their major businesses are set out below.

China-HK Shipping

China-HK Shipping is a company incorporated in Hong Kong on 1 November 1999. As at the Latest Practicable Date, China-HK Shipping was owned as to 52.5% by Mr. Lau Yu Leung and as to 47.5% by other Independent Third Parties. The principal business of China-HK Shipping is barge services. During the Track Record Period, Ever Harvest Marine Transport Limited, Best Base Logistics Limited and Ever Harvest Harbour Transportation Limited chartered their self-owned barges to China-HK Shipping which has in turn provided barge services as midstream operator within Hong Kong waters (collectively, the “**Barge Services**”) comprising handling and storage of containers, lifting and shafting, and other handling services to our Group. We will continue to engage China-HK Shipping to provide to us the aforesaid services. After the Listing, transactions between our Group and China-HK Shipping will constitute connected transactions of our Company under the Listing Rules. Please refer to the section headed “Connected Transactions” in this prospectus for details of such services.

Ever Harvest Marine Transport Limited (永豐海運有限公司)

Ever Harvest Marine Transport Limited is a company incorporated in Hong Kong on 16 July 2013. As at the Latest Practicable Date, Ever Harvest Marine Transport Limited was owned as to 50% by Mr. Lau Yu Leung and as to 50% Madam Tong Hung Sum, the spouse of Mr. Lau Yu Leung. The principal business of Ever Harvest Marine Transport Limited is to provide barges for hire and transportation service. During the Track Record Period, Ever Harvest Marine Transport Limited chartered its self-owned barge to China-HK Shipping in order to provide Barge Services to our Group. Our Group did not enter into any material transaction with Ever Harvest Marine Transport Limited during the Track Record Period.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Best Base Logistics Limited (德基物流有限公司)

Best Base Logistics Limited is a company incorporated in Hong Kong on 2 June 2008. As at the Latest Practicable Date, Best Base Logistics Limited was owned as to 55% by Mr. Lau Yu Leung and as to 45% by other Independent Third Parties. The principal business of Best Base Logistics Limited is to provide barges for hire and transportation service. During the Track Record Period, Best Base Logistics Limited chartered its self-owned barge to China-HK Shipping in order to provide Barge Services to our Group. Our Group did not enter into any transaction with Best Base Logistics Limited during the Track Record Period.

Ever Harvest Harbour Transportation Limited (永豐港口運輸有限公司)

Ever Harvest Harbour Transportation Limited is a company incorporated in Hong Kong on 17 June 2015. As at the Latest Practicable Date, Ever Harvest Harbour Transportation Limited was owned as to 50% by Mr. Lau Yu Leung and as to 50% by Madam Tong Hung Sum, the spouse of Mr. Lau Yu Leung. The principal business of Ever Harvest Harbour Transportation Limited is to provide barges for hire and transportation service. During the Track Record Period, Ever Harvest Harbour Transportation Limited chartered its self-owned barge to China-HK Shipping in order to provide Barge Services to our Group. Our Group did not enter into any transaction with Ever Harvest Harbour Transportation Limited during the Track Record Period.

Eternity Hong Kong Investment Limited (恒和香港投資有限公司)

Eternity Hong Kong Investment Limited is a company incorporated in Hong Kong on 24 May 2011. As at the Latest Practicable Date, Eternity Hong Kong Investment Limited was owned as to 50% by Mr. Lau Yu Leung and as to 50% by Madam Tong Hung Sum, the spouse of Mr. Lau Yu Leung. The principal business of Eternity Hong Kong Investment Limited is property investment. During the Track Record Period, Eternity Hong Kong Investment Limited has leased office premises in Hong Kong to our Group. We will continue to rent from Eternity Hong Kong Investment Limited the Hong Kong office premises. After the Listing, transactions between our Group and Eternity Hong Kong Investment Limited will constitute connected transactions of our Company under the Listing Rules. Please refer to the section headed “Connected Transactions” in this prospectus for details.

China-HK Shipping, Ever Harvest Marine Transport Limited, Best Base Logistics Limited and Ever Harvest Harbour Transportation Limited are collectively called “Barge Services Companies” and the size of such business is much smaller than that of our Group. We confirm that the Barge Services Companies did not materially breach any relevant laws, rules or regulations during the Track Record Period and up to the Latest Practicable Date.

It is not the intention of our Directors to exclude the Barge Services Companies which recorded losses attributable to the Controlling Shareholders of approximately HK\$201,000, HK\$916,000 and HK\$376,000 in 2013, 2014 and 2015, respectively, in order to enable our Company to meet the basic listing qualification requirements or to enhance our Group’s apparent attractiveness. Our Directors believe that even if the Barge Services Companies had been included in our Group, we would still have been able to comply with the profit test requirement under Rule 8.05(1)(a) of the Listing Rules.

Our Group has no present intention to inject the Lau’s Controlled Companies into our Group because each of them is not engaged in the core business of our Group. In particular, the Barge Services will not be included in our Group primarily because it is clearly delineated from our Sea Freight Services, which are analysed below.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Comparison of Our Group/Sea Freight Services and Barge Services Companies/Barge Services

The details of the differences between our Group/Sea Freight Services and the Barge Services Companies/Barge Services are set out below:

	Our Group/ Sea Freight Services	Barge Services Companies/ Barge Services
(1) Service Types	Feeder shipping services, carrier owned container services and sea freight forwarding agency services.	<p>China-HK Shipping's main service is to charter barges from Ever Harvest Marine Transport Limited, Best Base Logistics Limited, and Ever Harvest Harbour Transportation Limited, in order to provide the Barge Services.</p> <p>Ever Harvest Marine Transport Limited, Best Base Logistics Limited, and Ever Harvest Harbour Transportation Limited's main business is to provide self-owned barges for hire and transportation service.</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

	Our Group/ Sea Freight Services	Barge Services Companies/ Barge Services
(2) Differences in licensing requirements	<p>Feeder shipping services generally require no licence on the part of our Group. However, our Group shall rely on licences obtained by operators of feeder vessels (i.e. licences issued by PRC authorities).</p> <p>Carrier owned container services also generally require no licence from our Group. However, our Group shall rely on licences obtained by operators of feeder vessels (i.e. licences issued by PRC authorities).</p> <p>Sea freight forwarding agency services requires various licences issued by the PRC authorities.</p> <p>Also, Sea Freight Services require licences in Hong Kong for carrying various types of regulated goods, such as dutiable commodities, controlled chemicals and textile.</p>	<p>The Barge Services require operating licence, certificate of survey, and certificate of training for crane operators.</p>
(3) Place of services	<p>Cross-border service between Mainland China and Hong Kong.</p>	<p>Within Hong Kong waters only, no cross-border service out of Hong Kong is conducted.</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

	Our Group/ Sea Freight Services	Barge Services Companies/ Barge Services
(4) Ship ownership and difference in vessels specifications and operations	<p>Our Group uses four feeder vessels registered in the Mainland China under Usage Priority Agreements, and charters other feeder vessels (registered in the Mainland China) from other PRC ship owning companies.</p> <p>The feeder vessels are divided into two categories, V-shaped hull (for coastal transport) and round bottom hull (for river trade).</p> <p>Feeder vessels are self-propelling without the use of tug boat, but do not have cranes for lifting.</p> <p>The operator of feeder vessels is called captain.</p>	<p>Each of Ever Harvest Marine Transport Limited, Best Base Logistics Limited, Ever Harvest Harbour Transportation Limited owns one barge registered in Hong Kong.</p> <p>Barges are flat-bottomed vessels which render them unsuitable for travelling on choppy waters; so the use is limited to operations within harbour or river trade.</p> <p>Barges are not self-propelling and require tug boat for motoring. Barges contain cranes/lifting appliance for lifting purpose.</p> <p>The operator of barges is called crane operator.</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

	Our Group/ Sea Freight Services	Barge Services Companies/ Barge Services
(5) Employees	<p>There are many employees divided into different teams. As at the Latest Practicable Date, our Group has 271 employees.</p> <p>There is no overlap of employees between the business of our Group and those related to the Barge Services.</p>	<p>China-HK Shipping has a simple structure with a few employees. As at the Latest Practicable Date, it has 4 employees.</p> <p>Ever Harvest Marine Transport Limited, Best Base Logistics Limited, Ever Harvest Harbour Transportation Limited each has no employee.</p> <p>The barges were managed by crew outsourced to independent subcontractors.</p>
(6) Customers	<p>The customers are mainly international container lines companies, large PRC or Hong Kong based corporations or manufacturers, trading companies as well as sole proprietorship. For further details, please see the section headed “Business – Customers” in this prospectus.</p> <p>There is no overlap of customers between the business of our Group and those related to the Barge Services.</p>	<p>The customers comprise our Group and other independent local shipping companies/warehouses.</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

	Our Group/ Sea Freight Services	Barge Services Companies/ Barge Services
(7) Suppliers	<p>The suppliers of Ever Harvest and Xiamen Harvest are mainly bunker suppliers; barge services providers; terminal handling services providers; vessel owners and international container lines companies which act as our suppliers in our sea freight forwarding agency services. For further details, please see the section headed “Business – Suppliers” in this prospectus.</p> <p>There is no overlap of major suppliers between the business of our Group and those related to the Barge Services.</p>	<p>The suppliers are supplier of crane parts and local repairers.</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

	Our Group/ Sea Freight Services	Barge Services Companies/ Barge Services
(8) Pricing	<p>Our Group charges in accordance with a number of factors including :</p> <ul style="list-style-type: none"> (a) a broad range of economic indicators; (b) relevant information from trade fairs and our sales teams; (c) prevailing market rates offered by other sea freight forwarding services providers; (d) cost analysis including potential increases in wages, bunker charges, fees and locations; and (e) our determination of a reasonable profit margin. <p>For further details, please see the section headed “Business – Sales and Marketing - Our pricing” in this prospectus.</p>	<p>China-HK Shipping charges on a per container basis with a number of factors including:</p> <ul style="list-style-type: none"> (a) price offered by competitors; (b) cost of sales (see paragraph (9) below); (c) the level of acceptance of the current market price for the specific type or similar type of services; (d) the seasonal factor; and (e) the potential for future business from a particular customer.
(9) Main operating costs and financial resources	<p>Our Group’s main operating costs are freight charges, terminal handling charges, bunker charges, vessel rental charges, and barge charges.</p>	<p>The main operating costs are lubricating oil, depreciation, consumable e.g. wire and other crane parts, subcontractor’s fees, repair and maintenance of the ship.</p>

Our Directors confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are more than 200 barge service operators in Hong Kong and there are alternative barge services providers at comparable service quality, price and terms that we can engage for our operation.

Accordingly, our Directors consider that there is a clear delineation between the business of the Lau’s Controlled Companies and that of our Group, and the Lau’s Controlled Companies do not and will not pose any direct or indirect competition with our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE OF MANAGEMENT, FINANCING AND OPERATION

Having taken into account of the following factors, our Directors are satisfied that our Group can carry on its business independently of our Controlling Shareholders following the Listing:

Non-competition

Although there are certain businesses owned by our Controlling Shareholders as mentioned above in this section, none of our Controlling Shareholders or Directors has any interest in a business which competes or is likely to compete, either directly or indirectly, with our Group's business. In addition, each of our Controlling Shareholders has executed the Deed of Non-Competition in favor of our Group. For details, please refer to the paragraph headed "Deed of Non-Competition" in this section below.

Management independence

Our Group's management and operational decisions are made by our Board and a team of senior management. Our Board consists of seven members, comprising three executive Directors, one non-executive Director and three independent non-executive Directors.

Our Company and the Lau's Controlled Companies have board of directors that function independently of each other. The following table sets out the details of the position of our Directors and our senior management team within our Company and the Lau's Controlled Companies as at the Latest Practicable Date:

Name	Position within our Company	Position within the Lau's Controlled Companies
Mr. Lau Yu Leung	Chairman and executive Director	Non-executive Director of all Lau's Controlled Companies
Madam Tong Hung Sum	Non-executive Director	Director of certain Lau's Controlled Companies
Mr. Lau Tak Fung Wallace	Chief Executive Officer and executive Director	Nil
Mr. Lau Tak Kee Henry	Executive Director	Nil
Mr. Lo Wan Sing Vincent	Independent non-executive Director	Nil
Mr. Lam Lo	Independent non-executive Director	Nil
Mr. Lee Ka Lun	Independent non-executive Director	Nil
Ms. Lau Mei Ting	Financial Controller and Company Secretary	Nil
Ms. Tse Yin Wan	Deputy General Manager	Nil

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Save as disclosed above, none of our Directors or members of the senior management holds any directorship or senior management position in the Lau's Controlled Companies. Our executive Directors do not hold any executive role in any of the Lau's Controlled Companies. Our Company's management team is different from those of the Lau's Controlled Companies. Therefore, there are sufficient non-overlapping Directors who are not executive management of the Lau's Controlled Companies and have relevant experience to ensure the proper functioning of our Board.

Although Madam Tong Hung Sum holds various executive positions such as director in certain companies owned by her, Madam Tong Hung Sum, as a non-executive Director, is not in charge of our Group's day-to-day operations.

Despite the interest of our Controlling Shareholders in certain businesses outside our Group and overlapping directors as disclosed above, we consider that our Board will function independently from our Controlling Shareholders because:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director which requires, 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 interests;
- (b) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (c) our Board comprises seven Directors and three of them are independent non-executive Directors who represent more than one-third of the members of our Board which is in line with the requirement as set out in the Listing Rules;
- (d) our independent non-executive Directors will bring independent judgement to the decision making process of our Board; and
- (e) our senior management team possesses in-depth experience and understanding of the industry in which our Group is engaged.

Operational independence

Our Group has an independent work force to carry out our operation and has not shared its operation team with our Controlling Shareholders' businesses outside our Group. Although during the Track Record Period, there have been certain transactions between us and our related parties, details of which are set out in note 25 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus, our Directors have confirmed that these related party transactions (which were trade-related) were conducted in the ordinary course of business and on normal commercial terms. Save as disclosed in the section headed "Connected Transactions" in this prospectus, none of the historical related party transactions with the connected persons as defined in the Listing Rules are expected to be non-exempt continuing connected transactions after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) our Group does not share our operational resources, such as customers, marketing, sale and general administration resources with our Controlling Shareholders and/or their associates, our Directors consider that our Group can operate independently from our Controlling Shareholders from the operational perspective.

In relation to the continuing connected transactions on provision of the barge services by China-HK Shipping, our Group is free to choose either loading containers directly at the terminals or by using barge services provided by other independent barge service providers. In determining whether our Group chooses to load containers directly at the terminal versus using barge services, we generally consider factors such as costs saving, time saving and terminal size. For further details, please see the section headed “Business – Our Business – 1. Feeder shipping services – Arrangement Stage” in this prospectus.

By contrast, our Group does not arrange loading by using barge services in the PRC. This is mainly due to the fact that in general, berthing fee per vessel in the PRC is far lower than that in Hong Kong.

During each year of the Track Record Period, out of the total container loading (in terms of TEUs) of our Group, loading by using barge services only accounted for approximately 26.6%, 24.8% and 21.6% in 2013, 2014 and 2015 respectively. During the Track Record Period, all barge services were arranged by China-HK Shipping which in turn chartered the barges from other Lau’s Controlled Companies and Independent Third Parties. The barge charges were not significant to the Group and only accounted for around 5.0%, 5.0% and 5.8% of the total costs of services of our Group in 2013, 2014 and 2015 respectively. Further, of the total costs of services in relation to barges chartered by China-HK Shipping, the barges owned by independent third parties accounted for around 71%, 66% and 58% in 2013, 2014 and 2015 respectively.

China-HK Shipping also provided barge services to other Independent Third Parties, but our Group is their major customers accounting for around 85.5%, 73.0% and 83.1% of its total revenue in 2013, 2014 and 2015 respectively. Further, China-HK Shipping was owned as to 47.5% by independent third parties.

In view of the above, our Directors are of the view that our Group do not rely on the barge services provided by China-HK Shipping, and the using of barge services do not affect the operational independence of our Group.

Financial independence

Our Directors are of the view that our Group does not unduly rely on the advances from our Controlling Shareholders for its business operations. As at 31 December 2015, none of the debts was guaranteed by our Controlling Shareholders and no amounts were owed to our Controlling Shareholders and their respective close associates.

Subsequent to the Track Record Period, Ever Harvest has been granted a bank facility of HK\$30 million which was guaranteed by Mr. Lau Yu Leung and such guarantee is expected to be discharged prior to the Listing. As at the Latest Practicable Date, no borrowing from such bank facility has occurred.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group will be capable of obtaining financing from external sources without reliance on our Controlling Shareholders upon Listing. Furthermore, our Group has its own finance department and has established its own financial accounting system independent of our Controlling Shareholders. Our Group has its own bank accounts, makes its tax registrations and has employed a sufficient number of financial accounting and treasury personnel. Accordingly, our Directors consider that our Group is capable of operating independently of our Controlling Shareholders from a financial perspective.

COMPETING INTERESTS

Save as disclosed in this prospectus, each of our Controlling Shareholders and our Directors confirms that he/it does not have any interests in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

Our Company entered into the Deed of Non-Competition with the Controlling Shareholders on 10 June 2016, under which the Controlling Shareholders agreed not to, and to procure their subsidiaries (other than our Group) and their close associates not to compete, either directly or indirectly, with our principal business, namely the Sea Freight Services, and granted to our Group the option for new business opportunities, the option for acquisitions and pre-emptive rights.

Our Controlling Shareholders have irrevocably undertaken in the Deed of Non-Competition that, during the term of the Deed of Non-Competition, they will not, and will also procure their subsidiaries (other than our Group) and their close associates not to, alone or with any other entity, in any form, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with our principal business. The foregoing restrictions are subject to the fact that our Company may waive certain new business opportunities pursuant to the terms and conditions under the Deed of Non-Competition.

The foregoing restrictions do not apply to (1) the purchase by our Controlling Shareholders, their subsidiaries or close associates for investment purpose of not more than 10% equity interest in other listed companies whose business competes or is likely to compete with our principal business; or (2) the holding by our Controlling Shareholders, their subsidiaries or close associates of not more than 10% equity interest in other companies whose business competes or is likely to compete with our principal business, as a result of a debt restructuring of such companies (collectively referred to as “**Investment Companies**” for scenarios (1) and (2)). For the avoidance of doubt, the exceptions above do not apply to such Investment Companies which our Controlling Shareholders, their subsidiaries or close associates are able to control their respective board of directors notwithstanding the fact that not more than 10% of the equity interests of such Investment Companies are being held by our Controlling Shareholders, their subsidiaries or close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

New Business Opportunity

Our Controlling Shareholders have undertaken in the Deed of Non-Competition that, during the term of the Deed of Non-Competition, if our Controlling Shareholders and/or their subsidiaries become aware of a business opportunity which competes, or may compete, directly or indirectly with our principal business, our Controlling Shareholders will notify our Company in writing immediately and provide to our Company all information which is reasonably necessary for our Company to consider whether or not to engage in such business opportunity (“**Offer Notice**”). Our Controlling Shareholders are also obliged to use their best efforts to procure that such opportunity is first offered to our Company on terms that are fair and reasonable. Our Company is entitled to decide whether or not to take up such business opportunity within 30 business days from receiving the Offer Notice (subject to our request to extend the notice period of 30 business days), subject to compliance with the applicable requirements under the Listing Rules.

Our Controlling Shareholders and/or their subsidiaries will use their best efforts to procure their associates to offer to our Company an option to acquire any new business opportunity which competes, or is likely to compete, directly or indirectly with our principal business according to the terms of the Deed of Non-Competition.

If our Company decides not to take up the new business opportunity for any reason or do not respond to our Controlling Shareholders and/or their subsidiaries and/or their close associates within 30 business days from receiving the Offer Notice (subject to our Company’s request to extend the notice period of 30 business days), our Company should be deemed to have decided not to take up such new business opportunity, and our Controlling Shareholders and/or their subsidiaries may operate such new business opportunity on their own.

Option for Acquisitions

In relation to any new business opportunity of our Controlling Shareholders referred to in the Deed of Non-Competition, which has been offered to, but has not been taken up by our Company and has been retained by our Controlling Shareholders or any of their subsidiaries (other than our Group), which competes, or may lead to competition, directly or indirectly with our principal business, our Controlling Shareholders have undertaken to grant our Company an option, which is exercisable at any time during the term of the Deed of Non-Competition, subject to applicable laws and regulations, to purchase at one or more times any equity interest, assets or other interests which form part or all of the new business as described above, or to operate the new business as described above by way of, including but not limited to, management outsourcing, lease or subcontracting. However, if a third party has the pre-emptive right, in accordance with applicable laws and regulations and/or a prior legally binding document (including but not limited to articles of association and shareholders’ agreement), the option for acquisitions shall be subject to such third party rights. In this case, our Controlling Shareholders will use their best efforts to procure the third party to waive their pre-emptive right.

Our Controlling Shareholders shall procure their subsidiaries (other than our Group) and their close associates to comply with the option granted to our Company by our Controlling Shareholders above.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The consideration shall be determined following negotiation between the parties under the fair and reasonable principle based on the valuation conducted by a third party professional valuer (selected by both our Controlling Shareholders and us) and the mechanism and procedure provided by applicable laws and regulations.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up the option. In assessing whether or not to exercise the option, our independent non-executive Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape and form their views based on the best interest of our Shareholders and our Company as a whole, and if necessary, our independent non-executive Directors will consider to engage an independent third party valuer to evaluate the business opportunity. Our independent non-executive Directors are also entitled to engage an independent financial adviser, at the cost of our Company, in connection with the exercise of the option for the business opportunity.

Pre-emptive Right

Our Controlling Shareholders have undertaken that, during the term of the Deed of Non-Competition, if they intend to transfer, sell, lease, license or otherwise permit to use, the Barge Services to a third party, our Controlling Shareholders or their subsidiaries shall notify our Company by written notice (“**Selling Notice**”) in advance. The Selling Notice shall attach the terms of the transfer, sale, lease or license and any information which may be reasonably required by our Company. Our Company shall reply to our Controlling Shareholders and/or their subsidiaries within 30 business days after receiving the Selling Notice. Our Controlling Shareholders and/or their subsidiaries have undertaken that until they receive the reply from our Company, they shall not notify any third party of the intention to transfer, sell, lease or license the business. If our Company decides not to exercise its pre-emptive right or if our Company does not reply within the agreed time period, or if our Company does not accept the terms as set out in the Selling Notice and issues to our Controlling Shareholders a written notice within the agreed time period stating acceptable conditions which, however, are not acceptable to our Controlling Shareholders or their subsidiaries following negotiation between the parties under the fair and reasonable principle, our Controlling Shareholders or their subsidiaries are entitled to transfer the business to a third party pursuant to the terms stipulated in the Selling Notice.

Our Controlling Shareholders shall procure their subsidiaries (other than our Group) and their close associates to comply with the above pre-emptive right.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise our pre-emptive right. In assessing whether or not to exercise our pre-emptive right, our independent non-executive Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape and form their views based on the best interest of our Shareholders and our Company as a whole, and if necessary, our independent non-executive Directors will consider to engage an independent third party valuer to evaluate the business opportunity. Our independent non-executive Directors are also entitled to engage an independent financial adviser, at the cost of our Company, in connection with the exercise of our pre-emptive right.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Indemnity

Each of our Controlling Shareholders has jointly and severally undertaken to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Company or any other member of our Group arising out of or in connection with any breach of our Controlling Shareholders' undertakings and/or obligations under the Deed of Non-Competition, including any costs and expenses incurred as a result of such breach provided that the indemnity contained in the Deed of Non-Competition shall be without prejudice to any other rights and remedies our Company is entitled to in relation to any such breach, including specific performance, and all such other things and remedies are hereby expressly reserved by our Company.

Our Controlling Shareholders' Further Undertakings

Each of our Controlling Shareholders has further undertaken that:

- (i) it will provide all information necessary for our independent non-executive Directors to review our Controlling Shareholders', their subsidiaries' and their close associate(s)' compliance with and enforcement of the Deed of Non-Competition;
- (ii) it consents to the disclosure of the decision made by our independent non-executive Directors in relation to the compliance with and enforcement of the Deed of Non-Competition in our annual report, or by way of announcement; and
- (iii) it will make a declaration to our Company and our independent non-executive Directors annually regarding its compliance with the Deed of Non-Competition for the disclosure in our annual report.

The Deed of Non-Competition will cease to have any effect on the earliest of the date on which:

- (a) our Company becomes wholly-owned by any of our Controlling Shareholders and/or its/his close associates;
- (b) the aggregate beneficial shareholding (whether direct or indirect) of our Controlling Shareholders and/or its/his close associates in our Shares in issue falls below 30% of the number of Shares in issue and the relevant Controlling Shareholder shall cease to be our executive Director; or
- (c) our Shares cease to be listed on the Stock Exchange.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES ON CONFLICT OF INTERESTS

Our Company will adopt the following corporate governance measures to manage the potential conflict of interests between us and our Controlling Shareholders, and to safeguard the interests of our Shareholders:

- (i) our independent non-executive Directors will review, at least on an annual basis, compliance and enforcement of the terms of the Deed of Non-Competition;
- (ii) our Controlling Shareholders have undertaken to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (iii) we will disclose any decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through our annual report or by way of announcement;
- (iv) we will disclose in the corporate governance report of our annual report on how the terms of the Deed of Non-Competition have been complied with and enforced; and
- (v) in the event that any of our Directors and/or their respective associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Prior to the Listing, we entered into certain transactions with parties who will, upon Listing, become our connected persons within the meaning given in Chapter 14A of the Listing Rules. After the Listing, we will continue to carry out the following transactions with these parties and such transactions will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

Details of these transactions are set out in this section below.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon the Listing, the transaction sets forth below will constitute exempt continuing connected transaction of our Company for the purpose of Chapter 14A of the Listing Rules:

1. **Headquarter Office Tenancy Agreement**

Background of Eternity Hong Kong Investment Limited

Eternity Hong Kong Investment Limited is principally engaged in the business of, amongst other things, property investment. As at the Latest Practicable Date, Eternity Hong Kong Investment Limited is directly owned as to 50% by Mr. Lau Yu Leung and as to 50% by Madam Tong Hung Sum, each a Director and Controlling Shareholder, and hence Eternity Hong Kong Investment Limited is an associate of a connected person of our Company under Rule 14A.07 of the Listing Rules. For details, please see the section headed “Relationship with our Controlling Shareholders” in this prospectus.

Nature of transaction

A tenancy agreement (the “**Headquarter Office Tenancy Agreement**”) is expected to be entered into, prior to the Listing between Eternity Hong Kong Investment Limited, as landlord, and our Company, as tenant, under which Eternity Hong Kong Investment Limited agreed to lease certain portion of 28/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon with a gross floor area of approximately 5,700 square feet together with three car parking spaces, for a term ending on 31 December 2018 for office use. Pursuant to the Headquarter Office Tenancy Agreement, the monthly rental payable to Eternity Hong Kong Investment Limited shall be in the sum of HK\$138,295.20 (exclusive of government rent, management fees and other utilities outgoings which are payable by our Group).

The term of the Headquarter Office Tenancy Agreement may be renewed as the parties thereto mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

Reasons for and benefits for the transaction

Since 2011, our Group has been leasing the abovementioned properties for use as our office premise from Eternity Hong Kong Investment Limited. As our office premise is well established and known to the business partners, we currently do not, and in a foreseeable future will not, have any plan to relocate to alternative properties, which we believe is in the interest of our Company and our Shareholders as a whole in terms of cost, time and operational stability.

Our Directors (including the independent non-executive Directors) consider that the terms of the Headquarter Office Tenancy Agreement are conducted on an arms' length basis and on normal commercial terms that are fair and reasonable, and in the best interests of our Group.

Historical transaction value

For the years ended 31 December 2013, 2014 and 2015, the aggregate rentals paid by our Group to Eternity Hong Kong Investment Limited were approximately HK\$1,380,000, HK\$1,569,000 and HK\$1,660,000 respectively.

Pricing policy

The annual rental payable under the Headquarter Office Tenancy Agreement was determined after arms' length negotiations between the parties thereto with reference to the prevailing market rates in respect of the same or similar properties in the same locality. RHL Appraisal Limited, an independent property valuer, has reviewed the annual rental payable under the Headquarter Office Tenancy Agreement and has confirmed that the terms thereof are fair, reasonable and are consistent with the prevailing market rates for similar premises in similar locations in Hong Kong.

Proposed annual caps

Our Directors estimated that the aggregate annual rental payable by our Group to Eternity Hong Kong Investment Limited under the Headquarter Office Tenancy Agreement is HK\$1,659,542.40. Therefore, the proposed annual caps for the tenancy under the Headquarter Office Tenancy Agreement, for each of the years ending 31 December 2016, 2017 and 2018, are approximately HK\$1,660,000, HK\$1,660,000 and HK\$1,660,000 respectively.

Basis of annual caps

The proposed annual caps set out above for the three years ending 31 December 2016, 2017 and 2018 in respect of the properties to be leased from Eternity Hong Kong Investment Limited are determined with reference to: (i) the historical transaction amounts between our Group and Eternity Hong Kong Investment Limited taking into account the pricing policies referred to above; and (ii) the prevailing market rates of the same or similar properties in the same locality.

RHL Appraisal Limited is of the view that the proposed annual caps for the rental payable by our Group to Eternity Hong Kong Investment Limited under the Headquarter Office Tenancy Agreement are fair, reasonable and are consistent with the prevailing market rates for similar premises in similar locations as at the commencement date of the tenancy.

CONNECTED TRANSACTIONS

Listing Rules implications

It is anticipated that on an annual basis, the annual rental to be paid by our Group under the Headquarter Office Tenancy Agreement for each of the three years ending 31 December 2016, 2017 and 2018 will not be more than HK\$1,660,000 per annum, and each of the percentage ratios (other than the profits ratio) under Chapter 14 of the Listing Rules, where applicable, in respect of the Headquarter Office Tenancy Agreement is, on an annual basis, less than 5% and the total consideration is less than HK\$3,000,000. Therefore, the transaction contemplated under the Headquarter Office Tenancy Agreement qualifies as a *de minimis* transaction, constitutes an exempt continuing connected transaction under Rule 14A.76(1)(c) of the Listing Rules and will be exempted from independent Shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Upon the Listing, the transaction set forth below will constitute non-exempt continuing connected transaction (the "**Non-exempt Continuing Connected Transaction**") of our Company for the purpose of Chapter 14A of the Listing Rules:

2. Purchase of barge services

Background of China-HK Shipping

China-HK Shipping is principally engaged in the provision of barge services. As at the Latest Practicable Date, China-HK Shipping was owned by Mr. Lau Yu Leung, one of our Directors and Controlling Shareholders, as to 52.5% and as to 47.5% by other Independent Third Parties, hence China-HK Shipping is considered as an associate of a connected person of our Company under Rule 14A.07 of the Listing Rules.

Nature of transaction

A master services agreement (the "**Master Services Agreement**") is expected to be entered into between our Company as purchaser and China-HK Shipping as service provider prior to the Listing, whereby our Group will purchase and China-HK Shipping will provide to us barge services.

The Master Services Agreement is for a term commencing on the Listing Date and expiring on 31 December 2018. The consideration of the transaction will be determined with reference to the prevailing comparable service fee. Specific terms of the transaction will be determined on a case-by-case basis and separate agreements will be entered into by the parties.

CONNECTED TRANSACTIONS

Reasons for and benefits for the transaction

Since our Group is satisfied with the barge services provided by China-HK Shipping, including the quality of services and delivering time, during the Track Record Period and the terms offered by China-HK Shipping to our Group are of normal commercial terms, our Directors are of the view that it will be in the interests of our Company and our Shareholders as a whole to continue such transaction with China-HK Shipping. As such, after the Listing, our Group will continue to purchase barge services from China-HK Shipping.

Our Group does not own barges, and our Directors consider that it is neither cost-effective nor in the best interest of our Group to own the barges solely for the purpose of providing barge services, therefore our Group contracted with China-HK Shipping for providing such services.

Furthermore, taking into account that our Group has established a long-term relationship with China-HK Shipping which has been providing barge services to our Group since 1999, we believe there is a better and more efficient communication with China-HK Shipping of our needs as compared to third parties. In addition, the long-term relationship between our Group and China-HK Shipping in turn provides us with business and operational convenience. In light of the above, our Directors are of the view that the transaction contemplated under the Master Services Agreement brings synergies to our operation.

Our Directors (including the independent non-executive Directors) consider that the terms of the Master Services Agreement are conducted on an arms' length basis and on normal commercial terms that are fair and reasonable and in the best interests of our Group.

Historical transaction value

For the years ended 31 December 2013, 2014 and 2015, the aggregate service fees paid by our Group for the services provided by China-HK Shipping are approximately HK\$25,393,000, HK\$25,712,000 and HK\$21,831,000 respectively.

Pricing policy

The service fees payable by our Group to China-HK Shipping under the Master Services Agreement were determined after arm's length negotiation between the parties thereto. In order to ensure that the service fees we paid for the provision of barge services are fair and reasonable and in line with market practices, we will keep ourselves abreast of the prevailing fee level in the market and the market conditions.

CONNECTED TRANSACTIONS

Proposed annual caps

For the years ending 31 December 2016, 2017 and 2018, the estimated service fees payable by us to China-HK Shipping in respect of barge services are approximately HK\$26,000,000, HK\$26,500,000 and HK\$27,000,000, respectively.

Basis of annual caps

Such proposed cap amounts are mainly determined with reference to factors such as (i) historical transaction amount between our Group and China-HK Shipping; (ii) expected demand for our services by our customers; (iii) the expected demand for such barge service by us which also relates to waiting time for berthing loaded vessels at terminals for discharge.

Listing rules implications

Given that the annual transaction amounts under the Master Services Agreement are expected to be approximately HK\$26,000,000, HK\$26,500,000 and HK\$27,000,000, respectively, for the three years ending 31 December 2016, 2017 and 2018, at least one of the applicable percentage ratios (other than the profits ratio) under Chapter 14 of the Listing Rules, where applicable, in respect of the Master Services Agreement, on an annual basis, is expected to be more than 5%, which constitutes continuing connected transaction after the Listing, and will be subject to reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATIONS FOR WAIVERS

As the Non-exempt Continuing Connected Transaction will continue after the Listing on a recurring basis, our Directors consider that strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules would be impractical and burdensome, and would add unnecessary administrative costs to our Company each time when such transaction arises.

With respect to the above Non-exempt Continuing Connected Transaction, we have, pursuant to Rule 14A.105 of the Listing Rules, applied for and the Stock Exchange has agreed to grant a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules subject to the condition that the aggregate value of the Non-exempt Continuing Connected Transaction for each financial year does not exceed the relevant annual cap amount as stated above.

CONNECTED TRANSACTIONS

Confirmation from Directors

Having taken into account the information set out above, our Directors (including our independent non-executive Directors) confirm that the Non-exempt Continuing Connected Transaction has been and will be entered into in or incidental to the ordinary and usual course of our Group's business and are based on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors with conflicted interest in the continuing connected transaction described in this section shall be required to abstain from voting on relevant Board resolutions in relation to such continuing connected transaction.

Confirmation for the Sole Sponsor

The Sole Sponsor is of the view that the Non-exempt Continuing Connected Transaction has been and will be entered into in the ordinary and usual course of our Group's business, is based on normal commercial terms that are, in accordance with the Master Services Agreement governing them, fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares that may be issued upon the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which would be required 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, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Name of Group member	Capacity/Nature of interest	Number and class of securities ⁽¹⁾	Approximate percentage of interest in our Company
Ever Winning Investment ⁽²⁾	Our Company	Beneficial owner	892,500,000 Shares (L)	63.75%
Mr. Lau Yu Leung ⁽³⁾	Our Company	Interest of controlled corporation ⁽⁴⁾ and interest of Spouse ⁽⁵⁾	945,000,000 Shares (L)	67.50%
Madam Tong Hung Sum ⁽³⁾	Our Company	Interest of controlled corporation ⁽⁶⁾ and interest of Spouse ⁽⁷⁾	945,000,000 Shares (L)	67.50%

Notes:

1. The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in our Shares.
2. Ever Winning Investment will be directly interested in approximately 63.75% in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme).
3. Mr. Lau Yu Leung is the spouse of Madam Tong Hung Sum.
4. Our Company will be held as to approximately 63.75% by Ever Winning Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). As such, Mr. Lau Yu Leung controls more than one-third of the voting rights of Ever Winning Investment and is deemed to be interested in its interest in our Company by virtue of the SFO.
5. Our Company will be held as to approximately 3.75% by Ever Forever Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Forever Investment is owned as to 100% by Madam Tong Hung Sum, the spouse of Mr. Lau Yu Leung. Mr. Lau Yu Leung is deemed to be interested in Madam Tong Hung Sum’s interest in our Company by virtue of the SFO.
6. Our Company will be held as to approximately 3.75% by Ever Forever Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). As such, Madam Tong Hung Sum controls more than one-third of the voting rights of Ever Forever Investment and is deemed to be interested in its interest in our Company by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS

7. Our Company will be held as to approximately 63.75% by Ever Winning Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Winning Investment is owned as to 100% by Mr. Lau Yu Leung, the spouse of Madam Tong Hung Sum. Madam Tong Hung Sum is deemed to be interested in Mr. Lau Yu Leung's interest in our Company by virtue of the SFO.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), have an interest or short positions in any Shares or underlying Shares, which would be required 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 is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of our Company.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of our Board include but are not limited to: convening Shareholders' general meetings and reporting the Board's work at our Shareholders' general meetings; implementing the resolutions passed at our Shareholders' general meetings; determining our business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association. Each of our executive Directors has entered into a service contract with our Group.

