

---

## RISK FACTORS

---

*Potential investors of the [REDACTED] should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations associated with an investment in the [REDACTED] before making any investment decision in relation to the [REDACTED].*

### RISKS RELATING TO OUR LARGEST CUSTOMER

#### **We rely on our largest customer, Customer A**

During the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the revenue contributed by Customer A accounted for approximately HK\$110.7 million, HK\$97.7 million and HK\$37.9 million respectively, which accounted for approximately 81.6%, 72.5% and 65.9% of our total revenue for the corresponding periods. Although the percentage of the Group’s total revenue attributable to Customer A had decreased over the two years ended 31 December 2014 and had further decreased in the six months ended 30 June 2015 and we had made considerable effort to diversify our customer base and attract new customers, there is no assurance that there will be no deterioration in our relationship with Customer A and it will not terminate the service agreements with our Group in the future. There is no guarantee that we will be able to renew the service agreements in a timely manner. Any change or deterioration in our relationship with Customer A may cause a significant adverse effect to our business, financial condition and results of operations.

Even if we manage to secure other reputable customers, it would take time and resources to develop the relationship with the new customers, including the reallocation of the human resources (including relocating and training staff to be familiar with the new customers), adapting the systems and procedures to meet any requirements of the new customers and monitoring how we manage the new customers. If we cannot manage to secure other reputable customers, our business performance and financial results will be adversely affected.

#### **We are dependent on our customers’ business performance, in particular Customer A, in Hong Kong**

As an integrated logistics solutions service provider in Hong Kong, we are primarily engaged in providing services to our customers to serve their needs along their supply chains. Our business performance therefore, to a large extent, are affected by our customers’ business performance and developments in Hong Kong. If our customers’ sales in Hong Kong decline, such decline will likely lead to a corresponding decrease in demand for our integrated logistics solutions services. Adverse developments in our customers’ business performance in Hong Kong could therefore materially and adversely affect our business, financial condition and results of operations.

In particular, our Company is dependent on the business performance of Customer A, our largest customer. Customer A is principally engaged in the sale of FMCG which include (i) baby and family care products, such as diapers and tissues; (ii) household products, such as laundry detergent and softeners; (iii) beauty products, such as cosmetics and face cleanser; and (iv) health and grooming products, such as toothbrush and razor blades. These types of products are generally sold in grocery stores, drug stores and department stores. Our Directors believe that the slowdown of the retail market recently due to the Occupy Central movement and the change in the government policy with regard to the limitation of PRC residents to visit Hong Kong affect the financial performance of Customer A could in turn affect the performance of the Company.

---

## RISK FACTORS

---

### **Any global economic change or change in the internal policies of Customer A would adversely affect our operations and financial results**

As a multi-national consumer goods company, Customer A’s operations and performance depend significantly on global and regional economic conditions. Uncertainty about global and regional economic conditions poses a risk as Customer A may postpone the development of its business, change in business strategy, for instance, with regard to its distribution channel and geographical coverage, which could require less of our services or even cease business relationship with us, and thus materially affect our business and performance.

Furthermore, our performance depends on customer preferences to the brands that Customer A carries and whether the brands correspond to the market trends. Business and marketing strategies adopted by Customer A and its ability to manage and develop the brands are hence crucial to our future development. As we do not have any direct control over the decisions on the type, style and design of the products of Customer A and the promotional and business strategies of Customer A, there is no assurance that such brands or products will continue to suit customers’ taste and thus we cannot assure the marketability of the brands that Customer A carries and that such brands will continue to attract customers and generate sales. If Customer A fails to develop brands to capture the changes on customer’s purchasing habits or preferences or in market trends or formulate effective marketing strategies to maintain the marketability of the brands, and that these brands are no longer appealing to customers, our performance and financial results could be adversely affected.

### **RISKS RELATING TO OUR BUSINESS**

#### **We rely on our largest supplier, Supplier A**

During the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the total operating lease rentals in respect of rented premises payable to our largest supplier, Supplier A, amounted to approximately HK\$18.5 million, HK\$24.2 million and HK\$13.1 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, which accounted for approximately 37.0%, 41.9% and 46.6% of our total direct cost for the corresponding period, respectively.

There is no guarantee that we will be able to renew the tenancy agreements in a timely manner. In the unlikely event that the tenancy agreements with Supplier A are subject to early termination, our business and operation may be adversely affected.

#### **We currently do not own the properties on which we carry out our business, and we are exposed to the risks associated with the commercial real estate rental market**

As at the Latest Practicable Date, the properties occupied by us for our business purposes were leased from Independent Third Parties, details of which are disclosed in the section headed “Business – Properties” in this document.

Accordingly, we are susceptible to the rental fluctuation from time to time. Rental expenses accounted for approximately 17.8%, 23.4% and 29.6%, respectively, of our total revenue for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015. In the event that there is any significant increase in the rental expenses for our existing leased properties, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations and prospects.

---

## RISK FACTORS

---

In addition, there is no assurance that we will successfully renew the tenancy agreements for the relevant premises on commercially acceptable terms, or at all. There is also no assurance that such tenancy agreements will not be terminated before their expiration. Termination of our leases may occur beyond our control, such as breaches of agreements by the lessor or the tenant of the premises or invalidation of lease agreements due to the lessors’ lack of title to lease the properties. If it happens, we need to relocate to other premises and incur additional costs due to relocation.

### **Our leased properties are lack of mortgagee’s consent**

As at the Latest Practicable Date, our Group rented a number of units on 16th floor in the Allied Cargo Centre and a number of units on 4th floor in Leader Industrial Centre as our warehouses and customisation centres (for additional information on the leased properties of our Group, please refer to the paragraph headed “Business – Properties” in this document). Save for the leased properties on the 4th floor of Leader Industrial Centre, each of the remaining leased properties was, and still is, subject to mortgage and the consent of the relevant mortgagee for the grant of the lease by the relevant landlord to us in respect of each leased property has not been obtained. If such consent cannot be obtained, the lease would not be binding on the relevant mortgagee of the leased property and if there is any default by the landlord(s), who is/are the mortgagor(s) of the said leased properties, the relevant mortgagee is entitled to enforce the terms of the mortgage against the landlord by, among others, taking possession of the relevant leased property and evicting our Group from the property without paying any compensation or incurring any liability to our Group. In such circumstances, if the relevant landlord is in financial difficulty and is unable to return the rental deposit paid by our Group upon leasing of the property, we may not be able to recover the rental deposit from the landlord.

As a result of the above-mentioned mortgagee actions taken by the mortgagee due to the default of the landlord, it is possible that our Group may have to seek alternative premises as our warehouses and customisation centres if our Group is required to vacate the leased properties. Such relocation could result in our Group incurring additional costs and business interruption, thereby affecting our business, financial condition and results of operations.

### **We rely on our subcontractors, who are Independent Third Parties, to handle some of our services. Any delay or defects in their services would adversely affect our operations and financial results**

We subcontract some of our logistics services, including transportation services and container handling services, to our contractors who are Independent Third Parties. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our subcontracting fees accounted for approximately 49.9%, 43.9% and 38.1% of our total direct costs, respectively. For details, please refer to the section headed “Business — Subcontracting arrangement” in this document.

If our subcontractors’ performance fails to meet our requirement, we may experience delay in delivering our services. We may have to source these services elsewhere at a price higher than anticipated. This could adversely affect the profitability of our business. Further, there is no assurance that we would be able to closely monitor the performance of our subcontractors. If the performance of our subcontractors does not meet our standards, the quality of our services may be adversely affected, thereby damaging our business reputation, and potentially exposing us to litigation and claims from our customers.

---

## RISK FACTORS

---

Notwithstanding our proven business relationship with our subcontractors, there is no assurance that we would be able to maintain such relationship in the future. Since we have not entered into any long-term service agreement with our subcontractors, they are not obliged to work for us on our future projects on similar terms and conditions. There is no assurance that we would be able to find alternative subcontractors with the requisite expertise, experience and capability that meet our service needs and work requirements to complete the services in accordance with the terms of the contracts entered into with our customers on time and with competitive prices. If we are unable to timely engage such suitable alternative subcontractors when needed, our ability to complete services on time and with effective cost could be impaired, thereby damaging our business reputation and adversely affecting our operations and financial results.

### **We may not be able to sustain the net profit margin**

For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, net profit attributable to the Shareholders was approximately HK\$28.1 million, HK\$21.4 million and HK\$2.2 million, respectively, representing net profit margin of approximately 20.7%, 15.9% and 3.8%, respectively. For further details, please refer to the section headed “Financial Information – Other Major Financial Ratios Discussion” in this document. The significant decrease of the net profit margin for the six months ended 30 June 2015 from 18.9% to 3.8% comparing to the net profit margin for the six months ended 30 June 2014 is mainly because of the (i) weakened demand from our largest customer, Customer A, brought by the Occupy Central movement, which in turn affected our financial performance; (ii) increase in rental expense for warehouses and customisation centres; and (iv) the one-off non-recurring [REDACTED] expenses of approximately HK\$[REDACTED], which are expected to be charged to our Group’s consolidated statement of comprehensive income for the year ending 31 December 2015. Taking into account the above, our Directors estimate that the financial results of our Group for the financial year ending 31 December 2015 is expected to be significantly adversely affected. There is no assurance that our Group will be able to maintain the net profit margin as that in the Track Record Period.