The following table sets forth information regarding members of our Board:

Name	Age	Present position	Date of joining our Group	Date of appointment as Director	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Lau Yu Leung (劉與量)	63	Chairman, Executive Director	23 June 1993	15 October 2015	Overall strategic planning, development, decision making on matters, important investment strategies and management of senior executives of our Group	Spouse of Madam Tong Hung Sum, father of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry
Mr. Lau Tak Fung Wallace (劉德豐)	39	Chief Executive Officer, Executive Director	15 April 2002	3 March 2016	Formulating and implementing our corporate strategies and business development strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, and overseeing investment activities and transactions	Son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and brother of Mr. Lau Tak Kee Henry

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau Tak Kee Henry (劉德祺)	38	Executive Director	1 January 2008	3 March 2016	Formulating and implementing our corporate strategies and sales and marketing strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, overseeing investment activities and transactions and freight forwarding and I.T. support services of our Group	Son of Mr. Lau Yu Leung and Madam Tong Hung Sum, and brother of Mr. Lau Tak Fung Wallace
Madam Tong Hung Sum (唐鴻琛)	63	Non-executive Director	11 June 2002	3 March 2016	Advising on overall strategic planning of our Group but does not participate in the day-to-day management of our Group's business operation	Spouse of Mr. Lau Yu Leung, mother of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry
Mr. Lo Wan Sing Vincent (盧溫勝)	68	Independent non-executive Director	10 June 2016	10 June 2016	please see note below	Nil
Mr. Lam Lo (林潞)	44	Independent non-executive Director	10 June 2016	10 June 2016	please see note below	Nil
Mr. Lee Ka Lun (李家麟)	60	Independent non-executive Director	10 June 2016	10 June 2016	please see note below	Nil

Note: Participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required; serving on the audit committee, remuneration committee and the nomination committee (as the case may be).

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lau Yu Leung (劉與量)

Mr. Lau Yu Leung (劉與量), aged 63, is our founder, Chairman and executive Director. Mr. Lau was appointed as Chairman and executive Director on 15 October 2015. Mr. Lau founded our Group on 23 June 1993, when Xiamen Harvest was first established. Mr. Lau is primarily responsible for overall strategic planning, development, decision making on important matters, important investment strategies and management of senior executives of our Group. Mr. Lau is the spouse of Madam Tong Hung Sum and father of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.

Mr. Lau has over 40 years of experience in the shipping industry. From April 1973 to July 1978, Mr. Lau worked as an assistant to port captain in Trans Safety Shipping Company, responsible for handling crew matters. From November 1978 to May 1993, Mr. Lau worked in Hyaline Shipping (HK) Co. Ltd., with his last position held as a deputy managing director, responsible for overseeing the operation of vessels liner and cargo handling services. All of these companies principally engaged in shipping business. Mr. Lau is currently serving as a director of Ever Harvest (BVI), EHIHL, Ever Harvest, Xiamen Harvest and EHIL, as well as manager of EHIL, SEHL and SFHL. Mr. Lau is also serving as a non-executive director of each of Lau's Controlled Companies.

Mr. Lau also serves in a number of positions in various organisations and associations in Hong Kong and the PRC. Mr. Lau serves as a committee member of the 9th, 10th and 11th Chinese People's Political Consultative Conference in the Fujian Province, the PRC (中國人民政治協商會議福建省委員會) ("Fujian CPPCC"), and a member of the Standing Committee of the 11th Fujian CPPCC. Mr. Lau is also a committee member of the 7th and 8th Chinese People's Political Consultative Conference in the Licheng District, Quanzhou Municipality, Fujian Province, the PRC (中國人民政治協商會議福建省泉州市鯉城區委員會). In April 2008, Mr. Lau was appointed as the permanent honorary president of The Fukienese Association Limited (香港福建同鄉會有限公司). In August 2009, Mr. Lau was appointed as the permanent honorary president of Hong Kong Quanzhou Clans United Association (香港泉州市同鄉總會). In March 2011, Mr. Lau was appointed as the permanent honorary president of Hong Kong Quanzhou Associations Limited (香港泉州同鄉會有限公司). In March 2013, Mr. Lau was appointed as the vice-president of Association of Hong Kong Quanzhou Charity Promotion Limited (香港泉州慈善促進總會有限公司). In November 2013, Mr. Lau was appointed as the vice-chairman of Hong Kong Federation of Fujian Associations Limited (香港福建社團聯會有限公司). In April 2014, Mr. Lau was appointed as the president of Hong Kong CPPCC of Fujian Association Limited (福建省港區政協委員聯誼會有限公司).

Mr. Lau received from the government of Hong Kong a medal of honour in July 2011.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau Tak Fung Wallace (劉德豐)

Mr. Lau Tak Fung Wallace (劉德豐), aged 39, is our Chief Executive Officer and executive Director. Mr. Lau was appointed as Chief Executive Officer and executive Director on 3 March 2016. He joined our Group on 15 April 2002 as deputy general manager of SEHL. Mr. Lau is primarily responsible for formulating and implementing our corporate strategies and business development strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, and overseeing investment activities and transactions. Mr. Lau is a son of Mr. Lau Yu Leung and Madam Tong Hung Sum and the brother of Mr. Lau Tak Kee Henry.

Mr. Lau has over 10 years of experience in the shipping industry. Mr. Lau graduated from the California State Polytechnic University, Pomona in the United States of America with a bachelor's degree in business administration in March 2001. Mr. Lau is currently serving as a director of EHIHL, Ever Harvest, Xiamen Harvest and EHIL, supervisor of SFHL, as well as deputy manager of EHIL and SEHL.

Mr. Lau is a committee member of the 11th Chinese People's Political Consultative Conference in the Quanzhou Municipality, Fujian Province, the PRC (中國人民政治協商會議福建省泉州市委員會) and the 10th Chinese People's Political Consultative Conference in the Nanning Municipality, Guangxi Zhuang Autonomous Region, the PRC (中國人民政治協商會議廣西壯族自治區南寧市委員會). Mr. Lau is the executive vice president of Hong Kong CPPCC Youth Association Limited (香港政協青年聯會有限公司).

Mr. Lau Tak Kee Henry (劉德祺)

Mr. Lau Tak Kee Henry (劉德祺), aged 38, is our executive Director. Mr. Lau was appointed as an executive Director on 3 March 2016. He joined our Group on 1 January 2008 as deputy general manager of EHIL. Mr. Lau is primarily responsible for formulating and implementing our corporate strategies and sales and marketing strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, and overseeing investment activities and transactions. Mr. Lau is also responsible for the freight forwarding and I.T. support services of our Group. Mr. Lau is a son of Mr. Lau Yu Leung and Madam Tong Hung Sum and the brother of Mr. Lau Tak Fung Wallace.

Mr. Lau has over nine years of experience in the shipping industry. Mr. Lau graduated from the University of South California in the United States of America with a bachelor's degree in business administration in August 2000. From November 2006 to March 2008, Mr. Lau worked as project officer in strategy department in COSCO Pacific Management Company Limited which principally engaged in terminal operation, responsible for the analysis of merger and acquisition of ports. Mr. Lau is currently serving as a director of EHIHL, Ever Harvest, Xiamen Harvest and EHIL, as well as deputy manager of EHIL and SFHL. Mr. Lau has been a member of the Hong Kong CPPCC Youth Association Limited (香港政協青年聯會有限公司) since May 2014.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Madam Tong Hung Sum (唐鴻琛)

Madam Tong Hung Sum (唐鴻琛), aged 63, is our non-executive Director. Madam Tong was appointed as a non-executive Director on 3 March 2016. Madam Tong is primarily responsible for advising on overall strategic planning of our Group but not participating in the day-to-day management of our Group's business operation. Madam Tong is the spouse of Mr. Lau Yu Leung and mother of Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry.

Madam Tong is currently serving as a director of Ever Harvest and Xiamen Harvest. From October 2004 to January 2016, she served as a director of EHIL. Madam Tong is also currently serving as a supervisor of EHIL and SEHL, and a director of certain Lau's Controlled Companies. Madam Tong gained access to and possessed knowledge and experience in the shipping industry from her aforesaid previous working experience.

Independent non-executive Directors

Mr. Lo Wan Sing Vincent (盧溫勝)

Mr. Lo Wan Sing Vincent (盧溫勝), aged 68, is our independent non-executive Director. Mr. Lo was appointed as an independent non-executive Director on 10 June 2016. Mr. Lo is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required; serving on the audit committee, remuneration committee and the nomination committee (as the case may be).

In June 1992, Mr. Lo was appointed a director of Plateria Jewellery Limited which principally engages in business of wholesale and retail of jewellery. In September 1988 and May 1988, Mr. Lo was appointed as a director of Sentiment Company Limited and Metro Century (Holdings) Limited respectively, which principally engages in business of Hong Kong property investment and PRC property development respectively. Mr. Lo was responsible for the management of all these companies.

Mr. Lo has more than 30 years of experience in the field of jewellery and property investment. Mr. Lo was an independent executive director of Good Resources Holdings Limited (formerly known as Good Fellow Resources Holdings Limited and Wonderful World Holdings Limited) (Stock Code: 109), a company listed on the Main Board of the Stock Exchange, from July 2007 to November 2008, re-designated as an executive director from November 2008 to June 2015 and has been further re-designated as a non-executive director since June 2015. Mr. Lo has been an independent non-executive director of Xinyi Solar Holdings Limited (Stock Code: 968), a company listed on the Main Board of the Stock Exchange, since November 2013.

Mr. Lo is a member of the National Committee of the 10th, 11th and 12th Chinese People's Political Consultative Conference (中國人民政治協商會議). Mr. Lo was awarded Bronze Bauhinia Star (BBS) by the government of Hong Kong in July 2011.

Mr. Lo was the legal representative of Shishi City Baoyuan Jewelry Co., Ltd.* (石獅市寶源珠寶有限公司), a company incorporated in the PRC. According to Mr. Lo, as such company was planned to discontinue and its operation had been ceased, such company had not conducted the annual inspection and therefore its business licence was revoked on 29 November 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lo was a director of Glory Alpha Holdings Limited, a company incorporated in Hong Kong, which was dissolved by striking off on 3 June 2005 pursuant to section 291(5) of the then existing Companies Ordinance (Cap. 32 of the laws of Hong Kong). According to Mr. Lo, the said company was solvent at the time of it being struck off and the dissolution of the said company has not resulted in any liability or obligation imposed against him.

Mr. Lam Lo (林澐)

Mr. Lam Lo (林澐) (with former name as Lam Lo (林露)), aged 44, is our independent non-executive Director. Mr. Lam was appointed as an independent non-executive Director on 10 June 2016. Mr. Lam is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required; serving on the audit committee, remuneration committee and the nomination committee (as the case may be). Mr. Lam attended the Department of Commerce of the Faculty of Economics of the Komazawa University in Japan from April 1993 to March 1997. Since September 2000, Mr. Lam has been employed by South Asia Textiles (Holding) Limited and his current position is executive director, and he is also a director of certain other related parties which are multi-faceted enterprises in Hong Kong mainly comprising of knitwear, garment, knitting machinery and property development business, responsible for the management of all of these enterprises. Mr. Lam was the director of Henan Nanyuan Real Estate Development Co., Ltd.* (河南南源房地產開發有限公司), a company incorporated in the PRC. According to Mr. Lam, such company had no actual operation and had not conducted annual inspection and therefore its business licence was revoked on 27 December 2012. Mr. Lam is a committee member of the 11th Fujian CPPCC. Mr. Lam also currently serves as a general committee member of the Chinese Manufacturers' Association of Hong Kong (香港中華廠商聯合會), and a director of Po Leung Kuk.

Mr. Lee Ka Lun (李家麟)

Mr. Lee Ka Lun, aged 60, is our independent non-executive Director. Mr. Lee was appointed as an independent non-executive Director on 10 June 2016. Mr. Lee is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group as and when required; serving on the audit committee, remuneration committee and the nomination committee (as the case may be).

Mr. Lee graduated from Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) with a higher diploma in accountancy in November 1978. Mr. Lee has been admitted as an associate and a fellow member of The Chartered Association of Certified Accountants since May 1980 and May 1985, respectively.

Mr. Lee has over 20 years experience in banking and auditing. From April 1982 to June 2007, Mr. Lee worked at Lloyds Bank plc Hong Kong Branch (which was known as Hill Samuel Bank Limited), an international investment bank, and his last position was regional deputy chief executive, responsible for its treasury activities, finance, I.T., risk management and operations. He has been a responsible officer of Asia Investment Research Limited, a corporation licensed under the SFO to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities, since July 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee has been an independent non-executive director of a number of companies listed on the Main Board and Growth Enterprise Market of the Stock Exchange, namely Yuexiu Property Company Limited (Stock Code: 0123), since April 2000, Chow Sang Sang Holdings International Limited (Stock Code: 0116), since September 2004, REXLot Holdings Limited (Stock Code: 0555), since April 2007, Chong Hing Bank Limited (Stock Code: 1111), since February 2014 and Medicskin Holdings Limited (Stock Code: 8307), since December 2014.

Save as disclosed in this prospectus, each of our Directors confirms that he/she (i) did not hold any directorships in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions with us or other members of our Group; and (iii) does not have any relationship with other Directors, senior management or Controlling Shareholders, if any, of our Company or any interest in our Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules or paragraph 41(3) of Appendix 1A of the Listing Rules as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth information in respect of our senior management team:

Name	Age	Present position	Date of joining our Group	Date of appointment	Principal responsibilities	Relationship with other Director(s) and/or senior management
Ms. Lau Mei Ting (劉美婷) ⁽¹⁾	29	Financial Controller, Company Secretary	2 November 2015	3 March 2016	Supervising financial reporting, corporate finance, treasury, tax and other financial related matters; and overseeing investment activities and transactions	Nil
Ms. Tse Yin Wan (謝燕雲)	59	Deputy general manager	23 September 1996	16 July 2004	Internal management and control of our business and that of operating subsidiaries	Nil

Note:

1. For biographical details of Ms. Lau Mei Ting, please refer to the paragraph headed “Company Secretary” in this section below.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Tse Yin Wan

Ms. Tse Yin Wan (謝燕雲), aged 59, has been the deputy general manager of Xiamen Harvest since 16 July 2004 and is mainly responsible for internal control and administrative matters of operating subsidiaries, including overseeing project workflow and liaison with shipping companies. Ms. Tse has more than 35 years of experience in the shipping industry. Ms. Tse joined Xiamen Harvest as Manager – Business Development in September 1996, which was one of the operating subsidiaries of our Group. Ms. Tse was responsible for, among others, development of feeder services for our operating subsidiaries.

Ms. Tse joined OOCL (HK) Limited in July 1981 and her last position was assistant supervisor when she left in April 1990, and she was responsible for, among others, marketing and China business development. She joined United Distribution Services (Far East) Ltd. in April 1990 responsible for marketing and her last position was training manager when she left in March 1993, and also conducted training to new staff. All of these companies were shipping agents and freight forwarding agents. From June 1993 to July 1996, Ms. Tse was a China division manager in Compagnie Maritime D’Affrètement (Asia) Limited which was principally engaged in shipping industry, and Ms. Tse was responsible for shipping business in China.

Ms. Tse left Clementi Secondary School (formerly known as Clementi Middle School) in July 1977. Ms. Tse also completed an extension course on Planning and Control of Physical Distribution Management organised by the Department of Business and Management of City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in August 1988.

COMPANY SECRETARY

Ms. Lau Mei Ting (劉美婷), aged 29, is the financial controller and company secretary of our Company. She joined our Group in November 2015 and is responsible for supervising financial reporting, corporate finance, treasury, tax and other financial related matters, and overseeing investment activities and transactions. She graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration in Finance and Professional Accounting degree in November 2009. Ms. Lau has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since March 2013. She joined Deloitte Touche Tohmatsu, an international accounting firm, in October 2009 and her last position was audit manager when she left in November 2015. Ms. Lau has six years of experience in accounting and financial management, including handling tax-related matters.

Save as disclosed, each of our senior management has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee on 10 June 2016 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules. The audit committee currently consists of three Directors, being Mr. Lee Ka Lun, Mr. Lam Lo and Mr. Lo Wan Sing Vincent, with Mr. Lee Ka Lun acting as the chairman of the audit committee. Mr. Lee Ka Lun has the appropriate professional qualification as set out in Rule 3.10(2) of the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process, risk management and internal control systems, nominate and monitor external auditors and to provide advice and comments to the Board.

Remuneration Committee

Our Company established a remuneration committee on 10 June 2016 with its written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules. The remuneration committee currently consists of three Directors, being Mr. Lam Lo, Mr. Lo Wan Sing Vincent and Mr. Lau Tak Fung Wallace, with Mr. Lam Lo acting as the chairman of the remuneration committee. The primary duties of the remuneration committee are to value the performance and make recommendations on the remuneration of our senior management and to recommend members of the Board.

Nomination Committee

Our Company established a nomination committee on 10 June 2016 with its written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules. The nomination committee currently consists of three Directors, being Mr. Lo Wan Sing Vincent, Mr. Lam Lo and Mr. Lau Yu Leung, with Mr. Lo Wan Sing Vincent acting as the chairman of the nomination committee. The primary duties of the nomination committee are to make recommendations to our Board regarding candidates to fill vacancies of our Board and/or in senior management.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of our Company. Our Company also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Company or executing their functions in relation to the operations of our Company. Our Company regularly reviews and determines the remuneration and compensation packages (including incentive plans) 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 senior management and the performance of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Our Company has also conditionally adopted a Share Option Scheme, the details of which are summarised in the section headed “Statutory and General Information” in Appendix IV to this prospectus.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

For the years ended 31 December 2013, 2014 and 2015, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by our Company to our Directors were approximately HK\$4,340,000, HK\$4,275,000 and HK\$3,858,000, respectively. Our Directors’ remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

For the years ended 31 December 2013, 2014 and 2015, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by our Company to our senior management were approximately HK\$645,000, HK\$684,000 and HK\$839,000, respectively. Our senior management remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

The remuneration and benefits in kind (if applicable) received by the top five highest paid individuals (including Directors) for the years ended 31 December 2013, 2014 and 2015, were approximately HK\$5,735,000, HK\$5,757,000 and HK\$5,431,000, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, past Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of our Directors had waived any remuneration during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals during the Track Record Period.

Under the arrangement currently in force, it is estimated the aggregate amount of compensation (including salaries, benefits in kind but excluding discretionary bonuses) emoluments payable by our Group to our Directors for the year ending 31 December 2016 will be HK\$6,087,000.

COMPLIANCE ADVISER

Our Company has appointed Guotai Junan Capital Limited as its compliance adviser in accordance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS AND SENIOR MANAGEMENT

- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Capitalisation Issue and the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of good corporate governance in management and internal procedures to promote and ensure accountability. We expect to comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

SHARE CAPITAL

OUR AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of our authorised and issued share capital as fully paid or credited as fully paid immediately after completion of the Capitalisation Issue and the Global Offering (without taking into consideration any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares that may be allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

Authorised share capital: *HK\$*

10,000,000,000	Shares of HK\$0.01	100,000,000
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Shares issued and to be issued, fully paid or credited as fully paid (assuming that the Over-allotment Option is not exercised):

10,000	Shares in issue as of the date of this prospectus	100
1,049,990,000	Shares to be issued under the Capitalisation Issue	10,499,900
350,000,000	Shares to be issued under the Global Offering	3,500,000
<u>1,400,000,000</u>	Total issued share capital	<u>14,000,000</u>

Shares issued and to be issued, full paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is exercised in full):

10,000	Shares in issue as of the date of this prospectus	100
1,049,990,000	Shares to be issued under the Capitalisation Issue	10,499,900
402,500,000	Shares to be issued under the Global Offering and the Over-allotment Option	4,025,000
<u>1,452,500,000</u>	Total issued share capital	<u>14,525,000</u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of any options that 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 General Mandate and the Repurchase Mandate.

SHARE CAPITAL

RANKING

The Offer Shares and the Shares that may be allotted and issued pursuant to exercise of the Over-allotment Option will rank equally with all other existing Shares in issue as mentioned in this prospectus, and in particular, will qualify for all dividends, income and other distributions and any other rights and benefits attaching or accruing to our Shares after the date of this prospectus save for the entitlement to the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the written resolutions passed by our Shareholders on 10 June 2016, the Capitalisation Issue has been approved to our Shareholders whose names appear on the register of members of our Company at close of business day prior to the Listing Date, and our Shares to be allotted and issued under this resolution will rank *pari passu* in all respects with the existing Shares in issue.

Further information is set forth in the section headed “Statutory and General Information – Further Information about our Company – 3. Written resolutions passed by our Shareholders on 10 June 2016” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 10 June 2016. Under the Share Option Scheme, the eligible participants of the scheme, including but not limited directors, full-time or part-time employees of and consultants to our Company or our subsidiaries may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Further information is set forth in the section headed “Statutory and General Information – Other Information – 13. Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE

Our Directors have been granted a general unconditional mandate to allot or issue and deal with Shares with an aggregate number of such Shares not exceeding (a) 20% of the number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the Over-allotment Option); and (b) the number of such Shares which may be repurchased by the Company under the Repurchase Mandate.

The General Mandate is addition to the powers of our Directors to allot, issue or deal with Shares under any rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of any dividend in accordance with the Articles of Association, or pursuant to the exercise of any subscription or conversion rights attached to any warrants or convertible securities of our Company, or the exercise of options granted under the Share Option Scheme. The aggregate number of Shares which our Directors are authorised to allot and issue under this General Mandate will not be reduced by the allotment and issue of such Shares.

SHARE CAPITAL

This General Mandate will expire:

- at the conclusion of our Company’s next annual general meeting; or
- at the expiration of the period within which we are required by any applicable laws of the Cayman Islands or the Articles of Association to hold our Company’s next annual general meeting; or
- when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of the General Mandate, see the section headed “Statutory and General Information – Further Information about our Company – 3. Written resolutions passed by our Shareholders on 10 June 2016” in Appendix IV to this prospectus.

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares not exceeding 10% of the number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering, but excluding any Shares which may be allotted and issued pursuant to exercise of the Over-allotment Option.

This Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed “Statutory and General Information – Further Information about our Company – 6. Securities repurchase mandate” in Appendix IV to this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which we are required by any applicable laws of the Cayman Islands or the Articles of Association to hold our Company’s next annual general meeting; or
- when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further information about this Repurchase Mandate, please see the section headed “Statutory and General Information – Further Information about our Company – 3. Written resolutions passed by our Shareholders on 10 June 2016” in Appendix IV to this prospectus.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, see the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may 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. For details, see the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial information set out in the Accountants' Report included as Appendix I to this prospectus and selected historical combined financial data, in each case, together with the accompanying notes thereto included elsewhere in this prospectus. The financial information included in the Accountants' Report has been prepared in accordance with HKFRSs. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. For further information in relation to our Group structure, please refer to the section headed "History, Development and Reorganisation" in this prospectus. Additionally, the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our future results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including without limitation, the factors set out in the section headed "Risk Factors" and elsewhere in this prospectus.

Our financial year begins from 1 January and ends on 31 December. All references to "FY2013", "FY2014" and "FY2015" mean the financial years ended 31 December 2013, 2014 and 2015, respectively.

OVERVIEW

We are a well-established waterborne trade and freight service providers in China and Hong Kong. We provide foreign trade transshipment services in Southern China, with Hong Kong, Nansha (one of the major ports in Guangzhou) and Shenzhen being our major transshipment ports. As at 31 December 2015, we had a total of 19 points of operation, including our branches and representative offices in Hong Kong, Fujian Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province. We principally provide three kinds of services, namely (i) feeder shipping services, (ii) carrier owned container services, and (iii) sea freight forwarding agency services, to our customers.

Details of our business overview are set out in the section headed "Business – Overview" in this prospectus.

BASIS OF PREPARATION

The financial information of our Group has been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong.

Our Group's financial information also complies with the disclosure requirements of Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

FINANCIAL INFORMATION

Because the Reorganisation did not result in any change in the management and the ultimate control of our Group's business, it is considered as a business combination under common control. Accordingly, except for the acquisition of the 49% equity interest of SEHL which was completed on 12 April 2013, our Group's financial information for the Track Record Period as included in the Accountants' Report in Appendix I to this prospectus is prepared using the carrying values of the entities involved in the Reorganisation for all periods presented on a basis in accordance with the principles of merger accounting as set out in Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants.

As further explained in Note 3 to the Accountants' Report in Appendix I to this prospectus, the financial information presents the combined results, combined changes in equity, combined cash flows and combined financial positions of the companies now comprising our Group as if the current group structure, except for the acquisition of SEHL prior to the Reorganisation, had always been in existence and our Group is regard as a continuing entity.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group's business, results of operations and financial conditions have been and are expected to be affected by a number of principal factors which are set forth below.

Southern China shipment volume and shipping activities

Our focus of Sea Freight Services in Southern China market contributes the most of our revenue. The level of shipment volume, shipping throughput and related shipping activities has a significant effect on our overall businesses and financial performance.

Our ability to enter into vessel charter agreements with charterers

Our growth and profitability are significantly dependent on our ability to charter vessels to deliver the consigned shipments to the destinations as required by our customers. Our Group enters into vessel charter agreements with charterers or vessel owners. Such charterers or vessel owners generally hire out the vessels to us over periods of time ranging from three months to one year. We were usually granted extension options that allowed us to extend the vessel charter periods from three months to one year by the end of the original charter periods.

Our Group is committed to charter such chartered vessels at predetermined monthly rates negotiated with charterers on an arm's length basis over a relevant period of time regardless of whether we are able to utilise the vessel cargo space through shipment consigned with us. As at 31 December 2015, 12 vessels of our vessel fleet were chartered.

Our Directors are of the view that, the extension options of the vessel charter agreements provide us flexibility during the seasons of high shipment volume to maintain stable vessel fleet capacity. If the utilisation rate of our vessel fleet cargo space under any of the existing vessel fleet agreements becomes uncertain, we will take a more prudent approach by not exercising the extension options or to negotiate the terms with the charterers when entering/renewing the vessel charter agreements.

FINANCIAL INFORMATION

Our Directors will continue to endeavour to identify new vessels for chartering that would enhance our Sea Freight Services and our profitability and result of operations.

Our vessel fleet's utilisation rate

Utilisation rate of our vessel fleet is one of the indicators to measure our profitability and operational efficiency. The utilisation rate is calculated by dividing our yearly handling volume in terms of TEUs, comprising both laden and empty containers, by our total vessel fleet capacity within the year. The overall utilisation rate is also affected by the weight of cargoes in containers, as there are maximum weight limits of each of the feeder vessels. The overall utilisation rate of our vessels fleet for FY2013, FY2014 and FY2015 was approximately 83%, 73% and 81%, respectively. We regularly monitor our vessel fleet's utilisation rate to assess the performance and then allocate our vessels to different routes accordingly.

Seasonality

Our diversified customer base, which covers different industries with varies seasonal cycles, mitigates the negative impact of seasonality throughout the year during the Track Record Period. Nonetheless, the demand for our Sea Freight Services varies due to seasonality in general. The volumes of our services usually experience a decrease immediately after major public holidays in the PRC, particularly after the Chinese New Year.

As a result of such fluctuations, comparisons of sales and results of operations between different periods within a single financial year, or between different periods in different financial years cannot be relied on as indicators of our performance.

Bunker charges

Bunker charges is one of the major costs in our shipping business and is affected by the price of international crude oil that has been volatile in recent years. Fluctuation in bunker price directly affects our operating cost and profitability. During the period when the bunker price were going upward, we could compensate our cost by charging additional bunker surcharges. However, the level of such bunker surcharges may vary among our clients from time to time. As at the Latest Practicable Date, we have not entered into any agreements to hedge fluctuation in bunker price.

For FY2013, FY2014 and FY2015, our Group incurred bunker charges of approximately HK\$78.5 million, HK\$78.4 million and HK\$44.7 million, respectively and the average unit price of bunker are approximately US\$919/tonne, US\$875/tonne and US\$510/tonne, respectively, which are generally in line with the fluctuation of international fuel price. According to The U.S. Energy Information Administration, Europe Brent Spot Price, an indicator of the international fuel price, dropped from approximately US\$55 per barrel in the first quarter of 2015 to approximately US\$40 per barrel in the fourth quarter of 2015. Our Directors believe that there is no material difference of the price fluctuations between the international fuel price and our Group's bunker charges.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the bunker charges on our profit before tax and our profit after tax during the Track Record Period, assuming all other factors were to remain unchanged. Fluctuations are assumed to be approximately 10.0%, 20.0% and 30.0% for FY2013, FY2014 and FY2015, respectively.

	(HK' 000, except percentages)					
Hypothetical Fluctuation	+10%	-10%	+20%	-20%	+30%	-30%
<i>Impact on certain combined income statement items for FY2013</i>						
Change in bunker charges	7,855	(7,855)	15,710	(15,710)	23,565	(23,565)
Change in profit before tax	(7,855)	7,855	(15,710)	15,710	(23,565)	23,565
Change in profit after tax	(7,407)	7,407	(14,813)	14,813	(22,219)	22,219

	(HK' 000, except percentages)					
Hypothetical Fluctuation	+10%	-10%	+20%	-20%	+30%	-30%
<i>Impact on certain combined income statement items for FY2014</i>						
Change in bunker charges	7,839	(7,839)	15,678	(15,678)	23,517	(23,517)
Change in profit before tax	(7,839)	7,839	(15,678)	15,678	(23,517)	23,517
Change in profit after tax	(7,320)	7,320	(14,641)	14,641	(21,960)	21,960

	(HK' 000, except percentages)					
Hypothetical Fluctuation	+10%	-10%	+20%	-20%	+30%	-30%
<i>Impact on certain combined income statement items for FY2015</i>						
Change in bunker charges	4,472	(4,472)	8,944	(8,944)	13,416	(13,416)
Change in profit before tax	(4,472)	4,472	(8,944)	8,944	(13,416)	13,416
Change in profit after tax	(4,110)	4,110	(8,220)	8,220	(12,330)	12,330

For the illustrative purposes of breakeven analysis only, for FY2013, FY2014 and FY2015, if the bunker charges had increased by approximately 111%, 98% and 186%, respectively, our gross profit for the same periods would have been nil, assuming all other variables remain constant.

FINANCIAL INFORMATION

Shipment volume

Shipment volume is one of the major components in our Sea Freight Services. Fluctuation in shipment volume directly affects our profitability. For FY2013, FY2014 and FY2015, the shipment volume of our Sea Freight Services was 426,585 TEUs, 421,005 TEUs and 402,868 TEUs, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the shipment volume (in TEUs) on our gross profit, our profit before tax and our profit after tax during the Track Record Period, assuming all other factors were to remain unchanged. Fluctuations are assumed to be approximately 1%, 3% and 5% for FY2013, FY2014 and FY2015, respectively.

(HK' 000, except percentages)						
Hypothetical Fluctuation	+1%	-1%	+3%	-3%	+5%	-5%
<i>Impact on certain items for FY2013</i>						
Changes in gross profit	870	(870)	2,610	(2,610)	4,350	(4,350)
Change in profit before tax	870	(870)	2,610	(2,610)	4,350	(4,350)
Change in profit after tax	820	(820)	2,461	(2,461)	4,102	(4,102)

(HK' 000, except percentages)						
Hypothetical Fluctuation	+1%	-1%	+3%	-3%	+5%	-5%
<i>Impact on certain items for FY2014</i>						
Changes in gross profit	770	(770)	2,310	(2,310)	3,850	(3,850)
Change in profit before tax	770	(770)	2,310	(2,310)	3,850	(3,850)
Change in profit after tax	719	(719)	2,157	(2,157)	3,595	(3,595)

(HK' 000, except percentages)						
Hypothetical Fluctuation	+1%	-1%	+3%	-3%	+5%	-5%
<i>Impact on certain items for FY2015</i>						
Changes in gross profit	830	(830)	2,490	(2,490)	4,150	(4,150)
Change in profit before tax	830	(830)	2,490	(2,490)	4,150	(4,150)
Change in profit after tax	763	(763)	2,289	(2,289)	3,814	(3,814)

For the illustrative purposes of breakeven analysis only, for FY2013, FY2014 and FY2015, if the shipment volume had decrease by approximately 40%, 56% and 54%, respectively, our profit before tax for the same periods would have been nil, assuming all other variables remain constant.

Average freight rate

Average freight rate charged to our customers is one of the major components in our shipping business. Fluctuation in average freight rate directly affects our profitability. The average freight rate per TEU includes freight charge, handling and other recharge income over each TEU. For FY2013, FY2014 and FY2015, the average freight rate of our Sea Freight Services was approximately HK\$1,385 per TEU, HK\$1,413 per TEU and HK\$1,140 per TEU, respectively.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the average freight rate on our revenue, our profit before tax and our profit after tax during the Track Record Period, assuming all other factors were to remain unchanged. Fluctuations are assumed to be approximately 2%, 10% and 20% for FY2013, FY2014 and FY2015, respectively.

(HK' 000, except percentages)						
Hypothetical Fluctuation	+2%	-2%	+10%	-10%	+20%	-20%
<i>Impact on certain items for FY2013</i>						
Changes in revenue	11,821	(11,821)	59,103	(59,103)	118,206	(118,206)
Change in profit before tax	11,821	(11,821)	59,103	(59,103)	118,206	(118,206)
Change in profit after tax	11,146	(11,146)	55,729	(55,729)	111,458	(111,458)

(HK' 000, except percentages)						
Hypothetical Fluctuation	+2%	-2%	+10%	-10%	+20%	-20%
<i>Impact on certain items for FY2014</i>						
Changes in revenue	11,895	(11,895)	59,475	(59,475)	118,950	(118,950)
Change in profit before tax	11,895	(11,895)	59,475	(59,475)	118,950	(118,950)
Change in profit after tax	11,108	(11,108)	55,540	(55,540)	111,080	(111,080)

(HK' 000, except percentages)						
Hypothetical Fluctuation	+2%	-2%	+10%	-10%	+20%	-20%
<i>Impact on certain items for FY2015</i>						
Changes in revenue	9,183	(9,183)	45,917	(45,917)	91,834	(91,834)
Change in profit before tax	9,183	(9,183)	45,917	(45,917)	91,834	(91,834)
Change in profit after tax	8,441	(8,441)	42,205	(42,205)	84,409	(84,409)

For the illustrative purposes of breakeven analysis only, for FY2013, FY2014 and FY2015, if the average freight rate had decreased by approximately 15%, 13% and 18%, respectively, our gross profit for the same periods would have been nil, assuming all other variables remain constant.

Terminal handling charges

Terminal handling charges is one of the major costs in our business. Fluctuation in terminal handling charges directly affects our operating cost and profitability. For FY2013, FY2014 and FY2015, our Group incurred terminal handling charges of approximately HK\$185.9 million, HK\$195.7 million and HK\$169.8 million, respectively, representing 36.9%, 38.8% and 33.7% for the same periods, respectively.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the terminal handling charges on our profit before tax and our profit after tax during the Track Record Period, assuming all other factors were to remain unchanged. Fluctuations are assumed to be approximately 5%, 10% and 15% for FY2013, FY2014 and FY2015, respectively.

(HK' 000, except percentages)						
Hypothetical Fluctuation	+5%	-5%	+10%	-10%	+15%	-15%
<i>Impact on certain combined income statement items for FY2013</i>						
Change in terminal handling charges	9,296	(9,296)	18,592	(18,592)	27,888	(27,888)
Change in profit before tax	(9,296)	9,296	(18,592)	18,592	(27,888)	27,888
Change in profit after tax	(8,765)	8,765	(17,531)	17,531	(26,296)	26,296

(HK' 000, except percentages)						
Hypothetical Fluctuation	+5%	-5%	+10%	-10%	+15%	-15%
<i>Impact on certain combined income statement items for FY2014</i>						
Change in terminal handling charges	9,785	(9,785)	19,570	(19,570)	29,355	(29,355)
Change in profit before tax	(9,785)	9,785	(19,570)	19,570	(29,355)	29,355
Change in profit after tax	(9,138)	9,138	(18,275)	18,275	(27,413)	27,413

(HK' 000, except percentages)						
Hypothetical Fluctuation	+5%	-5%	+10%	-10%	+15%	-15%
<i>Impact on certain combined income statement items for FY2015</i>						
Change in terminal handling charges	8,490	(8,490)	16,980	(16,980)	25,470	(25,470)
Change in profit before tax	(8,490)	8,490	(16,980)	16,980	(25,470)	25,470
Change in profit after tax	(7,804)	7,804	(15,607)	15,607	(23,411)	23,411

For the illustrative purposes of breakeven analysis only, for FY2013, FY2014 and FY2015, if the terminal handling charges had increased by approximately 47%, 39% and 49%, respectively, our gross profit for the same periods would have been nil, assuming all other variables remain constant.