### **We are subject to the risk of system failure caused by unexpected network interruptions, security breaches, attack by hackers or computer virus, and business interruption due to natural or man-made disasters**

Our business operation depends significantly on the reliability of our information technology infrastructure for the communications with customers and suppliers, and the management of our operating datas. However, there is no assurance that we will successfully maintain the satisfactory performance, reliability, security and availability of our information technology infrastructure. Such failure may be caused by unexpected network interruptions, security breaches, attacked by hackers or computer virus.

Further, our operation may also be interrupted if any of our information technology infrastructure suspends operations due to the occurrence of events such as fires, floods, hardware and software failures, power loss, telecommunication failure, terrorist attacks or other natural or man-made disasters.

If any of the events mentioned above occurs, our business operation may be disrupted for an indefinite period of time, thereby damaging our reputation and materially and adversely affecting our business.

---

## **RISK FACTORS**

---

### **Our success depends on key management personnel**

Our success is largely attributable to the continued commitment and contribution of our Directors and the senior management of our Group. Our Directors have on average more than 10 years of experience in the logistics industry. Their extensive knowledge and experience in the logistic industry, as well as their established relationships with the customers have played a major role in our achievements. Although our Group has entered into service contracts or employment contracts (as the case may be) with all our Directors and senior management, there is no assurance that our Group will be able to retain these key personnel, and the loss of any of them without suitable replacements, or the inability to attract and retain qualified personnel may adversely affect our operations, revenue and profits.

### **Any unexpected and prolonged disruption of our major operational facilities could adversely affect our business**

Our Group’s principal operation is located at our leased properties, namely Allied Cargo Centre and Leader Industrial Centre, both situated in Tsuen Wan. In the event that there is any unexpected and prolonged disruption in the supply of utilities such as water or electricity, or access to the premises, such as fire, and we cannot relocate to another suitable location promptly with well-equipped facilities, the normal operation of our Group and thus our business, results of operations and financial position will be adversely affected.

### **We may not be able to implement all or any of our business plans successfully**

Our Group has set out its future plans in order to achieve its business objectives in the section headed “Future plans and use of proceeds” in this document. The future plans are developed based on a number of assumptions, forecasts, and commitments of our Group. Due to circumstances beyond our Group’s control, including many of the other risks as set out in this section headed “Risk Factors” in this document, or for reasons that may render the assumptions and forecasts inoperable, there is no assurance that all or any of the future plans may be successfully implemented.

### **Our Group recorded net current liabilities as at 31 December 2013**

We had net current liabilities of approximately HK\$8.4 million as at 31 December 2013. The major components of our current liabilities were amounts due to a director of approximately HK\$57.7 million. Our Group’s financial position turned into net current asset position as at 31 December 2014.

There can be no assurance that our Group will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

---

## RISK FACTORS

---

### **Dividends paid in the past may not be indicative of the amounts of future dividend payments or our Company’s future dividend policy**

During the year ended 31 December 2013, World-Link Roadway and World-Link Packing declared dividends of HK\$13,000,000 and HK\$15,000,000, respectively to the individual shareholders. In [December 2015], we [declared and paid] a dividend of HK\$[18,000,000] to our shareholders. Our Group’s ability to pay dividends or make other distributions to the Shareholders is subject to the future financial performance and cash flow position of our Group. Our Group may not be able to distribute dividends to the Shareholders as a result of the abovementioned factors. Accordingly, our Group’s historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by our Group in the future. Our Group may not be able to record profits and have sufficient funds over and above its funding requirements, other obligations and business plans to declare dividends to the Shareholders.

### **Our financial results are expected to be affected by the expenses in relation to the [REDACTED]**

Our financial results for the year ending 31 December 2015 will be affected by the non-recurring professional fees in relation to the [REDACTED]. The estimated total professional fees in relation to the [REDACTED] to be borne by our Company is approximately HK\$[REDACTED] of which approximately HK\$[REDACTED] is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity. The remaining estimated [REDACTED] expenses of approximately HK\$[REDACTED] is to be charged to our consolidated statement of comprehensive income for the year ending 31 December 2015. Accordingly, our financial results for the year ending 31 December 2015 are expected to be materially and adversely affected by the estimated professional fee in relation to the [REDACTED].

## **RISKS RELATING TO OUR INDUSTRY**

### **Hong Kong is our principal market and our business is susceptible to any material deterioration in the economic, political and regulatory environment in Hong Kong**

Most of our operations are currently located in Hong Kong and all of our sales were generated in Hong Kong during the Track Record Period. We expect that Hong Kong will continue to be our principal market and place of operation. Accordingly, if Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, results of operations and prospects would be materially and adversely affected. In addition, we have limited business presence in overseas jurisdictions, and may have difficulties in relocating our entire business operation to other geographic markets if there is any material deterioration in the economic, political and regulatory environment in Hong Kong.