Vessel rental charges

Vessel rental charges is one of the cost of services in our business. Fluctuation in vessel rental charges directly affects our operating cost and profitability. For FY2013, FY2014 and FY2015, our Group incurred vessel rental charges of approximately HK\$45.8 million, HK\$58.0 million and HK\$51.0 million, respectively, representing 9.1%, 11.5% and 10.1% for the same periods, respectively.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the vessel rental charges on our profit before tax and our profit after tax during the Track Record Period, assuming all other factors were to remain unchanged. Fluctuations are assumed to be approximately 10%, 20% and 30% for FY2013, FY2014 and FY2015, respectively.

(HK' 000, except percentages)						
Hypothetical Fluctuation	+10%	-10%	+20%	-20%	+30%	-30%
<i>Impact on certain combined income statement items for FY2013</i>						
Change in vessel rental charges	4,581	(4,581)	9,162	(9,162)	13,743	(13,743)
Change in profit before tax	(4,581)	4,581	(9,162)	9,162	(13,743)	13,743
Change in profit after tax	(4,319)	4,319	(8,639)	8,639	(12,958)	12,958

(HK' 000, except percentages)						
Hypothetical Fluctuation	+10%	-10%	+20%	-20%	+30%	-30%
<i>Impact on certain combined income statement items for FY2014</i>						
Change in vessel rental charges	5,804	(5,804)	11,608	(11,608)	17,412	(17,412)
Change in profit before tax	(5,804)	5,804	(11,608)	11,608	(17,412)	17,412
Change in profit after tax	(5,420)	5,420	(10,840)	10,840	(16,260)	16,260

(HK' 000, except percentages)						
Hypothetical Fluctuation	+10%	-10%	+20%	-20%	+30%	-30%
<i>Impact on certain combined income statement items for FY2015</i>						
Change in vessel rental charges	5,103	(5,103)	10,206	(10,206)	15,308	(15,308)
Change in profit before tax	(5,103)	5,103	(10,206)	10,206	(15,308)	15,308
Change in profit after tax	(4,690)	4,690	(9,381)	9,381	(14,070)	14,070

For the illustrative purposes of breakeven analysis only, for FY2013, FY2014 and FY2015, if the vessel rental charges had increased by approximately 190%, 133% and 163%, respectively, our gross profit for the same periods would have been nil, assuming all other variables remain constant.

Foreign exchange rate

During the Track Record Period, our Group's transactions are mainly denominated in HK\$, US\$ and RMB. However, a portion of our costs, such as service fees that our Group pays to the PRC service providers, are denominated in RMB. Therefore, the recent fluctuation in exchange rate between HK\$ or US\$ and RMB might affect our profit margin. Owing to the low currency exposure during the Track Record Period, our Group currently has not entered into any financial instruments to hedge currency exchanges exposure and has no intention to enter into such financial instruments. Nevertheless, our Group continues to monitor foreign currency exposure to ensure that the net exposure is kept to an acceptable level and will consider hedging instruments should the need arises.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

We have identified certain accounting policies, estimates and assumptions that are critical to the preparation of our financial information in accordance with HKFRS, and that are important for an understanding of our financial position and results of operations. Please refer to Note 3 to the Accountants' Report, in Appendix I to this prospectus, in relation to the significant accounting policies adopted by our Group.

FINANCIAL INFORMATION

Estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Revenue recognition

Our Group's revenue is recognised, on gross basis, when it is probable that the economic benefits will flow to our Group and when the revenue and costs, if applicable, can be measured reliably when the feeder shipping services, the sea freight forwarding agency services and the carrier owned container services are rendered by our Group.

Property, plant and equipment

During the Track Record Period, our property, plant and equipment comprised leasehold land and building, leasehold improvements, motor vehicles, furniture, fixture and equipment, containers and feeder vessels. Our property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprised its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

As our Group's lease payments for its leasehold land and buildings cannot be allocated reliably between the land and buildings elements at the inception of the lease because similar land and buildings are not sold or leased separately, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values by the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, per the difference between the net disposal proceeds and the carrying amount of the item, is included in profit or loss.

Preferential use on vessels

Our Group has entered into three usage priority agreements for the preferential use on four vessels with the legal owners of each vessel (the "**Usage Priority Agreements**"). According to the Usage Priority Agreements, the legal owners and our Group mutually agreed that our Group has the exclusive preferential right to use the vessels and to acquire the interest or obtain the sales proceeds of disposal (pre-approval by our Group in advance) of the vessels; and the transfer, leasing, written-off or pledge of the vessels have to be approved by our Group in advance.

FINANCIAL INFORMATION

In accordance with HKAS 16 “Property, Plant and Equipment” (“**HKAS 16**”), the cost of an item of our property, plant and equipment shall be recognised as an asset if 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.

Our Group can demonstrate the disposal, transfer, leasing, written-off or pledge of these four vessels have to be pre-approved by our Group. In addition, the Group can obtain future economic benefits associated with these four vessels by exercising the exclusive preferential right to use these four vessels to provide logistics services to the customers or obtain the sales proceeds on disposal of these four vessels. Therefore, our management considered that the future economic benefits associated from the exclusive preferential use of these four vessels are expected to flow to the Group. Accordingly, the aggregate net carrying amounts of these four vessels of approximately HK\$11,378,000, HK\$10,793,000 and HK\$8,972,000 at 31 December 2013, 2014 and 2015, respectively, have been recorded under property, plant and equipment.

In accordance with HKAS 38 “Intangible Assets” (“**HKAS 38**”), some intangible assets may be contained in or on a physical substance. In determining whether an asset that incorporates both intangible and tangible elements should be treated under HKAS 16 or as an intangible asset under HKAS 38, the entity uses judgement to assess which element is more significant.

Our management, based on the terms set out in the Usage Priority Agreements and the actual usage of these four vessels, considered that in substance our Group is able to use these four vessels and obtain the future economic benefits through the usage of these four vessels physically as if it was the legal owners throughout the period covered by the Usage Priority Agreements. Accordingly, these four vessels are recorded by our Group as property, plant and equipment under HKAS 16.

Financial instruments

Financial assets and financial liabilities are initially recognised when and only when our Group becomes a party to the contractual provisions of the instruments and on a trade date basis at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

During the Track Record Period, our financial assets comprised loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) and financial assets at fair value through profit or loss (including financial assets held for trading); our Group’s financial liabilities comprised trade and other payables and obligations under finance leases; and our Group has provided a corporate guarantee in respect of banking facilities granted to a related company, which is a financial guarantee contract. For the accounting policies of the derecognition, classification and measurement of the financial instrument, please refer to the in the Note 3 to the Accountants’ Report, in Appendix I to this prospectus.

FINANCIAL INFORMATION

Impairment of financial assets

At each of the year end during the Track Record Period, our Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of other assets

At each of the year during the Track Record Period, our Group reviews internal and external sources of information to determine whether there is any indication that its property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, our Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As a lessee, assets held by our Group under finance leases, comprising a motor vehicle and a property, are recognised as assets of our Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease for each of the year ended during the Track Record Period.

Rentals payable/receivable of our Group under operating leases for a number of properties and feeder vessels are charged/credited to profit or loss on a straight-line basis over the term of the relevant lease of our Group.

FINANCIAL INFORMATION

Foreign currency translation

Items included in the financial statements of each of our Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), comprising RMB and HK\$. The Financial Information are presented in the currency of HK\$, which is also the functional currency of our Company, and rounded to the nearest thousands unless otherwise indicated.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all our Group entities in the PRC that using RMB as their functional currency are translated into the presentation currency, i.e. HK\$, as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at each the year end during the Track Record Period;
- income and expenses for each statement of comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of our Group's net investment in our Group entities in the PRC are recognised as a separate component of equity;

Government grants

Government grants are recognised by our Group at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. During the Track Record Period, government grants received by our Group mainly represented incentive grants from the relevant authorities in the PRC in respect of the provision of sea freight transportation in specific provinces in the PRC. They are recognised as income in the profit or loss when they are approved by and the cash for the grants are received from the relevant authorities.

Future changes in HKFRSs

At the date of approving the financial information of our Group, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the Track Record Period, which our Group has not early adopted.

Except for HKFRS 16 as set out below, our management does not anticipate that the adoption of those new/revised HKFRSs in future periods will have any material impact on the financial position and financial performance and cash flows of our Group.

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HKFRS 16

HKFRS 16 significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Based on the preliminary assessment, our management is of the opinion that the leases of certain properties and feeder vessels by our Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively.

Due to our Group's leases typically run an initial lease period of one to three years, our management anticipates the adoption of HKFRS 16 would result in (i) the recognised right-of-use assets which are to be largely offset by the recognised lease liabilities; and (ii) depreciation and interest expenses on the recognised right-of-use assets and lease liabilities which are expected not to be significantly different from the operating leases expenses recognised under HKAS 17. Accordingly, it is not expected that HKFRS 16 will have a significant impact on the future net financial position, financial performance and cash flows of our Group upon adoption.

PRINCIPAL COMPONENTS OF THE COMBINED INCOME STATEMENTS

Revenue

We generated our revenue from the provision of Sea Freight Services in Southern China that mainly comprise three kinds of services, namely (i) feeder shipping services, (ii) carrier owned container services, and (iii) sea freight forwarding agency services, during the Track Record Period.

Feeder shipping services

In our feeder shipping services, we arrange feeder vessels to collect shipping containers from different ports and transport them to container terminals at the transshipment ports, where they are loaded onto international container liners for further long distance voyage.

Carrier owned container services

In carrier owned container services, we provide feeder services and also the containers for our customers with the containers that we own, lease from third parties and/or use under container interchange agreements. In this kind of service, we provide feeder shipping services and also the containers for use by our customers. Further details of the containers are set out in the section headed "Business – Our Business – Containers" in this prospectus.

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Sea freight forwarding agency services

We provide sea freight forwarding agency services, which we normally target those shipments which are out of the scope of our regular shipping routes. Our sea freight forwarding agency services can be classified into two major categories, namely, (i) international freight forwarding agency services and (ii) NVOCC services. Our customers of sea freight forwarding agency services mainly included manufacturers and trading companies in various industry sectors. We provide integrated services looking after various steps in the logistics processes for our customers.

In international freight forwarding agency services, we arrange logistics of shipments for our customers and we undertake to handle the movement of goods from point to point for our customers, by using third party vessels, containers and other necessary transportation means. We do not assume the responsibility for such shipments and we do not issue house bills of lading.

In NVOCC services, we also arrange logistics of shipments for our customers. In such process, we issue house bills of lading and assume the responsibility for the shipments.

Cost of services

Our cost of services principally comprised (i) freight charges; (ii) terminal handling charges; (iii) bunker charges; (iv) vessel rental charges; and (v) barge charges. For FY2013, FY2014 and FY2015, our cost of services represented approximately 85.3%, 87.1% and 81.9% of our revenue, respectively.

Other income

Our other income primarily included (i) government grants for our operation in the PRC; (ii) exchange gain from our ordinary business operation in the PRC; (iii) net (loss)/gain on financial assets at fair value through profit or loss, such as the listed equity investment, at fair value through profit or loss; and (iv) gain on disposal of a PRC property.

Administrative and other operating expenses

Our administrative expenses mainly consist of (i) salaries and allowances for our administrative staff in both our Hong Kong and the PRC offices, (ii) depreciation, (iii) PRC branch administrative expenses, (iv) entertainment, (v) contributions to defined contribution plans in Hong Kong and the PRC, and (vi) rent and building management fee for our office premises. The salaries and allowances represented the largest component of our administrative expenses, representing approximately 53.8%, 54.9% and 59.8%, for FY2013, FY2014 and FY2015, respectively.

Finance costs

All of our finance costs came from interests on finance lease obligations. Our finance leases comprised leases for our property, plant and equipment, comprising motor vehicles and containers.

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Profit before tax

Our profit before tax is calculated as our gross profit and other income less administrative and other operating expenses and finance costs.

Income tax expenses

Our income tax represents the sum of current tax and deferred tax. Our income tax is recognised at the applicable statutory rate in accordance with the jurisdiction in which our Company and our subsidiaries are located as adjusted for certain items including non-deductible expenses, tax exempt revenue/profits and temporary differences. During the Track Record Period, statutory enterprise income tax rate in the PRC is 25% and Hong Kong profit tax rate is 16.5%.

As at the Latest Practicable Date and during the Track Record Period, we fulfilled all our tax obligations in all material respects, we have made sufficient tax provision where necessary in our combined financial statements and did not have any unresolved tax disputes.

RESULTS OF OPERATIONS

The following is a summary of the combined income statements of our Group for FY2013, FY2014 and FY2015, respectively, as extracted from the Accountants' Report sets out in Appendix I to this prospectus.

	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	591,028	594,751	459,171
Cost of services	(504,054)	(517,750)	(376,204)
Gross profit	86,974	77,001	82,967
Other income	2,605	23,463	17,039
Administrative and other operating expenses	(54,734)	(57,523)	(55,129)
Finance costs	(440)	(169)	(278)
Profit before tax	34,405	42,772	44,599
Income tax expenses	(3,117)	(4,356)	(5,430)
Profit for the year	31,288	38,416	39,169

The following discussion compares the major components of our operating results for the periods indicated.

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Performance by services

The following tables set forth the revenue, gross profit and gross profit margin for our feeder shipping services, carrier owned container services and sea freight forwarding agency services during the Track Record Period:

	Year ended 31 December					
	2013		2014		2015	
	TEU	Revenue <i>HK\$'000</i>	TEU	Revenue <i>HK\$'000</i>	TEU	Revenue <i>HK\$'000</i>
Feeder shipping services						
Fujian Routes	66,350	99,366	42,654	62,618	37,908	52,398
Guangdong Routes	193,921	109,252	184,717	103,289	181,015	99,860
Guangxi Routes	101,698	161,438	136,054	213,963	120,471	164,190
Hainan Routes	9,495	5,918	9,016	4,242	22,737	22,460
Sub-total	371,464	375,974	372,441	384,112	362,131	338,908
Carrier owned container services						
Fujian Routes	12,005	21,891	12,284	25,558	12,246	23,728
Guangdong Routes	7,945	8,209	6,731	9,995	7,328	10,275
Guangxi Routes	1,569	3,518	2,073	5,386	1,461	3,427
Hainan Routes	240	317	304	461	60	114
Sub-total	21,759	33,935	21,392	41,400	21,095	37,544
Sea freight forwarding agency services	33,362	181,119	27,172	169,239	19,642	82,719
Total	426,585	591,028	421,005	594,751	402,868	459,171

	Year ended 31 December					
	2013		2014		2015	
	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %	Gross profit <i>HK\$'000</i>	Gross profit margin %
Feeder shipping services						
Fujian Routes	6,865	6.9%	3,240	5.2%	4,481	8.6%
Guangdong Routes	24,061	22.0%	14,324	13.9%	15,266	15.3%
Guangxi Routes	19,322	12.0%	22,282	10.4%	32,280	19.7%
Hainan Routes	1,346	22.7%	591	13.9%	3,803	16.9%
Sub-total	51,594	13.7%	40,437	10.5%	55,830	16.5%
Carrier owned container services						
Fujian Routes	10,449	47.7%	12,089	47.3%	10,883	45.9%
Guangdong Routes	4,778	58.2%	5,715	57.2%	5,569	54.2%
Guangxi Routes	2,224	63.2%	3,401	63.1%	2,196	64.1%
Hainan Routes	199	62.8%	280	60.7%	72	63.2%
Sub-total	17,650	52.0%	21,485	51.9%	18,720	49.9%
Sea freight forwarding agency services	17,730	9.8%	15,079	8.9%	8,417	10.2%
Total	86,974	14.7%	77,001	12.9%	82,967	18.1%

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For the years ended 31 December 2013, 2014 and 2015, the gross profit margin of our carrier owned container services was approximately 52.0%, 51.9% and 49.9%, respectively. The gross profit margin of our feeder shipping services was approximately 13.7%, 10.5% and 16.5%, respectively, for the same period. The higher gross profit margin of our carrier owned container services than our feeder shipping services was principally due to (i) the difference in customer groups; and (ii) the difference in shipment frequency and shipment volumes by customers. The customers of our carrier owned container services were generally enterprises in various industry sectors engaging in Mainland-Hong Kong trading. The scale of the such enterprises were generally much smaller than customers of our feeder shipping services, which were generally large scale and globalised international container liner companies. Also, shipment volumes were smaller for the customers of our carrier own containers services in less regular pattern, as compared to international container liner companies. As a result, we had higher bargaining power over our customers of carrier owned container services in term of pricing.

Set out below is a breakdown of revenue and shipment volume by routes and types of services and import and export activities during the Track Record Period. Currently, we have operation in 18 ports in the four provinces in Southern China. For details of ports where we have operation in each of the four provinces, please refer to pages 120-121. Our management evaluates the financial performance of the Group geographically mainly by provinces rather than by individual ports. Accordingly, the following analysis sets out financial performances of routes grouped by provinces rather than by individual ports.

Year ended	Export		Import		Group Revenue HK\$'000	Total TEU	Average price per TEU		
	Revenue HK\$'000	TEU	Revenue HK\$'000	TEU			Export HK\$	Import HK\$	Overall HK\$
31 December 2013									
Feeder shipping services									
– Fujian Routes	41,338	32,699	58,028	33,651	99,366	66,350	1,264	1,724	1,498
– Guangdong Routes	41,846	87,500	67,406	106,421	109,252	193,921	478	633	563
– Guangxi Routes	63,536	49,064	97,902	52,634	161,438	101,698	1,295	1,860	1,587
– Hainan Routes	2,284	5,682	3,634	3,813	5,918	9,495	402	953	623
	149,004	174,945	226,970	196,519	375,974	371,464	852	1,155	1,012
COC services									
– Fujian Routes	16,142	6,917	5,749	5,088	21,891	12,005	2,334	1,130	1,823
– Guangdong Routes	4,043	2,667	4,166	5,278	8,209	7,945	1,516	789	1,033
– Guangxi Routes	2,635	1,027	883	542	3,518	1,569	2,566	1,629	2,242
– Hainan Routes	–	–	317	240	317	240	N.A.	1,321	1,321
	22,820	10,611	11,115	11,148	33,935	21,759	2,151	997	1,560
Sea freight forwarding agency	181,119	33,362	-	-	181,119	33,362	5,429	N.A.	5,429
Total	352,943	218,918	238,085	207,667	591,028	426,585	1,612	1,146	1,385

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Year ended	Export		Import		Group Revenue HK\$'000	Total TEU	Average price per TEU		
	Revenue HK\$'000	TEU	Revenue HK\$'000	TEU			Export HK\$	Import HK\$	Overall HK\$
31 December 2014									
Feeder shipping services									
– Fujian Routes	24,881	20,497	37,737	22,157	62,618	42,654	1,214	1,703	1,468
– Guangdong Routes	32,901	82,658	70,388	102,059	103,289	184,717	398	690	559
– Guangxi Routes	89,743	68,889	124,220	67,165	213,963	136,054	1,303	1,849	1,573
– Hainan Routes	1,535	4,927	2,707	4,089	4,242	9,016	312	662	470
	149,060	176,971	235,052	195,470	384,112	372,441	842	1,202	1,031
COC services									
– Fujian Routes	17,640	5,998	7,918	6,286	25,558	12,284	2,941	1,260	2,081
– Guangdong Routes	4,926	3,886	5,069	2,845	9,995	6,731	1,268	1,782	1,485
– Guangxi Routes	4,322	1,242	1,064	831	5,386	2,073	3,480	1,280	2,598
– Hainan Routes	–	–	461	304	461	304	N.A.	1,516	1,516
	26,888	11,126	14,512	10,266	41,400	21,392	2,417	1,414	1,935
Sea freight forwarding agency	169,239	27,172	–	–	169,239	27,172	6,228	N.A.	6,228
Total	345,187	215,269	249,564	205,736	594,751	421,005	1,604	1,213	1,413
Year ended	Export		Import		Group	Total	Average price per TEU		
31 December 2015	Revenue	TEU	Revenue	TEU	Revenue	TEU	Export	Import	Overall
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Feeder shipping services									
– Fujian Routes	18,264	15,353	34,134	22,555	52,398	37,908	1,190	1,513	1,382
– Guangdong Routes	33,366	75,234	66,494	105,781	99,860	181,015	443	629	552
– Guangxi Routes	67,355	61,702	96,835	58,769	164,190	120,471	1,092	1,648	1,363
– Hainan Routes	7,878	11,268	14,582	11,469	22,460	22,737	699	1,271	988
	126,863	163,557	212,045	198,574	338,908	362,131	776	1,068	936
COC services									
– Fujian Routes	17,705	6,424	6,023	5,822	23,728	12,246	2,756	1,035	1,938
– Guangdong Routes	3,690	3,065	6,585	4,263	10,275	7,328	1,204	1,545	1,402
– Guangxi Routes	2,333	732	1,094	729	3,427	1,461	3,187	1,501	2,346
– Hainan Routes	–	–	114	60	114	60	N.A.	1,900	1,900
	23,728	10,221	13,816	10,874	37,544	21,095	2,321	1,271	1,780
Sea freight forwarding agency	82,719	19,642	–	–	82,719	19,642	4,211	N.A.	4,211
Total	233,310	193,420	225,861	209,448	459,171	402,868	1,206	1,078	1,140

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Analysis of import and export activities

Based on the table above, performance and pricing of import and export are analysed as below:

Feeder shipping services

By nature of this service, our customers of feeder shipping services are mainly international container lines companies and we provide feeder shipping services as a contractor to international container lines companies for part of their whole shipping route, mainly connecting various ports in the PRC and the transshipment ports (i.e. Hong Kong, Shenzhen or Nansha). In this kind of service, the demand for such services is mainly dominated by import into China. As such, import volume is generally larger than export volume while export volume inevitably included more empty containers for which the price per TEU is lower than loaded containers. As a result, the average price per TEU of import is generally higher than that of export.

Carrier owned container services

By nature of this service, our customers of carrier owned container services are mainly PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which carry out Mainland-Hong Kong trade and need us to transport goods between ports in the PRC and Hong Kong. In this kind of service, the demand for services is mainly dominated by export from the PRC (e.g. export of goods by manufacturers based in mainland China). Although the demand for this service driven from import is smaller, as we operate such business with containers owned or rented by us, we strive to reduce transporting empty containers which does not generate revenue by offering a reduced price for importing orders. As a result, the average price per TEU of import is generally lower than that of export (except for Guangdong Routes). The average price per TEU of import is higher than that of export for Guangdong Routes. This is mainly because the demand driven by import is boosted by the import of scrap paper to Guangdong province for recycling and we are able to source a number of major customers importing scrap paper to paper recycling factories in Guangdong province.

Sea freight forwarding agency services

This kind of service is all provided to exporting companies, i.e. PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which generally need us to handle transportation of goods from Hong Kong or the PRC to various places in the world.

Analysis of financial performance mainly by routes

Set out below is the analysis of fluctuation of financial performance mainly by routes:

Feeder shipping services

The gross profit margin of all routes decreased for the year ended 31 December 2014 and increased again for the year ended 31 December 2015. It was because there had been port congestion in Hong Kong for the year ended 31 December 2014 and our Group had to increase vessel chartering in order to maintain timely shipping services, resulting in a lower gross profit margin. For the year ended 31 December 2015, as the congestion problem resolved, the gross profit margin of all the routes increased.

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Amongst the routes

Fujian routes had a relatively thin gross profit margin during the Track Record Period, it is mainly because Fujian Province is a mature market with lots of factories and trading companies as well as feeder shipping services providers there, competition is intensive.

Guangdong routes had a higher gross profit margin than Fujian routes. This is because, while market competition in Guangdong Province is also keen, Guangdong routes are shorter (as it is nearer to Hong Kong/Nansha/Shenzhen transshipment ports) and thus our Group can better control the transportation cost. For the year ended 31 December 2014, gross profit margin decreased from 22% to 13.9%. It has been more significantly affected by the port congestion in Hong Kong as our Group had a higher amount of shipment volume in terms of TEU in Guangdong routes. For Guangdong routes, the average round-voyage time is only about 2.5 days. The shipment volume in terms of TEU is high and the transshipment is frequent. In the event there is congestion, the impact is more significant.

Guangxi routes had a higher gross profit margin than Fujian routes. It is mainly because the market competition in Guangxi Zhuang Autonomous Region is less intensive than Guangdong Province and Fujian Province. While there is no material change in gross profit margin in the year ended 2014, the gross profit margin in the year ended 2015 increased significantly from 10.4% to 19.7%. It is mainly because of the optimization of customer portfolio. Our Group reduced business with customers there with thin margin, as a result, while shipment volume in term of TEU and revenue in Guangxi routes decreased for the year ended 31 December 2015, the gross profit and gross profit margin increased.

Hainan routes also had a higher gross profit margin than Fujian routes. It is mainly because the market competition in Hainan Province is less intensive than Guangdong Province and Fujian Province and thus our Group can bargain for a higher gross profit margin. For the year ended 31 December 2014, gross profit margin in Hainan routes decreased significantly from 22.7% to 13.9%. It was mainly affected by the port congestion in Hong Kong and, the gross profit margin for the year ended 31 December 2013 was relatively high as driven by a few ad hoc orders for the year ended 31 December 2013. For the year ended 31 December 2015, gross profit margin in Hainan routes increased from 13.9% to 16.9%. It is because our Group started operation in one more port in Hainan Province and such new location has less competition where our Group can earn a higher gross profit margin.

Carrier owned container services

There is no material fluctuation in gross profit margin. It is mainly because, the customers of this business line are mainly mid scale manufacturers and trading companies which carry out foreign trading. They have relatively weaker bargaining power as compared to the customer of feeder shipping services, which are large scale international container lines companies. As such, our Group can better transfer any cost increment to the customers and thus there is no material fluctuation in gross profit margin during the Track Record Period.

Amongst the routes, Fujian routes had the lowest gross profit margin mainly because of intensive competition; while Guangdong routes also had intensive completion, the distance is shorter and our Group can therefore earn a higher margin than Fujian routes. Guangxi routes and Hainan routes had relatively higher margin because competition there is less keen.

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Sea freight forward agency services

There is no material fluctuation in gross profit margin.

Differences in gross profit margin between feeder shipping services and carrier owned container services

For the years ended 31 December 2013, 2014 and 2015, the gross profit margin of our carrier owned container services was approximately 52.0%, 51.9% and 49.9%, respectively. The gross profit margin of our feeder shipping services was approximately 13.7%, 10.5% and 16.5%, respectively, for the same period. The higher gross profit margin of our carrier owned container services than our feeder shipping services was principally due to (i) the difference in customer groups; and (ii) the difference in shipment frequency and shipment volumes by customers.

In our feeder shipping services, our customers are mainly international container lines companies which operate international container liners. In our carrier owned containers services, our customers are mainly PRC or Hong Kong based corporations of various industries (such as manufacturers and trading companies) which carry out Mainland-Hong Kong trade. The scale of such enterprises is generally much smaller than customers of our feeder shipping services. In addition, the volume of each shipment by our customers of our feeder shipping services is larger with more regular frequency pattern than that of our carrier owned container services. As a result of the above, we had higher bargaining power over our customers in our carrier owned container services in term of pricing and therefore we are able to charge a higher freight rate and earn a higher gross profit margin in our carrier owned container services than in our feeder shipping services.

Analysis of financial performance mainly by types of services from year to year

Set out below is the analysis of fluctuation of revenue, cost of services and gross profit from year to year:

a. Feeder shipping services

Comparisons between FY2015 and FY2014

Our revenue generated from the provision of feeder shipping services recorded a decrease of approximately HK\$45.2 million or 11.8% in FY2015 as compared with FY2014. Such decrease in revenue was due to the combined effect of (i) the recent downturn of the global economy growth that led to the instability in the global market demand as well as the foreign trading of the PRC, causing a prolonged effect on the waterborne trade; (ii) the decrease in bunker surcharges received from our customers as a result of the rapid drop of international fuel price, which was in line with the decrease of bunker charge of our cost of services; and (iii) was partially offset by the increase in revenue in Hainan Province as our Group had allocated more operational resources to the Hainan routes for capturing potential growth opportunities.

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Our cost of services in relation to the provision of feeder shipping services recorded a decrease of approximately HK\$60.6 million or 17.6% in FY2015 as compared with FY2014. Such decrease was mainly attributable to (i) the decrease of vessel rental charges upon the tighter cost control and planning in our vessel chartering; and (ii) the decrease in bunker charges due to the rapid drop in international fuel price.

Our gross profit from the provision of feeder shipping services recorded an increase of approximately HK\$15.4 million or 38.1% in FY2015 as compared with FY2014, which was mainly attributable to the decrease in our cost of services of feeder shipping services due to more efficient planning of vessel chartering and tighter control over our cost of services and decrease in bunker charges as described above, despite the decrease in revenue. Our Directors considered that the increase in gross profit in FY2015 was a result of our effectively management of our operating resources. This also contributed to the increase of our gross profit margin of feeder shipping services from approximately 10.5% for FY2014 to approximately 16.5% for FY2015.

Comparisons between FY2014 and FY2013

Our revenue generated from the provision of feeder shipping services recorded an increase of approximately HK\$8.1 million or 2.2% in FY2014 as compared with FY2013. The overall increase was primarily attributable to the increase in revenue in Guangxi Zhuang Autonomous Region as our Group had put in increasing effort in such region and had allocated additional operational resources, such as feeder vessels, to the Guangxi routes, having considered the potential growth of the local sea freight market in the future.

Our cost of services in relation to the provision of feeder shipping services recorded an increase of approximately HK\$19.3 million or 5.9% in FY2014 as compared with FY2013. Such increase in our cost of services was mainly attributable to the increase in vessel rental charges and the numbers of chartered vessels under charterparties. This was as a result of (i) our business growth and particularly increase in business of our feeder shipping services in Guangxi routes; (ii) as the market fuel cost decreased, we decided to increase our vessel chartering in order to capture the profit margin brought by decreasing fuel cost; and (iii) as there had been port congestion in Hong Kong during FY2014, we had to increase our vessel chartering to maintain our timely services.

Our gross profit from the provision of feeder shipping services recorded a decrease of approximately HK\$11.2 million or 21.6% in FY2014 as compared with FY2013, and our gross profit margin decreased from 13.7% in FY2013 to 10.5% in FY2014. This was mainly because of the increase in cost was larger than the increase in revenue, mainly as a result of the port congestion in Hong Kong during FY2014 and we had to increase our vessel chartering in order to maintain our timely services.

b. Carrier owned container services

Comparisons between FY2015 and FY2014

Our revenue generated from the provision of carrier owned container services recorded a decrease of approximately HK\$3.9 million or 9.3% in FY2015 as compared with FY2014. Such decrease was mainly attributable to the slightly decrease in the average shipping charges, which we waived certain additional charges from our key customers.

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Our cost of services in relation to the provision of carrier owned container services recorded a decrease of approximately HK\$1.1 million or 5.5% in FY2015 as compared with FY2014. Such decrease was mainly attributable to the decrease in bunker charges due to the rapid drop in international fuel price.

Our gross profit from the provision of carrier owned container services recorded a decrease of approximately HK\$2.8 million or 12.9% in FY2015 as compared with FY2014, which was mainly attributable to the combined effects as described above. Our gross profit margin of carrier owned container services slightly decreased to approximately 49.9% in FY2015 from approximately 51.9% in FY2014.

Comparisons between FY2014 and FY2013

Our revenue generated from the provision of carrier owned container services recorded an increase of approximately HK\$7.5 million or 22.0% in FY2014 as compared with FY2013, which was mainly attributable to (i) the increasing effort in providing carrier owned container services in Guangxi Zhuang Autonomous Region and had purchased additional container and allocated additional feeder vessels to the Guangxi routes; and (ii) the increase of average charge rate of our carrier owned container services to our customers due to the variance in the charge rate for different voyages and Guangxi routes are generally the longest among the three other Provinces in Southern China.

Our cost of services in relation to the provision of carrier owned container services recorded an increase of approximately HK\$3.6 million or 22.3% in FY2014 as compared with FY2013. Such increase was in line with the increase in revenue of our carrier owned container services, due to the increase in our cost of services such as terminal handling charges and vessel rental charges.

Our gross profit from the provision of carrier owned container services recorded an increase of approximately HK\$3.8 million or 21.7% in FY2014 as compared with FY2013, which was mainly attributable to the combined effects as described above. Our gross profit margin of carrier owned container services was stable with a slightly decrease to approximately 51.9% in FY2014 from approximately 52.0% in FY2013.

c. Sea freight forwarding agency services

Comparisons between FY2015 and FY2014

Our revenue generated from the provision of sea freight forwarding agency services recorded a decrease of approximately HK\$86.5 million or 51.1% in FY2015 as compared with FY2014, which was mainly attributable to the shift of operational resources away from sea freight forwarding agency services, having considered that our feeder shipping services and our carrier owned container services had generally a higher gross profit margin than our sea freight forwarding agency services, and the decline in customers' demand of the Group's sea freight forwarding agency services in FY2015, which was generally in line with the overall decrease in total value of exports in China, according to the Euromonitor Report.

Our cost of services in relation to the provision of sea freight forwarding agency services recorded a decrease of approximately HK\$79.9 million or 51.8% in FY2015 as compared with FY2014, which was generally in line with the decrease in our revenue.

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Our gross profit from the provision of sea freight forwarding agency services recorded a decrease of approximately HK\$6.7 million or 44.2% in FY2015 as compared with FY2014, which was mainly attributable to the reasons as described above. Our gross profit margin of sea freight forwarding agency services increased to approximately 10.2% in FY2015 from approximately 8.9% in FY2014.

Comparisons between FY2014 and FY2013

Our revenue generated from the provision of sea freight forwarding agency services recorded a decrease of approximately HK\$11.9 million or 6.6% in FY2014 as compared with FY2013, which was mainly attributable to (i) the shift of our resources away from our sea freight forwarding agency services to feeder shipping services and carrier owned container services which had a higher gross profit margin and (ii) the increase in freight charge of one of our sea freight forwarding agency services business partners, which is an international container lines company, that led to a mild decrease in our overall sea freight forwarding agency services as less shipment orders were placed to such business partner.

Our cost of services in relation to the provision of sea freight forwarding agency services recorded a decrease of approximately HK\$9.2 million or 5.6% in FY2014 as compared with FY2013. Such decrease was mainly attributable to the decrease in freight charges paid to international container liner companies, which was generally in line with the decrease in our revenue of our sea freight forwarding agency services as discussed above.

Our gross profit from the provision of sea freight forwarding agency services recorded a decrease of approximately HK\$2.7 million or 15.0% in FY2014 as compared with FY2013, which was mainly attributable to the factors as described above. Our gross profit margin of sea freight forwarding agency services was generally stable with the slight decrease to approximately 8.9% in FY2014 from approximately 9.8% in FY2013.

Cost of services

The following table sets out a breakdown of our Group's cost of services during the Track Record Period:

	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Terminal handling charges	185,907	195,689	169,791
Freight charges	138,380	132,082	72,370
Vessel rental charges	45,806	58,044	51,027
Bunker charges	78,548	78,388	44,715
Barge charges	25,393	25,712	21,831
Detention charges ⁽¹⁾	17,492	15,524	6,523
Depreciation expenses ⁽²⁾	2,518	2,777	2,892
Other cost of services	10,010	9,534	7,055
	<hr/>	<hr/>	<hr/>
Total	504,054	517,750	376,204
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Notes:

- (1) Detention charges were generally incurred and charged by the container owners after the expiry of the free use period.
- (2) Depreciation expenses were generally the depreciation expenses of our containers and feeder vessels.

Terminal handling charges

Our terminal handling charges were principally the expenses charged by the terminals and the domestic agencies of the containers in the PRC when we arranged loading or unloading of containers or other port services at container terminals when we provided feeder shipping services or carrier owned container services or sea freight forwarding agency services. Such terminal handling charges also mainly include storage charges, lifting charges, and document fees.

Comparisons between FY2015 and FY2014

Our terminal handling charges recorded a decrease of approximately HK\$25.9 million or 13.2% in FY2015 as compared with FY2014. The decrease in terminal handling charges was in line with the decrease in our transshipment volume handled during the year due to our intentional reduction of sea freight forwarding agency services which is of a relatively lower margin in order to maximise our operational flexibility and efficiency.

Comparisons between FY2014 and FY2013

Our terminal handling charges recorded an increase of approximately HK\$9.8 million or 5.3% in FY2014 as compared with FY2013. The overall increase was generally in line with the increases in our revenue and the increase in our total shipment volume of our feeder shipping services.

Freight charges

Our freight charges were generally incurred when we provided sea freight forwarding agency services to our customers. Such freight charges were the costs to be paid to the international container lines companies or third party carriers for the cargo spaces when we arrange the movement of cargoes from points to points.

Comparisons between FY2015 and FY2014

Our freight charges recorded a decrease of approximately HK\$59.7 million or 45.2% in FY2015 as compared with FY2014, which was mainly attributable to the decrease in our sea freight forwarding agency services because we deliberately reduce our business of sea freight forwarding agency services as our feeder shipping services and carrier owned container services have relatively higher gross profit margin.

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Comparisons between FY2014 and FY2013

Our freight charges recorded a decrease of approximately HK\$6.3 million or 4.6% in FY2014 as compared with FY2013, which was mainly attributable to the increase in freight charge of an international container lines company which act as a supplier of our sea freight forwarding agency services. As a result of the increased cost, we shifted resources away from sea freight forwarding agency services.

Vessel rental charges

Our vessel rental charges were the monthly payments made to vessel owners for each vessel that we chartered under charterparties. Further details are set out in the section headed “Business – Our Business – Charterparties” in this prospectus. If we require additional vessel fleet capacity at any time, we would seek to charter additional vessels from vessel owners.

Comparisons between FY2015 and FY2014

Our vessel rental charges recorded a decrease of approximately HK\$7.0 million or 12.1% in FY2015 as compared with FY2014. The overall decrease in vessel rental charges was principally attributable to the decrease in number of chartered vessels under charterparties, as we had imposed a tighter control of our cost of services by more efficient planning of our vessel chartering.

Comparisons between FY2014 and FY2013

Our vessel rental charges recorded an increase of approximately HK\$12.2 million or 26.7% in FY2014 as compared with FY2013. The overall increase in vessel rental charges was principally attributable to the increase in number of chartered vessels under charterparties, as (i) we put increasing effort in providing feeder shipping services in Guangxi Zhuang Autonomous Region and had allocated additional feeder vessels to the Guangxi routes; (ii) our Directors considered chartered vessels could better capture the opportunities from the decrease in international fuel price during FY2014 as we are generally responsible for the bunker charges of chartered vessels; and (iii) we strive to maintain our timely feeder shipping services against the port congestion and delays in Hong Kong port during FY2014.

Bunker charges

Bunkers are fuels, consisting of fuel oil and diesel that burn in the vessels’ engines of both our vessels under the Usage Priority Agreements and the chartered vessels under charterparties for our feeder shipping services and our carrier owned container services. We are reliant on bunker to run our business operations.

Comparisons between FY2015 and FY2014

Our bunker charges recorded a decrease of approximately HK\$33.7 million or 43.0% in FY2015 as compared with FY2014, which was mainly attributable to the decrease in our average unit of bunker charges as a result of the rapid drop in international fuel price.

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Comparisons between FY2014 and FY2013

Our bunker charges recorded a decrease of approximately HK\$0.2 million or 0.2% in FY2014 as compared with FY2013. Our bunker charges was stable over the periods, which was a combined effect of (i) the decrease of bunker charges during the second half of FY2014; and (ii) the increase numbers of chartered vessels and usage of bunker as aforesaid above.

Barge charges

Our barge charges comprised payments made for arranging barge services from barge services providers. Barges services refer to the mid-stream operation, which is an operation of loading and unloading containers to/from while at sea through barges.

Comparisons between FY2015 and FY2014

Our barge charges recorded a decrease of approximately HK\$3.9 million or 15.1% in FY2015 as compared with FY2014. The decrease of barge charges was due to the decrease in our services in Hong Kong. This was because some of the traffic was shifted from Hong Kong to other transshipment ports such as Nansha and Shenzhen during the year, where the use of barge is less common.

Comparisons between FY2014 and FY2013

Our barge charges was stable in FY2014 as compared with FY2013, as we recorded a slightly increase of approximately HK\$0.3 million or 1.3%. This was mainly because the shipment volume of the Group and revenue were similar in 2014 as compared to 2013.

Gross profit and gross profit margin

Our gross profit amounted to approximately HK\$87.0 million, HK\$77.0 million and HK\$83.0 million for FY2013, FY2014 and FY2015, respectively, representing gross profit margin of approximately 14.7%, 12.9% and 18.1%, respectively.

Comparisons between FY2015 and FY2014

Our gross profit increased by approximately HK\$6.0 million, or 7.7% in FY2015 as compare with FY2014. Such increase was mainly driven by (i) the shift of resources away from sea freight forwarding agency services as our feeder shipping services and carrier owned container services have relatively higher gross profit margin; and (ii) the decrease of bunker charges as a result of rapid drop of international fuel price. As a result, our gross profit margin of total revenue increased from approximately 12.9% for FY2014 to approximately 18.1% for FY2015.

Comparisons between FY2014 and FY2013

Our gross profit decreased by approximately HK\$10.0 million, or 11.5% in FY2014 as compared with FY2013. Such decrease was mainly attributable to the increase of vessel rental charges of approximately HK\$12.2 million mainly due to the increase in the total number of chartered vessel to our

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use of vessel fleet in order to maintain timely shipping services against the port congestion and delays in Hong Kong during FY2014. Our gross profit margin of total revenue decreased from approximately 14.7% for FY2013 to approximately 12.9% for FY2014.

Other Income

The following table sets forth our other income recognised during the Track Record Period.

	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Government grants	1,946	15,767	14,469
Net (loss)/gain on financial assets			
at fair value through profit or loss	(410)	2,369	276
Dividend income from financial assets			
at fair value through profit or loss	186	297	–
Net exchange gain ⁽¹⁾	–	2,624	1,137
Gain on disposal of property, plant and equipment ⁽²⁾	138	1,774	417
Sundry income	622	578	643
Bank interest income	123	54	97
	2,605	23,463	17,039
	2,605	23,463	17,039

Notes:

- (1) Our net exchange gain was principally the recognised gain from our ordinary course of business, particularly during the period of depreciation in RMB, as a portion of our costs, such as service fees that our Group pays to the PRC service providers, are denominated in RMB.
- (2) Our gain on disposal of property, plant and equipment during the Track Record Period was principally the gain from the disposal of a feeder vessel, one of the office premises in the PRC and containers

Government grants

The government grants that we recognised during the Track Record Period was principally classified into two types:

- (i) the incentive grants provided by the local government authorities in Guangxi Zhuang Autonomous Region for rewarding our Group's efforts on the stable container shipping capacity supplies between ports in Hong Kong and ports in Guangxi Zhuang Autonomous Region, which are recognised at their fair value when the grants were received; and
- (ii) the incentive grants provided by the local government authorities in Southern China for rewarding our Group's efforts for every laden containers carried for certain routes in Southern China, which are recognised at their fair value when the grants were received

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Government grants that we recognised during the Track Record Period had no future condition attached. The government grants were in the local government authorities' sole discretion, subject to relevant PRC laws, regulations and policies, to decide whether and when to provide government grants to us. The basis of the amounts of the incentive grants provided is not formally or publicly stipulated. Please refer to the section headed "Risk Factors" in this prospectus for discussions of the unavailability of any favourable regulatory treatment, particularly government grants. Please also refer to the paragraph headed "Critical Accounting Policies, Estimates and Assumptions – Government grants" in this section for details.

Comparisons between FY2015 and FY2014

Our government grants had no significant fluctuations in FY2015 as compared with FY2014.

Comparisons between FY2014 and FY2013

Our government grants recorded an increase of approximately HK\$13.8 million or 710.2% in FY2014 as compared with FY2013, which was principally attributable to the recognition of government grants in FY2014, for the policies that were issued by the local government authorities in FY2013 and FY2014 as aforesaid.

Net (loss)/gain on financial assets at fair value through profit or loss

Our net gain on financial assets at fair value through profit or loss that we had during the Track Record Period was principally from our Group's investment in certain PRC listed securities. For FY2013, FY2014 and FY2015, we recorded net loss of approximately HK\$0.4 million, and net gain of approximately HK\$2.4 million and approximately HK\$0.3 million, respectively. Going forward, we intend to adopt a prudent investment and treasury policy aiming at earning low-risk return by utilizing our idle cash. Further details of the treasury policies are set out in the section headed "Business – Investment and Treasury Policies and Internal Controls" in this prospectus.

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Administrative and other operating expenses

The following table sets out a breakdown of our Group's administrative and other operating expenses during the Track Record Period:

	Year ended 31 December					
	2013		2014		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Salaries and allowances	29,458	53.8%	31,572	54.9%	32,960	59.8%
PRC branch administrative expenses	6,428	11.8%	6,771	11.8%	5,450	9.9%
Rent and building management fee	2,999	5.5%	3,217	5.6%	3,525	6.4%
Contributions to defined contribution plans	2,936	5.4%	3,336	5.8%	3,379	6.1%
Depreciation	768	1.4%	2,084	3.6%	1,987	3.6%
Overseas travelling	1,764	3.2%	1,508	2.6%	1,506	2.7%
Entertainment	3,906	7.1%	4,488	7.8%	1,434	2.6%
Listing expenses	–	0%	–	0%	1,310	2.4%
Miscellaneous expenses ⁽¹⁾	6,475	11.8%	4,547	7.9%	3,578	6.5%
Total	54,734	100.0%	57,523	100.0%	55,129	100.0%

Note:

- (1) Our miscellaneous expenses principally comprised telecommunication expenses, motor vehicle expenses, insurance, local travelling and sundry expenses.

Salaries and allowances

Our salaries and allowances comprised the salary payments and staff messing, such as meals and accommodation arrangements provided to our employees.

Comparisons between FY2015 and FY2014

Our salaries and allowances increased by approximately HK\$1.4 million, or 4.4% in FY2015 as compared with FY2014. Such increase was mainly attributable to the general increase in the level of salaries and allowances of our employees while our headcount of employees remained stable. The headcount of our employees was 263 as at 31 December 2014 and 261 as at 31 December 2015.

Comparisons between FY2014 and FY2013

Our salaries and allowances increased by approximately HK\$2.1 million, or 7.2% in FY2014 as compared with FY2013. Such increase was mainly attributable to (i) the increase in headcount of our employees from 252 as at 31 December 2013 to 263 as at 31 December 2014 as a result of the expansion of our points of operations (comprising branches and representative offices) in the PRC, and (ii) the general increase in the level of salaries and benefits of our employees.

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PRC branch administrative expenses

Our PRC branch administrative expenses comprised the operating and general administration expenses, such as electricity bills and water bills, of our points of operations, comprising branches and representative offices, in the PRC.

Comparisons between FY2015 and FY2014

Our PRC branches administrative expenses decreased by approximately HK\$1.3 million, 19.5% in FY2015 as compared with FY2014. Such decrease was mainly attributable to the tighter control on expenses for our points of operations, comprising branches and representative offices, in the PRC by our management team during FY2015.

Comparisons between FY2014 and FY2013

Our PRC branches administrative expenses increased by approximately HK\$0.3 million, 5.3% in FY2014 as compared with FY2013. Such increase was mainly attributable to the increases in our points of operations, comprising branches and representative offices, in the PRC from 14 at the beginning of FY2013 to 18 by the end of FY2014.

Rent and building management fee

Our rent and building management fee are principally the rental payments of the leased properties in Hong Kong and the PRC and the management fee of such properties.

Comparisons between FY2015 and FY2014

Our rent and building management fee increased by approximately HK\$0.3 million, 9.6% in FY2015 as compared with FY2014, which was mainly attributable to the general increase in rental expenses of our offices.

Comparisons between FY2014 and FY2013

Our rent and building management fee increased by approximately HK\$0.2 million, 7.3% in FY2014 as compared with FY2013, which was mainly attributable the increases in our points of operations (comprising branches and representative offices) in the PRC from 14 at the beginning of FY2013 to 18 by the end of FY2014.

Finance costs

Comparisons between FY2015 and FY2014

Our finance costs increased by approximately HK\$0.1 million, or 64.5% in FY2015 as compared with FY2014. Such increase was mainly attributable to the increase in the average balances of the finance leases obligation due to addition of our motor vehicles and containers during the year.

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Comparisons between FY2014 and FY2013

Our finance costs decreased by approximately HK\$0.3 million, or 61.6% in FY2014 as compared with FY2013. Such decrease was mainly attributable to the decrease in the average balances of the finance leases obligation for our containers during FY2014, of which the majority of the finance leases payments balances were drawn in the second quarter of the FY2014.

Income tax expenses and effective tax rate

The following table sets forth our profit before tax, income tax expenses and effective tax rate for the periods indicated:

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Profit before tax	34,405	42,772	44,599
Income tax expenses	(3,117)	(4,356)	(5,430)
Effective tax rate	9.1%	10.2%	12.2%

Our income tax expenses increased from HK\$3.1 million in 2013 to HK\$4.4 million in 2014, and then to HK\$5.4 million in 2015. The increase was mainly in line with the increase in net profit. Our effective tax rate was approximately 9.1% in 2013, 10.2% in 2014 and 12.2% in 2015.

As we are engaged in shipping business involving the incoming and outgoing of vessels, part of our profits would be eligible for profits tax exemption under Section 23B of the IRO.

Section 23B(3) of the IRO provides the calculation basis for the assessable profits for shipping business as follows:

“the assessable profits of that person from that business for a year of assessment shall be the sum bearing the same ratio to the aggregate of the relevant sums earned by or accrued to that person during the basis period for that year of assessment as that person’s total shipping profits for the basis period bear to the aggregate of the total shipping income earned by or accrued to that person during that basis period for that year of assessment.”

which means the assessable profits = Total Shipping Profit x Relevant Sums/Total Shipping Income

Generally, Relevant Sums include, among other things, the carriage by sea of passengers and/or goods (including livestock and mails) shipped in Hong Kong (i.e. sum derived from the uplift of goods, livestock, mails or passengers in Hong Kong but excluding the carriage of goods in transit or re-embarking passengers).

Our two major operating subsidiaries in Hong Kong, namely Ever Harvest and Xiamen Harvest, are engaged in the provision of Sea Freight Services, in particular for non-stop and route-voyage feeder

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shipping services. Our Tax Adviser advised that, according to the IRO, the shipping profit of Ever Harvest and Xiamen Harvest could be assessed under Section 23B of the IRO and part of their shipping income (e.g. shipment of goods from foreign ports to Hong Kong) would not be taxable in Hong Kong. Accordingly, Ever Harvest and Xiamen Harvest have lodged the Section 23B claim to the IRD when filing their profits tax returns for the year of assessment 2014/15.

Prior to the year of assessment 2014/15, Ever Harvest and Xiamen Harvest offered all their profits for tax in Hong Kong as they were not aware of the tax treatment for shipping profit under Section 23B of IRO before appointing the Tax Adviser for handling their profits tax filing for the year of assessment 2014/15.

While submitting Ever Harvest and Xiamen Harvest's 2014/15 profits tax returns, we also requested the IRD to reopen Ever Harvest's profits tax position for the years of assessment 2012/13 and 2013/14; and Xiamen Harvest's profits tax position for the year of assessment 2013/14. The IRD has issued 2014/15 tax assessment to Ever Harvest in accordance with the 2014/15 profits tax return and tax computation filed. The IRD has not raised any queries on Ever Harvest's Section 23B claim.

For Xiamen Harvest, the IRD has issued its statement of loss for 2014/15 and revised tax assessment for 2013/14 in accordance with the 2014/15 profits tax return and the revised 2013/14 profits tax computation filed. Although the IRD has not yet confirmed their exemption claims as at the Latest Practicable Date, our Tax Adviser is of the view that they have strong grounds to lodge the exemption claims for part of its shipping profits. Therefore, our tax provision in the Accountants' Report has been made on the basis that Section 23B of the IRO applies.

As indicated in Article 8 of the Arrangement between the Mainland of 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 Income ("DTA"), "income and profits derived by an enterprise of One Side from the operation of ships, aircraft or land transport vehicles in shipping, air and land transport shall be exempt from tax (including business tax* in the Mainland of China) in the Other Side."

*Note ** Business tax is changed to "value added tax and other similar taxes" under the Fourth Protocol to the DTA which came into force on 29 December 2015.

Our Group has engaged the Tax Adviser to review our Group's PRC tax position. Pursuant to Article 8 of the DTA, the Tax Adviser considered Ever Harvest and Xiamen Harvest's shipping profits would only be taxed in Hong Kong. They would not be subject to PRC taxes even though such profits are exempt from Hong Kong profits tax in accordance with the Section 23B of the IRO.

The Tax Adviser has also reviewed the PRC tax position of our Group's main operating subsidiaries in the PRC and found that the PRC subsidiaries have properly performed their quarterly and annual enterprise income tax filing and adequate tax provision has been made. It is considered that the chance the tax position of our Group's Hong Kong and PRC subsidiaries to be challenged by the PRC tax bureau is low.

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Profit for the year and the net profit margin

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Profit for the year	31,288	38,416	39,169
Net profit margin	5.3%	6.5%	8.5%

Comparisons between FY2015 and FY2014

Our profit for the year increased by approximately HK\$0.8 million, or 2.0% in FY2015 as compared with FY2014. Such increase in our profit was a combined effect of the increase in gross profit due to (i) the shift of resources away from sea freight forwarding agency services which had a relatively thin gross profit margin; (ii) the decrease in our cost of services, in particular bunker charges and freight charges; and (iii) partial offset by the decrease of net gain on financial assets at fair value through profit or loss due to the decrease in our investment activities in the PRC listed securities. As a result, our net profit margin also increased to approximately 8.5% for FY2015 compare with approximately 6.5% for FY2014.

Comparisons between FY2014 and FY2013

Our profit for the year increased by approximately HK\$7.1 million, or 22.8% in FY2014 as compared with FY2013. Such increase was mainly attributable to (i) the increase in the revenue from our feeder shipping services and our carrier owned container services; (ii) the increase in the government grants received principally for our feeder shipping services and carrier owned containers services in Guangxi Zhuang Autonomous Region during FY2014, which was included in the other income.

Our net profit margin increased accordingly to approximately 6.5% for FY2014 compared with approximately 5.3% for FY2013, primarily in line with the same reasons above.

Segment Results

The management assesses the performance of our business from a route perspective for the feeder shipping services and the carrier owned container services and a collective perspective for sea freight forwarding agency services.

Segment results represent the gross profit earned incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs and income tax expenses.

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The following tables set forth our segment revenue, segment cost of services and segment results during the Track Record Period:

	Year ended 31 December					
	2013	% of total segment revenue	2014	% of total segment revenue	2015	% of total segment revenue
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>	
Segment revenue						
Feeder shipping services and carrier owned container services						
Fujian route	121,257	20.5%	88,176	14.8%	76,126	16.6%
Guangdong route	117,461	19.8%	113,284	19.1%	110,135	24.0%
Guangxi route	164,956	27.9%	219,349	36.9%	167,617	36.5%
Hainan route	6,235	1.1%	4,703	0.8%	22,574	4.9%
Sea freight forwarding agency services	181,119	30.7%	169,239	28.4%	82,719	18.0%
Total	591,028	100.0%	594,751	100.0%	459,171	100.0%

	Year ended 31 December					
	2013	% of total segment cost of services	2014	% of total segment cost of services	2015	% of total segment cost of services
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>	
Segment cost of services						
Feeder shipping services and carrier owned container services						
Fujian route	103,943	20.6%	72,847	14.1%	60,762	16.1%
Guangdong route	88,622	17.6%	93,245	18.0%	89,300	23.7%
Guangxi route	143,410	28.5%	193,666	37.4%	133,141	35.4%
Hainan route	4,690	0.9%	3,832	0.7%	18,699	5.0%
Sea freight forwarding agency services	163,389	32.4%	154,160	29.8%	74,302	19.8%
Total	504,054	100.0%	517,750	100.0%	376,204	100.0%

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	Year ended 31 December					
	2013		2014		2015	
	HK\$'000	Segment results margin %	HK\$'000	Segment results margin %	HK\$'000	Segment results margin %
Segment results						
Feeder shipping services and carrier owned container services						
Fujian route	17,314	14.3%	15,329	17.4%	15,364	20.2%
Guangdong route	28,839	24.6%	20,039	17.7%	20,835	18.9%
Guangxi route	21,546	13.1%	25,683	11.7%	34,476	20.6%
Hainan route	1,545	24.8%	871	18.5%	3,875	17.2%
Sea freight forwarding agency services	17,730	9.8%	15,079	8.9%	8,417	10.2%
Overall	<u>86,974</u>	<u>14.7%</u>	<u>77,001</u>	<u>12.9%</u>	<u>82,967</u>	<u>18.1%</u>

DISCUSSION OF CERTAIN LINE ITEMS IN THE COMBINED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly represented feeder vessels, containers, motor vehicles and leasehold land and buildings. Our property, plant and equipment amounted to approximately HK\$26.2 million, HK\$29.6 million and HK\$25.2 million as of 31 December 2013, 2014 and 2015, respectively.

The decrease in property, plant and equipment of approximately HK\$4.4 million, or 14.9%, from approximately HK\$29.6 million as at 31 December 2014 to approximately HK\$25.2 million as at 31 December 2015, was mainly attributable to depreciation to our property, plant and equipment for FY2015.

The increase in property, plant and equipment of approximately HK\$3.4 million, or 12.9%, from approximately HK\$26.2 million as at 31 December 2013 to approximately HK\$29.6 million as at 31 December 2014, was mainly attributable to the addition of motor vehicles and containers for our business expansion.

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Trade and other receivables

Our trade and other receivables primarily represented receivables of our revenue from our customers and other receivable such as deposit, prepayments and other receivables from debtors. The following table sets forth our trade and other receivables as of the dates indicated.

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
Trade receivables	74,651	89,950	63,869
Other receivables	9,576	14,203	9,127
	<u>84,227</u>	<u>104,153</u>	<u>72,996</u>

Trade receivables

Our trade receivables decreased by approximately HK\$26.1 million, or 29.0%, from approximately HK\$90.0 million as at 31 December 2014 to approximately HK\$63.9 million as at 31 December 2015. The decrease in trade receivables was generally in line with the decrease in our revenue during FY2015.

Our trade receivables increased by approximately HK\$15.3 million, or 20.5%, from approximately HK\$74.7 million as at 31 December 2013 to approximately HK\$90.0 million as at 31 December 2014. The increase in trade receivables was a result of our business growth, in particular, feeder shipping services and carrier owned container services, in the last few months of FY2014 as compared to that of FY2013, that led to higher revenue with higher trade receivables balance at the year end.

Trade receivables ageing analysis

Our Group generally grants a credit period up to 120 days to our customers. The table below sets forth the ageing analysis of our Group's trade receivables based on invoice date as of the dates indicated for the Track Record Period:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
<i>Ageing analysis of trade receivables</i>			
Within 30 days	41,815	43,801	28,348
31 days to 60 days	20,704	28,095	18,544
61 days to 90 days	9,504	12,266	7,566
Over 90 days	2,628	5,788	9,411
	<u>74,651</u>	<u>89,950</u>	<u>63,869</u>

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The table below sets forth the ageing analysis of our Group's trade receivables based on due date as of the dates indicated for the Track Record Period:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
Not yet due	38,072	39,465	38,625
Past due:			
Within 30 days	18,321	32,790	18,563
31 days to 60 days	12,711	11,030	4,230
61 days to 90 days	4,486	4,129	892
Over 90 days	1,061	2,536	1,559
	<u>74,651</u>	<u>89,950</u>	<u>63,869</u>

As at 31 December 2013, 2014 and 2015, we recorded approximately HK\$1.1 million, HK\$2.5 million and HK\$1.6 million of our trade receivables that was past due for over 90 days, respectively. Such trade receivables are generally the amounts due from international container lines companies for our feeder shipping services. These international container lines companies are usually large corporations that may have relatively longer settlement procedures while there was no recent history of default. In second half of FY2014, there was a shipment that the consignee did not pick up the cargoes within the designated period, that led to charges for extra shipment and detention charges after the expiry of the free use period, resulting in an increase in trade receivables past due for over 90 days. Such balance was subsequently settled during FY2015. During the Track Record Period, no bad debt was recorded for our Group. Our Directors consider that our Group did not encounter any material debt collection problem and there had not been a significant change in credit quality of our customers and the balances are considered fully recoverable.

As at the Latest Practicable Date, approximately HK\$63.4 million, representing approximately 99.3% of our trade receivables as at 31 December 2015 have been settled.

Our Directors, having considered the settlement record of our customers, were not aware of any recoverability issue in respect of the unsettled balance as at the Latest Practicable Date.

	At 31 December 2013	At 31 December 2014	At 31 December 2015
Average trade receivables turnover days (<i>Note</i>)	<u>48</u>	<u>51</u>	<u>61</u>

Note: Average trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days. Average trade receivables equals trade receivables at the beginning of the year plus trade receivables at the end of the year and divided by two.

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Our Group average trade receivables turnover days were approximately 48 days, 51 days and 61 days for FY2013, FY2014 and FY2015, respectively. Our Group average trade receivables turnover days slightly increased from approximately 48 days for FY2013 to approximately 51 days for FY2014, which was primarily due to the increase in the balance of the trade receivables as at 31 December 2014 as aforesaid. Our Group average trade receivables turnover days also increased from approximately 51 days for FY2014 to approximately 61 days for FY2015, which was primarily due to (i) the shift of resources away from sea freight forwarding agency services, as generally shorter credit term are granted to our sea freight forwarding agency services customers; and (ii) a longer credit period we granted to one of our major customers.

Other receivables

	At 31 December 2013	At 31 December 2014	At 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other receivables			
Deposits, prepayments and amounts due from other debtors	8,030	11,700	9,127
Amounts due from related companies	369	1	–
Amounts due from our Directors	1,064	1,871	–
Amounts due from our key management personnel	113	631	–
	<u>9,576</u>	<u>14,203</u>	<u>9,127</u>

Deposits, prepayments and amounts due from other debtors

Our deposits, prepayments and amounts due from other debtors mainly consist of rental and utilities deposits for our office premises in both Hong Kong and the PRC; fund deposited in the PRC securities broker for listed securities trading; and prepayment for listing expenses.

	At 31 December 2013	At 31 December 2014	At 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits	2,856	2,708	2,106
Prepayments	1,261	1,303	6,040
Due from the PRC securities broker	719	5,261	97
Other receivables	3,194	2,428	884
	<u>8,030</u>	<u>11,700</u>	<u>9,127</u>

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Our deposits, prepayments and amounts due from other debtors decreased by approximately HK\$2.6 million, or 22%, from approximately HK\$11.7 million as at 31 December 2014 to approximately HK\$9.1 million as at 31 December 2015. Such decrease was mainly attributable to the combined effect of (i) the decrease in amounts due from the PRC securities broker because of the cash withdrawn from our brokerage account, and thus recognised as bank balances and cash; and (ii) the increase in prepayment in relation to listing expenses.

Our deposits, prepayments and amounts due from other debtors increased by approximately HK\$3.7 million, or 45.7%, from approximately HK\$8.0 million as at 31 December 2013 to approximately HK\$11.7 million as at 31 December 2014. The overall increase in other receivables was primarily a result of the increase in amount due from a PRC securities broker because of the increase in fund balance of our brokerage account upon our disposal of all of our investment in listed securities in the PRC during FY2014.

Amounts due from related companies

The following table sets out the amounts due from our related companies for the Track Record Period.

	At 31 December 2013 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Ever Harvest Marine Transport Limited	341	1	–
Ever and Forever Holdings Limited	28	–	–
	<u>369</u>	<u>1</u>	<u>–</u>

During the Track Record Period, we had non-trade balance with related companies, including Ever Harvest Marine Transport Limited and Ever and Forever Holdings Limited. Such non-trade balance are unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amounts due. All the amounts due from these related companies had been settled in FY2015.

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Amounts due from Directors

The following table sets out the amounts due from our Directors for the Track Record Period:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
<i>Amounts due from Directors</i>			
Mr. Lau Tak Fung Wallace	908	1,718	–
Mr. Lau Tak Kee Henry	133	83	–
Mr. Lau Yu Leung	23	70	–
	<u>1,064</u>	<u>1,871</u>	<u>–</u>

The amounts due from our Directors are unsecured, interest-free and repayable on demand. All the balances due from our Directors represented advances made to the three Directors. No provision has been made for non-repayment of the amounts due. All balances due from our directors had been settled in FY2015.

Amounts due from our key management personnel

The amounts due from our key management personnel are unsecured, interest-free and repayable on demand. All the balances due from our key management personnel represented advances made to our employees. No provision has been made for non-repayment of the amounts due. All balances due from our key management personnel had been settled in FY2015.

Trade and other payables

Our trade and other payables comprised trade payables and other payables. Our trade payables are primarily related to our costs of services, such as terminal handling charge, bunker charges and barge charges. Our other payables mainly included accrued charges from creditors and amounts due to our Directors and our related companies. The following table sets forth our trade and other payables as of the date indicated.

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
Trade payables	60,696	73,394	53,518
Other payables	56,706	38,030	18,559
	<u>117,402</u>	<u>111,424</u>	<u>72,077</u>

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Trade payables

Our trade payables decreased by approximately HK\$19.9 million, or 27.1%, from approximately HK\$73.4 million as at 31 December 2014 to approximately HK\$53.5 million as at 31 December 2015. Such decrease was generally in line with the decrease in our cost of services incurred during FY2015. The decrease in trade payables was also attributable to the decrease in vessel rental charges as we had imposed a tighter control of our cost of services to effectively use of our vessel fleet.

Our trade payables increased by approximately HK\$12.7 million, or 20.9%, from approximately HK\$60.7 million as at 31 December 2013 to approximately HK\$73.4 million as at 31 December 2014. The increase in trade payables was attributable to a combined effect of (i) the increase in vessel rental charges along with business growth and the increase in trade payables to vessel owners as a result of the longer credit terms offered by the third party vessel owners; (ii) the increase in our cost of services during FY2014, which was generally in line with the increase in our revenue as a result of our increasing effort in providing feeder shipping services in Guangxi Zhuang Autonomous Region; and (iii) our effort to maintain our timely feeder shipping services against the port congestion and delays in Hong Kong during FY2014.

As of 31 December 2013, 2014 and 2015, there were trade payables balances due to a related Company, China-HK Shipping, amounted to approximately HK\$2.9 million, HK\$3.8 million and HK\$1.6 million, respectively. The balance mainly represented the amounts payable to China-HK Shipping for the barges charge. The balance is unsecured, interest-free and repayable within 30 days. For further details of the barges services by China-HK Shipping, please refer to the section headed “Connected Transactions” in this prospectus.

Trade payables ageing analysis

The credit terms provided by our suppliers typically range from 30 days to 90 days. All of our trade and other payables are expected to be settled within 90 days. During the Track Record Period, we did not default in any payment of our trade and other payables. The table below sets forth the ageing analysis of our Group’s trade payables based on invoice date as of the dates indicated for the Track Record Period:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
<i>Ageing analysis of trade payables</i>			
Within 30 days	46,524	53,913	42,488
31 days to 60 days	8,954	12,607	6,833
61 days to 90 days	1,699	4,467	2,059
Over 90 days	3,519	2,407	2,138
	60,696	73,394	53,518
	60,696	73,394	53,518

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As at the Latest Practicable Date, approximately HK\$39.5 million, representing approximately 73.7% of our trade payables as at 31 December 2015 have been settled.

The following table sets forth our trade payables turnover days for the Track Record Period:

	At 31 December 2013	At 31 December 2014	At 31 December 2015
Average trade payables turnover days (<i>Note</i>)	46	47	62
	<u>46</u>	<u>47</u>	<u>62</u>

Note: Average trade payables turnover days is equal to the average trade payables divided by total cost of sales and multiplied by 365 days. Average trade payables equals trade payables at the beginning of the year plus trade payables at the end of the year and divided by two.

Our Group's average trade payables turnover days were 46 days, 47 days and 62 days for the years ended 31 December 2013, 2014 and 2015, respectively. Our Group average trade payables turnover days slightly increased from approximately 46 days for FY2013 to approximately 47 days for FY2014 and increased from approximately 47 days for FY2014 to approximately 62 days for FY2015, which was mainly in line with the fluctuation of the cost of services as aforesaid.

Other payables

The following table sets forth our other payables as of the dates indicated.

	At 31 December 2013	At 31 December 2014	At 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables			
Accrued charges and other creditors	21,780	25,295	18,559
Amounts due to our Directors	33,347	11,108	–
Amounts due to related companies	1,579	1,627	–
	<u>56,706</u>	<u>38,030</u>	<u>18,559</u>

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Accrued charges and other creditors

Our accrued charges and other creditors mainly consist of (i) accrued expenses; (ii) deposits received from our customers for the usage of containers; and (iii) provision for the social security insurance expenses for our staff in the PRC.

	At 31 December 2013	At 31 December 2014	At 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accrued expenses	5,863	5,137	4,628
Deposits received	7,743	12,992	8,782
Provision for social security insurance/ housing provident fund	4,508	4,508	4,508
Amounts due to other creditors	3,666	2,658	641
	<u>21,780</u>	<u>25,295</u>	<u>18,559</u>

Our accrued charges and other creditors decreased by approximately HK\$6.7 million, or 26.6%, from approximately HK\$25.3 million as at 31 December 2014 to HK\$18.6 million as at 31 December 2015. The decrease in accrued charges and other creditors was principally attributable to decrease in deposits received from our customers for the usage of containers.

Our accrued charges and other creditors increased by approximately HK\$3.5 million, or 16.1%, from approximately HK\$21.8 million as at 31 December 2013 to approximately HK\$25.3 million as at 31 December 2014. The increase in accrued charges and other creditors was principally attributable to the progress that we had made in our business, in particular, feeder shipping services and carrier owned container services, in the last few months of FY2014 as compared to that of FY2013, that led to higher deposit received for the usage of containers by our customers.

Amounts due to our Directors

The following table sets out the amounts due to our Directors as at the dates indicated.

	At 31 December 2013	At 31 December 2014	At 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Amounts due to our Directors</i>			
Mr. Lau Yu Leung	32,663	10,424	–
Mr. Lau Tak Fung Wallace	684	684	–
	<u>33,347</u>	<u>11,108</u>	<u>–</u>

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The amounts due to our Director are unsecured, interest-free and repayable on demand. All the balances due to our Director are advances made to our Group by our Directors. All balances due to directors had been settled in FY2015.

Amounts due to related companies

The following table sets out the amounts due to our related companies for the Track Record Period.

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
<i>Amounts due to related companies</i>			
Ever Harvest Resources Limited	1,579	1,613	–
Xiamen Forever Harvest Trading Ltd.	–	14	–
	<u>1,579</u>	<u>1,627</u>	<u>–</u>

During the Track Record Period, we had non-trade balance due to Ever Harvest Resources Limited and Xiamen Forever Harvest Trading Ltd. Such non-trade balance is unsecured, interest-free and repayable on demand. All balances due to related parties had been settled in FY2015.

Net current assets

The following table sets forth the breakdown of our current assets and liabilities as of the date indicated:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000	At 30 April 2016 HK\$'000 (unaudited)
Current assets				
Trade and other receivables	84,227	104,153	72,996	65,910
Financial assets at fair value through profit or loss	4,274	–	–	–
Pledged bank deposits	840	450	450	796
Income tax recoverable	–	1,011	–	–
Bank balances and cash	39,091	48,386	57,416	60,333
	<u>128,432</u>	<u>154,000</u>	<u>130,862</u>	<u>127,039</u>
Current liabilities				
Trade and other payables	117,402	111,424	72,077	63,907
Current portion of obligations under finance leases	2,004	1,521	1,905	1,812
Income tax payable	1,024	1,418	3,877	4,827
Bank borrowings	–	–	–	18,747
Dividend payables	–	–	–	25,189
	<u>120,430</u>	<u>114,363</u>	<u>77,859</u>	<u>114,482</u>
Net current assets	<u>8,002</u>	<u>39,637</u>	<u>53,003</u>	<u>12,557</u>

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Our current assets consist primarily of trade and other receivable, bank balances and cash, financial assets at fair value through profit or loss, income tax recoverable and pledged bank deposits. Our current liabilities consist primarily of trade and other payables, current portion of obligations under finance leases and income tax payable. Our net current assets, the difference between total current assets and total current liabilities remained positive during the Track Record Period.

Our net current assets decreased by approximately HK\$40.4 million from approximately HK\$53.0 million as at 31 December 2015 to approximately HK\$12.6 million as at 30 April 2016. The decrease was mainly brought by the increase in dividend payables, which comprised the special dividends declared in February 2016. The special dividend have been fully paid on 6 June 2016.

Our net current assets increased by approximately HK\$13.4 million, or 33.7%, from approximately HK\$39.6 million as at 31 December 2014 to approximately HK\$53.0 million as at 31 December 2015. Such increase was mainly attributable to (i) the increase in bank balances and cash of approximately HK\$9.0 million mainly from the operation, net of the dividend paid during FY2015; (ii) the decrease in trade and other payables of approximately HK\$39.3 million as a result of the settlement of the amounts due to our Directors; and (iii) partial offset by the decrease in trade and other receivable of approximately HK\$31.2 million due to the decrease in our revenue during FY2015, mainly due to decrease in market demand and market price level.