---

## RISK FACTORS

---

### **We operate in a highly competitive industry, and we cannot assure you that we will be able to compete successfully**

The industry in which we operate is fragmented. Please refer to the section headed “Business — Competition” in this document. We may be less competitive than some of our competitors in terms of scale of operations. In addition, some of our competitors may have a cost structure that is characterised by lower capital expenditures or labour costs than we have, and some other competitors may have greater scale, flexibility and other resources than we do. We cannot assure you that we will be able to continue to compete successfully in our existing markets. A number of factors, including an increase in operational efficiency, adoption of competitive pricing strategies, expansion of operations or adoption of innovative marketing methods, may have a material adverse effect on our business, results of operations and financial condition.

### **RISKS RELATING TO THE [REDACTED]**

#### **The market price and trading volume of the Shares may be highly volatile**

Prior to the [REDACTED], there has been no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop or be sustained upon completion of the [REDACTED]. The market price and trading volume of the Shares may be highly volatile. Factors such as variations in our Group’s revenue, earnings or cash flow and/or announcements of new investments, strategic alliances could cause the market price of the Shares to change substantially. Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There are no assurances that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the trading volume and market price of the Shares. In addition, the Shares may be subject to changes in the market price, which may not be directly related to our financial or business performance.

#### **Shareholders’ equity interests may be diluted**

Our Group may need to raise additional funds in the future to finance, inter alia, expansion or new developments relating to its existing operations or new acquisitions. If additional funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of the Shareholders in our Company may be reduced and Shareholders may experience dilution in their percentage shareholdings in our Company. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

Investors of the Shares may experience dilution in the net tangible asset book value per Share of the Shares they invested if our Company issues additional Shares in the future at a price which is lower than the net tangible asset book value per Share.

---

## **RISK FACTORS**

---

### **Granting options under the Share Option Scheme would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share**

Our Company has conditionally adopted the Share Option Scheme although no options had been granted thereunder as at the Latest Practicable Date. Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue. Under the HKFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to our Group’s consolidated income statement over the vesting period by reference to the fair value at the date on which the options are granted under the Share Options Scheme. As a result, our Group’s profitability and financial results may be adversely affected.

### **Future sale of Shares by existing Shareholders could materially and adversely affect the prevailing market price of the Shares**

The Shares beneficially owned by the existing Shareholders are subject to certain lock-up periods. There are no assurances that any Substantial Shareholders or Controlling Shareholders will not dispose of the Shares held by them following the expiration of the lock-up periods, on any Shares they may come to own in the future. Our Group cannot predict the effect, if any, of any future sales of the Shares by any Substantial Shareholder or Controlling Shareholder on the market price of the Shares. Sale of a substantial amount of Shares by any of them or the issue of a substantial amount of new Shares, or the market perception that such sale or issue may occur, could materially and adversely affect the prevailing market price of the Shares.

### **There is possibility of a lack of an active trading market for the Shares and significant fluctuation of their trading prices**

Prior to the [REDACTED], no public market for the Shares existed. An application has been made to the Stock Exchange for the [REDACTED] and permission to deal in the Shares. However, a listing of the Shares on the Stock Exchange does not guarantee a liquid public market for the Shares after the [REDACTED]. If an active public market for the Shares does not develop after the [REDACTED], the market price and liquidity of the Shares may be adversely affected.

## **RISKS RELATING TO THE STATEMENTS MADE IN THIS DOCUMENT**

### **Statistics and facts in this document have not been independently verified**

This document includes certain facts, forecasts and other statistics including those relating to the Hong Kong economy and logistics and warehouses services industries that have been extracted from government official sources and publications, the Euromonitor Report or other sources. Our Company believes the sources of these statistics and facts are appropriate for such statistics and facts and has taken reasonable care in extracting and reproducing such statistics and facts. Our Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts from these sources have not been independently verified by our Company, the



## **RISK FACTORS**

---

Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective affiliates or advisers or any other party involved in the [REDACTED] and therefore, our Company makes no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this document may be inaccurate or may not be comparable to statistics produced for other economies. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

### **Forward-looking statements contained in this document may prove inaccurate and therefore investors should not place undue reliance on such information**

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

### **The Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Group or the Shares**

Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Group and the [REDACTED]. The Directors would like to emphasise to the prospective investors that our Group does not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorised by the Directors or management. The Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Group or the Shares. Prospective investors are also cautioned that in making their decisions as to whether to purchase the Shares, they should rely only on the financial, operational and other information included in this document.