Our net current assets increased by approximately HK\$31.6 million, or 395.3%, from approximately HK\$8.0 million as at 31 December 2013 to approximately HK\$39.6 million as at 31 December 2014. Such increase was principally attributable to (i) the increase in bank balances and cash of approximately HK\$9.3 million mainly from our operation and net proceeds from our trading of financial assets, net of dividend payment during FY2014; (ii) the increase in trade receivables of approximately HK\$15.3 million as a result of the progress that we had made in our business, in the last few months of 2014 as compared to that of 2013, that led to higher trade receivables balances at the year end as aforesaid; and (iii) the increase in other receivables of approximately HK\$4.6 million, due to the increase in amounts due from a PRC securities broker as discussed before.

LIQUIDITY, FINANCIAL RESOURCE AND CAPITAL RESOURCES

Cash Flow

We have historically met our working capital and other capital requirements principally from cash generated from operations.

Our primary uses of cash are mainly for the payments for additions or upgrades of property, plant and equipment, various operating expenses and repayment of obligations under finance leases. We have historically financed our liquidity requirements primarily through cash generated from our operating activities. From time to time, our Directors assess the liquidity requirements of our Group, and the ability to finance our working capital and meet capital expenditure requirements in the future. During the Track Record Period, there have been no material changes in our underlying drivers of the sources and uses of cash.

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The following table sets forth the condensed summary of our combined statements of cash flows for the periods as indicated during the Track Record Period:

	Year ended 31 December		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net cash from operating activities	19,367	13,176	41,787
Net cash from investing activities	1,805	6,170	224
Net cash used in financing activities	(14,258)	(11,142)	(30,330)
Net increase in cash and cash equivalents	6,914	8,204	11,681
Cash and cash equivalents at the beginning of the year	31,585	39,091	48,386
Effect on exchange rate changes	592	1,091	(2,651)
Cash and cash equivalents at the end of the year	<u>39,091</u>	<u>48,386</u>	<u>57,416</u>

Net cash generated from operating activities

We derive our cash generated from operating activities principally from the receipt of payments for our Sea Freight Services provided to our customers. Cash used in operating activities are principally for our cost of services, such as freight charges, terminal handling charges, bunker charges and vessel rental charges, and the changes in working capital. Net cash flow generated from operating activities reflects (i) profit before tax and adjusted for non-cash and non-operating items, primarily consisted of depreciation, gain on disposal of property, plant and equipment and net gain/loss on financial assets at fair value through profit or loss; (ii) the effects of movements in working capital, such as change in trade and other receivables and trade and other payables; and (iii) other cash items such as income tax paid or refunded.

In FY2015, we had net cash generated from operating activities of approximately HK\$41.8 million brought by (i) our profit before tax of approximately HK\$44.6 million; (ii) the cash inflow of non-cash and non-operating items of approximately HK\$3.9 million; (iii) the cash inflow of approximately HK\$0.4 million from income tax refunded; (iv) the cash outflow from the movements in working capital of approximately HK\$6.8 million; and (v) interest payment of approximately HK\$0.3 million.

The cash outflow arising from changes in working capital in FY2015 mainly comprised (i) the decrease in trade and other receivable, which was generally in line with the decrease in our revenue; and (ii) the decrease in trade and other payable that was attributable to the decrease in our cost of services, and the settlement of the amounts due to our Directors and the amounts due to our related companies.

In FY2014, we had net cash generated from operating activities of approximately HK\$13.2 million brought by (i) our profit before tax of approximately HK\$42.8 million; (ii) the cash inflow of non-cash and non-operating items of approximately HK\$0.5 million; (iii) the cash outflow from the movements in working capital of approximately HK\$26.9 million; (iv) income tax payment of approximately HK\$3.0 million; and (v) interest paid of approximately HK\$0.2 million.

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The cash outflow arising from changes in working capital in FY2014 mainly comprised (i) the increase in trade receivables due to the progress that we had made in our business, in the last few months of FY2014 as compared to that of FY2013, that led to higher trade receivables balances at the year end as aforesaid, (ii) the increase in deposits, prepayments and amounts due from other debtors as a result of the increase in amounts due from a PRC securities broker because of the increase in fund balance of our brokerage (iii) account upon our disposal of all of our investments in listed securities in the PRC during FY2014; and the decrease in trade and other payables due to the increase in our cost of services during FY2014, which was generally in line with the increase in our revenue as a result of our increasing effort in providing feeder shipping services in Guangxi Zhuang Autonomous Region as aforesaid.

In FY2013, we had net cash generated from operating activities of approximately HK\$19.4 million brought by (i) our profit before tax of approximately HK\$34.4 million; (ii) the cash inflow of non-cash and non-operating items of approximately HK\$3.7 million; (iii) the cash outflow from the movements in working capital of approximately HK\$16.5 million; (iv) income tax payment of approximately HK\$1.8 million; and (v) interest paid of approximately HK\$0.4 million.

The cash outflow arising from changes in working capital in FY2013 comprised (i) the decrease in trade and other receivables that was attributable to the demand of the quicker repayment of our trade receivables from our customers in order to effectively management our working capital; and (ii) the decrease in trade and other payables that was attributable to the faster repayment by us for the better development in business relationship between certain suppliers and us, especially when we were developing new routes opportunities.

Net cash generated from investing activities

Our investing activities during the Track Record Period primarily included purchases or disposals of property, plant and equipment, purchases or disposals of financial assets at fair value through profit or loss and net cash inflow from acquisition of the bank balances and cash of SEHL.

In FY2015, net cash generated from investing activities were approximately HK\$0.2 million which was mainly attributable to (i) the purchase of property, plant and equipment of approximately HK\$0.6 million, mainly a motor vehicle; (ii) the purchase of financial assets at fair value through profit or loss of approximately HK\$1.2 million of listed securities in the PRC; (iii) the proceeds from the disposals of financial assets at fair value through profit or loss of approximately HK\$1.5 million for the listed securities in the PRC; and (iv) the proceeds from disposals of property, plant and equipment of approximately HK\$0.4 million.

In FY2014, net cash generated from investing activities were approximately HK\$6.2 million which was mainly attributable to (i) the proceeds from disposals of financial assets at fair value through profit or loss of approximately HK\$9.9 million upon the disposal of all investments in listed securities in the PRC, (ii) the proceeds from disposals of one of the office premises in the PRC of approximately HK\$2.0 million; (iii) the cash outflow of approximately HK\$3.1 million from purchase of property, plant and equipment, mainly the motor vehicles for business use; (iv) the cash outflow of approximately HK\$3.1 million from the purchase of financial assets at fair value through profit or loss; and (v) cash inflow from decrease in pledged bank deposits of approximately HK\$0.4 million.

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In FY2013, net cash generated from investing activities were approximately HK\$1.8 million which represented the combined effect of (i) the net cash inflow of approximately HK\$3.6 million from acquisition of SEHL; (ii) the cash outflow from purchase of property, plant and equipment, including the initial lump sum payment made for one feeder vessel under the Usage Priority Agreement and the payment made for the purchase of motor vehicles of approximately HK\$2.7 million; (iii) the cash inflow of approximately HK\$0.8 million from the proceeds from disposals of property, plant and equipment; and (iv) the cash inflow of approximately HK\$0.1 million from interest received.

Net cash used in financing activities

Our financing activities during the Track Record Period primarily included repayment of obligations under finance leases and payment of dividends.

In FY2015, net cash used in financing activities was approximately HK\$30.3 million, which was primarily attributable to (i) dividend payment of approximately HK\$28.0 million; (ii) repayment of obligations under finance leases of containers and motor vehicles of approximately HK\$1.7 million; and (iii) consideration paid for the acquisition of the non-controlling interests of SEHL of approximately HK\$0.6 million.

In FY2014, net cash used in financing activities was approximately HK\$11.2 million, which was primarily attributable to (i) dividend payment of approximately HK\$8.4 million, and (ii) repayment of obligations under finance leases of containers and motor vehicles of approximately HK\$2.8 million.

In FY2013, net cash used in financing activities was approximately HK\$14.3 million, which was primarily attributable to (i) dividend payment of approximately HK\$10.0 million, and (ii) repayment of obligations under finance leases of containers and motor vehicles of approximately HK\$4.3 million.

Cash and cash equivalents

As a result of net cash generated from or used in operating activities, investing activities and financing activities as disclosed above, our Group recorded cash and cash equivalents approximately HK\$39.1 million as at 31 December 2013. Our cash and cash equivalents recorded an increase of approximately HK\$9.3 million to HK\$48.4 million as at 31 December 2014 as compared with as at 31 December 2013, and recorded an increase of approximately HK\$9.0 million to approximately HK\$57.4 million as at 31 December 2015 as compared with as at 31 December 2014 of approximately HK\$48.4 million.

WORKING CAPITAL

Our Group has financed our operations and growth mainly through cash from operation and we applied our cash mainly to finance our operations and capital expenditures and repayment of obligations under finance leases. As of 31 December 2013, 2014 and 2015, we had cash and cash equivalents of approximately HK\$39.1 million, HK\$48.4 million and HK\$57.4 million, respectively.

We monitor our cash flows and cash balance on a regular basis and seek to maintain optimal level of liquidity that can meet our working capital needs while supporting a health level of business and our various growth strategies. As at the Latest Practicable Date, save as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, our Directors are not aware of any material

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change to the sources of cash of our Group and the use of cash by our Group. Other than normal banking facilities that we obtain from commercial banks, we do not expect to have any material external debt financing plan in the near future.

SUFFICIENCY OF WORKING CAPITAL

We strive to effectively manage our cash flow and capital commitments and to ensure that we have sufficient funds to meet our existing and future cash requirements. Our Directors are of the view that, taking into consideration the financial resources presently available to us and the estimated net proceeds of the Global Offering, we have sufficient working capital for our present requirements at least in the next 12 months commencing on the date of this prospectus.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditure primarily for the additions of property, plant and equipment of approximately HK\$2.8 million, HK\$7.9 million and HK\$1.5 million for FY2013, FY2014 and FY2015, respectively.

Our planned future capital expenditures mainly include the developing of our container depot and the associated logistics services center for deepening our scope of services in Pingtan Free Trade Zone, acquisitions of additional vessels and containers and setting up new points of operations. Further details are set out in the section headed “Future Plans and Use of Proceeds” in this prospectus for a detailed description of our planned future capital expenditures. Apart from the proceeds from the Global Offering, we may also fund our future plans with cash generated from our operations. No assurance can be given that any of our planned capital expenditure will proceed as planned. We may adjust our capital expenditure plan based on our future results of operations, cash flows and overall financial condition.

INDEBTEDNESS

The following table sets out our Group’s indebtedness as at the end of each reporting period:

	At 31 December 2013 HK\$’000	At 31 December 2014 HK\$’000	At 31 December 2015 HK\$’000	At 30 April 2016 HK\$’000 (unaudited)
Current liabilities:				
Current portion of obligations under finance leases	2,004	1,521	1,905	1,812
Bank borrowings	—	—	—	18,747
	<u>2,004</u>	<u>1,521</u>	<u>1,905</u>	<u>20,559</u>
Non-current liabilities:				
Non-current portion of obligations under finance leases	—	2,550	1,396	861
	<u>2,004</u>	<u>4,071</u>	<u>3,301</u>	<u>21,420</u>

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Bank borrowings

As at 30 April 2016, we had bank borrowings of approximately HK\$18.7 million, which were interest bearing at floating rate ranging from approximately 2.4% to 2.5% per annum, repayable within one year and guaranteed by the Ultimate Controlling Party. Such personal guarantee will be released upon Listing.

Obligations under finance leases

As at 31 December 2013, 2014 and 2015, our total finance lease liabilities (comprising both current and non-current portions) were approximately HK\$2.0 million, HK\$4.1 million and HK\$3.3 million, respectively. The following table sets out our Group's gross finance lease liabilities (minimum lease payments) as at the dates indicated:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000	At 30 April 2016 HK\$'000 (unaudited)
Amount payable:				
Within one year	2,080	1,834	2,147	1,971
After one year but within two years	–	1,748	1,291	871
After two years but within three years	–	935	178	60
Future finance charges	(76)	(446)	(315)	(229)
	<u>2,004</u>	<u>4,071</u>	<u>3,301</u>	<u>2,673</u>

The present value of finance lease liabilities is as follows:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000	At 30 April 2016 HK\$'000 (unaudited)
Amount payable:				
Within one year	2,004	1,521	1,905	1,812
After one year but within two years	–	1,648	1,223	802
After two years but within three years	–	902	173	59
	<u>2,004</u>	<u>4,071</u>	<u>3,301</u>	<u>2,673</u>

During the Track Record Period, our Group leased certain containers and motor vehicles under finance leases denominated in HK\$. The underlying interest rates of these obligations under finance lease ranged from 4.3% to 10.0% per annum for the same periods.

FINANCIAL INFORMATION

Charge over assets

Our Group's obligations under finance leases are secured by the lessors' charge over the leased assets with carrying amounts of approximately HK\$10,286,000, HK\$15,267,000, HK\$13,171,000, HK\$12,077,000 (unaudited) at 31 December 2013, 2014 and 2015 and 30 April 2016, respectively.

Our Group had obtained banking facilities on issuance of bank guarantees granted by certain creditworthy banks. The Group had utilised approximately HK\$350,000, HK\$350,000, HK\$350,000 and HK\$696,000 (unaudited) under such facilities for issuing corporate guarantees to suppliers at 31 December 2013, 2014 and 2015 and 30 April 2016, respectively. Such facilities were guaranteed by the pledged bank deposits of approximately HK\$840,000, HK\$450,000, HK\$450,000 and HK\$796,000 (unaudited) at 31 December 2013, 2014 and 2015 and 30 April 2016, respectively.

Off-balance sheet financial guarantee issued

Our Group has provided a corporate guarantee in respect of banking facilities granted to a related company by a bank in Hong Kong with unlimited amount during the Track Record Period. Our Group has not recognised a value for the financial guarantee given in the Financial Information as (a) no consideration has been received from the related company in respect of the financial guarantee; (b) there is no comparable market transaction of the financial guarantee; (c) the fair value of the financial guarantee cannot be reliably estimated with observable parameters; and (d) the fair value of the financial guarantee estimated through establishing an appropriate valuation model with certain significant unobservable parameters is insignificant.

At the end of each reporting period, our management does not consider it is probable that a claim will be made against our Group under the guarantee. The maximum liabilities of our Group under the guarantee are approximately HK\$11.6 million, HK\$10.1 million, HK\$8.7 million and HK\$8.2 million (unaudited) at 31 December 2013, 2014, 2015 and 30 April 2016, respectively, representing the banking facilities utilised by the related company at the end of each reporting period. Such corporate guarantee provided by our Group have been fully released as at the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that, to the best of their knowledge, they are not aware of any material defaults in the payment of trade and non-trade payables or bank borrowings or any defaults in material financial covenants. Our banking facilities do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future.

DISCLAIMER

Save as aforesaid or as otherwise disclosed herein and apart from normal trade and other payables and accrued charges, as at the Latest Practicable Date, our Company and our subsidiaries did not have any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities, or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or guarantees or other material contingent liabilities.

FINANCIAL INFORMATION

CONTRACTUAL AND CAPITAL COMMITMENTS

Capital commitments

At the end of each reporting period, we did not have material capital commitments.

Operating leases commitments

At the end of each reporting period, our Group had total future minimum lease payments as lessee under non cancellable operating leases, which are payable as follows:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
Within one year	10,678	20,597	6,252
In the second to third years inclusive	792	1,705	234
	<u>11,470</u>	<u>22,302</u>	<u>6,486</u>

Our Group leases a number of properties and feeder vessels under operating leases, which typically run an initial lease period of one to three years. None of the leases includes contingent rentals and the majority of lease agreements are renewable at the end of the lease terms at market rate. As at 31 December 2013, 2014 and 2015, our lease operating leases commitments amounted to approximately HK\$11.5 million, HK\$22.3 million and HK\$6.5 million, respectively.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in Note 25 to the Accountants' Report in Appendix I to this prospectus, our Directors confirm that each transaction set forth therein was conducted on an arm's length basis, on an normal commercial terms that are fair and reasonable and in the best interests of our Group. Our Directors consider that these related party transactions would not distort our results during the Track Record Period, and would not make our historical results not reflective of our future performance.

Please also refer to the sections headed "Connected Transactions" and "Relationship with our Controlling Shareholders" in this prospectus.

ACQUISITIONS

SEHL became a subsidiary of our Company on 12 April 2013. Please refer to the section headed "History, Development and Reorganisation – Our Subsidiaries in the BVI, HK and the PRC – SEHL" in this prospectus for details.

The pre-acquisition financial information of SEHL for the period from 1 January 2013 to 12 April 2013 are set out in Note 24 to the Accountants' Report in Appendix I to this prospectus.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

	At 31 December / Year ended 31 December		
	2013	2014	2015
Current ratio (<i>Note 1</i>)	1.1	1.3	1.7
Gearing ratio (<i>Note 2</i>)	5.9%	6.3%	4.5%
Interest coverage ratio (<i>Note 3</i>)	79.2	254.1	161.4
Return on total assets ratio (<i>Note 4</i>)	20.2%	20.9%	25.1%
Return on equity ratio (<i>Note 5</i>)	93.2%	57.5%	52.5%
Gross profit margin (<i>Note 6</i>)	14.7%	12.9%	18.1%
Net profit margin (<i>Note 7</i>)	5.3%	6.5%	8.5%
Average trade receivables turnover days (<i>Note 8</i>)	48	51	61
Average trade payables turnover days (<i>Note 9</i>)	46	47	62

Notes:

1. Current ratio is the ratio of the total current assets to the total current liabilities.
2. Gearing ratio is the total interest-bearing debt divided by the total equity and multiplied by 100%.
3. Interest coverage ratio is calculated by dividing profit before interest and tax by interest expense.
4. Return on total assets ratio is calculated by dividing profit for the year by total assets and multiplied by 100%.
5. Return on equity ratio is calculated by dividing profit for the year attributable to equity holders of our Company by equity attributable to equity holders of our Company and multiplied by 100%.
6. Gross profit margin is calculated by dividing gross profit by revenue.
7. Net profit margin is calculated by dividing profit for the year by revenue.
8. Average trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days. Average trade receivables equals trade receivables at the beginning of the year plus trade receivables at the end of the year and divided by two. Please refer to the paragraph headed "Discussion of certain line items in the combined statement of financial position – trade receivables – trade receivables ageing analysis" in this section for details.
9. Average trade payables turnover days is equal to the average trade payables divided by total cost of services and multiplied by 365 days. Average trade payables equals trade payables at the beginning of the year plus trade payables at the end of the year and divided by two. Please refer to the paragraph headed "Discussion of certain line items in the combined statement of financial position – trade payables – trade payables ageing analysis" in this section for details.

Current ratio

Our Group's current ratio was approximately 1.1 times, 1.3 times and 1.7 times as at 31 December 2013, 2014 and 2015, respectively.

The increase as at 31 December 2015 as compared to as at 31 December 2014 was mainly attributable to (i) the increase in bank balances and cash, attributable to our operating activities, net of our repayment of finance leases and dividend payment; and (ii) the decrease of trade payables, mainly due to the decrease in our cost of services and the decrease in vessel rental charges as aforesaid.

FINANCIAL INFORMATION

The increase of current ratio as at 31 December 2014 as compared to as at 31 December 2013 was mainly attributable to (i) the increase in bank balance and cash attributable to our operating activities and investing activities, net of our repayment of finance lease obligation and dividend payment; and (ii) the increase in trade receivables, primarily a result of the progress that we had made in our business, in particular, feeder shipping services and carrier owned container services. The increase in current ratio over the Track Record Period represented our Group's effective working capital management.

Gearing ratio

Our Group's gearing ratio was approximately 5.9%, 6.3% and 4.5% as at 31 December 2013, 2014 and 2015, respectively. The decrease from approximately 6.3% as at 31 December 2014 to approximately 4.5% as at 31 December 2015 primarily reflected the decrease in our obligations under finance leases for our containers and motor vehicles. The increase from approximately 5.9% as at 31 December 2013 to approximately 6.3% as at 31 December 2014 primarily reflected the similar percentage increase in our obligations under finance leases for our containers.

Interest coverage ratio

Our Group's interest coverage ratio was approximately 79.2 times, 254.1 times and 161.4 times as at 31 December 2013, 2014 and 2015, respectively. Our Group recorded minimal interest expenses for obligations under finance leases for our property, plant and equipment during the Track Record Period.

Return on total assets ratio

Our Group's return on total assets ratio recorded approximately 20.2%, 20.9% and 25.1% as at 31 December 2013, 2014 and 2015, respectively. The increase of our Group's return on total assets ratio was primarily due to the increase of our profit during the Track Record Period, which was approximately HK\$31.3 million, HK\$38.4 million and HK\$39.2 million.

Return on equity ratio

Our Group's return on equity ratio recorded approximately 93.2%, 57.5% and 52.5% as at 31 December 2013, 2014 and 2015, respectively. Our Group's return on equity ratio decreased from approximately 93.2% as at 31 December 2013 to approximately 57.5% as at 31 December 2014 and decreased to approximately 52.5% as at 31 December 2015. The decrease in return on equity in 2014 and 2015 was mainly due to the increase in our equity as a result of accumulation of undistributed profits.

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Our Group's principal financial instruments comprised financial assets at fair value through profit or loss, pledged bank deposits, bank balances and cash and obligations under finance leases. The main purpose of these financial instruments is to raise and maintain finance for our Group's operations. Our Group has various other financial instruments such as trade and other receivables, trade and other payables which arise directly from its business activities.

FINANCIAL INFORMATION

The main risks arising from our Group's financial instruments are foreign currency risk, credit risk and liquidity risk. Our Group does not have any written risk management policies and guidelines. However, the Board of Directors generally adopts conservative strategies on its risk management and limits our Group's exposure to these risks to a minimum level as follows:

Foreign currency risk

Our Group's transactions are mainly denominated in HK\$, US\$ and RMB.

Certain financial assets and financial liabilities of our Group are denominated in currencies other than the functional currency of the respective group entities and therefore, exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
Financial assets (liabilities)			
US\$	7,368	6,145	7,691
RMB	(18,208)	(19,266)	(20,853)
	<u> </u>	<u> </u>	<u> </u>

Currency exchange rate sensitivity analysis

The following table indicates the approximate change in our Group's results before tax if exchange rates of US\$ and RMB had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant at the end of each reporting period:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
US\$	368	307	385
RMB	910	963	1,043
	<u> </u>	<u> </u>	<u> </u>

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to each of our Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the Track Record Period.

FINANCIAL INFORMATION

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to our Group, resulting in a loss to our Group. Our Group's credit risk is mainly attributable to trade and other receivables, pledged bank deposits and bank balances and cash. Our Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. Our Group's maximum exposure to the credit risk is summarised as follows:

	At 31 December 2013 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000
Trade and other receivables	82,698	103,455	67,867
Pledged bank deposits	840	450	450
Bank balances and cash	39,091	48,386	57,416
	<u>122,629</u>	<u>152,291</u>	<u>125,733</u>

Our Group trades with recognised and creditworthy third parties. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The management considers the credit risk in respect of pledged bank deposits and bank balances and cash is minimal because the counter-parties are authorised financial institution with high credit ratings.

The management limits our Group's exposure to credit risk by taking timely actions once there is any indication for recoverability problem of each individual debtor.

The management also reviews the recoverable amount of each individual debtor, including related third parties, at the end of each reporting period to ensure adequate allowance are made for irrecoverable amount.

At 31 December 2013, 2014 and 2015, our Group had a concentration of credit risk as approximately 10%, 12% and 23% of the total trade receivables was due from our Group's largest customer, respectively, and approximately 30%, 37% and 43% of the total trade receivables was due from our Group's five largest customers, respectively.

Except for the pledged bank deposits, none of our Group's financial assets is pledged.

Liquidity risk

Our Group's objective is to maintain a balance between continuity of funding and flexibility. Our Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of our Group's financial liabilities at the end of each reporting period, based on the earliest date on which our Group is required to settle is summarised below:

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	On demand or repayable within 3 months <i>HK\$'000</i>	Over 3 months but not more than 12 months <i>HK\$'000</i>	Over 1 year but not more than 2 years <i>HK\$'000</i>	Over 2 years but not more than 3 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2015					
Trade and other payables	72,077	–	–	–	72,077
Obligations under finance leases	358	1,789	1,291	178	3,616
Financial guarantee contract	8,677	–	–	–	8,677
	<u>81,112</u>	<u>1,789</u>	<u>1,291</u>	<u>178</u>	<u>84,370</u>
At 31 December 2014					
Trade and other payables	111,424	–	–	–	111,424
Obligations under finance leases	458	1,376	1,748	935	4,517
Financial guarantee contract	10,149	–	–	–	10,149
	<u>122,031</u>	<u>1,376</u>	<u>1,748</u>	<u>935</u>	<u>126,090</u>
At 31 December 2013					
Trade and other payables	117,402	–	–	–	117,402
Obligations under finance leases	520	1,560	–	–	2,080
Financial guarantee contract	11,599	–	–	–	11,599
	<u>129,521</u>	<u>1,560</u>	<u>–</u>	<u>–</u>	<u>131,081</u>

The amount included above for a financial guarantee contract is the maximum amounts of the guarantee shown in the earliest periods in which the guarantee could be called. Based on the expectations at the end of each reporting period, our management does not consider it probable that a claim will be made against our Group under the guarantee. Details of the financial guarantee contract are set out in Note 25(c) to the Accountants' Report in Appendix I to this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Please refer to the paragraph headed “Indebtedness – Off-balance sheet financial guarantee issued” in this section for details.

SUBSEQUENT EVENTS

Subsequent to 31 December 2015, the Group has the following subsequent events:

- (i) On 18 February 2016, the Group obtained banking facilities of aggregated amount of HK\$30 million from a bank in Hong Kong. At as the Latest Practicable Date, bank borrowings of approximately HK\$25.2 million has been drawn down by the Group.

The banking facilities are guaranteed by the Ultimate Controlling Party with unlimited amount. Such personal guarantee will be released upon the Listing.

FINANCIAL INFORMATION

- (ii) On 29 February 2016, special dividends of HK\$45 million were declared to the equity holders of the entities now comprising the Group and have been fully paid on 6 June 2016.
- (iii) On 3 March 2016, the Company allotted and issued 9,999 ordinary Shares of par value of HK\$0.01 each to certain allottees (comprising Ever Winning Investment and other companies controlled by the family members of the Ultimate Controlling Party).
- (iv) Pursuant to the resolution of the Shareholders passed on 10 June 2016, inter-alia, the authorised share capital of the Company was increased from HK\$100,000 to HK\$100,000,000 by the creation of an additional 9,990,000,000 Shares of par value of HK\$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.
- (v) Pursuant to the resolutions in writing of the Shareholders passed on 10 June 2016, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares, the directors of the Company were authorised to allot and issue a total of 1,049,990,000 Shares of par value of HK\$0.01 each to the existing Shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$10,499,900 standing to be credit of the share premium account of the Company ("**the Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all Shares in issue (save for the rights to participate in the Capitalisation Issue).

DIVIDENDS AND DIVIDEND POLICY

For the years ended 31 December 2013, 2014 and 2015, we declared dividends in the amount of approximately HK\$10.0 million, HK\$8.4 million and HK\$38.0 million, respectively and they have been fully settled as at the Latest Practicable Date. In February 2016, the Company declared a special dividend of HK\$45 million which have been fully settled as at the Latest Practicable Date. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future.

Subject to the Companies Law, the Memorandum and Articles of Association, through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Directors. Our Directors may from time to time also declare interim dividends as appear to our Directors to be justified by our profits. The amount of any dividends to be declared or paid in the future will depend on, amongst others, our results of operations, cash flows, financial condition, operating and capital requirements, future prospects and other factors that our Directors deem relevant. We cannot guarantee then, if and in what form dividends will be paid in the future. Future dividend payments will also depend on payments made from our PRC subsidiaries. Certain payments from our PRC subsidiaries are subject to PRC taxes, statutory reserve requirements and other legal restrictions.

We currently intend to adopt a general annual dividend policy of declaring and paying dividends to the Shareholders of approximately 20% of our profit available for distribution after the Global Offering, subject to, in each case, the Board's decision after a comprehensive review of our Company's financial performance, future expectations and other factors deemed relevant by the Board, and the Shareholders' approval. There is, however, no assurance that dividends of such amount or any amount will be declared or distributed in any year subsequent to the Listing.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

Our Company was incorporated on 15 October 2015. As of 31 December 2015, our Company had no distributable reserves available for distribution to the Shareholders.

LISTING EXPENSES

The estimated total listing fees for our Global Offering, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are approximately HK\$28.1 million (based on an Offer Price of HK\$0.34 per Share, being the mid-point of the estimated Offer Price range of HK\$0.30 per Share and HK\$0.38 per Share, and assuming the Over-allotment Option is not exercised). Among the estimated total listing fees, approximately HK\$9.5 million is expected to be capitalised after the Listing. The remaining amount of approximately HK\$18.6 million is expected to be charged to our profit and loss accounts, of which approximately HK\$1.3 million were charged on or before 31 December 2015, approximately HK\$17.3 million is expected to be charged for the year ending 31 December 2016. The actual amount may differ from this estimate.

PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to equity owners of our Company at 31 December 2015 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of our Group attributable to equity owners of our Company at 31 December 2015 or at any future dates following the Global Offering. It is prepared based on the audited net tangible assets of our Group attributable to equity owners of our Company at 31 December 2015 as set out in the Accountants’ Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants’ Report as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

	Audited net tangible assets attributable to equity owners of our Company at 31 December 2015 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated net proceeds from the Global Offering <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted net tangible assets attributable to equity owners of our Company <i>HK\$'000</i>	Unaudited pro forma adjusted net tangible assets attributable to equity owners of our Company per Share <i>(Note 3)</i> <i>HK\$</i>
Based on the Offer Price of HK\$0.30 per Share	72,854	78,665	151,519	0.11
Based on the Offer Price of HK\$0.38 per Share	72,854	105,683	178,537	0.13

NOTES TO THE UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

1. The audited net tangible assets attributable to equity owners of our Company at 31 December 2015 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited combined net assets value attributable to equity owners of our Company as at 31 December 2015 of approximately HK\$72,854,000, without adjustment.
2. The estimated net proceeds from the Global Offering are based on 350,000,000 Offer Shares at the Offer Price of HK\$0.30 per Offer Share or HK\$0.38 per Offer Share, being the low or high end of the stated offer price range, after deduction of relevant estimated underwriting commissions and fees and other related fees (excluding approximately HK\$1,310,000 listing-related expenses which have been accounted for prior to 31 December 2015) and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme.
3. The unaudited pro forma adjusted net tangible assets attributable to equity owners of our Company per Share is arrived at after making the adjustments referred to in this section and on the basis of a total of 1,400,000,000 Shares in issue immediately following completion of the Global Offering but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus or otherwise.
4. On 29 February 2016, special dividends of HK\$37,400,000 and HK\$7,600,000 were declared by Ever Harvest and Xiamen Harvest to their respective equity holders in proportion to their equity interest. Taking into account the estimated net proceeds from the Global Offering at the Offer Price of HK\$0.30 or HK\$0.38; and the impact of the special dividends on the net tangible assets of the Group of HK\$45,000,000, the unaudited pro forma adjusted net tangible assets per Share would have been approximately HK\$0.08 or HK\$0.10, respectively.
5. Except for the above, no adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2015.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of us since 31 December 2015, and there had been no event since 31 December 2015 which would materially affect the financial information shown in the Accountants' Report in Appendix I to this prospectus, in each case except as otherwise disclosed herein.

FINANCIAL INFORMATION

RECENT DEVELOPMENTS AND TRADING PROSPECTS

Please refer to the section headed “Summary – Recent Developments”, the section headed “Business – Our Strategies” and the section headed “Future Plans and Use of Proceeds” in this prospectus for the details of financial and trading prospects of our Group.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under the Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section headed “Business – Our Strategies” in this prospectus for details of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$90.9 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK\$0.34 per Share, being the mid-point of the indicative Offer Price range of HK\$0.30 per Share to HK\$0.38 per Share in this prospectus.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately HK\$40.9 million, representing approximately 45% of the net proceeds from the Global Offering, will be applied to add three to four vessels (depending on the type and configurations of the vessels and the market situation) to our vessel fleet in the coming two years. We may consider to achieve this through entering into additional usage priority agreements over vessels in the PRC. We expect this would support our business growth, enhance our flexibility in resources allocation, enable us to have a more secured and stable shipping capacity, and we may also be able to reduce vessel chartering thereby saving our cost of vessel rental and having a bigger extent of control in cost. Please refer to the section headed “Business – Our Strategies – Continual optimization of our fleet, capacity and resources combination” in this prospectus for further details;
- approximately HK\$36.4 million, representing approximately 40% of the net proceeds from the Global Offering, will be applied to the development of our container depot and the associated logistics service center for deepening our scope of service to include more port and logistics related service and we have entered into a non-legally binding memorandum of project cooperation intention letter with the relevant government representative for such development in Pingtan Free Trade Zone. Please refer to the section headed “Business – Our Strategies – Deepen our scope of integrated port and logistics related services” in this prospectus for further details;
- approximately HK\$4.5 million, representing approximately 5% of the net proceeds from the Global Offering, will be applied to acquiring additional containers, and upgrading computer system and software to support our business growth; and
- approximately HK\$9.1 million, representing approximately 10% of the net proceeds from the Global Offering, will be applied to general working capital of our Group.

In the event that the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$0.34 per Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$17.9 million. We intend to use such additional proceeds to increase the net proceeds applied to the same purposes above on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is set at HK\$0.38 per Share, being the high-end of the proposed Offer Price range, the net proceeds from the Global Offering will increase (i) by approximately HK\$14.0 million, assuming the Over-allotment Option is not exercised, and (ii) by approximately HK\$16.1 million, assuming the Over-allotment Option is exercised in full. We intend to use such additional proceeds to increase the net proceeds applied to the same purposes above on a pro rata basis.

In the event that the Offer Price is set at HK\$0.30 per Share, being the low-end of the proposed Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK\$14.0 million, assuming the Over-allotment Option is not exercised. Under such circumstances, we intend to reduce the net proceeds applied to the same purposes above on a pro rata basis.

To the extent that our net proceeds are not sufficient to fund the purpose set out above, we intend to fund the balance through a variety of means including cash generated from operations and bank financing.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

UNDERWRITING

UNDERWRITERS

Hong Kong Underwriters

Guotai Junan Securities (Hong Kong) Limited
Convoy Investment Services Limited
Ample Orient Capital Limited

International Underwriters

Guotai Junan Securities (Hong Kong) Limited
Convoy Investment Services Limited
Ample Orient Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering for subscription of 35,000,000 Hong Kong Offer Shares at the Offer Price under the Hong Kong Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Hong Kong Underwriters have agreed on and subject to the terms and conditions in the Hong Kong Underwriting Agreement, to procure subscribers for, or failing which it shall subscribe for, the Hong Kong Offer Shares.

The Hong Kong Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Hong Kong Underwriting Agreement is conditional on and subject to the International Placing Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Global Coordinator may in its absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any change or prospective change (whether or not permanent) in the business or in the financial or trading position of our Group; or
 - (b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets,

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money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, BVI, Cayman Islands, PRC or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the “**Relevant Jurisdictions**”); or

- (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (g) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (h) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (i) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (j) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (k) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Global Offering; or
- (l) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Hong Kong Underwriting Agreement or there has been a material breach of any other provisions thereof;

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which in the sole and absolute opinion of the the Sole Global Coordinator:

- (a) is or will individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or
 - (b) has or will have a material adverse effect on the success of the Hong Kong Public Offer, the International Placing and/or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any part of the Hong Kong Underwriting Agreement, the International Placing Agreement, the Hong Kong Public Offer, the International Placing and/or the Global Offering to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Hong Kong Public Offer, the International Placing and/or the Global Offering on the terms and in the manner contemplated in this prospectus; or
- (ii) the Hong Kong Underwriters shall become aware of the fact that, or have cause to believe that:
- (a) any of the warranties given by our Company, Controlling Shareholders and executive Directors under the Hong Kong Underwriting Agreement or pursuant to the International Placing Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Sole Bookrunner (in its sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect;
 - (b) any statement contained in this prospectus or the Application Forms was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute an omission therefrom as determined by the Sole Sponsor (in its sole and absolute discretion), or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by our Company in connection with the Hong Kong Public Offer (including any supplemental or amendment thereto) are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (c) there has been a breach on the part of any of our Company, Controlling Shareholders and executive Directors of any of the provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement as determined by the Sole Global Coordinator (in its sole and absolute discretion).

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Lock-up Undertakings to the Hong Kong Public Offer

Lock-up Undertakings by our Company

Our Company has undertaken to the Sole Global Coordinator, the Sole Sponsor and the Sole Bookrunner that our Company shall, and each of our Controlling Shareholders have undertaken to the Sole Global Coordinator, the Sole Sponsor and the Sole Bookrunner to procure our Company that:

- (a) except pursuant to the Global Offering, the Capitalisation Issue, the Over-allotment Option, the exercise of the share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Hong Kong Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”);
- (b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Global Offering, the Capitalisation Issue, the Over-allotment Option, or the exercise of the share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;
- (c) not at any time within the period of 12 months immediately following the expiry of the First Six-month Period (the “**Second 12-month Period**”) do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules); and

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- (d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second 12-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has represented, warranted and undertaken to the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner and our Company that:

- (a) he or she or it shall not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), directly or indirectly, and shall procure that none of his or her or its close associates (as defined in the Listing Rules) or companies controlled by him or her or it or any nominee or trustee holding in trust for him or her or it shall, during the First Six month Period, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or she or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or
- (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second 12-month Period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second 12-month Period; and (2) he or she or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

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Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner and our Company that within the First Six-month Period and the Second 12-month Period he or she or it shall:

- (a) if and when he or she or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or her or it (or any beneficial interest therein), immediately inform our Company, the Sole Global Coordinator, the Sole Sponsor and the Sole Bookrunner in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
- (b) if and when he or she or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him or her or it will be disposed of, immediately inform our Company, the Sole Global Coordinator, the Sole Sponsor and the Sole Bookrunner in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Lock-up Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Global Offering and the Over-allotment Option or unless in compliance with the requirements of the Listing Rules, it or he or she shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of its or his or her shareholding in our Company is made in the prospectus and ending on the date which is six months from the Listing Date, 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 or other securities of our Company in respect of which it or he is shown by this prospectus to be the beneficial owner; and (ii) at any time during the period of 12 months from the date on which the period referred to in paragraph (i) 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 (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

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Our Controlling Shareholders have further undertaken to us and the Stock Exchange that it or he or she will, within a period of commencing on the date by reference to which disclosure of its or his shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favor of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such Shares or other securities of our Company so pledged or charged; and
- (b) when it or he or she or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the exercise of the Over-allotment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

International Placing Agreement

In connection with the International Placing, it is expected that our Company and the Controlling Shareholders will, enter into the International Placing Agreement with, among other parties, the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor and the International Underwriters. Under the International Placing Agreement, it is expected that the International Underwriters would, subject to certain conditions set out therein, agree to subscribe for or procure subscribers to subscribe for the International Placing Shares.

Under the International Placing Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally, but not jointly, agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 315,000,000 International Placing Shares initially being offered pursuant to the International Placing. It is expected that the International Placing Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Placing Agreement is not entered into, the Global Offering will not proceed. The International Placing Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the International Placing Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in the paragraph headed “Lock-up undertakings to the Hong Kong Public Offer” above in this section.

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Our Company is expected to grant to the Sole Global Coordinator the Over-allotment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters), pursuant to the International Placing Agreement, exercisable at any time up to the 30th day after the last day of lodging applications under the Hong Kong Public Offer, to require our Company to allot and issue up to an aggregate of 52,500,000 additional Shares, representing 15% of the initial Offer Shares in aggregate, at the same price per Share under the International Placing to cover, over-allocations (if any) in the International Placing.

Commission and Expenses

The Underwriters will receive an underwriting commission of 3.5% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission will be paid.

The Sole Sponsor will receive financial advisory and documentation fees. The underwriting commission, financial advisory and documentation fee, Stock Exchange listing fees and trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$28.1 million in total (based on an Offer Price of HK\$0.34 per Share, being the mid-point of the indicative Offer Price range of between HK\$0.30 and HK\$0.38 per Share).

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

Sponsor's and Underwriters' Interests in Our Company

The Sole Global Coordinator and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Underwriting Arrangements and Expenses – Commission and Expenses" in this section.

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

As at the Latest Practicable Date and save as disclosed in this prospectus and other than pursuant to the Underwriting Agreements, none of the Underwriter(s) 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.

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Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and the Placing Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the International Placing Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Global Offering (the “**Syndicate Members**”) and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on the Stock Exchange) which have as their underlying assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilising period described in “Structure of the Global Offering — Stabilisation” in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Sole Global Coordinator or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the price determination agreement to be entered into between the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, which is currently scheduled to be on or around Thursday, 30 June 2016 and in any event no later than 12:00 noon (Hong Kong time) on Monday, 4 July 2016. **If the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by 12:00 noon (Hong Kong time) on Monday, 4 July 2016, the Global Offering will not become unconditional and will lapse.**

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.38 per Offer Share and is expected to be not less than HK\$0.30 per Offer Share.

The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer.

The Sole Global Coordinator (acting for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time no later than the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause to be published in The Standard (in English) and Hong Kong Economic Times (in Chinese) notice reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such a notice, the revised the number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published in The Standard (in English) and Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon with our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

Our Company expects to announce the final Offer Price, the level of indication of interests under the International Placing and the basis of allotment of Hong Kong Offer Shares under the Hong Kong Public Offer on or before Tuesday, 5 July 2016 in The Standard (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company at www.xhsl.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

- (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange);
- (ii) the Offer Price having been duly determined and the execution and delivery of the International Placing Agreement on or about the Price Determination Date; and
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Global Coordinator (acting for itself and on behalf of the Underwriters)) and not having terminated in accordance with the terms of that agreement or otherwise,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be caused to be published by our Company in The Standard (in English), the Hong Kong Economic Times (in Chinese) and the respective websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.xhsl.com.hk) on the next 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 Hong Kong Offer Shares” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong.

Share certificates for Hong Kong Offer Shares are expected to be issued on Tuesday, 5 July 2016 but will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on the Listing Date, which is expected to be Wednesday, 6 July 2016, provided that (i) the Global Offering 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.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

The Global Offering comprises the International Placing and the Hong Kong Public Offer. A total of 350,000,000 Shares (subject to the Over-allotment Option as mentioned in the paragraph headed “Over-allotment Option” in this section below) will initially be made available under the Global Offering, of which 315,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned in the paragraphs headed “Re-allocation of Offer Shares between the Hong Kong Public Offer and the International Placing” and “Over-allotment Option” in this section below respectively), representing 90% of the total number of Shares initially being offered under the Global Offering, will initially be offered for subscription and purchase under the International Placing. The remaining 35,000,000 Shares (subject to reallocation as mentioned in the paragraph headed “Re-allocation of Offer Shares between the Hong Kong Public Offer and the International Placing” in this section below), representing 10% of the total number of Shares initially being offered under the Global Offering, will initially be offered to the public in Hong Kong under the Hong Kong Public Offer. The Hong Kong Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The number of Shares offered for subscription and purchase under the Global Offering will be subject to re-allocation on the basis described below. No pre-emption right or right to subscribe or purchase for the Offer Shares has been granted.

Applicants may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but the applicants may not apply in both offerings for the Global Offering. In other words, the applicants may only apply for and receive either Hong Kong Offer Shares under the Hong Kong Public Offer or International Placing Shares under the International Placing, but not under both offerings. The International Placing Shares, will be placed with professional and institutional investors in Hong Kong and other jurisdictions outside the United States in offshore transactions, as defined in, and in reliance on, Regulation S.

The levels of indication of interest in the International Placing and the basis of allotment and the result of application under the Hong Kong Public Offer are expected to be announced on or before Tuesday, 5 July 2016 through a variety of channels as described in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

THE INTERNATIONAL PLACING

Our Company is initially offering, at the Offer Price, 315,000,000 new Shares (subject to reallocation and the Over-allotment Option as mentioned in the paragraphs headed “Re-allocation of Offer Shares between the Hong Kong Public Offer and the International Placing” and “Over-allotment Option” in this section below respectively), representing 90% of the total number of Shares being initially offered under the Global Offering, for subscription by way of the International Placing. The International Placing is managed by the Sole Global Coordinator and is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Placing Agreement including the agreement on the Offer Price. The International Underwriters are soliciting from prospective professional and institutional investors indications of interest in acquiring International Placing Shares in the International Placing. Professional and institutional investors generally include brokers, dealers, companies and fund managers, whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional and institutional investors will be required to specify the number of International Placing Shares they

STRUCTURE OF THE GLOBAL OFFERING

would be prepared to acquire either at different prices or at a particular price. This process is known as “book building”. In Hong Kong, individual retail investors should apply for Hong Kong Offer Shares in the Hong Kong Public Offer, as individual retail investors, including those applying through banks and other institutions, applying for International Placing Shares are unlikely to be allocated any International Placing Shares.

Allocation of International Placing Shares to professional, institutional and private investors pursuant to the International Placing will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the investor is likely to purchase further Shares, or hold or sell the Shares placed, after the Listing. Such allocation is intended to result in a distribution of International Placing Shares on the basis which would lead to the establishment of a solid broad shareholder base to the benefit of our Company and our Shareholders taken as a whole. If the Hong Kong Public Offer is not fully subscribed, the Sole Global Coordinator may reallocate all or any unsubscribed Shares originally included in the Hong Kong Public Offer to the International Placing.

The International Underwriters or selling agent nominated by the International Underwriters shall, on behalf of our Company, conditionally place International Placing Shares with professional and institutional investor in Hong Kong and other jurisdictions outside the United States in offshore transactions as defined in, and in reliance on, Regulation S. The International Placing shall be subject to the Global Offering restrictions set out under the section headed “Information about this Prospectus and the Global Offering” in this prospectus.

The International Placing is conditional on the same conditions as set out in the paragraph headed “Conditions of the Global Offering” in this section above. The total number of International Placing Shares to be allotted and issued pursuant to the International Placing may change as a result of the clawback arrangement referred to in the paragraph headed “The Hong Kong Public Offer” in this section below, any reallocation of unsubscribed Shares originally included in the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Our Company is initially offering, at the Offer Price, 35,000,000 new Shares (subject to reallocation as mentioned in the paragraph headed “Re-allocation of Offer Shares between the Hong Kong Public Offer and the International Placing” in this section below), representing 10% of the total number of Shares being initially offered under the Global Offering, for subscription by way of the Hong Kong Public Offer in Hong Kong. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement including the agreement on the Offer Price.

The Hong Kong Public Offer is open to all members of the public in Hong Kong. An applicant for Hong Kong Offer Shares will be required to give an undertaking and confirmation in the application form submitted by him/her that he/she has not applied for or taken up or received any International Placing Shares or indicated an interest for International Placing Shares or otherwise participated in the International Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Hong Kong Public Offer is liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

The total number of the Offer Shares available for subscription under the Hong Kong Public Offer is to be divided into two pools for allocation purposes:

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and

Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Multiple applications or suspected multiple applications and any application made for more than 17,496,000 Hong Kong Offer Shares will be rejected.

Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offer from investors who have received International Placing Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received shares in the Hong Kong Public Offer.

The Sole Global Coordinator (acting for itself and on behalf of the other Underwriters) may require any investor who has been offered International Placing Shares under the International Placing, and who has made an application under the Hong Kong Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offer.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based solely on the level and timing of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. When there is over subscription under the Hong Kong Public Offer, allocation of Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

RE-ALLOCATION OF OFFER SHARES BETWEEN THE HONG KONG PUBLIC OFFER AND THE INTERNATIONAL PLACING

The allocation of Offer Shares between the Global Offering is subject to re-allocation. If the number of Shares validly applied for in the Hong Kong Public Offer:

- (i) represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Hong Kong Public Offer, then 70,000,000 Shares will be re-allocated to the Hong Kong Public Offer from the International Placing, so that an aggregate of 105,000,000 Shares will be available under the Hong Kong Public Offer, representing 30% of the Offer Shares initially available under the Global Offering;
- (ii) represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Hong Kong Public Offer, then 105,000,000 Shares will be re-allocated to the Hong Kong Public Offer from the International Placing, so that an aggregate of 140,000,000 Shares will be available under the Hong Kong Public Offer, representing 40% of the Offer Shares initially available under the Global Offering; and
- (iii) represents 100 times or more of the number of Shares initially available for subscription under the Hong Kong Public Offer, then 140,000,000 Shares will be re-allocated to the Hong Kong Public Offer from the International Placing, so that an aggregate of 175,000,000 Shares will be available under the Hong Kong Public Offer, representing 50% of the Offer Shares initially available under the Global Offering.

In each of the above cases, the additional Shares re-allocated to the Hong Kong Public Offer will be allocated equally between pool A and pool B and the number of Shares allocated to the International Placing will be correspondingly reduced. The Offer Shares to be offered under the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Guotai Junan Securities (Hong Kong) Limited is the Sole Global Coordinator, the Sole Bookrunner and the Joint Lead Managers of the Hong Kong Public Offer which is underwritten at the Offer Price by the Hong Kong Underwriters, on and subject to the terms and conditions of the Hong Kong Underwriting Agreement.

STRUCTURE OF THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator (acting for itself and on behalf of the International Underwriters), pursuant to the International Placing Agreement, exercisable at any time up to the 30th day after the last day for lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to 52,500,000 additional Offer Shares representing 15% of the initial Offer Shares, each at the Offer Price, to cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged issued shares immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to slow and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the initial public offer price.

In connection with the Global Offering, the Sole Global Coordinator as stabilising manager or its affiliates or any person acting for it may, on behalf of the Underwriters, and to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the commencement of trading in the Shares on the Stock Exchange. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Sole Global Coordinator or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Sole Global Coordinator or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

The Sole Global Coordinator or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

- (i) purchase, or agree to purchase, any of the Offer Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of the Offer Shares;
- (ii) in connection with any action described in paragraph (i) above;
 - (A) (1) over-allocate the Offer Shares; or

STRUCTURE OF THE GLOBAL OFFERING

- (2) sell or agree to sell the Offer Shares so as to establish a short position in them, for the sole purpose of preventing or minimising any reduction in the market price of the Offer Shares;

- (B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Offer Shares in order to close out any position established under paragraph (A) above;

- (C) sell or agree to sell any of the Offer Shares acquired by it in the course of the stabilising action referred to in paragraphs (i) above in order to liquidate any position that has been established by such action; or

- (D) offer or attempt to do anything as described in paragraphs (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Sole Global Coordinator or any person acting for it may, in connection with the stabilising action, maintain a long position in the Offer Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Sole Global Coordinator or any person acting for it and selling in the open market, which may include a decline in the market price of the Offer Shares.

Stabilisation cannot be used to support the price of the Offer Shares for longer than the stabilisation period, which begins on the day on which trading of the Offer Shares commences on the Stock Exchange and ends on the 30th day after the last day for lodging of applications under the Hong Kong Public Offer.

The stabilisation period is expected to expire on Thursday, 28 July 2016. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore their market price, could fall.

Any stabilising action taken by the Sole Global Coordinator or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilising bids or market purchases affected in the course of the stabilisation action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Offer Shares.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 52,500,000 additional Shares, representing 15% of the Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of covering such over-allocations, the Sole Global Coordinator may borrow up to 52,500,000 Shares from Ever Winning Investment, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under a stock borrowing agreement.

STRUCTURE OF THE GLOBAL OFFERING

STOCK BORROWING

In order to facilitate settlement of over-allocations in connection with the International Placing, the Stock Borrowing Agreement has been entered into between the Sole Global Coordinator and Ever Winning Investment in compliance with Rule 10.07(3) of the Listing Rules. Under the Stock Borrowing Agreement, Ever Winning Investment has agreed with the Sole Global Coordinator that if requested by the Sole Global Coordinator, it will, subject to the terms of the Stock Borrowing Agreement, make available to the Sole Global Coordinator up to 52,500,000 Shares held by it, by way of stock lending, in order to cover over allocations in connection with the International Placing on the conditions that:

- (i) such stock borrowing arrangement will only be effected by the Sole Global Coordinator for settlement of over-allocations of Shares in connection with the International Placing;
- (ii) the maximum number of Shares which must be borrowed from Ever Winning Investment by the Sole Global Coordinator under the Stock Borrowing Agreement must not exceed the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;
- (iii) the same number of Shares so borrowed must be returned to Ever Winning Investment or its nominees, as the case may be, on or before the third business day following the earlier of:
 - (a) the last day on which the Over-allotment Option may be exercised; or
 - (b) the day on which the Over-allotment is exercised in full;
- (iv) the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and
- (v) no payments or other benefits will be made to Ever Winning Investment by the Sole Global Coordinator or any of the International Underwriters in relation to such stock borrowing arrangement.

DEALINGS AND SETTLEMENT

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, 6 July 2016.

Shares will be traded in board lots of 8,000 Shares each and are freely transferable.

The stock code for the Shares is 1549. Our Company will not issue any temporary document of title.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong 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 Sole Global Coordinator, 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

You can apply for Hong Kong 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.

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, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of **joint applicants may not exceed** four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Hong Kong 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 between 9:00 a.m. on Thursday, 23 June 2016 to 12:00 noon, on Tuesday, 28 June 2016 from:

- (i) any of the following offices of the Hong Kong underwriters:

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Convoy Investment Services Limited

Unit C, 24/F, @Convoy
169 Electric Road
North Point
Hong Kong

Ample Orient Capital Limited

Unit 902, 9/F
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch Sheung Wan Branch	3/F, 1 Garden Road, Central Shop 1-4, G/F, Tung Hip Commercial Building, 244-248 Des Voeux Road Central
Kowloon	Yau Ma Tei Branch Kowloon Plaza Branch Hoi Yuen Road Branch	471 Nathan Road, Yau Ma Tei Unit 1, Kowloon Plaza, 485 Castle Peak Road 55 Hoi Yuen Road, Kwun Tong
New Territories	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 23 June 2016 until 12:00 noon Tuesday, 28 June 2016 from the Depository Counter of HKSCC at 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 "**Bank of China (Hong Kong) Nominees Limited – Ever Harvest Group 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:

- Thursday, 23 June 2016: **9:00 a.m. to 5:00 p.m.**
- Friday, 24 June 2016: **9:00 a.m. to 5:00 p.m.**
- Saturday, 25 June 2016: **9:00 a.m. to 1:00 p.m.**
- Monday, 27 June 2016: **9:00 a.m. to 5:00 p.m.**
- Tuesday, 28 June 2016: **9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 28 June 2016, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Applications Lists" below in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (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 Hong Kong 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 Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, 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;
- (ix) 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 Sole Sponsor, the Sole Global Coordinator 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong 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 Hong Kong 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;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) 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 Hong Kong 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 have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) 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;
- (xvii) understand that our Company, the Sole Sponsor and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (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 or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (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; 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “2. Who can Apply” in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted 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 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**.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 23 June 2016 until 11:30 a.m. on Tuesday, 28 June 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 28 June 2016 or such later time under the paragraph headed “10. Effect of Bad Weather on the Opening of the Applications Lists” below in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** 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** 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).

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong 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 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 Center
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 Hong Kong 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 Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong 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 Hong Kong 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
- (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, the Sole Sponsor, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong 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 Hong Kong 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 Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, 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 Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and/or its 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 Hong Kong Offer Shares to any person before the fifth day after the time of the opening of

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Hong Kong 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 Hong Kong 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 our Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; 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 Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 number of 8,000 Hong Kong Offer Shares. Instructions for more than 8,000 Hong Kong 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 Hong Kong 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:

- Thursday, 23 June 2016: **9:00 a.m. to 8:30 p.m.**⁽¹⁾
- Friday, 24 June 2016: **8:00 a.m. to 8:30 p.m.**⁽¹⁾
- Saturday, 25 June 2016: **8:00 a.m. to 1:00 p.m.**⁽¹⁾
- Monday, 27 June 2016: **8:00 a.m. to 8:30 p.m.**⁽¹⁾
- Tuesday, 28 June 2016: **8:00 a.m.**⁽¹⁾ **to 12:00 noon**

Note:

- (1) 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 Thursday, 23 June 2016 until 12:00 noon on Tuesday, 28 June 2016.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 28 June 2016, the last application day or such later time as described in the paragraph headed “10. 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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Share Registrar, the receiving bank, the Sole Global Coordinator, 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.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also 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 in making your electronic applications. Our Company, our Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriters 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 allotted any Hong Kong 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/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, 28 June 2016.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **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).

9. HOW MUCH ARE THE HONG KONG 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 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 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 8,000 Hong Kong Public 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 of the Global Offering – Determining the Offer Price” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. 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, 28 June 2016. 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, 28 June 2016 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” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Tuesday, 5 July 2016 in The Standard (in English) and Hong Kong Economic Times (in Chinese) and on our Company’s website at www.xhsl.com.hk 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 Hong Kong 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.xhsl.com.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Tuesday, 5 July 2016;
- 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 Tuesday, 5 July 2016 to 12:00 midnight on Monday, 11 July 2016;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 5 July 2016 to Friday, 8 July 2016;
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 5 July 2016 to Thursday, 7 July 2016 at all the receiving bank designated branches.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering” 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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong 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 to **HK eIPO White Form** Service Provider, 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 its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee 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 Committee 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;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- 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 instructions, terms and conditions on the designated website;
- 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 Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator 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 17,496,000 Hong Kong Offer Shares.

13. 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\$0.38 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with "Structure of the Global Offering – the Hong Kong Public Offer" in 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 Tuesday, 5 July 2016.

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14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong 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 Hong Kong 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 Hong Kong 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 dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on Tuesday, 5 July 2016. 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 Wednesday, 6 July 2016 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” in 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 Hong Kong 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 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 Tuesday, 5 July 2016 or such other date as notified by us in the newspapers.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 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 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 5 July 2016, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 5 July 2016, 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 Tuesday, 5 July 2016, 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 Hong Kong Public Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public 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 Hong Kong Public Offer in the manner described in "11. 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 Tuesday, 5 July 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) If you apply through the HK eIPO White Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from 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 Tuesday, 5 July 2016, or such other date as notified by our Company in the newspapers as the date of despatch/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 at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 5 July 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched 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 despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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 Tuesday, 5 July 2016, 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 Hong Kong Public Offer in the manner specified in "11. Publication of Results" above on Tuesday, 5 July 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 July 2016 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong 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 Hong Kong 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 Tuesday, 5 July 2016. Immediately following the credit of the Hong Kong 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 Hong Kong 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 Tuesday, 5 July 2016.

15. 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 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, received from the Company's reporting accountants, Mazars CPA Limited, Certified Public Accountants, for the purpose of incorporation in this prospectus.

**MAZARS CPA LIMITED****瑪澤會計師事務所有限公司**42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
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Email 電郵: info@mazars.hk

Website 網址: www.mazars.cn

23 June 2016

The Directors

Ever Harvest Group Holdings Limited

Guotai Junan Capital Limited

Dear Sirs,

We set out below our report on the financial information of Ever Harvest Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which comprises the combined statements of financial position of the Group at 31 December 2013, 2014 and 2015, the statement of financial position of the Company at 31 December 2015, and the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2013, 2014 and 2015 (the “**Relevant Periods**”), and a summary of significant accounting policies and other explanatory information (the “**Financial Information**”), prepared on the basis of preparation as set out in Note 2 of Section II below, for inclusion in the prospectus of the Company dated 23 June 2016 (the “**Prospectus**”) issued in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 October 2015. Pursuant to a group reorganisation (the “**Reorganisation**”) as detailed in the paragraph headed “Reorganisation” of the section headed “History, Development and Reorganisation” of the Prospectus, which was completed on 4 May 2016 the Company became the holding company of the entities now comprising the Group. Apart from the Reorganisation, the Company has not commenced any significant business or operation since its incorporation. At the date of this report, no audited financial statements have been prepared for the Company since the date of its incorporation.

At the date of this report, the Company has direct/indirect interests in its subsidiaries as set out in Note 1 of Section II below. All the entities now comprising the Group are private companies and have adopted 31 December as their financial year end dates. The audited financial statements of the subsidiaries for which there are statutory audit requirements have been prepared in accordance with relevant accounting principles and financial reporting regulations applicable to these entities in the countries in which they were incorporated/established. Details of the statutory auditors of the subsidiaries are set out in Note 1 of Section II below.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the “**Underlying Financial Statements**”) in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Underlying Financial Statements were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustment made thereon, and in accordance with the basis of preparation as set out in Note 2 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance, the applicable disclosure provisions of the Listing Rules and the basis of preparation as set out in Note 2 of Section II below, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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 Financial Information and to report our opinion to you. We have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 December 2015.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation as set out in Note 2 of Section II below, a true and fair view of the financial position of the Group at 31 December 2013, 2014 and 2015, the financial position of the Company at 31 December 2015, and the Group's financial performance and cash flows for each of the Relevant Periods.

I. FINANCIAL INFORMATION

Combined Income Statements

	Note	Year ended 31 December		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Revenue	5	591,028	594,751	459,171
Cost of services		(504,054)	(517,750)	(376,204)
Gross profit		86,974	77,001	82,967
Other income	6	2,605	23,463	17,039
Administrative and other operating expenses		(54,734)	(57,523)	(55,129)
Finance costs	7	(440)	(169)	(278)
Profit before tax	7	34,405	42,772	44,599
Income tax expenses	10	(3,117)	(4,356)	(5,430)
Profit for the year		<u>31,288</u>	<u>38,416</u>	<u>39,169</u>
Attributable to:				
Equity holders of the Company		31,264	34,598	38,228
Non-controlling interests		24	3,818	941
		<u>31,288</u>	<u>38,416</u>	<u>39,169</u>
Earnings per share attributable to equity holders of the Company	12	<u>2.98 HK cents</u>	<u>3.30 HK cents</u>	<u>3.64 HK cents</u>

Combined Statements of Comprehensive Income

	Year ended 31 December		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	31,288	38,416	39,169
Other comprehensive income <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation/combination	256	428	(2,366)
Total comprehensive income for the year	<u>31,544</u>	<u>38,844</u>	<u>36,803</u>
Total comprehensive income attributable to			
Equity holders of the Company	31,520	35,000	36,258
Non-controlling interests	24	3,844	545
	<u>31,544</u>	<u>38,844</u>	<u>36,803</u>

Combined Statements of Financial Position

	Note	At 31 December		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Non-current assets				
Property, plant and equipment	13	26,221	29,604	25,193
Current assets				
Trade and other receivables	14	84,227	104,153	72,996
Financial assets at fair value through profit or loss	15	4,274	–	–
Pledged bank deposits	16	840	450	450
Income tax recoverable		–	1,011	–
Bank balances and cash		39,091	48,386	57,416
		128,432	154,000	130,862
Current liabilities				
Trade and other payables	17	117,402	111,424	72,077
Current portion of obligations under finance leases	18	2,004	1,521	1,905
Income tax payable		1,024	1,418	3,877
		120,430	114,363	77,859
Net current assets		8,002	39,637	53,003
Total assets less current liabilities		34,223	69,241	78,196
Non-current liabilities				
Deferred tax liabilities	19	–	1,999	3,946
Non-current portion of obligations under finance leases	18	–	2,550	1,396
		–	4,549	5,342
NET ASSETS		34,223	64,692	72,854
Capital and reserves				
Share capital	20	–	–	–
Reserves	21	33,562	60,187	72,854
Equity attributable to equity holders of the Company		33,562	60,187	72,854
Non-controlling interests	22	661	4,505	–
TOTAL EQUITY		34,223	64,692	72,854

Statement of Financial Position

	<i>Note</i>	At 31 December 2015 HK\$
Non-current assets		
Investment in a subsidiary	20	8
		<hr/>
Current liabilities		
Other payable		8
		<hr/>
NET ASSETS		–
		<hr/> <hr/>
CAPITAL AND RESERVE		
Share Capital	20	–
Reserve		–
		<hr/>
TOTAL EQUITY		–
		<hr/> <hr/>

Combined Statements of Changes in Equity

	Attributable to equity holders of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000 (Note 20)	Capital reserve HK\$'000 (Note 21(a))	Translation reserve HK\$'000 (Note 21(b))	Other reserve HK\$'000 (Note 21(c))	Accumulated profits HK\$'000			
At 1 January 2013	-	110	1,809	-	10,141	12,060	-	12,060
Profit for the year	-	-	-	-	31,264	31,264	24	31,288
Other comprehensive income								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on consolidation/combination	-	-	256	-	-	256	-	256
Total comprehensive income for the year	-	-	256	-	31,264	31,520	24	31,544
Transactions with owners								
<i>Contribution and distributions</i>								
Dividends to equity holders of the entities now comprising the Group (Note 11)	-	-	-	-	(10,018)	(10,018)	-	(10,018)
<i>Change in ownership interests</i>								
Non-controlling interests arising from acquisition of a subsidiary (Note 24)	-	-	-	-	-	-	637	637
Total transaction with owners for the year	-	-	-	-	(10,018)	(10,018)	637	(9,381)
At 31 December 2013	-	110	2,065	-	31,387	33,562	661	34,223
At 1 January 2014	-	110	2,065	-	31,387	33,562	661	34,223
Profit for the year	-	-	-	-	34,598	34,598	3,818	38,416
Other comprehensive income								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on consolidation/combination	-	-	402	-	-	402	26	428
Total comprehensive income for the year	-	-	402	-	34,598	35,000	3,844	38,844
Transactions with owners								
<i>Contribution and distributions</i>								
Dividends to equity holders of the entities now comprising the Group (Note 11)	-	-	-	-	(8,375)	(8,375)	-	(8,375)
At 31 December 2014	-	110	2,467	-	57,610	60,187	4,505	64,692

	Attributable to equity holders of the Company					Total	Non-controlling interests	Total
	Share capital	Capital reserve	Translation reserve	Other reserve	Accumulated profits			
	HK\$'000 (Note 20)	HK\$'000 (Note 21(a))	HK\$'000 (Note 21(b))	HK\$'000 (Note 21(c))	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2015	-	110	2,467	-	57,610	60,187	4,505	64,692
Profit for the year	-	-	-	-	38,228	38,228	941	39,169
Other comprehensive income								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on translation of consolidation/combination	-	-	(1,970)	-	-	(1,970)	(396)	(2,366)
Total comprehensive income for the year	-	-	(1,970)	-	38,228	36,258	545	36,803
Transactions with owners								
<i>Contribution and distributions</i>								
Issue of share capital of entities now comprising the Group (Note 26)	-	9,992	-	-	-	9,992	-	9,992
Dividends to equity holders of the entities now comprising the Group (Note 11)	-	-	-	-	(38,025)	(38,025)	-	(38,025)
	-	9,992	-	-	(38,025)	(28,033)	-	(28,033)
<i>Changes in ownership interests</i>								
Acquisition of the non-controlling interests of a subsidiary (Note 24)	-	-	-	4,442	-	4,442	(5,050)	(608)
Total transactions with owners for the year	-	9,992	-	4,442	(38,025)	(23,591)	(5,050)	(28,641)
At 31 December 2015	-	10,102	497	4,442	57,813	72,854	-	72,854

Note:

Subsequent to 31 December 2015, the Group's subsidiaries established in the PRC have appropriated a total of approximately RMB241,000 (equivalent to approximately HK\$299,000), calculated based on 10% of their accumulated after-tax profits determined in accordance with the accounting standards in the PRC, to statutory reserve in accordance with the relevant PRC laws and regulations. The statutory reserve can be used to make up for losses, expand the existing operation and convert into additional capital.

Combined Statements of Cash Flows

	Note	Year ended 31 December		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES				
Cash generated from operations	23	21,559	16,332	41,707
Income tax (paid) refunded		(1,752)	(2,987)	358
Interest paid		(440)	(169)	(278)
Net cash from operating activities		19,367	13,176	41,787
INVESTING ACTIVITIES				
Interest received		123	54	97
Net cash inflow from acquisition of a subsidiary	24	3,597	–	–
Purchase of property, plant and equipment		(2,755)	(3,067)	(557)
Purchase of financial assets at fair value through profit or loss		–	(3,090)	(1,191)
Proceeds from disposals of property, plant and equipment		840	1,983	417
Proceeds from disposals of financial assets at fair value through profit or loss		–	9,900	1,458
Decrease in pledged bank deposits		–	390	–
Net cash from investing activities		1,805	6,170	224
FINANCING ACTIVITIES				
Acquisition of the non-controlling interests of a subsidiary		–	–	(608)
Repayment of obligations under finance leases		(4,240)	(2,767)	(1,689)
Dividends paid		(10,018)	(8,375)	(28,033)
Net cash used in financing activities		(14,258)	(11,142)	(30,330)
Net increase in cash and cash equivalents		6,914	8,204	11,681
Cash and cash equivalents at the beginning of the year		31,585	39,091	48,386
Effect on exchange rate changes		592	1,091	(2,651)
Cash and cash equivalents at the end of the year, represented by bank balances and cash		39,091	48,386	57,416

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

Ever Harvest Group Holdings Limited (the “**Company**”, together with its subsidiaries is hereinafter collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 15 October 2015. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company’s principal place of business is situated at 28/F., Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. During the years ended 31 December 2013, 2014 and 2015 (the “**Relevant Periods**”), the Group is principally engaged in rendering of sea freight transportation and freight forwarding services in Hong Kong and in the People’s Republic of China (the “**PRC**”).

At the date of this report, the immediate holding company of the Company is Ever Winning Investment Company Limited (“**Ever Winning Investment**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling party is Mr. Lau Yu Leung (the “**Ultimate Controlling Party**”).

Pursuant to a group reorganisation (the “**Reorganisation**”), which was completed on 4 May 2016, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Development and Reorganisation” of the prospectus of the Company dated 23 June 2016 (the “**Prospectus**”) issued in connection with the initial listing of shares of the Company (the “**Initial Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company’s subsidiaries, which are private limited liability companies, of which the Company has direct/indirect interests are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company	Principal activities/ place of operation
<i>Directly held by the Company</i>				
Ever Harvest Investments Limited (“ Ever Harvest (BVI) ”)	The BVI 16 November 2015	United States Dollars (“ US\$ ”) 1	100%	Investment holding/ Hong Kong
<i>Indirectly held by the Company</i>				
Ever Harvest International Holdings Limited (“ EHIHL ”)	Hong Kong 24 December 2015	Hong Kong Dollars (“ HK\$ ”) 10,000	100%	Investment holding/ Hong Kong
Ever Harvest Shipping Limited (“ Ever Harvest ”)	Hong Kong 11 August 1992	HK\$10,002,000	100%	Rendering of sea freight transportation and freight forwarding services/ Hong Kong
Xiamen Harvest Shipping Limited (“ Xiamen Harvest ”)	Hong Kong 23 June 1993	HK\$100,300	100%	Rendering of sea freight transportation services/Hong Kong
永豐國際貨運(深圳)有限公司 (Ever Harvest International Logistics (Shenzhen) Ltd., “ EHIL ”)	The PRC 18 October 2004	RMB8,000,000	100%	Provision of freight forwarding services/ the PRC

Name of subsidiary	Place and date of incorporation/ establishment	Paid up capital	Attributable equity interest held by the Company	Principal activities/ place of operation
<i>Indirectly held by the Company</i> 深圳市永豐物流有限公司 (Shenzhen Ever Harvest Logistics Co., Ltd., "SEHL")	The PRC 15 April 2002	RMB8,500,000	100%	Provision of freight forwarding and feeder rental services/ the PRC
深圳市永世豐物流有限公司 (Shenzhen Forever Harvest Logistics Ltd.*, "SFHL")	The PRC 24 July 2013	RMB1,000,000	100%	Provision of freight forwarding consulting/ the PRC

* *English translation for identification purpose only.*

The financial statements, as prepared in accordance with respective local financial reporting standards, of the Company's subsidiaries that fall into the Relevant Periods have been audited as follows:

Company	Financial period	Auditors
Ever Harvest	Year ended 31 December 2013	Y.T. Lo & Co., Certified Public Accountants (Practising)
	Year ended 31 December 2014	Mazars CPA Limited
Xiamen Harvest	Year ended 31 December 2013	Y.T. Lo & Co., Certified Public Accountants (Practising)
	Year ended 31 December 2014	Mazars CPA Limited
EHIL	Years ended 31 December 2013, 2014 and 2015	深圳滙田會計師事務所 ("Shenzhen Huitian Certified Public Accountants"*)
SEHL	Years ended 31 December 2013, 2014 and 2015	深圳滙田會計師事務所 ("Shenzhen Huitian Certified Public Accountants"*)
SFHL	Years ended 31 December 2014 and 2015	深圳滙田會計師事務所 ("Shenzhen Huitian Certified Public Accountants"*)

* *English translation for identification purpose only.*

No statutory audited financial statements have been prepared by Ever Harvest and Xiamen Harvest for the year ended 31 December 2015 as such financial statements are not yet due for audit under the statutory requirements of their respective places of incorporation.

No statutory audited financial statements have been prepared by Ever Harvest (BVI) and EHIHL as Ever Harvest (BVI) is not required to issue audited financial statements under the statutory requirement of its place of incorporation and the financial statements of EHIHL is not yet due for audit under the statutory requirements of their respective places of incorporation.

No statutory audited financial statements have been prepared by SFHL for year ended 31 December 2013 as it is not required to issue audited financial statements under the statutory requirement of its place of incorporation.

2. BASIS OF PREPARATION

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group are ultimately controlled by the Ultimate Controlling Party. The Group's business is mainly conducted through Ever Harvest, Xiamen Harvest, EHIL, SEHL and SFHL. The Company is an investment holding company and has not been involved in any other significant activities prior to the Reorganisation. Because the Reorganisation did not result in any change in the management and the ultimate control of the Group's business, it is considered as a business combination under common control. Accordingly, except for the acquisition of the 49% equity interest of SEHL which was completed on 12 April 2013 as detailed in Note 24, the Group's financial information for the Relevant Periods (the "**Financial Information**") as included in this report is prepared using the carrying values of the entities involved in the Reorganisation for all periods presented on a basis in accordance with the principles of merger accounting as set out in Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

As further explained in the paragraph headed "Basis of Combinations" in Note 3, the Financial Information presents the combined results, combined changes in equity, combined cash flows and combined financial positions of the entities now comprising the Group as if the current group structure, except for the acquisition of SEHL prior to the Reorganisation, had always been in existence and the Group is regard as a continuing entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with the basis set out below which conforms with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of the Financial Information, the Group has consistently adopted all these new/revised HKFRSs that are relevant to its operations and are effective during the Relevant Periods.

A summary of the principal accounting policies adopted by the Group in preparing the Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Financial Information is historical cost, except for financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policy set out below.

Basis of combinations

The Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

(1) *Business combinations not under common control*

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group, as appropriate. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination not under common control is measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Non-controlling interests are presented, separately from equity holders of the Company, in the combined income statements and the combined statements of comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(2) *Merger accounting for common control combinations*

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the Ultimate Controlling Party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the capital reserve. The Financial Information includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

As the Group's lease payments for its leasehold land and buildings cannot be allocated reliably between the land and buildings elements at the inception of the lease because similar land and buildings are not sold or leased separately, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold land and buildings	Over the unexpired term of leases
Leasehold improvements	5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Containers	10 years
Feeder vessels	10 to 20 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments*Recognition and derecognition*

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets and financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) *Loans and receivables*

Loans and receivables including trade and other receivables, pledged bank deposits and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

(2) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling or repurchasing in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

(3) *Financial liabilities*

The Group's financial liabilities include trade and other payables and obligations under finance leases. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

(4) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income (if any) within trade and other payables at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated.) Subsequently, it is measured at the higher of (i) the amount initially recognised, less accumulated amortisation, and (ii) the amount of the provision, if any, that is required to settle the commitment at the end of each reporting period.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether there is any indication that its property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in the currency of HK\$, which is also the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- on all other partial disposals, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Revenue recognition

Revenue is recognised, on gross basis, when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following basis:

- (a) from the rendering of feeder shipping services, when the feeder services are rendered.
- (b) from the rendering of sea freight forwarding agency services, when the agency services are rendered.
- (c) from the rendering of carrier owned container services, when the services are rendered.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable/receivable under operating leases are charged/credited to profit or loss on a straight-line basis over the term of the relevant lease.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Government grants received by the Group mainly represented incentive grants from the relevant authorities in the PRC in respect of the provision of sea freight transportation and freight forwarding services in specific provinces in the PRC with no future service or other conditions attached. They are recognised as income in the profit or loss when they are approved by and the cash for the grants are received from the relevant authorities.

Employee benefits*Short term employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Long service payments

The Group's net obligation in respect of long service payments under the Hong Kong Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

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, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) 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 the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each holding company, 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 employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company 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 Group or to the holding company of the Group.

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:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

(a) Critical judgements made in applying accounting policies

The Group has entered into usage priority agreements for the preferential use on four vessels with the legal owners of each vessel (the "**Usage Priority Agreements**"). According to the Usage Priority Agreements, the legal owners and the Group mutually agreed the following key terms:

- the Group has the exclusive preferential right to use these four vessels;
- the Group has the preferential right to acquire the interest or obtain the sales proceeds of disposal (pre-approval by the Group in advance) of these four vessels; and
- any transfer, leasing, written-off or pledge of these four vessels have to be approved by the Group in advance.

In accordance with HKAS 16 "Property, Plant and Equipment" ("HKAS 16"), the cost of an item of property, plant and equipment shall be recognised as an asset if 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.

The Group can demonstrate the disposal, transfer, leasing, written-off or pledge of these four vessels have to be pre-approved by the Group. In addition, the Group can obtain future economic benefits associated with these four vessels by exercising the exclusive preferential right to use these four vessels to provide logistic services to the customers or obtain the sales proceeds on disposal of these four vessels. Therefore, the management of the Group considered that the future economic benefits associated from the exclusive preferential use of these four vessels are expected to flow to the Group. Accordingly, the aggregate net carrying amounts of these four vessels of approximately HK\$11,378,000, HK\$10,793,000 and HK\$8,972,000 at 31 December 2013, 2014 and 2015, respectively, have been recorded under property, plant and equipment.

In accordance with HKAS 38 "Intangible Assets" ("HKAS 38"), some intangible assets may be contained in or on a physical substance. In determining whether an asset that incorporates both intangible and tangible elements should be treated under HKAS 16 or as an intangible asset under HKAS 38, the entity uses judgement to assess which element is more significant.

The management of the Group, based on the terms set out in the Usage Priority Agreements and the actual usage of these four vessels, considered that in substance the Group is able to use these four vessels and obtain the future economic benefits through the usage of these four vessels physically as if it was the legal owners throughout the period covered by the Usage Priority Agreements. Accordingly, these four vessels are recorded by the Group as property, plant and equipment under HKAS 16.

(b) *Key sources of estimation uncertainty*

(i) Useful lives of property, plant and equipment

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) Impairment of property, plant and equipment

The management determines whether the Group's property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of fair value less costs to sell or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each debtors. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, allowance will be required.

(iv) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are 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 impair the income tax and deferred tax provision in the period in which such determination is made.

Future changes in HKFRSs

At the date of approving the Financial Information, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the Relevant Periods, which the Group has not early adopted.

Amendments to HKAS 1	Disclosure Initiative ⁽¹⁾
Amendments to HKASs 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁽¹⁾
Amendments to HKASs 16 and 41	Bearer Plants ⁽¹⁾
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements ⁽¹⁾
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ⁽¹⁾
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁽¹⁾
HKFRS 14	Regulatory Deferral Accounts ⁽¹⁾
Annual Improvements Project	2012-2014 Cycle ⁽¹⁾
HKFRS 15	Revenue from Contracts with Customers ⁽²⁾
HKFRS 9 (2014)	Financial Instruments ⁽²⁾
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
HKFRS 16	Leases ⁽⁴⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2016

⁽²⁾ Effective for annual periods beginning on or after 1 January 2018

⁽³⁾ The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been deferred/removed

⁽⁴⁾ Effective for annual periods beginning on or after 1 January 2019

Except for HKFRS 16 as set out below, the management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Group.

HKFRS 16

HKFRS 16 significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties and feeder vessels by the Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a significant impact on the future financial position, financial performance and cash flows of the Group upon adoption.

4. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-makers. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors assess the performance of the Group's business from a route perspective for the feeder shipping services and the carrier owned container services and a collective perspective for sea freight forwarding agency services.

Segment results represent the gross profit earned or loss incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs and income tax expenses.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief operating decision makers for review.

The segment information provided to the executive directors for the reportable segments for the Relevant Periods is as follows:

	Sea freight forwarding agency services	Fujian routes	Guangxi routes	Guangdong routes	Hainan routes	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2013						
Revenue from external customers	181,119	121,257	164,956	117,461	6,235	591,028
Cost of services	(163,389)	(103,943)	(143,410)	(88,622)	(4,690)	(504,054)
Segment results	<u>17,730</u>	<u>17,314</u>	<u>21,546</u>	<u>28,839</u>	<u>1,545</u>	86,974
<i>Unallocated income and expenses</i>						
Other income						2,605
Administrative and other operating expenses						(54,734)
Finance costs						(440)
Profit before tax						34,405
Income tax expenses						(3,117)
Profit for the year						<u>31,288</u>
Year ended 31 December 2014						
Revenue from external customers	169,239	88,176	219,349	113,284	4,703	594,751
Cost of services	(154,160)	(72,847)	(193,666)	(93,245)	(3,832)	(517,750)
Segment results	<u>15,079</u>	<u>15,329</u>	<u>25,683</u>	<u>20,039</u>	<u>871</u>	77,001
<i>Unallocated income and expenses</i>						
Other income						23,463
Administrative and other operating expenses						(57,523)
Finance costs						(169)
Profit before tax						42,772
Income tax expenses						(4,356)
Profit for the year						<u>38,416</u>

	Sea freight forwarding agency services <i>HK\$'000</i>	Fujian routes <i>HK\$'000</i>	Guangxi routes <i>HK\$'000</i>	Guangdong routes <i>HK\$'000</i>	Hainan routes <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2015						
Revenue from external customers	82,719	76,126	167,617	110,135	22,574	459,171
Cost of services	(74,302)	(60,762)	(133,141)	(89,300)	(18,699)	(376,204)
Segment results	<u>8,417</u>	<u>15,364</u>	<u>34,476</u>	<u>20,835</u>	<u>3,875</u>	82,967
<i>Unallocated income and expenses</i>						
Other income						17,039
Administrative and other operating expenses						(55,129)
Finance costs						(278)
Profit before tax						44,599
Income tax expenses						(5,430)
Profit for the year						<u>39,169</u>

Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment ("**specified non-current assets**"). The geographical location of the specified non-current assets is based on the physical location of the assets (in the case of vessels, the location to which they are registered and operated).

Specified non-current assets

	At 31 December		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	11,292	15,708	13,147
The PRC	14,929	13,896	12,046
	<u>26,221</u>	<u>29,604</u>	<u>25,193</u>

Information about major customers

No revenue derived from a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the Relevant Periods.

5. REVENUE

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Income from rendering of feeder shipping services	375,974	384,112	338,908
Income from rendering of carrier owned container services	33,935	41,400	37,544
Income from rendering of sea freight forwarding agency services	181,119	169,239	82,719
	<u>591,028</u>	<u>594,751</u>	<u>459,171</u>

6. OTHER INCOME

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	123	54	97
Dividend income	186	297	–
Exchange gain, net	–	2,624	1,137
Gain on disposal of property, plant and equipment	138	1,774	417
Government grants	1,946	15,767	14,469
Net (loss) gain on financial assets at fair value through profit or loss	(410)	2,369	276
Sundry income	622	578	643
	<u>2,605</u>	<u>23,463</u>	<u>17,039</u>

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Finance costs			
Finance charges on obligations under finance leases	<u>440</u>	<u>169</u>	<u>278</u>
Other items			
Salaries and allowances	29,458	31,572	32,960
Contributions to defined contribution plans	2,936	3,336	3,379
Total staff costs (including directors' remuneration)	<u>32,394</u>	<u>34,908</u>	<u>36,339</u>
Auditor's remuneration	146	162	200
Depreciation (charged to "cost of services" and "administrative and other operating expenses", as appropriate)	3,286	4,861	4,879
Exchange loss (gain), net	570	(2,624)	(1,137)
Expenses for the Initial Listing	–	–	1,310
Operating lease payments on feeder vessels and barges (charged to "cost of services")	71,199	83,757	72,859
Operating lease payments on premises	<u>2,595</u>	<u>2,889</u>	<u>3,121</u>

8. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 15 October 2015 and Mr. Lau Yu Leung was appointed as an executive director of the Company on 15 October 2015. Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry were appointed as executive directors on 3 March 2016. Ms. Tong Hung Sum was appointed as a non-executive director on 3 March 2016. Mr. Lam Lo, Mr. Lo Wan Sing Vincent and Mr. Lee Ka Lun were appointed as independent non-executive directors of the Company on 10 June 2016.

Certain of the directors of the Company received remuneration from the entities now comprising the Group during the Relevant Periods for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Relevant Periods are set out below.

Year ended 31 December 2013

	Directors' fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Contributions to defined contribution plans <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive directors</i>					
Lau Yu Leung	–	1,020	1,850	15	2,885
Lau Tak Fung Wallace	–	636	159	15	810
Lau Tak Kee Henry	–	504	126	15	645
<i>Non-executive director</i>					
Tong Hung Sum	–	–	–	–	–
	–	2,160	2,135	45	4,340

Year ended 31 December 2014

	Directors' fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Contributions to defined contribution plans <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive directors</i>					
Lau Yu Leung	–	1,080	1,569	17	2,666
Lau Tak Fung Wallace	–	696	174	17	887
Lau Tak Kee Henry	–	564	141	17	722
<i>Non-executive director</i>					
Tong Hung Sum	–	–	–	–	–
	–	2,340	1,884	51	4,275

Year ended 31 December 2015

	Directors' fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Contributions to defined contribution plans <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive directors</i>					
Lau Yu Leung	–	1,176	813	18	2,007
Lau Tak Fung Wallace	–	792	198	18	1,008
Lau Tak Kee Henry	–	660	165	18	843
<i>Non-executive director</i>					
Tong Hung Sum	–	–	–	–	–
	–	2,628	1,176	54	3,858

During the Relevant Periods, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals		
	Year ended 31 December		
	2013	2014	2015
Director	3	3	3
Non-director	2	2	2
	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries and allowances	1,365	1,448	1,537
Contributions to defined contribution plans	30	34	36
	1,395	1,482	1,573

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 31 December		
	2013	2014	2015
Nil to HK\$1,000,000	2	2	2

During the Relevant Periods, no remunerations were paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

10. TAXATION

	Year ended 31 December		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Current tax			
Hong Kong Profits tax			
Current year	2,794	1,275	2,506
PRC Enterprise Income Tax			
Current year	323	1,082	745
	3,117	2,357	3,251
Deferred tax			
Changes in temporary differences (<i>Note 19</i>)	–	1,999	2,179
Total income tax expenses recognised in profit or loss	3,117	4,356	5,430

The group entities established in the Cayman Islands and the BVI are exempted from income tax, respectively.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the Relevant Periods.

The Group's entities established in the PRC are subject to Enterprise Income Tax of the PRC at a statutory rate of 25% during the Relevant Periods.

Reconciliation of income tax expenses

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Profit before tax	34,405	42,772	44,599
Income tax at applicable tax rate of 16.5%	5,677	7,057	7,359
Non-deductible expenses	676	64	206
Tax exempt revenue/profits	(3,221)	(2,670)	(2,833)
Tax effect of tax rate difference of other jurisdiction	13	1,389	1,199
Others, including unrecognised temporary differences	(28)	(1,484)	(501)
Income tax expenses for the year	3,117	4,356	5,430

Tax exempt revenue/profits mainly included profits not taxed in Hong Kong under section 23B of the Hong Kong Inland Revenue Ordinance for being carriage shipped outside Hong Kong.

11. DIVIDENDS

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Dividends declared and paid to the equity holders of the entities now comprising the Group	10,018	8,375	38,025

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
<i>Profit:</i>			
Profit for the purpose of calculating basic earnings per share	31,264	34,598	38,228

	Year ended 31 December		
	2013	2014	2015
	'000	'000	'000
<i>Number of shares:</i>			
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,050,000	1,050,000	1,050,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the issue of shares of the Company for the purpose of the Reorganisation and assuming that the Capitalisation Issue (defined in Note 31) had been effective on 1 January 2013.

There was no diluted earnings per share for the Relevant Periods as there were no potential ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixture and equipment HK\$'000	Containers HK\$'000	Feeder vessels HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 December 2013							
At 1 January 2013	1,235	532	952	441	11,973	–	15,133
Additions	–	–	506	61	–	2,188	2,755
Acquisition of a subsidiary (Note 24)	1,589	–	–	–	–	10,723	12,312
Disposals	–	–	–	–	–	(702)	(702)
Depreciation	(106)	(176)	(403)	(83)	(1,687)	(831)	(3,286)
Exchange realignments	–	–	–	9	–	–	9
At 31 December 2013	<u>2,718</u>	<u>356</u>	<u>1,055</u>	<u>428</u>	<u>10,286</u>	<u>11,378</u>	<u>26,221</u>
Reconciliation of carrying amount – year ended 31 December 2014							
At 1 January 2014	2,718	356	1,055	428	10,286	11,378	26,221
Additions	–	–	5,495	72	2,334	–	7,901
Disposals	(209)	–	–	–	–	–	(209)
Depreciation	(125)	(175)	(1,582)	(202)	(1,749)	(1,028)	(4,861)
Exchange realignments	59	–	18	32	–	443	552
At 31 December 2014	<u>2,443</u>	<u>181</u>	<u>4,986</u>	<u>330</u>	<u>10,871</u>	<u>10,793</u>	<u>29,604</u>
Reconciliation of carrying amount – year ended 31 December 2015							
At 1 January 2015	2,443	181	4,986	330	10,871	10,793	29,604
Additions	–	–	398	159	919	–	1,476
Depreciation	(120)	(175)	(1,525)	(167)	(1,916)	(976)	(4,879)
Exchange realignments	(118)	–	(25)	(20)	–	(845)	(1,008)
At 31 December 2015	<u>2,205</u>	<u>6</u>	<u>3,834</u>	<u>302</u>	<u>9,874</u>	<u>8,972</u>	<u>25,193</u>
At 31 December 2013							
Cost	3,943	877	2,445	805	16,875	15,004	39,949
Accumulated depreciation	(1,225)	(521)	(1,390)	(377)	(6,589)	(3,626)	(13,728)
	<u>2,718</u>	<u>356</u>	<u>1,055</u>	<u>428</u>	<u>10,286</u>	<u>11,378</u>	<u>26,221</u>
At 31 December 2014							
Cost	3,683	877	7,959	902	19,209	15,589	48,219
Accumulated depreciation	(1,240)	(696)	(2,973)	(572)	(8,338)	(4,796)	(18,615)
	<u>2,443</u>	<u>181</u>	<u>4,986</u>	<u>330</u>	<u>10,871</u>	<u>10,793</u>	<u>29,604</u>
At 31 December 2015							
Cost	3,516	877	8,315	1,000	20,128	14,324	48,160
Accumulated depreciation	(1,311)	(871)	(4,481)	(698)	(10,254)	(5,352)	(22,967)
	<u>2,205</u>	<u>6</u>	<u>3,834</u>	<u>302</u>	<u>9,874</u>	<u>8,972</u>	<u>25,193</u>

At 31 December 2013, 2014 and 2015, the Group had four vessels under the Usage Priority Agreements. According to the Usage Priority Agreements, the Group has the exclusive preferential right to use these four vessels and to acquire the interest or to obtain the sales proceeds of disposal, which has to be approved by the Group in advance, of these four vessels. The Group considers that it, in substance, is able to use these four vessels and obtain the future economic benefits through the usage of these four vessels physically as if it was the legal owners throughout the period covered by the Usage Priority Agreements. Accordingly, the aggregate net carrying amounts of approximately HK\$11,378,000, HK\$10,793,000 and HK\$8,972,000 at 31 December 2013, 2014 and 2015, respectively, have been recorded under property, plant and equipment. Details of the accounting treatments are set out in Note 3.

The carrying amounts of the Group's motor vehicles and containers held under finance leases amounted to approximately HK\$10,286,000, HK\$15,267,000 and HK\$13,171,000 at 31 December 2013, 2014 and 2015, respectively.

The Group's leasehold land and buildings were situated in the PRC under original leases terms between 50 to 70 years. At 31 December 2013, 2014 and 2015, the remaining leases terms of the Group's leasehold land and buildings were between 27 to 51 years.

14. TRADE AND OTHER RECEIVABLES

	Note	At 31 December		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Trade receivables				
From third parties	14(a)	74,651	89,950	63,869
Other receivables				
Deposits, prepayments and other debtors		8,030	11,700	9,127
Due from directors	14(b)	1,064	1,871	–
Due from key management personnel	14(c)	113	631	–
Due from related companies	14(d)	369	1	–
		9,576	14,203	9,127
		84,227	104,153	72,996

14(a) The Group normally grants credit terms up to 120 days to its customers. The ageing of trade receivables based on invoice date at the end of each reporting period is as follows:

	At 31 December		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Within 30 days	41,815	43,801	28,348
31 to 60 days	20,704	28,095	18,544
61 to 90 days	9,504	12,266	7,566
Over 90 days	2,628	5,788	9,411
	74,651	89,950	63,869

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	At 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Not yet due	38,072	39,465	38,625
Past due:			
Within 30 days	18,321	32,790	18,563
31 to 60 days	12,711	11,030	4,230
61 to 90 days	4,486	4,129	892
Over 90 days	1,061	2,536	1,559
	<u>36,579</u>	<u>50,485</u>	<u>25,244</u>
	<u>74,651</u>	<u>89,950</u>	<u>63,869</u>

The Group's trade receivables which are past due at the end of each reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default.

The Group does not hold any collateral over the trade receivables.

14(b) Due from directors

The amounts due are unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amounts due.

	Year ended 31 December 2013		
	Maximum amount outstanding during the year	Balance at 31.12.2013	Balance at 1.1.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LAU Yu Leung	124	23	51
LAU Tak Fung Wallace	2,774	908	1,651
LAU Tak Kee Henry	317	133	–
	<u>3,215</u>	<u>1,064</u>	<u>1,702</u>

	Year ended 31 December 2014		
	Maximum	Balance at	Balance at
	amount	31.12.2014	1.1.2014
	outstanding	HK\$'000	HK\$'000
	during the year		
	HK\$'000	HK\$'000	HK\$'000
LAU Yu Leung	71	70	23
LAU Tak Fung Wallace	2,417	1,718	908
LAU Tak Kee Henry	137	83	133
	<u> </u>	<u> </u>	<u> </u>
		1,871	1,064
		<u> </u>	<u> </u>

	Year ended 31 December 2015		
	Maximum	Balance at	Balance at
	amount	31.12.2015	1.1.2015
	outstanding	HK\$'000	HK\$'000
	during the year		
	HK\$'000	HK\$'000	HK\$'000
LAU Yu Leung	1,575	–	70
LAU Tak Fung Wallace	1,718	–	1,718
LAU Tak Kee Henry	339	–	83
	<u> </u>	<u> </u>	<u> </u>
		–	1,871
		<u> </u>	<u> </u>

14(c) Due from key management personnel

The amounts due from key management personnel are unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amounts due.

14(d) Due from related companies

Details of the amounts due from related companies, as ultimately controlled by the Ultimate Controlling Party and/or his close family members, are as follows:

	Year ended 31 December 2013		
	Maximum	Balance at	Balance at
	amount	31.12.2013	1.1.2013
	outstanding	HK\$'000	HK\$'000
	during the year		
	HK\$'000	HK\$'000	HK\$'000
Ever and Forever Holdings Limited ("Ever and Forever Holdings")	28	28	26
Ever Harvest Marine Transport Limited ("Ever Harvest Marine")	341	341	–
	<u> </u>	<u> </u>	<u> </u>
		369	26
		<u> </u>	<u> </u>

	Year ended 31 December 2014		
	Maximum	Balance at	Balance at
	amount	31.12.2014	1.1.2014
	outstanding	HK\$'000	HK\$'000
	during the year		
	HK\$'000	HK\$'000	HK\$'000
Ever and Forever Holdings	28	–	28
Ever Harvest Marine	341	1	341
	<u>369</u>	<u>1</u>	<u>369</u>

	Year ended 31 December 2015		
	Maximum	Balance at	Balance at
	amount	31.12.2015	1.1.2015
	outstanding	HK\$'000	HK\$'000
	during the year		
	HK\$'000	HK\$'000	HK\$'000
Ever Harvest Marine	32	–	1
	<u>32</u>	<u>–</u>	<u>1</u>

The amounts due are unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amounts due.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Held for trading			
Equity securities listed outside Hong Kong	4,274	–	–
	<u>4,274</u>	<u>–</u>	<u>–</u>

16. PLEDGED BANK DEPOSITS

The Group had obtained banking facilities on issuance of bank guarantees granted by certain creditworthy banks. Such facilities were guaranteed by the pledged bank deposits. The Group had utilised HK\$350,000, HK\$350,000 and HK\$350,000 under such facilities for issuing bank guarantees to suppliers at 31 December 2013, 2014 and 2015, respectively.

17. TRADE AND OTHER PAYABLES

		At 31 December		
		2013	2014	2015
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables				
	To a related company	2,882	3,795	1,587
	To third parties	57,814	69,599	51,931
		<u>60,696</u>	<u>73,394</u>	<u>53,518</u>
17(a)		<u>60,696</u>	<u>73,394</u>	<u>53,518</u>
Other payables				
	Accrued charges and other creditors	21,780	25,295	18,559
	Due to the Ultimate Controlling Party	32,663	10,424	–
	Due to a director	684	684	–
	Due to related companies	1,579	1,627	–
		<u>56,706</u>	<u>38,030</u>	<u>18,559</u>
		<u>117,402</u>	<u>111,424</u>	<u>72,077</u>

17(a) Trade payables

The trade payables due to a related company ultimately controlled by the Ultimate Controlling Party are unsecured, interest-free and have a credit period of 30 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

		At 31 December		
		2013	2014	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Within 30 days	46,524	53,913	42,488
	31 to 60 days	8,954	12,607	6,833
	61 to 90 days	1,699	4,467	2,059
	Over 90 days	3,519	2,407	2,138
		<u>60,696</u>	<u>73,394</u>	<u>53,518</u>

17(b) Due to the Ultimate Controlling Party/a director/related companies

The amounts due are unsecured, interest-free and repayable on demand. The related companies are ultimately controlled by the Ultimate Controlling Party.

18. OBLIGATIONS UNDER FINANCE LEASES

At the end of each reporting period, the Group leased certain containers and motor vehicles under finance leases. The average lease term is 3 years during the Relevant Periods.

	Minimum lease payments			Present value of minimum lease payments		
	At 31 December			At 31 December		
	2013	2014	2015	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:						
Within one year	2,080	1,834	2,147	2,004	1,521	1,905
After one year but within two years	–	1,748	1,291	–	1,648	1,223
After two years but within three years	–	935	178	–	902	173
	<u>2,080</u>	<u>4,517</u>	<u>3,616</u>	<u>2,004</u>	<u>4,071</u>	<u>3,301</u>
Future finance charges	(76)	(446)	(315)	–	–	–
Present value of lease obligations	<u>2,004</u>	<u>4,071</u>	<u>3,301</u>	2,004	4,071	3,301
Less: Amounts due for settlement within 12 months				(2,004)	(1,521)	(1,905)
Amounts due for settlement after 12 months				<u>–</u>	<u>2,550</u>	<u>1,396</u>

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

19. DEFERRED TAXATION

	At 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Deferred tax liabilities – government grants	<u>–</u>	<u>1,999</u>	<u>3,946</u>

The movements during the Relevant Periods in the Group's position of deferred tax liabilities are as follows:

	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
At 1 January	–	–	1,999
Charged to profit or loss	–	1,999	2,179
Exchange realignments	–	–	(232)
At 31 December	<u>–</u>	<u>1,999</u>	<u>3,946</u>

20. SHARE CAPITAL AND FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 October 2015. Upon its incorporation, the authorised share capital of HK\$100,000 was divided into 10,000,000 ordinary shares at HK\$0.01 each and 1 ordinary share of HK\$0.01 each was ultimately issued to and paid up by Ever Winning Investment.

On 16 November 2015, 1 ordinary share representing 100% of the share capital of Ever Harvest (BVI) was issued at US\$1 and paid up by the Company.

Pursuant to the Reorganisation completed on 4 May 2016, the Company became the holding company of the entities now comprising the Group. Further details of the changes in authorised and issued share capital of the Company since its incorporation are set out in the section headed "History, Development and Reorganisation" of the Prospectus.

Saved as above, the Company has not commenced any significant business or operation since its incorporation.

21. RESERVES**21(a) Capital reserve**

The capital reserve represents the aggregate amount of the nominal value of the issued capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any).

21(b) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations for consolidation/combination.

21(c) Other reserve

During the year ended 31 December 2015, the Group acquired further 31% equity interest and the remaining 20% equity interest in SEHL, a then non-wholly owned subsidiary, at a consideration of approximately HK\$369,000 and HK\$239,000, respectively, as set out in Note 24. The carrying amounts of the non-controlling interests in SEHL on the respective dates of acquisition were approximately HK\$2,795,000 and HK\$2,255,000, respectively. The Group derecognised non-controlling interests of approximately HK\$5,050,000 and recognised directly in equity attributable to equity holders of the Company under this reserve account of approximately HK\$4,442,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

22. NON-CONTROLLING INTERESTS

The following table shows the information relating to a then non-wholly owned subsidiary, SEHL, which had material non-controlling interests ("NCI") for the years ended 31 December 2013 and 2014. Following the acquisition of the remaining interest in SEHL as set out in Note 24 during the year ended 31 December 2015, there were no non-controlling interests in SEHL at 31 December 2015. The summarised financial information represents amounts before inter-company eliminations.

	At 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Proportion of NCI's ownership interests	51%	51%	–
Current assets	23,837	26,704	31,869
Non-current assets	12,900	12,282	10,297
Current liabilities	(35,441)	(29,222)	(17,553)
Non-current liabilities	–	(931)	(2,135)
Net assets	1,296	8,833	22,478
Equity attributable to equity holders of the Company	635	4,328	22,478
Carrying amount of NCI	661	4,505	–
	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue/Other income	9,773	17,558	12,858
Expenses	(9,027)	(10,071)	(7,269)
Profit	746	7,487	5,589
Other comprehensive income	–	50	(716)
Total comprehensive income	746	7,537	4,873
Profit attributable to NCI	24	3,818	941
Total comprehensive income attributable to NCI	24	3,844	545
Net cash flows from:			
Operating activities	5,878	(6,611)	(5,980)
Investing activities	(1,251)	7,111	274
Financing activities	–	–	8,950

23. CASH GENERATED FROM OPERATIONS

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Profit before tax	34,405	42,772	44,599
Depreciation	3,286	4,861	4,879
Gain on disposal of property, plant and equipment	(138)	(1,774)	(417)
Net loss (gain) on financial assets at fair value through profit or loss	410	(2,369)	(276)
Dividend income	(186)	(297)	–
Bank interest income	(123)	(54)	(97)
Finance costs	440	169	278
Exchange difference	–	–	(482)
Changes in working capital			
Trade and other receivables	12,616	(19,385)	29,782
Trade and other payables	(29,151)	(7,591)	(36,559)
Cash generated from operations	<u>21,559</u>	<u>16,332</u>	<u>41,707</u>

24. ACQUISITION OF A SUBSIDIARY

On 12 April 2013, the Group, for its business development, acquired 49% equity interest of SEHL at a consideration of RMB490,000 (equivalent to approximately HK\$613,000) through EHIL (the “**First Acquisition**”). Upon the First Acquisition, notwithstanding the Group had only 49% equity interest in SEHL, due to the facts that there are arrangements among the shareholders of SEHL for EHIL to appoint the sole director and other key management personnel of SEHL and to control SEHL’s operation by making all the significant strategic financial and operating decisions of SEHL, SEHL was being treated as a non-wholly owned subsidiary of the Group and the 51% equity interest owned by the other shareholders of SEHL was being treated as “non-controlling interests”.

On 12 March 2015, the Group acquired a further 31% equity interest of SEHL at a consideration of RMB310,000 (equivalent to approximately HK\$369,000) through SFHL (the “**Second Acquisition**”).

On 12 August 2015, the Group acquired the remaining 20% equity interest of SEHL at a consideration of RMB200,000 (equivalent to approximately HK\$239,000) through EHIL (the “**Third Acquisition**”).

Because SEHL is already accounted for as a non-wholly owned subsidiary of the Group upon completion of the First Acquisition, the differences between the fair value of the consideration paid and the amount of the non-controlling interests of SEHL prior to the completion of the Second Acquisition and the Third Acquisition were recognised directly in equity (i.e. other reserve) in accordance accounting policies as set out in Note 3.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of the First Acquisition:

	<i>HK\$'000</i>
Consideration:	
Cash paid	613
	<u>613</u>
	<i>HK\$'000</i>
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	12,312
Other receivables	17,517
Financial assets at fair value through profit or loss	4,684
Bank balances and cash	4,210
Other payables	(37,473)
	<u>1,250</u>
Total identifiable net assets	1,250
Non-controlling interests	(637)
	<u>613</u>
	<u>613</u>
	<i>HK\$'000</i>
Net cash flow on acquisition of a subsidiary:	
Cash acquired	4,210
Cash consideration paid	(613)
	<u>3,597</u>
	<u>3,597</u>

The non-controlling interests are measured at the then present ownership instruments' proportionate share in the recognised amounts of the acquired subsidiary's identifiable net assets at 12 April 2013.

In respect of the acquired subsidiary, the carrying amounts of other receivables acquired approximate both of the fair values and the gross contractual amounts. In the opinion of the management, the other receivables acquired are expected to be fully recoverable.

Since the date of the First Acquisition up to 31 December 2013, the acquired business has contributed approximately Nil, HK\$2,119,000 and HK\$23,000 to the revenue, other income and net profit, respectively, of the Group. If the business combination effected during the year ended 31 December 2013 had been taken up at 1 January 2013, the combined net profit of the Group for the year ended 31 December 2013 would have been approximately HK\$31,987,000.

The following sets out the financial information of SEHL for the period from 1 January 2013 to 12 April 2013 (i.e. the date of First Acquisition) which has been prepared on a basis consistent with the accounting policies adopted by the Group as set out in Note 3:

Statement of Comprehensive Income

For the period from 1 January 2013 to 12 April 2013

	<i>Note</i>	<i>HK\$'000</i>
Revenue	(a)	1,728
Cost of services		(1,254)
Gross profit		474
Other income	(b)	715
Administrative and other operating expenses		(490)
Profit before tax	(c)	699
Income tax expense	(d)	–
Profit for the period and total comprehensive income for the period		699

Statement of Financial Position

At 12 April 2013

	<i>Note</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	(e)	12,312
Current assets		
Other receivables	(f)	17,517
Financial assets at fair value through profit or loss	(g)	4,684
Bank balances and cash		4,210
		26,411
Current liabilities		
Other payables	(h)	37,473
Net current liabilities		(11,062)
Net assets		1,250
Capital and reserve		
Share capital		940
Accumulated profits		310
TOTAL EQUITY		1,250

Statement of Changes in Equity

For the period from 1 January 2013 to 12 April 2013

	Share capital <i>HK\$'000</i>	Accumulated (losses) profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	940	(389)	551
Profit for the period and total comprehensive income for the period	–	699	699
At 12 April 2013	<u>940</u>	<u>310</u>	<u>1,250</u>

Statement of Cash Flows

For the period from 1 January 2013 to 12 April 2013

	<i>HK\$'000</i>
OPERATING ACTIVITIES	
Profit before tax	699
Depreciation	299
Changes in working capital:	
Other receivables	(8,848)
Other payables	9,773
Cash generated from operating activities and net increase in cash and cash equivalents	<u>1,923</u>
Cash and cash equivalents at the beginning of the period	<u>2,287</u>
Cash and cash equivalents at the end of the period	<u><u>4,210</u></u>

*Note to the financial information of SEHL:***(a) Revenue**

The revenue represents the feeder vessels rental income earned during the period.

(b) Other Income

**For the
period from
1 January
2013 to
12 April 2013
HK\$'000**

Government grants	556
Others	159
	715
	715

(c) Profit Before Tax

This is stated after charging:

**For the
period from
1 January
2013 to
12 April 2013
HK\$'000**

Depreciation	299
Directors' emoluments	–
	–
	–

(d) Taxation

SEHL is subject to Enterprise Income Tax of the PRC at a statutory rate of 25%.

**For the
period from
1 January
2013 to
12 April 2013
HK\$'000**

Reconciliation of income tax expense

Profit before tax	699
	699
Income tax at applicate tax rate of 25%	175
Utilisation of unrecognised tax loss	(97)
Others	(78)
	–
Income tax expense for the period	–
	–

(e) **Property, Plant and Equipment**

	Leasehold land and buildings <i>HK\$'000</i>	Feeder vessels <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Reconciliation of carrying amount – period from 1 January 2013 to 12 April 2013</i>			
At 1 January 2013	1,611	11,000	12,611
Depreciation	(22)	(277)	(299)
	<u>1,589</u>	<u>10,723</u>	<u>12,312</u>
At 12 April 2013	<u>1,589</u>	<u>10,723</u>	<u>12,312</u>
At 12 April 2013			
Cost	1,983	15,004	16,987
Accumulated depreciation	(394)	(4,281)	(4,675)
	<u>1,589</u>	<u>10,723</u>	<u>12,312</u>
	<u>1,589</u>	<u>10,723</u>	<u>12,312</u>

(f) **Other Receivables**

	At 12 April 2013 <i>HK\$'000</i>
Due from an entity now comprising the Group	10,760
Deposits, prepayments and other debtors	6,757
	<u>17,517</u>
	<u>17,517</u>

The amount due from an entity now comprising the Group is unsecured, interest-free and repayable on demand.

(g) **Financial Assets at Fair Value Through Profit or Loss**

	At 12 April 2013 <i>HK\$'000</i>
Held for trading	
Equity securities listed outside Hong Kong	4,684
	<u>4,684</u>
	<u>4,684</u>

(h) Other Payables

	At 12 April 2013
	<i>HK\$'000</i>
Accrued charges and other creditors	757
Due to entities now comprising the Group	18,414
Due to the Ultimate Controlling Party	18,302
	<u>37,473</u>

The amounts due to entities now comprising the Group and the Ultimate Controlling Party are unsecured, interest-free and repayable on demand.

25. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Financial Information (including but not limited to Note 14, Note 17, Note 24, Note 26 and Notes 31 to the Financial Information), during the Relevant Periods, further information of the related party transactions is set out below.

- (a) Transactions between the group entities have been eliminated on consolidation/combination and are not disclosed. During the Relevant Periods, the Group had the following significant transactions with related parties.

Related party relationship	Nature of transaction	Year ended 31 December		
		2013	2014	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Related companies controlled by the Ultimate Controlling Party	Provision of barge services <i>(note i)</i>	25,393	25,712	21,831
	Rental expenses incurred <i>(note ii)</i>	1,380	1,569	1,660

- (i) During the Relevant Periods, China-HK Shipping Limited, a related company ultimately controlled by the Ultimate Controlling Party, provided barge services to Ever Harvest and Xiamen Harvest. Such services have been recognised in the Group's cost of services in the profit or loss. In the opinion of the management, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.
- (ii) Rental expenses represent operating lease payment on premises paid to Eternity HK Investment Limited, a related company ultimately controlled by the Ultimate Controlling Party. In the opinion of the management, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

- (b) Remuneration for key management personnel (including directors) of the Group:

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Salaries and allowances	4,925	4,891	4,625
Contributions to defined contribution retirement schemes	60	68	72
	<u>4,985</u>	<u>4,959</u>	<u>4,697</u>

Further details of the directors' remuneration are set out in Note 8.

- (c) **Financial guarantee issued**

The Group has provided a corporate guarantee in respect of banking facilities granted to a related company by a bank in Hong Kong with unlimited amount during the Relevant Periods. The Group has not recognised a value for the financial guarantee given in the Financial Information as (a) no consideration has been received from the related company in respect of the financial guarantee; (b) there is no direct comparable market transaction of the financial guarantee; (c) the fair value of the financial guarantee cannot be reliably estimated with observable parameters; and (d) the fair value of the financial guarantee estimated through establishing an appropriate valuation model with certain significant unobservable parameters is insignificant.

At the end of each reporting period, the management does not consider it probable that a claim will be made against the Group under the guarantee. The maximum liabilities of the Group under the guarantee are approximately HK\$11.6 million, HK\$10.1 million and HK\$8.7 million at 31 December 2013, 2014 and 2015, respectively, representing the banking facilities utilised by the related company at the end of each reporting period.

26. MAJOR NON-CASH TRANSACTIONS

The followings set out the major non-cash transactions during the Relevant Periods:

- (a) During the year ended 31 December 2014 and 2015, the Group entered into finance lease arrangements in respect of certain property, plant and equipment with a total capital value at the inception of the leases of approximately HK\$4,834,000 and HK\$919,000, respectively.
- (b) During the year ended 31 December 2015, the consideration receivable for the issuance of share capital of entities now comprising the Group of approximately HK\$9,992,000 was settled through the current account with the Ultimate Controlling Party.
- (c) During the year ended 31 December 2015, dividends declared to the equity holders of the entities now comprising the Group of approximately HK\$9,992,000 was settled through the current account with the Ultimate Controlling Party.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of financial assets at fair value through profit or loss, pledged bank deposits, bank balances and cash as well as obligations under finance leases. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables, trade and other payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

Foreign currency risk

The Group's transactions are mainly denominated in HK\$, US\$ and RMB.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore, exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	At 31 December		
	2013	2014	2015
Financial assets (liabilities)	HK\$'000	HK\$'000	HK\$'000
US\$	7,368	6,145	7,691
RMB	(18,208)	(19,266)	(20,853)
	<u> </u>	<u> </u>	<u> </u>

Currency exchange rate sensitivity analysis

The following table indicates the approximate change in the Group's profit before tax if exchange rates of US\$ and RMB had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant at the end of each reporting period.

	Year ended 31 December		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
US\$	368	307	385
RMB	910	963	1,043
	<u> </u>	<u> </u>	<u> </u>

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to each of the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the Relevant Periods.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, pledged bank deposits and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	At 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other receivables	82,698	103,455	67,867
Pledged bank deposits	840	450	450
Bank balances and cash	39,091	48,386	57,416
	<u>122,629</u>	<u>152,291</u>	<u>125,733</u>

The Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The management considers the credit risk in respect of pledged bank deposits and bank balances and cash is minimal because the counter-parties are authorised financial institution with high credit ratings.

The management limits the Group's exposure to credit risk by taking timely actions once there is any indication for recoverability problem of each individual debtor.

The management also reviews the recoverable amount of each individual debtor, including related and third parties, at the end of each reporting period to ensure adequate allowance are made for irrecoverable amount.

At 31 December 2013, 2014 and 2015, the Group had a concentration of credit risk as approximately 10%, 12% and 23% of the total trade receivables was due from the Group's largest customer, respectively, and approximately 30%, 37% and 43% of the total trade receivables was due from the Group's five largest customers, respectively.

Except for the pledged bank deposits, none of the Group's financial assets are pledged.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the earliest date on which the Group is required to settle is summarised below:

	On demand or repayable within 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 2 years HK\$'000	Over 2 years but not more than 3 years HK\$'000	Total HK\$'000
At 31 December 2013					
Trade and other payables	117,402	–	–	–	117,402
Obligations under finance leases	520	1,560	–	–	2,080
Financial guarantee contract (<i>Note</i>)	11,599	–	–	–	11,599
	<u>129,521</u>	<u>1,560</u>	<u>–</u>	<u>–</u>	<u>131,081</u>
At 31 December 2014					
Trade and other payables	111,424	–	–	–	111,424
Obligations under finance leases	458	1,376	1,748	935	4,517
Financial guarantee contract (<i>Note</i>)	10,149	–	–	–	10,149
	<u>122,031</u>	<u>1,376</u>	<u>1,748</u>	<u>935</u>	<u>126,090</u>
At 31 December 2015					
Trade and other payables	72,077	–	–	–	72,077
Obligations under finance leases	358	1,789	1,291	178	3,616
Financial guarantee contract (<i>Note</i>)	8,677	–	–	–	8,677
	<u>81,112</u>	<u>1,789</u>	<u>1,291</u>	<u>178</u>	<u>84,370</u>

Note:

The amount included above for a financial guarantee contract is the maximum amounts of the guarantee shown in the earliest periods in which the guarantee could be called. Based on the expectations at the end of each reporting period, the management does not consider it probable that a claim will be made against the Group under the guarantee (Note 25(c)).

28. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets and liabilities measured at fair value

	At 31 December		
	2013	2014	2015
	Level 1 HK\$'000	Level 1 HK\$'000	Level 1 HK\$'000
<i>Assets measured at fair value</i>			
Financial assets at fair value through profit or loss			
Equity securities listed outside Hong Kong	4,274	–	–

Valuation processes of the Group

The fair values of financial assets at fair value through profit or loss traded in active markets are based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the Group is the current bid price quoted by source of market prices e.g. stock exchanges.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at the end of each reporting period.

29. COMMITMENTS

The Group leases a number of properties and feeder vessels under operating leases, which typically run an initial lease period of one to three years. None of the leases includes contingent rentals.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	At 31 December		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Within one year	10,678	20,597	6,252
In the second to third years inclusive	792	1,705	234
	<u>11,470</u>	<u>22,302</u>	<u>6,486</u>

30. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividends to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Relevant Periods.

31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2015, the Group has the following subsequent events:

- (i) On 18 February 2016, the Group obtained banking facilities of aggregated amount of HK\$30 million from a bank in Hong Kong. At the date of approving the Financial Information, bank borrowings of approximately HK\$25.2 million has been drawn down by the Group.

The banking facilities are guaranteed by the Ultimate Controlling Party with unlimited amount. Such personal guarantee will be released upon the Initial Listing.
- (ii) On 29 February 2016, special dividends of HK\$45 million are declared to the equity holders of the entities now comprising the Group and have been fully paid on 6 June 2016.
- (iii) On 3 March 2016, the Company allotted and issued 9,999 ordinary shares of HK\$0.01 each to certain allottees (comprising Ever Winning Investment and other companies controlled by the family members of the Ultimate Controlling Party).
- (iv) Pursuant to the resolution of the Company's shareholders passed on 10 June 2016, inter-alia, the authorised share capital of the Company was increased from HK\$100,000 to HK\$100,000,000 by the creation of an additional 9,990,000,000 shares of HK\$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.
- (v) Pursuant to the resolutions in writing of the Company's shareholders passed on 10 June 2016, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares, the directors of the Company were authorised to allot and issue a total of 1,049,990,000 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$10,499,900 standing to be credit of the share premium account of the Company ("**the Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue).

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with HKFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2015.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants' Report from Mazars CPA Limited, Certified Public Accountants, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report as set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to equity owners of the Company at 31 December 2015 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group attributable to equity owners of the Company at 31 December 2015 or at any future dates following the Global Offering. It is prepared based on the audited net tangible assets of the Group attributable to equity owners of the Company at 31 December 2015 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited net tangible assets attributable to equity owners of the Company at 31 December 2015 (Note 1) HK\$'000	Estimated net proceeds from the Global Offering (Note 2) HK\$'000	Unaudited pro forma adjusted net tangible assets attributable to equity owners of the Company (Note 3) HK\$'000	Unaudited pro forma adjusted net tangible assets attributable to equity owners of the Company per Share (Note 3) HK\$
Based on the Offer Price of HK\$0.30 per Share	72,854	78,665	151,519	0.11
Based on the Offer Price of HK\$0.38 per Share	72,854	105,683	178,537	0.13

NOTES TO THE UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

1. The audited net tangible assets attributable to equity owners of the Company at 31 December 2015 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited combined net assets value attributable to equity owners of the Company as at 31 December 2015 of approximately HK\$72,854,000, without adjustment.
2. The estimated net proceeds from the Global Offering are based on 350,000,000 Offer Share at the Offer Price of HK\$0.30 per Offer Share or HK\$0.38 per Offer Share, being the low or high end of the stated offer price range, after deduction of relevant estimated underwriting commissions and fees and other related fees (excluding approximately HK\$1,310,000 listing-related expenses which have been accounted for prior to 31 December 2015) and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme.
3. The unaudited pro forma adjusted net tangible assets attributable to equity owners of the Company per Share is arrived at after making the adjustments referred to in this section and on the basis of a total of 1,400,000,000 Shares in issue immediately following completion of the Global Offering but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus or otherwise.
4. On 29 February 2016, special dividends of HK\$37,400,000 and HK\$7,600,000 were declared by Ever Harvest and Xiamen Harvest to their respective equity holders in proportion to their equity interest. Taking into account the estimated net proceeds from the Global Offering at the Offer Price of HK\$0.30 or HK\$0.38; and the impact of the special dividends on the net tangible assets of the Group of HK\$45,000,000, the unaudited pro forma adjusted net tangible assets per Share would have been approximately HK\$0.08 or HK\$0.10, respectively.
5. Except for the above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Mazars CPA Limited, Certified Public Accountants, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION



MAZARS CPA LIMITED

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23 June 2016

The Directors
Ever Harvest Group Holdings Limited
Guotai Junan Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ever Harvest Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) prepared by the directors of the Company (the “Directors”). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets attributable to the equity owners of the Company at 31 December 2015 as set out in Part A of Appendix II to the prospectus issued in connection with the initial listing of the Company’s shares in the Main Board of The Hong Kong Stock Exchange Limited dated 23 June 2016 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Part A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group’s financial position at 31 December 2015 as if the Global Offering had taken place on 31 December 2015. As part of this process, information about the Group’s financial position at 31 December 2015 has been extracted by the Directors from the Group’s historical financial information included in the Accountants’ Report as set out in Appendix I to the Prospectus.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 (the "HKICPA").

Reporting accountants' 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.

We apply Hong Kong Standard on Quality Control 1 "*Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintain 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 4.29 (7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did 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 owned to those to whom those report were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 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 have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7.

For purpose 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 the unadjusted financial information of the Group 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 events or transactions at 31 December 2015 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 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 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' judgement, having regard to the reporting accountants' understanding of the nature of the Group, 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 on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
Hong Kong

**SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN
ISLANDS COMPANY LAW**

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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 October 2015 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 10 June 2016. A summary of certain provisions of the Articles is set out below.

(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 Cayman 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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting)

shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may 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 requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be 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 the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors**(i) Appointment, retirement and removal**

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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 Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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 shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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 Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, 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

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) 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/have 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 proposal concerning an offer of shares, 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities. Proceedings of the Board.

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(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, and continues to be present until the conclusion of the meeting.

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 shall be 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 shall be 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. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) 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 among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among 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 among the members as such are 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 on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 15 October 2015 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 3 November 2015.

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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right 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 of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents Available for Public Inspection in Hong Kong" in Appendix V. 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.

FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 October 2015.

Our Company has been registered in Hong Kong as a non-Hong Kong company under Division 2 in Part 16 of the Companies Ordinance and our principal place of business in Hong Kong is at 28/F., Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon.

In compliance with the requirements of the Companies Ordinance, Mr. Lau Tak Fung Wallace has been appointed as the authorised representative of our Company for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and its constitution which comprises the Memorandum and the Articles of Association. A summary of certain relevant provisions of its constitution and certain relevant aspects of the Companies Law is set forth in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation, the authorised share capital of our Company was HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each. On the same date, one nil-paid Share of HK\$0.01 was allotted and issued to the initial subscriber of our Company, which was transferred to Mr. Lau Yu Leung on the same date. The one nil-paid Share was transferred to Ever Winning Investment on 3 March 2016 and subsequently paid up.

On 3 March 2016, our Company allotted and issued 9,999 Shares of HK\$0.01 to the following allottees, namely 8,499 Shares to Ever Winning Investment, 500 Shares to Ever Forever Investment, 500 Shares to Ever Miracle Investment and 500 Shares to Ever Glorious Investment.

Immediately following completion of the Capitalisation Issue and the Global Offering without taking into account any Shares which may be issued and sold pursuant to the exercise of the Over-allotment Option and any Shares that may be allotted and issued pursuant to the exercise of any option that may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 1,400,000,000 Shares will be issued fully paid or credited as fully paid and 8,600,000,000 Shares will remain unissued.

Other than pursuant to the General Mandate referred to in paragraph 3 below, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of new Shares will be made which would effectively alter the control of our Company.

Save as disclosed in the section headed “History, Development and Reorganisation” in this prospectus and in paragraphs 3 and 4 below, there has been no alteration in the share capital of our Company since its incorporation.

Our Company has no founder shares, management shares or deferred shares.

3. Written resolutions passed by our Shareholders on 10 June 2016

Pursuant to the written resolutions of our Shareholders passed on 10 June 2016, among others, the following resolutions were passed:

- (a) the amended and restated Memorandum of Association and Articles of Association were approved and adopted by our Company with effect from the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$100,000 divided into 10,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of 9,990,000,000 new Shares ranking pari passu in all respects with the then existing issued Shares;
- (c) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Main Board of the Stock Exchange, our Shares in issue and to be issued as mentioned in this prospectus (including any additional Shares which may be issued and sold pursuant to exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme); (ii) the Offer Price being determined by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) by entering into the Price Determination Agreement on or before the Price Determination Date; (iii) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (1) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares subject to the terms and conditions stated in this prospectus and in the relevant application forms;
 - (2) the rules of the Share Option Scheme, the principal terms of which are set forth in the paragraph headed “Other Information – 13. Share Option Scheme” in this section below were approved and adopted and our Directors or any committee thereof established by our Board were authorised, at their sole discretion, to (i) administer the Share Option Scheme; (ii) modify/amend the rules of the Share Option Scheme from time to time as such modification/amendments may be acceptable or not objected by, nor required to be approved by our Shareholders and/or the Stock Exchange under

applicable laws, rules and regulations; (iii) at our Directors' discretion, grant options to subscribe for our Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with our Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as may be necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

- (3) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$10,499,900 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,049,990,000 Shares for allotment and issue to holders of our Shares whose names were on the register of members of our Company as of the close of business on the date prior to the Listing Date (or as the respective member(s) may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing holdings in our Company so that our Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;
- (4) a general unconditional mandate (the “**General Mandate**”) is given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of our Shares in lieu of the whole or part of any dividend in accordance with the Articles of Association, or pursuant to the issue of our Shares upon the exercise of any subscription or conversion rights attached to any warrants or convertibles of our Company (if any), or pursuant to the exercise of options which may be granted under the Share Option Scheme, or under the Capitalisation Issue or the Global Offering or upon the exercise of the Over-allotment Option, our Shares with an aggregate number of Shares not exceeding (a) 20% of the number of Shares in issue and to be issued immediately following completion of the Capitalisation Issue and the Global Offering but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and (b) the number of such Shares which may be repurchased by our Company itself pursuant to the authority granted to our Directors as referred to in paragraph (5) below;

For the purpose of above paragraph, “rights issue” means an offer of shares in the capital of our Company, or offer or issue of warrants, options or similar giving rights to subscribe for any shares in the capital of our Company open for a period fixed by our Directors to holders of shares in our Company on our Company's register of members on a fixed record date in proportion to their then holdings of shares in our Company (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the

expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company).

- (5) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase our Shares on the Stock Exchange, 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, such number of Shares not exceeding 10% of the number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering, but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option; and
- (6) the extension of the general mandate to allot, issue and deal with our Shares as mentioned in paragraph (4) above by the addition of such Shares repurchased by our Company pursuant to paragraph (5) above.

Each of the general mandates referred to in paragraphs (4), (5) and (6) above will remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which our Company is required by the Companies Law or any applicable Cayman Islands law or the Articles of Association to hold our next annual general meeting; or
- (iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Our Company approved the form and substance of each of the service agreements made between our executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our non-executive Directors and independent non-executive Directors with our Company.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Detailed information on the Reorganisation is set forth in the section headed “History, Development and Reorganisation” in this prospectus.

5. Changes in the share capital of the subsidiaries of our Company

Our Company's subsidiaries as of 31 December 2015 are set out under the financial statement in the Accountants' Report as included in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Development and Reorganisation" in this prospectus, there has been no change in the share capital or registered capital (as the case may be) of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Securities repurchase mandate

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of our Shareholders passed on 10 June 2016, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange) not exceeding 10% of the number of Shares in issue or to be issued immediately following completion of the Capitalisation Issue and the Global Offering, but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, and the options have been or may be granted under the Share Option Scheme, such mandate to expire at the earliest of: (i) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or (iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting which ever shall first occur. Further information has been described in paragraph 3 above.

(ii) Source of funds

Any repurchases of Shares by our Company must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum of Association and Articles of Association, the Listing Rules and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any repurchase of Shares by our Company may be made out of profits or share premium account of our Company or out of proceeds of a fresh issue of Shares made for that purpose or, if so authorised by the Articles of Association and subject to the solvency test and the Companies Law, out of capital. Any premium payable on a redemption or repurchase over the par value of our Shares to be purchased must be paid out of profits of our Company or out of our Company's share premium account, or if so authorised by the Articles of Association and subject to solvency test and the Companies Law, out of capital.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interest of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to repurchase our 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 per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Group's current financial position as disclosed in this prospectus and taking into account our Group's current working capital position, our Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on our Group's working capital and/or gearing position as compared with the position disclosed in this prospectus. However, 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 our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(d) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates has a present intention, in the event that the Repurchase Mandate is approved by Shareholders, 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 Listing Rules, the Memorandum of Association, the Articles of Association and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of our Shareholders' interest, 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, unless a whitewash waiver is obtained. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

Our Company has not made any repurchase of our own securities in the previous six months from the date of this prospectus.

No core connected person has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has undertaken not to sell any of our Shares held by them to our Company, in the event that our Company is authorised to make purchase of Shares.

FURTHER INFORMATION ABOUT OUR BUSINESS

7. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:



- (a) an equity transfer agreement (股權轉讓協議書) dated 2 March 2015 and entered into between Tang Hong Ping (唐鴻平) and SFHL pursuant to which Tang Hong Ping (唐鴻平) transferred 31% equity interest in SEHL to SFHL for a consideration of RMB310,000;
- (b) an equity transfer agreement (股權轉讓協議書) dated 27 July 2015 and entered into between Tang Hong Ping (唐鴻平) and EHIL pursuant to which Tang Hong Ping (唐鴻平) transferred 10% equity interest in SEHL to EHIL for a consideration of RMB100,000;
- (c) an equity transfer agreement (股權轉讓協議書) dated 27 July 2015 and between Chen Lu Hong (陳鸞虹) and EHIL pursuant to which Chen Lu Hong (陳鸞虹) transferred 10% equity interest in SEHL to EHIL for a consideration of RMB100,000;

- (d) a deed of assignment dated 14 February 2016 and entered into between Ever Harvest International Holdings Limited and Ever Harvest (BVI), pursuant to which Ever Harvest International Holdings Limited assigned all its rights, title and interests in a trademark to Ever Harvest (BVI) for an aggregate consideration of HK\$1.00;
- (e) the Deed of Indemnity;
- (f) the Deed of Non-Competition; and
- (g) the Hong Kong Underwriting Agreement.

8. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group was the registered proprietor and beneficial owner of the following material trademarks:

Trademark	Registered Owner	Place of registration	Class	Registration number	Registration date	Expiry date
	Ever Harvest (BVI) ⁽¹⁾	Hong Kong	35, 39	303438162	2015.06.11	2025.06.10
						

Note 1: Pursuant to the deed of assignment dated 14 February 2016 (being the material contract (d) referred to in paragraph 7 above), the trademark has been assigned to and in favour of Ever Harvest (BVI). The assignment has been registered with the Intellectual Property Department of the Government of the HKSAR on 22 March 2016.

(b) Domain names

As at the Latest Practicable Date, we have registered the following domain names which, in the opinion of our Directors, are material to our business:

Registrant	Domain name	Date of registration	Expiry date
Xiamen Harvest	xhsl.com.hk	1 December 1999	Null

9. Connected transactions and related party transactions

Save as disclosed in the sections headed “Business”, “Relationship with our Controlling Shareholders”, “Connected Transactions” in this prospectus and in Note 25 to the Accountants’ Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

10. Directors

(a) Disclosure of interests of our Directors

- (i) Each of Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry is interested in the Reorganisation and the transactions as contemplated under the material contracts as set out in paragraph 7 above.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

*(b) Particulars of Directors' service contracts**Executive Directors*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing on the Listing Date 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 his respective basic remuneration set out below.

The current basic annual remuneration payable by our Group to our executive Directors is as follows:

Name	Approximate annual remuneration
Mr. Lau Yu Leung	HK\$2,618,000
Mr. Lau Tak Fung Wallace	HK\$1,448,000
Mr. Lau Tak Kee Henry	HK\$1,253,000

Non-executive Directors

Our non-executive Director has entered into a letter of appointment with our Company for a term of three years commencing on the Listing Date until terminated by not less than three months' notice in writing served by either party on the other. Our non-executive Director is entitled to her respective basic remuneration set out below.

The current basic annual remuneration payable by our Group to our non-executive Director is as follows:

Name	Approximate annual remuneration
Madam Tong Hung Sum	HK\$408,000

Independent non-executive Directors

Each of our independent non-executive Directors has been appointed for an initial term of three years commencing on Listing Date until terminated by either party giving not less than three months' advance written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of our independent non-executive Directors is entitled to a director's fee as set out below. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding his/her office as an independent non-executive Director.

The current basic annual remuneration payable by our Group to our independent non-executive Directors is as follows:

Name	Approximate annual remuneration
Mr. Lo Wan Sing Vincent	HK\$120,000
Mr. Lam Lo	HK\$120,000
Mr. Lee Ka Lun	HK\$120,000

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 the payment of compensation (other than statutory compensation)).

(c) *Directors remuneration*

The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the three financial years ended 31 December 2015 were approximately HK\$4,340,000, HK\$4,275,000 and HK\$3,858,000, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including the independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2016 are expected to be approximately HK\$6,087,000.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three financial years ended 31 December 2015 (i) as an inducement to join or upon joining our Group or (ii) 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.

There has been no arrangement under which a Director has waived or agreed to any emoluments for each of the three financial years ended 31 December 2015.

11. Disclosure of Interests

(A) *Interests and short positions of Directors in the share capital of our Company and its associated companies*

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued and sold pursuant to the exercise of the Over-allotment Option and any Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying shares and debentures of our Company and our associated corporations, within the meaning of Part XV of the SFO, which 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 which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Our Company

Name of Directors	Capacity/Nature of interest	Number and class of securities⁽¹⁾	Approximate percentage of interest in our Company
Mr. Lau Yu Leung ⁽²⁾	Interest of controlled corporation ⁽³⁾ and interest of spouse ⁽⁴⁾	945,000,000 Shares (L)	67.50%
Madam Tong Hung Sum ⁽²⁾	Interest of controlled corporation ⁽⁵⁾ and interest of spouse ⁽⁶⁾	945,000,000 Shares (L)	67.50%
Mr. Lau Tak Fung Wallace	Interest of controlled corporation ⁽⁷⁾	52,500,000 Shares (L)	3.75%
Mr. Lau Tak Kee Henry	Interest of controlled corporation ⁽⁸⁾	52,500,000 Shares (L)	3.75%

Notes:

1. The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in our Shares.
2. Mr. Lau Yu Leung is the spouse of Madam Tong Hung Sum.

3. Our Company will be held as to approximately 63.75% by Ever Winning Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Winning Investment is owned as to 100% by Mr. Lau Yu Leung. As such, Mr. Lau Yu Leung controls more than one-third of the voting rights of Ever Winning Investment and is deemed to be interested in its interest in our Company by virtue of the SFO.
4. Our Company will be held as to approximately 3.75% by Ever Forever Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Forever Investment is owned as to 100% by Madam Tong Hung Sum, the spouse of Mr. Lau Yu Leung. Mr. Lau Yu Leung is deemed to be interested in Madam Tong Hung Sum's interest in our Company by virtue of the SFO.
5. Our Company will be held as to approximately 3.75% by Ever Forever Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Forever Investment is owned as to 100% by Madam Tong Hung Sum. As such, Madam Tong Hung Sum controls more than one-third of the voting rights of Ever Forever Investment and is deemed to be interested in its interest in our Company by virtue of the SFO.
6. Our Company will be held as to approximately 63.75% by Ever Winning Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Winning Investment is owned as to 100% by Mr. Lau Yu Leung, the spouse of Madam Tong Hung Sum. Madam Tong Hung Sum is deemed to be interested in Mr. Lau Yu Leung's interest in our Company by virtue of the SFO.
7. Our Company will be held as to approximately 3.75% by Ever Miracle Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Miracle Investment is owned as to 100% by Mr. Lau Tak Fung Wallace. As such, Mr. Lau Tak Fung Wallace controls more than one-third of the voting rights of Ever Miracle Investment and is deemed to be interested in its interest in our Company by virtue of the SFO.
8. Our Company will be held as to approximately 3.75% by Ever Glorious Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme). Ever Glorious Investment is owned as to 100% by Mr. Lau Tak Kee Henry. As such, Mr. Lau Tak Kee Henry controls more than one-third of the voting rights of Ever Glorious Investment and is deemed to be interested in its interest in our Company by virtue of the SFO.

Associated corporations

Name of Directors	Name of associated corporation	Nature of Interests	Number and class of securities in the associated corporation	Percentage of shareholding interests in the associated corporation
Mr. Lau Yu Leung	Ever Winning Investment	Beneficial Owner ⁽¹⁾	1 share	100%
Madam Tong Hong Sum	Ever Winning Investment	Interest of spouse ⁽²⁾	1 share	100%

Notes:

1. The disclosed interest represents the interests in the associated corporation, Ever Winning Investment is held as to 100% by Mr. Lau Yu Leung.
2. Madam Tong Hong Sum is the spouse of Mr. Lau Yu Leung. By virtue of the SFO, Madam Tong Hong Sum is deemed to be interested in the 1 share of Ever Winning Investment held by Mr. Lau Yu Leung.

(B) Substantial shareholders and other interests disclosable under the SFO

So far as our Directors are aware, each of the following persons (other than our Directors and chief executive of our Company) will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares that may be issued upon the exercise of the Over-allotment Option), have an interest or short position in our Shares or underlying Shares which would be required 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, directly or indirectly, be interested in 10% or more of the issued voting shares of any member of our Group:

Interest in our Company

Name of Shareholder	Capacity/Nature of interest	Number and class of securities⁽¹⁾	Approximate percentage of interest in our Company
Ever Winning Investment ⁽²⁾	Beneficial owner	892,500,000 Shares (L)	63.75%

Notes:

1. The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in our Shares.
2. Our Company will be held as to approximately 63.75% by Ever Winning Investment immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme).

12. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Capitalisation Issue and the Global Offering will have an interest or a short position in our Shares and underlying Shares 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 will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (b) none of our Directors has any interest or short position in any of our Shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which 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 which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once our Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph 20 below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other 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;
- (d) none of our Directors nor any of the parties listed in the paragraph 20 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of our Group; and
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph 20 below:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) 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.

OTHER INFORMATION**13. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 10 June 2016. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

Our Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as our Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons (“**Eligible Participants**”):

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of our Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of our Board, will contribute or have contributed to our Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of our Group;
 - (bb) quality of work performed for our Group;

- (cc) initiative and commitment in performing his/her duties; and
- (dd) length of service or contribution to our Group.

(c) *Acceptance of an offer of options*

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee 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 exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for our Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

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.

(d) *Maximum number of Shares*

The maximum number of Shares which may be issued upon exercise of all options to be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 140,000,000 Shares (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, our Board may:

- (i) renew this limit at any time to 10% of our Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by our Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants 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 Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, our 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 share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalisation issue, rights issue, consolidation, sub-division of shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) *Maximum number of options to any one individual*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of our Company but subsequently cancelled (the “**Cancelled Shares**”) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders’ approval and the date of our Board meeting at which our Board proposes to grant the options to such Eligible Participant shall be taken as

the date of grant for the purpose of calculating the exercise price. Our Board shall forward to such Eligible Participant an offer document in such form as our Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:

- (aa) the Eligible Participant's name, address and occupation;
- (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (cc) the date upon which an offer for an option must be accepted;
- (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
- (ee) the number of Shares in respect of which the option is offered;
- (ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;
- (gg) the date of the notice given by the grantee in respect of the exercise of the option; and
- (hh) the method of acceptance of the option which shall, unless our Board otherwise determines, be as set out in paragraph (c).

(f) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) *Granting options to connected persons*

Any grant of options to a Director, chief executive or Substantial Shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If our Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of our Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of our Shares as stated in the daily quotations sheet of the Stock Exchange at the date of each grant, such further grant of options will be subject to the approval of our independent non-executive Directors as referred to in this paragraph, the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before our Shareholders' meeting and the date of our Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to our independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) *Restrictions on the times of grant of Options*

A grant of options may not be made after inside information has come to our Company's knowledge until such information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of our Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year, or quarterly or any other interim period (whether or not required under the Listing Rules); and ending on the date of actual publication of the results announcement.

(i) *Rights are personal to grantee*

An option is personal to the grantee. No grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing by a grantee shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) *Time of exercise of option and duration of the Share Option Scheme*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The minimum period for which an option must be held before it can be exercised will be determined by our Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme by our Shareholders of our Company (the "**Adoption Date**"). Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

(k) *Performance target*

A grantee may be required to achieve any performance targets as our Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) *Rights on ceasing employment/death*

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his/her relationship with our Company and/or any of its subsidiaries on one or more of the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as our Board may determine) from such cessation which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as our Company may determine); or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of our Board) and none of the events which would be a ground for termination of his/her relationship with our Company and/or any of its subsidiaries under paragraph (m) has occurred, the grantee or his/her personal representative(s) may exercise the option within a period of 12 months (or such longer period as our Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(m) *Rights on dismissal*

If the grantee of an option ceases to be an Eligible Participant on the grounds that he/she has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) *Rights on takeover*

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) *Rights on winding-up*

In the event that 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 forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her 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 referred to above 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, allot the relevant Shares to the grantee credited as fully paid.

(p) *Rights on compromise or arrangement between our Company and its members or creditors*

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by 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 (such notice to be received by our Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and 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 meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) *Ranking of Shares*

Our Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as are attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(r) *Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to our Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees. Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) *Expiry of option*

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by our Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n); or
- (iii) the date upon which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of our Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

- (vi) the date upon which our Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) *Alteration of the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of our Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms and any adjustment to be made to the exercise price of the Share Option Scheme or the options shall still comply with Chapter 17 of the Listing Rules, the supplemental guidance of 5 September 2005 and any future guidance or interpretation of the Listing Rules from time to time and any change to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

(u) *Cancellation of Options*

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

(v) *Termination of the Share Option Scheme*

Our Company may by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) *Administration of our Board*

The Share Option Scheme shall be subject to the administration of our Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all persons who may be affected thereby.

(x) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional on:

- (i) the Listing Committee granting the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within 12 calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 140,000,000 Shares in total.

14. Estate duty, tax and other indemnity

On 10 June 2016, our Controlling Shareholders (the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (e) referred to in paragraph 7 above) to provide indemnities on a joint and several basis, in respect of, among other matters:

- (a) any liability for Hong Kong 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 thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group at any time on or before the Listing;
- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation;
- (c) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs including but not limited to legal and other professional costs), charges, liabilities, fines, penalties in connection with any failure, delay or defects of corporate or regulatory compliance or errors, discrepancies or missing documents in the statutory records of any member of our Group under, or any breach of any provision of, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any other applicable laws, rules or regulations on or before the date on which the Global Offering becomes unconditional; and
- (d) all claims, payments, suits, damages, settlements, sums, outgoings, fees, losses and any associated costs and expenses which would be incurred or suffered directly or indirectly, from or on the basis of or in connection with the legal proceedings in this prospectus or in connection with any other non-compliance of any member of our Group which has occurred at any time on or before the Listing Date.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 December 2015;

- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 January 2016 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; and
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in the prospectus; or
- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 December 2015 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, the Indemnifiers have also undertaken to our Company that they will indemnify and at all times keep our Company fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganisation.

15. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Group.

16. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately US\$4,300 and are payable by our Company. The expenses relating to the Global Offering will be payable by our Company.

17. Promoter

We have no promoter for the purpose of the Listing Rules.

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoter in connection with the Global Offering or the related transactions described in this prospectus.

18. Agency fees or commissions received

The commission and expenses relating to the Global Offering that are to be borne by our Company are set out in the section headed “Underwriting” in this prospectus.

19. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor will also receive a fee of HK\$4,500,000 to act as the sponsor to our Company in connection with the Global Offering.

20. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualifications
Guotai Junan Capital Limited	A licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity as defined under the SFO
Mazars CPA Limited	Certified public accountants
Commerce & Finance Law Offices	PRC Legal Advisers to the Company
Appleby	Legal advisers to the Company as to Cayman Islands law
RSM Tax Advisory (Hong Kong) Limited	Tax adviser
RHL Appraisal Limited	Property valuer
Mr. Jon K. H. Wong	Barrister-at-law in Hong Kong

21. Consents of experts

Each of the Guotai Junan Capital Limited, Mazars CPA Limited, Commerce & Finance Law Offices, Appleby, RSM Tax Advisory (Hong Kong) Limited, RHL Appraisal Limited and Mr. Jon K. H. Wong has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

22. 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 penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

23. Taxation of holders of Shares*(a) Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of our Shares being sold or transferred.

Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *The Cayman Islands*

There is no stamp duty in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

24. Miscellaneous

(a) Save as disclosed herein:

(i) within two years preceding the date of this prospectus:

(aa) 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

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries; and

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(b) 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 2015 (being the date to which the latest combined financial statements of our Group were made up).

(c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

- (d) There is no arrangement under which future dividends are waived or agreed to be waived.
- (e) Our Company has no outstanding convertible debt securities or debentures.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

26. Others

The English text of this prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information – Other Information – 21. Consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – Further Information about Our Business – 7. Summary of the material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION IN HONG KONG

Copies of the following documents will be available for public inspection at the office of Li & Partners at 22nd Floor, World-Wide House, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (i) the Memorandum of Association and the Articles of Association of our Company;
- (ii) the Accountants’ Report prepared by Mazars CPA Limited, the text of which is set forth in Appendix I to this prospectus;
- (iii) the audited combined financial statements of our Group for the years ended 31 December 2013, 2014 and 2015;
- (iv) the report from Mazars CPA Limited relating to the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;
- (v) the fair rent letter relating to rental of properties leased from our connected person prepared by RHL Appraisal Limited;
- (vi) the letter prepared by Appleby summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- (vii) the PRC legal opinion prepared by our PRC Legal Advisers;
- (viii) the material contracts referred to in the section headed “Statutory and General Information – Further Information about Our Business – 7. Summary of the material contracts” in Appendix IV to this prospectus;
- (ix) the written consents referred to in the section headed “Statutory and General Information – Other Information – 21. Consents of experts” in Appendix IV to this prospectus;

- (x) the service contracts referred to in the section headed “Statutory and General Information – Further Information about Directors and Shareholders” in Appendix IV to this prospectus;
- (xi) the legal opinions prepared by Mr. Jon K. H. Wong;
- (xii) the Companies Law; and
- (xiii) the rules of the Share Option Scheme.

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EVER HARVEST GROUP HOLDINGS LIMITED
永豐集團控股有限公司